

HERMISTON MUNICIPAL AIRPORT
Ground Lease for Classroom

The City of Hermiston (City) entered into this agreement with Umatilla Morrow County Head Start, Inc., an Oregon nonprofit corporation, (UMCHS), as follows:

Premises: City leases to Tenant and Tenant takes the space described in Exhibit A.

Term: The term of this lease is 20 years from _____, 2018 to _____, 2037

Deadline for Improvements: The intention of this ground lease is to facilitate the construction and operation of a classroom building. This agreement shall automatically terminate on December 31, 2020 if tenant does not have a Certificate of Occupancy for the building by then.

Rent: As of April 1, 2018, 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. Annual rent shall increase to \$0.06 per square foot effective January 1, 2028, and shall increase to \$0.07 per square foot effective January 1, 2033.

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.

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.

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 90 days of any termination date.

Alterations: Tenant will make no alterations in or additions to said premise or building, including painting, without first obtaining the written consent of the City in order that an overall plan may be followed.

Conformance with Law: Tenant will not use or permit in premises anything that would violate any City or State or Federal law, code ordinance, or administrative rule.

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.

Use of Premises: Tenant agrees that the premises shall be used for classroom and support activities associated with pre-school operations. Tenant shall not change the use of premises without prior written consent of the City.

Assignment or Sublease: Tenant will not sell, assign, sublease, or in any other manner transfer this Lease or any interest in this Lease or the estate of Tenant under this Lease without the prior consent of City, which consent will not be unreasonably withheld or delayed.

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.

Ground Maintenance: The Tenant shall maintain the grounds and premises in and around the rental area in reasonably neat, clean, and orderly condition.

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.

Airport Operation and Access: City makes no representation 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.

Airport Security: Tenant must provide for security of the property and City expressly assumes no duty to provide security.

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 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.

Insurance: Tenant shall carry premises liability insurance with limits of \$1,00,000.00, per occurrence and \$1,000,000 in the aggregate; and agrees to adjust the amounts and coverages to meet standards of the 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.)

Indemnification: 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.

Defaults and Remedies: The occurrence of any one or more of the following events of default constitutes a breach of this Lease by Tenant:

(1) Tenant defaults in the payment of Rent due and payable by Tenant, and the default continues for ten (10) days after City has given Tenant a notice specifying the same; or

(2) Tenant, whether by action or inaction, is in default of any of its obligations under this Lease (other than a default in the payment of Rent) and the default continues and is not remedied within twenty (20) days after City has given Tenant a notice specifying the same, or, if the default can be cured but not within twenty (20) days, Tenant has not (a) commenced curing the default within the twenty- (20-) day period, (b) notified City of Tenant's intention to cure the default, or (c) continuously and diligently completed the cure of the default.

(3) The responsible Health and Human Services Official has the right to cure any default under the lease or transfer lease to another interim or replacement grantee subject to the Assignment or Sublease clause above.

Notices: Any notice required or permitted by the terms of this Lease will be deemed given if delivered personally to an officer of the party to be notified, or sent by United States registered or certified mail, postage prepaid, return receipt requested, or if sent by fax with electronic confirmation of fax receipt, and addressed as follows:

If to City:

If to Tenant:

City of Hermiston

UMCHS

Attn: City Manager

180 NE 2nd St. 110

NE 4th St.

Hermiston OR 97838

Hermiston OR 97838

Fax: (541) 922-5758

Fax: _____

With a copy to:

Regional Program Manager

Administration of Children & Families

701 5th Ave, Suite 1600 MS-72

Seattle WA 978104

Fax: _____

Arbitration Required/Mediation First Option: Any dispute or claim that arises out of or that relates to this agreement, or to the interpretation or breach thereof, or to the existence, validity, or scope of this agreement or the arbitration agreement, shall be resolved by arbitration in accordance with the then effective arbitration rules of (and by filing a claim with) Arbitration Service of Portland, Inc. or the American Arbitration Association, whichever organization is selected by the party who first initiates arbitration by filing a claim in accordance with the filing rules of the organization selected, and judgment upon the award rendered pursuant to such arbitration may be entered in any court having jurisdiction thereof. The parties acknowledge that

mediation usually helps parties to settle their dispute. Therefore, any party may propose mediation whenever appropriate through the organizations named above or any other mediation process or mediator as the parties may agree upon.

Attorney Fees: In the event of enforcement action, with or without litigation, the prevailing party shall be entitled to recover costs and attorney fees at trial or on appeal.

Time of Essence: Time is of the essence as to the performance of all the covenants, conditions, and agreements of this Lease.

IN WITNESS THEREOF, the parties affixed their signatures.

City of Hermiston:

Tenant:

By: Byron Smith, City Manager

Date: April ____, 2018

Tenant Signature

Printed Name:

Dated: April ____, 2018