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LEASE CONTRACT

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This lease contract entered into this 17th day of October, 1969, by and between HOLLIDAY RANCH, INC., an Oregon corporation, and C. L. HOLLIDAY, JR., and MARGARET C. HOLLIDAY, husband and wife, all of which taken together are hereinafter referred to as "Lessor" and WEYERHAEUSER COMPANY, a Washington corporation, hereinafter called "Lessee",

W I T N E S S E T H:

1. Leased Premises:

Lessor hereby leases to Lessee, for the term and on the conditions hereinafter set forth, the parcel of real property in Sections 13 and 24, Township 39 South, Range 8 East of W.M., Klamath County, Oregon, lying southeasterly of Oregon State Highway 66, and more particularly described as Parcel I in Exhibit A attached hereto and made a part hereof. The parcel described therein will hereafter be referred to as the "leased premises".

2. Purpose of Lease:

Lessee may, during the term of this lease and any renewal thereof, use the leased premises for any lawful purpose.

3. Term:

This lease shall have a primary term of thirty years commencing on the date of execution. It shall, at Lessee's option, be renewable for thirty successive renewal terms of thirty years

EXHIBIT A

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each. Lessee shall give written notice of its intent to exercise any of the renewal options created hereby not less than six months before the end of the term immediately preceding the desired renewal term.

4. Rental:

(a) As used herein, the term "quinquennium" means a period of five consecutive years, and the term "CPI" means the Consumer Price Index compiled and published by the U. S. Bureau of Labor Statistics. All Consumer Price Index numbers employed in adjusting the rent as hereinafter provided shall relate to the base period in use at the effective date of this contract, i.e., the years 1957, 1958 and 1959.

(b) During the first quinquennium of this lease, the annual rental shall be \$20,000.

(c) At the end of the first and each subsequent quinquennium of this lease, the annual rental payable during the next quinquennium shall be computed as follows:

$$\$20,000 + \left[\$20,000 \times \begin{array}{l} \text{Total cumulative} \\ \text{percentage change} \\ \text{in CPI during past} \\ \text{quinquenniums of} \\ \text{this lease} \end{array} \right] = \text{Annual rental} \\ \text{payable during} \\ \text{next quinquennium}$$

(d) Example: Assume that during the first three quinquenniums the CPI increased by a cumulative total of 45 per cent. The annual rental payable during the fourth quinquennium is accordingly \$29,000, computed as follows:

$$\$20,000 + [\$20,000 \times 45\%] = \$20,000 + \$9,000 = \$29,000$$

*See letter
dated 12/10/74*

5. Payment of Rent:

The annual rent payable under section 4 shall be paid in advance, i.e., on or before the first business day of the annual rent period for which it is due, except that where the annual rent for any such one-year period cannot be accurately computed until the CPI figure for any prior period has been published by the U. S. Bureau of Labor Statistics, the payment of the rent for such annual rent period may be postponed until such figure has been published.

For the purposes of this section, the first annual rent period shall begin on the effective date of this lease and each subsequent annual rent period shall begin on an anniversary of such effective date.

6. Lessee To Pay All Taxes And Assessments:

(a) Lessee shall pay all property taxes and assessments upon the leased premises, including all irrigation charges and assessments.

(b) Lessor hereby grants Lessee an irrevocable power of attorney to contest all such property tax and other assessments in the Lessor's name and Lessor agrees to join Lessee in any such contest if that becomes necessary. Lessee shall bear all expenses of such contests and shall reimburse Lessor for all out-of-pocket costs which it may incur in complying with this section.

(c) All property taxes and assessments levied against the leased premises shall be prorated between Lessor and

Lessee as of the effective date of this lease and the date of its termination.

7. Mortgages And Other Encumbrances:

(a) The debt secured by the mortgage in favor of the Federal Land Bank of Spokane which was dated May 22, 1956 and recorded on June 7, 1956 in Mortgage Volume 171, Page 418 of the Land Records of Klamath County may be increased to an upper limit of \$60,000 and to the extent that it does not exceed that amount, this lease shall be subordinate to it. In the alternative, Lessor may encumber the premises subject to this lease with a substitute mortgage securing a debt not exceeding \$60,000, to which this lease shall be subordinate.

(b) However, this lease shall, insofar as the law permits, be prior and superior to any and all mortgages and other encumbrances which are created subsequent to the effective date hereof.

(c) If Lessor defaults in performing any obligation (other than an obligation assumed by Lessee hereunder) which is secured by a lien upon the whole or any part of the land covered by this lease, Lessee, in order to protect its interests hereunder, may at its option cure the said default in the name of and on behalf of Lessor and deduct the out-of-pocket cost of such cure from the next rent payment owing to Lessor.

8. Condemnation:

(a) If there is a condemnation of the whole or any partial interest in the land covered by this lease, Lessor and Lessee shall share in the compensation paid by the condemnor in accordance with the values which their respective interests in the said land had immediately prior to the taking.

(b) If there is a partial taking of the land covered by this lease which, in Lessee's reasonable opinion, will or may substantially interfere with Lessee's actual or prospective utilization of the land for plant or related industrial purposes, Lessee may, at its option, terminate this lease upon fifteen days' written notice to Lessor. However, rights or claims already accrued shall survive such termination.

9. Lessee To Own Its Improvements:

All improvements of whatsoever nature which Lessee may put upon the land shall be and at all times remain Lessee's exclusive property. Lessee shall at all times have the right but no duty to remove, alter or replace them. However, on Lessor's demand, Lessee shall dismantle and remove all buildings and structures erected by it upon the leasehold within one year of any termination of this lease.

10. Certain Natural Disasters:

Lessee may, at its option, terminate this lease upon fifteen days' written notice to Lessor if there has been an earthquake, landslide or other natural catastrophe which, in Lessee's reasonable opinion, will or may substantially interfere with Lessee's actual or prospective utilization of the site for plant or related industrial purposes. However, rights or claims already accrued shall survive such termination.

11. Assignment and Subletting:

Lessee may assign this lease in whole or in part and may sublet the whole or any part of the leased premises for any lawful purpose. Lessor may assign its rights hereunder, including its right to rentals, upon written notice to Lessee.

12. Notices and Communications:

All notices and communications required by or relating to this lease contract shall be transmitted by registered mail to the following addresses:

HOLLIDAY RANCH, INC.
Route 3, Box 237
Ashland Highway
Klamath Falls, Oregon 97601

WEYERHAEUSER COMPANY
Attn: Land Title Department
and Real Estate Services
Tacoma, Washington 98401

13. Merger Clause; Modification:

All the terms, understandings and agreements binding upon Lessor and Lessee are set forth herein; and this lease contract shall not be amended or modified except in writing signed by both of the parties hereto.

14. Contract Administration by Lessors:

(a) To enable Lessee to deal with a single representative of all Lessors, and generally to simplify the administration of this contract, the individual Lessors Margaret C. and C. L. Holliday, Jr., hereby covenant for themselves, their heirs, successors and assigns to give the corporate Lessor, Holliday Ranch, Inc., an exclusive, irrevocable authorization to administer this contract on their behalf by performing all their duties and exercising all their rights, powers and privileges hereunder as effectively as if they themselves performed and exercised the same.

(b) Margaret C. and C. L. Holliday, Jr., and Holliday Ranch, Inc., hereby covenant for themselves, their heirs, successors and assigns that if Holliday Ranch, Inc., is ever dissolved, they and such heirs, successors and assigns shall designate a single representative whose function it shall be and who shall have plenary authority to administer this contract on their behalf by performing all their duties and exercising all their rights, powers and privileges hereunder as effectively as if they themselves performed and exercised the same.

(c) To enforce compliance with paragraph (b) hereof Lessee may, without losing any of its rights, powers or privileges under this contract, withhold the payment of rent until such a single representative has been appointed

and has produced satisfactory evidence of his authority to act for his principals. If such authority is ever withdrawn, Lessee may again suspend the payment of rent until a successor to such representative is designated and endowed with the requisite authority.

15. Lessor's Grant Of Certain Rights Of Way To Lessee:

(a) In order to enable Lessee to gain ingress to and egress from the leased premises from and to Oregon State Highway 66, Lessor hereby grants to Lessee the easement, right and privilege at any time and at any point to cross the land described as Parcel II in Exhibit A by means of such roads, tracks or driveways as may suit Lessee's needs or convenience.

(b) The easement rights created hereby shall last as long as this lease.

(c) If Lessee's exercise of the said rights requires the removal of any building, structure or similar improvement existing at the commencement of this lease which belongs to Lessor, Lessee shall move the same at its own expense (if movable) to such new location as Lessor may designate. But if it is not movable, or if Lessor fails promptly to designate a new location, Lessee shall pay Lessor the reasonable value thereof as of the date of destruction.

16. Plevna District Improvement Company--Voting Rights:

The right to vote on the affairs of the Plevna District Improvement Company which pertains to the leased premises

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shall only be exercised by those persons who are entitled thereto under ORS 554.070(2) as from time to time amended.

HOLLIDAY RANCH, INC.

By

C. L. Holliday, Jr.
C. L. HOLLIDAY, JR.
President,
Holliday Ranch, Inc.

By

Howard L. Holliday
HOWARD L. HOLLIDAY
Vice President,
Holliday Ranch, Inc.

By

Margaret C. Holliday
MARGARET C. HOLLIDAY
Secretary
Holliday Ranch, Inc.

C. L. HOLLIDAY, JR., and
MARGARET C. HOLLIDAY,
husband and wife

By

C. L. Holliday, Jr.
C. L. HOLLIDAY, JR.

By

Margaret C. Holliday
MARGARET C. HOLLIDAY

ATTEST:

Mary B. Mosier
Mary B. Mosier
Assistant Secretary of
Weyerhaeuser Company

Corporate Seal

WEYERHAEUSER COMPANY

By

George W. Weyerhaeuser
G. W. Weyerhaeuser
President

STATE OF OREGON)
COUNTY OF KLAMATH) ss.

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Dated Oct 17, A.D. 1969

Personally appeared the above-named C. L. HOLLIDAY, JR., and MARGARET C. HOLLIDAY, husband and wife, and acknowledged the foregoing instrument to be their voluntary act and deed.

Before me,

William G. Gory
Notary Public for Oregon

STATE OF OREGON)
COUNTY OF KLAMATH) ss.

Dated Oct 17, A.D. 1969

Personally appeared C. L. HOLLIDAY, JR., HOWARD L. HOLLIDAY and MARGARET C. HOLLIDAY who, being duly sworn, say that they are respectively, the president, vice-president and secretary of HOLLIDAY RANCH, INC., and that the seal affixed to the foregoing instrument is the corporate seal of said corporation and that said instrument was signed and sealed in behalf of said corporation by authority of its board of directors; and they acknowledged said instrument to be its voluntary act and deed.

Before me,

William G. Gory
Notary Public for Oregon

STATE OF WASHINGTON)
COUNTY OF PIERCE) ss.

On this 13th day of October, 1969, before me personally appeared G. H. Weyerhaeuser and M. B. Mosier, to me known to be the president and assistant secretary, respectively, of the corporation that executed the within and foregoing instrument and acknowledged said instrument to be the free and voluntary act and deed of said corporation, for the uses and purposes therein mentioned, and on oath stated that they were authorized to execute said instrument and that the seal affixed is the corporate seal of said corporation.

IN WITNESS WHEREOF, I have hereunto set my hand and affixed my official seal the day and year first above written.



Richard L. ...
Notary Public in and for the
State of Washington residing
at *Tacoma*

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Return to:
PROCTOR and PUCKETT
ATTORNEYS AT LAW
280 MAIN STREET
KLAMATH FALLS, OREGON 97601

9895

EXHIBIT A'

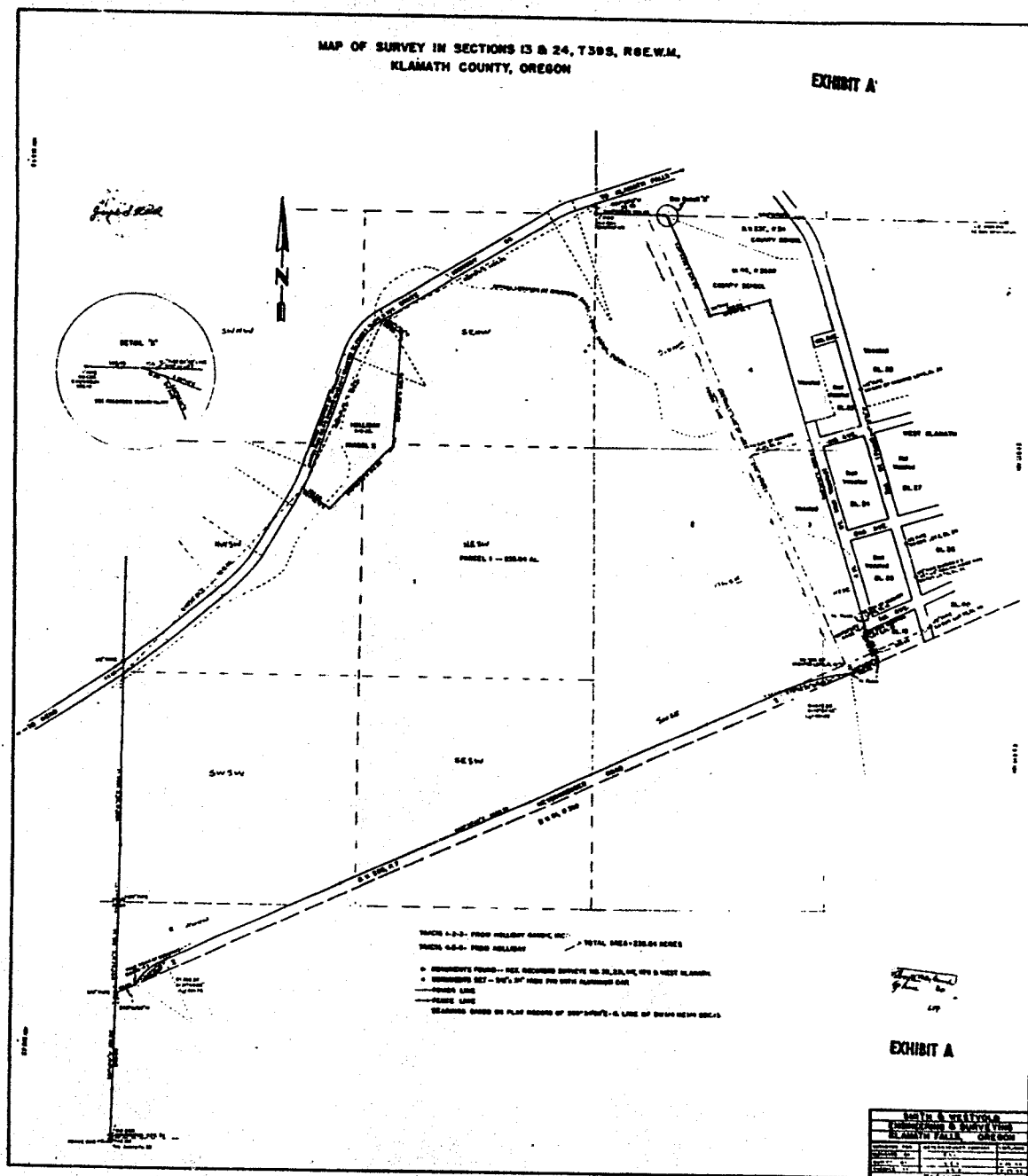


EXHIBIT A

All those portions of the Southwest Quarter of the Northeast Quarter (SW $\frac{1}{4}$ of NE $\frac{1}{4}$), the West Half (W $\frac{1}{2}$), the Northeast Quarter of the Southeast Quarter (NE $\frac{1}{4}$ of SE $\frac{1}{4}$), and West Half of the Southeast Quarter (W $\frac{1}{2}$ of SE $\frac{1}{4}$) of Section 13 and of the Northwest Quarter of the Northwest Quarter (NW $\frac{1}{4}$ of NW $\frac{1}{4}$) of Section 24 all in Township 39 South, Range 8 East of W.M. in Klamath County, Oregon, which lies Southeasterly of State Highway No. 66, Northwesterly of lands acquired by Meyerhaeuser Timber Company and described in Deed recorded July 9, 1923 in Vol. 61 of Deeds, Page 300 and in Deed recorded November 9, 1956 in Vol. 288 of Deeds, Page 7 and Southwesterly of the following described line:

Beginning at a point where the Northerly line of Meyerhaeuser Company's ownership as described in the Deed recorded November 9, 1956, in Vol. 288 of Deeds, Page 7, intersects the Southerly prolongation of the East line of Lot 3 of Block 18 of West Klamath, now vacated, thence Northerly along said East line of said Lot 3 and the Southerly prolongation thereof to the Northeast corner of said Lot 3; thence Northwesterly across First Avenue of West Klamath, now vacated, to the Southeast corner of Lot 10, Block 19 of West Klamath, now vacated; thence Northwesterly along the West line of Fourth Street in said West Klamath, now vacated, and the Northerly prolongation of said Fourth Street to the North line of Southwest Quarter of the Northeast Quarter (SW $\frac{1}{4}$ of NE $\frac{1}{4}$) of said Section 13. Excepting Therefrom:

Those portions of said Southwest Quarter of Northeast Quarter (SW $\frac{1}{4}$ of NE $\frac{1}{4}$) conveyed for school purposes and described in Deed recorded in Book 236, Page 54 and in Deed recorded on microfilm record No. M66, Page 5520.

STATE OF OREGON: COUNTY OF KLAMATH: ss.

Filed for record at request of Amerititle the 30th day of August A.D., 19 96 at 11:05 o'clock A M., and duly recorded in Vol. M96 of Deeds on Page 27042.

Bernetha G. Letsch County Clerk

FEE \$105.00

By Beth Ann Brown