

'99 APR 27 P3:19

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After recording return to:

City of Klamath Falls
Attn: City Attorney
500 Klamath Avenue
Klamath Falls, OR 97601

MEMORANDUM OF LEASE

Be it known that by that certain LEASE, made and entered into as of the 1st day of April, 1999, between COLLINS PRODUCTS LLC, an Oregon limited liability company ("Lessor"), and the CITY OF KLAMATH FALLS, OREGON, an Oregon municipal corporation, in its capacity as owner of the Klamath Cogeneration Project ("Lessee"), Lessor has leased unto Lessee and its permitted successors and assigns the parcel of real property in Klamath County, State of Oregon, more particularly described in Exhibit A attached hereto and by this reference made a part hereof.

Also by virtue of said LEASE, Lessor has granted to Lessee and its permitted successors and assigns the EASEMENTS described in Exhibit B attached hereto and by this reference made a part hereof.

The Term of said LEASE shall commence on the "Effective Date" (as that term is defined in the LEASE) and shall continue through December 31 of the year in which occurs the fortieth (40th) anniversary of the Date of Substantial Completion (as that term is defined in the LEASE), unless sooner terminated pursuant to one or more of the provisions of Articles XIV, XV or XVI of the LEASE.

Lessee also has the right, but not the obligation, to extend the Term of said LEASE for three additional five-year periods upon the terms and conditions then in effect. Lessee may exercise such option for each of such periods by giving notice at any time prior to July 1 of the penultimate year of the initial Term of said LEASE and prior to July 1 of the penultimate year of the then current extension period.

This instrument is only a memorandum of said LEASE, and reference is made to said LEASE for its terms and conditions, and for the definition of capitalized terms used herein. Counterparts of said LEASE are in the possession of the parties thereto.

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IN WITNESS WHEREOF, Lessor and Lessee have caused this Memorandum of Lease to be executed as of this 22 day of April, 1999.

LESSOR:

COLLINS PRODUCTS LLC

By: Jack E. Sivertson

Name: JACK E SIVERTSON

Its: Vice President

LESSEE:

CITY OF KLAMATH FALLS, OREGON

By: James R. Keller

Name: James R. Keller

Its: City Manager

ATTEST:

Eward Olson
City Recorder

Approved as to Form:

J. J. J. B.
City Attorney

STATE OF OREGON

County of

SS

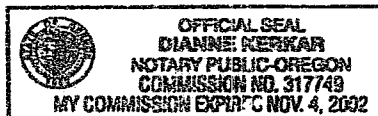
Addresses of the Parties:

Lessee: City of Klamath Falls
500 Klamath Avenue
Klamath Falls, OR 97601

Lessor: Collins Products LLC
PO Box 16
Klamath Falls, OR 97601

This instrument was acknowledged before me on APRIL 22, 1999, by Jack Sivertson, as VP of Finance of Collins Products LLC, an Oregon limited liability corporation.

Dianne Kerkar
Notary Public for Oregon



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STATE OF NEW YORK)

ss.:

COUNTY OF NEW YORK)

On this 26th day of April, 1999, before me, a notary public in and for this State and county, personally appeared James R. Keller, to me personally known, who being by me duly sworn did depose and say that he resides at Klamath Falls, Oregon, and that he is the City Manager of Klamath Falls, a municipal corporation organized and existing under the laws of the State of Oregon, and that the instrument was signed and delivered on behalf of the corporation by authority of its City Council; and he acknowledged the execution and delivery of the instrument to be the voluntary act and deed of the corporation.


Notary Public

SPENCER WONG
Notary Public, State of New York
No. 01WO4628425
Qualified in Nassau County
Commission Expires July 31, 2000

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EXHIBIT A

DESCRIPTION OF LEASED PREMISES

A parcel of land located in the Southwest Quarter (SW1/4) of Section 18, in Township 39 South, Range 9 East of the Willamette Meridian, in Klamath County, Oregon. Said parcel of land is described with reference to the Oregon Coordinate System, South Zone (NAD83/91), more particularly described as follows:

Beginning at a point that bears S.14°09'11"E., 1053.18 feet from the West Quarter Corner of said Section 18; thence S.02°45'54"E., 416.51 feet; thence N.87°13'30"E., 1943.44 feet; thence N.16°18'45"E., 32.75 feet; thence N.20°00'27"E., 44.80 feet; thence N.14°15'06"E., 30.39 feet; thence N.12°02'25"E., 16.90 feet; thence N.13°04'36"E., 44.81 feet; thence N.09°28'58"E., 45.44 feet; thence N.00°08'27"W., 45.59 feet; thence N.06°00'20"W., 43.42 feet; thence N.15°07'32"W., 44.21 feet; thence N.25°16'54"W., 43.00 feet; thence N.27°27'32"W., 43.42 to a point that bears S.24°28'33"W., 982.35 feet from the Center Quarter Corner of said Section 18; thence S.87°13'39"W., 1962.13 feet to the point of beginning.

EXHIBIT BEASEMENTS

A. WATER LINES, WATER SUPPLY AND FIRE PROTECTION:

(i) An easement for the installation, maintenance, repair, replacement and use by Lessee of water lines, whether above or below ground, servicing the Plant with potable water and effluent water used for cooling, processing, boiler feedwater make-up and all other water necessary in the operation and maintenance of the Plant, to be located at such location as Lessor shall designate and describe on a schedule to be attached hereto prior to the Commercial Operation Date, including water from the City of Klamath Falls, Oregon, in its municipal capacity, and water from Collins Well #6.

(ii) Access to the Collins Facility's fire protection system (including underground mains, ground suction tanks and fire hydrants).

B. SANITARY SEWER LINES:

An easement for the installation, maintenance, repair, replacement and use by Lessee of sanitary sewer lines servicing the Plant to be located at such location as Lessor shall designate and describe on a schedule to be attached hereto prior to the Commercial Operation Date.

C. STORM SEWER LINES:

An easement for the installation, maintenance, repair, replacement and use by Lessee of a storm sewer system which will service the Plant to be located at such location as Lessor shall designate and describe on a schedule to be attached hereto prior to the Commercial Operation Date.

D. NATURAL GAS SERVICE:

An easement for the installation, maintenance, repair, replacement and use by Lessee of gas lines, whether above or below ground, and meters providing natural gas service to the Plant to be located at such location as Lessor shall designate and describe on a schedule to be attached hereto prior to the Commercial Operation Date.

E. INGRESS AND EGRESS:

An easement for all purposes of ingress and egress for motor vehicle and pedestrian traffic over, upon and across the existing road connecting to State Highway 97 for primary access, and to Weyerhaeuser Road for backup secondary access, and for access to the railroad spur on the Collin's Facility Site. Lessor may impose such reasonable restrictions on, and rules and regulations for, the use of such access as Lessor may deem necessary for the security of its operations at the Collins Facility.

F. SIGNAGE:

An easement for purposes of erecting a sign or signs displaying the names or symbols of Lessee, its operators, tenants and contractors, which signs shall be approved as to size and form, and located, installed and maintained in the manner and at the locations, designated by Lessor.

G. STEAM AND CONDENSATE LINES:

An easement for the installation, maintenance, repair, replacement and use of steam and condensate lines, whether above, below or upon ground to be located at such location as Lessor shall designate and describe on a schedule to be attached hereto prior to the Commercial Operation Date, together with access rights thereto, as may be necessary or desirable for the proper operation of the Plant and the transmission of steam and condensate between the Plant and the Collins Facility.

H. TELEPHONE LINES:

An easement for the installation, maintenance, repair, replacement and use by the Lessee of the telephone and communications lines and service to be located on such location as Lessor shall designate and describe on a schedule to be attached hereto prior to the Commercial Operation Date, together with such access rights as may be reasonable and necessary therefor.

