

HERMISTON MUNICIPAL AIRPORT Ground Lease

The City of Hermiston (City) entered into this agreement with _____ (tenant), as follows:

1. Premises: City leases to Tenant and Tenant takes the space described in Exhibit A.
2. Term: The term of this lease is 20 years.
3. Lease Commencement Date: The term of this lease shall commence from the date that tenant exercises the option to lease pursuant to Section 4 below.
4. Option to Lease: Tenant is granted the option to execute this lease until June 30, 2027. During such time, Tenant may enter the property to perform preliminary on-site work such as cultural or environmental reviews, geotechnical boring, surveying, etc., subject to prior notice and approval by City. Tenant may not occupy, or place any equipment, on the property until they exercise the option to lease. In order to exercise the option, Tenant must deliver to the City, prior to June 30, 2027, written notice of the Tenant's intention to exercise the right to lease the Premises.
5. Option Fee: Tenant shall owe an amount equal to the regular rent for the Premises during the option period, initially calculated at \$2,465 per year. City recognizes Tenant's intent to option the Premises in order to pursue construction grant funding. Therefore, the Option Fee shall be due to the City within 30 days of expiration of the option, or any shorter period if Tenant notifies City of its intent not to exercise the option. In the event that Tenant exercises the option, then City shall waive the option fee as an In-Kind contribution toward Tenant's project.
6. Rent: As of July 1, 2023, the annual rent is \$0.05 per square foot, which shall be paid at City Hall on or before the first day of January each year after Tenant exercises its option to lease. Annual rent shall increase to \$0.06 per square foot effective January 1, 2033, and shall increase to \$0.07 per square foot effective January 1, 2038.
7. First Refusal: At the end of the term this lease is terminated. If, in the City's sole discretion, the premises are to be offered for sale or lease, Tenant or successors in interest shall be allowed the right to match the best acceptable offer. The right must be exercised and executed with 60 days of notice by City.
8. Option to Renew: Upon the keeping of all the terms of this agreement, Tenant shall have the option of renewing this lease for one additional ten-year term if City receives a written request for renewal from Tenant no earlier than 5 years before the expiration of the lease, and no later than six months before the expiration of the lease. The renewal shall be on terms to be agreed; however, any changes shall be consistent with this lease.

9. Title to Improvements: Upon expiration or termination for cause or otherwise of the lease or any extensions, title to all structures and improvements shall be vested in Tenant. For this reason, it is expressly agreed by Tenant that the structures will be removed and the property cleared within ninety (90) days of any termination date.
10. Premises As-Is: Premises are leased as-is. Off-site improvements, including extension of street, water, sewer, power, gas, and telecommunications, to the eastern edge of the premises shall be a condition of constructing a facility on the premises, and shall be the sole cost and responsibility of Tenant.
11. Latecomer's Improvements: In the event that any off-site improvements, including street, water, sewer, power, gas, or telecommunications, are installed to serve other users east of the site, then at the time of exercising the option to lease premises, Tenant shall reimburse any and all costs of those improvements in an amount proportional to their benefit to the Premises; which is typically calculated on a per linear foot basis of the frontage of the Premises on to the improvements.
12. Alterations: Tenant will make no alterations in or additions to said Premises or building, including painting, without first obtaining the written consent of the City in order that an overall plan may be followed.
13. Conformance with Law: Tenant will not use or permit in or upon the Premises anything that would violate any City or State or Federal law, code ordinance, or administrative rule. Tenant agrees that any construction on the Premises will conform with all City, State, or Federal laws, codes, or regulations.
14. Taxes and Assessments: If by reason of this lease the real property occupied by Tenant becomes taxable under the laws of the State of Oregon, the obligation to pay the taxes shall be added to the rental obligation of Tenant. The amount to be included in a written notice given Tenant once each year. At present under Oregon law the land is exempt from property taxation.
15. Use of Premises: Tenant agrees that the Premises shall be used for the storage of buses support activities associated with buses. Tenant shall not change the use of Premises without prior written consent of the City.
16. Assignments or Sublease: This agreement may be assigned or sublet, including major ownership change in business entity, only with prior written consent of the City.
17. Right of Entry: The City may enter the Premises in case of emergency. The City shall log any such entry at the Airport Manager's office during normal working hours and notify Tenant.
18. Ground Maintenance: The Tenant shall maintain the grounds and Premises in and around the rental area in reasonably neat, clean, and orderly condition.

19. Rules and Regulations: The Tenant agrees to abide by the Airport Rules and Regulations, as they now exist or may hereafter be amended in any way by the City. Attached are General Specifications which are incorporated by reference.
20. Airport Operation and Access: City does not agree that it will operate and maintain this airport continuously in the future. Tenant is located on a portion of the airport with no direct access to aviation-related uses at the airport and is not granted any access to aviation-related facilities other than that which is afforded to the general public. Tenant shall not allow any operations to occur which interfere with aviation activities.
21. Airport Security: Tenant must provide for security of the property and City expressly assumes no duty to provide security.
22. Corrective Action by City: In the event of damage by Tenant other than wear and tear the City may make repairs or take any other corrective action necessary for the protection of the property and operation of the lease. City shall first give Tenant ten (10) days written notice and demand for correction except in case of emergency when no notice will be required. Tenant shall pay City for all costs and expenses incurred in curing the defaults or repairs upon presentation of a bill therefore, as additional rent.
23. Insurance: Tenant shall carry premises liability insurance with limits of \$1,000,000.00, in the aggregate; and agrees to adjust the amounts and coverages to meet standards set up in Airport Rules and Regulations and State and Federal Rules, present and future, and to include City as an additional insured (Not less than maximum set in Oregon Tort Claims statute.)
24. Indemnifications: Tenant shall indemnify and hold harmless the City, officers, agents, and employees from and against any and all claims, demands, loss or liability of any kind or nature which the City, officers, agents and employees, or any of them, for injury to or death of persons or damage to property caused by or contributed to by the negligence of Tenant, in the use of the premises described in the Agreement, including the use of the Airport and its facilities.
25. Default: Failure to perform according to the provisions of this Agreement shall constitute a default. In the event of a default, the defaulting party may cure said default with thirty (30) days of written notice thereof by the non-defaulting party. Otherwise, the non-defaulting party may terminate this Agreement immediately upon written notice of termination to the defaulting party. In the event of default by Tenant and failure to cure such default by the specified date after notice as provided for herein, Tenant's right to possess the Premises shall cease, this Agreement shall be terminated, and the parties shall have no further rights, duties or obligations hereunder, except for those obligations which are expressly stated to survive termination. The City may then re-enter and take possession of the Premises or any part thereof, repossess the same, expel Tenant and those claiming through or under Tenant, and remove the effects of both (forcibly, if necessary) without being deemed guilty of any manner of trespass.

