

AIRCRAFT STORAGE LEASE AGREEMENT (NORTH HANGAR)

This Aircraft Storage Lease Agreement – North Hangar (this “Lease”) is dated _____, but made effective for all purposes as of _____ (the “Effective Date”), between City of Madras (“Landlord”), an Oregon municipal corporation, whose address is 125 SW E Street, Madras, Oregon 97741, and _____ (“Tenant”), whose address is _____.

RECITALS:

A. Landlord is the owner, sponsor, and operator of the Madras Municipal Airport, a public municipal airport located in Madras, Oregon (the “Airport”). Landlord is the owner of that certain Hangar Building commonly known as the North Hangar located at 2080 NW Berg Drive, Madras, Oregon 97741 (the “Building”).

B. Tenant desires to lease hangar space located in the Building (the “Premises”) to store the Aircraft (as defined below), which Premises is depicted and described on the attached Exhibit A. Subject to the terms and conditions contained in this Lease, Tenant will lease the Premises from Landlord, and Landlord will lease the Premises to Tenant.

AGREEMENT:

NOW, THEREFORE, in consideration of the parties’ mutual obligations contained in this Lease, and for other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the parties hereby agree as follows:

1. LEASE; TERM; OCCUPANCY

1.1 Lease of Premises. Subject to the terms and conditions contained in this Lease, Landlord leases the Premises to Tenant and Tenant leases the Premises from Landlord. The term of this Lease, Tenant’s right to possession of the Premises, and Tenant’s obligation to pay Rent (as defined below) commenced on the Effective Date and will continue, subject to the terms and conditions contained in this Lease, until _____ (the “Lease Term”), unless sooner terminated as provided in this Lease.

1.2 Airport Facilities. Subject to the terms and conditions contained in this Lease and the Rules and Regulations (as defined below), during the Lease Term Landlord grants Tenant a limited, revocable, non-exclusive license to use the Building’s related facilities, including that portion of the Airport’s approach areas, runways, ramps, taxiways, and aprons reasonably necessary to facilitate expeditious movements of the Aircraft to and from the runway and takeoff areas. Tenant’s use of the City’s related facilities and Airport approach areas, runways, ramps, taxiways, and aprons are for the sole purpose of the landing, takeoff, flying, taxiing, and towing of the Aircraft in connection with Tenant’s use of the Premises.

1.3 Tenant’s Financial Capability; Authority. Tenant represents and warrants the following to Landlord: (a) Tenant has sufficient assets and net worth to ensure Tenant’s performance of this Lease and the payment of its obligations under this Lease as and when they become due; (b) Tenant has full power and authority to sign and deliver this Lease and to perform all of Tenant’s obligations under this Lease; and (c) this Lease is the legal, valid, and binding obligation of Tenant, enforceable against Tenant in accordance with its terms.

1.4 No Representations or Warranties. Tenant is bound in accordance with the terms of this Lease from and after the Effective Date. Tenant has entered into this Lease on the basis of its own examination and personal knowledge of the Airport, Building, and Premises. Tenant accepts the Airport, Building, and Premises in their “AS-IS” and “WITH ALL FAULTS AND DEFECTS” condition as of the Effective Date. Tenant has not relied on any representations or warranties made by Landlord and/or Landlord’s Agents (as defined below). Landlord makes no representations or warranties of any kind, whether express or implied, with respect to all or any part of the

Airport, Building, and/or Premises. Landlord has made no promise or agreement to repair, alter, construct, and/or improve all or any part of the Airport, Building, and/or Premises.

2. BASE RENT; ADDITIONAL RENT; TAXES; ASSESSMENTS

2.1 Base Rent. Subject to the terms and conditions contained in this Lease, Tenant will pay Landlord guaranteed minimum monthly base rent, without offset, in the amount of \$ _____ (“Base Rent”). Tenant’s first payment of Rent is due and payable within 30 days of the Effective Date. Tenant will pay all other payments of Rent monthly in advance on the first day of each month. Base Rent will be prorated on a daily basis with respect to any partial month in which the Lease Term commences and ends. Base Rent will be payable to the order of Landlord at the address first shown above or any other address designated by Landlord from time to time.

2.2 Additional Rent.

2.2.1 Tenant will timely pay in full the following charges, costs, and expenses related to or concerning (whether directly or indirectly) the Premises (collectively, “Additional Rent”): (a) all taxes (real property and personal property, if any), general and special assessments, fuel, insurance costs, telephone charges, licenses, L/A Fee, utility charges, and all costs, expenses, and/or charges identified under Sections 2.2.2 and 2.2.3, below; (b) all costs and expenses incurred in connection with Tenant’s use, occupancy, maintenance, improvement, and/or repair of the Premises; (c) all applicable Airport charges, fees, and/or assessments that may be imposed or assessed from time to time; and (d) all other sums Tenant is required to pay or reimburse Landlord or any third party under this Lease or otherwise. Additional Rent is due and payable to the applicable payee commencing on the Effective Date. All Rent payable under this Lease will be net to Landlord and all costs, expenses, and obligations imposed on Tenant under this Lease and/or arising out of Tenant’s use, occupancy, maintenance, and/or repair of the Premises will be paid by Tenant. Tenant will furnish Landlord with receipts or other proof of payment of Additional Rent within ten (10) days after Landlord’s written request. For purposes of this Lease, the term “Rent” means both Base Rent and Additional Rent.

2.2.2 Without otherwise limiting Section 2.2.1, Tenant will pay when due all costs, expenses, and charges for services and utilities incurred in connection with the use, lease, occupancy, operation, repair, maintenance, and/or improvement of the Premises, including, without limitation, charges and expenses for fuel, water, gas, electricity, sewage disposal, power, refrigeration, air conditioning, telephone, internet, and janitorial services. Commencing on the Effective Date, in addition to any other fees, charges, and/or expenses provided under this Lease, Tenant will pay Landlord a right-of-way, lighting, and access fee of \$ _____ per month (the “L/A Fee”). The L/A Fee will be increased (escalated) annually in accordance with Section 2.1, above.

2.2.3 Tenant will pay before delinquency all real and personal property taxes, general and special assessments, and all other charges of every description levied on and/or assessed against the Premises, any improvements located on or about the Premises, and/or personal property and/or fixtures located on or about the Premises. Tenant will make all such payments directly to the applicable governing authority. If any such tax assessment or charges may be paid in installments, Tenant may elect to do so provided each installment together with interest is paid before it becomes delinquent.

2.3 Security Deposit. Landlord will require Tenant to deposit with Landlord the sum of \$200.00 as security for Tenant’s timely payment of Rent and for the full, timely, and faithful performance of all Tenant’s other obligations under this Lease (the “Security Deposit”). Landlord may commingle the Security Deposit with its funds and Tenant will not be entitled to interest on the Security Deposit. Landlord will have the right to offset against the Security Deposit any sums owing from Tenant to Landlord not paid when due, any damages caused by Tenant’s default, the cost of curing any default by Tenant if Landlord elects to do so, and the cost of performing any repair or cleanup that is Tenant’s obligation under this Lease. Offset against the Security Deposit will not be Landlord’s exclusive remedy but may be invoked by Landlord, at Landlord’s option, in addition to any other remedy provided by law or this Lease for Tenant’s breach or nonperformance of any term or condition contained in this Lease. Landlord will give written notice to Tenant each time an offset is claimed against the Security Deposit and, unless

this Lease is terminated, Tenant will, within ten (10) days following Tenant’s receipt of such notice, deposit with Landlord a sum equal to the amount of the offset so that the balance of the Security Deposit, net of offset, will remain constant throughout the term of this Lease. Provided Tenant is not in default under this Lease and has performed its obligations under this Lease, Landlord will return the Security Deposit (or any balance thereof), without interest, to Tenant within sixty (60) days after the date Tenant surrenders the Premises to Landlord in compliance with this Lease.

3. USE OF PREMISES

3.1 Permitted Use; Aircraft. Subject to the terms and conditions contained in this Lease, Tenant will use the Premises for the storage of the Aircraft (the “Permitted Use”) and for no other purpose. No aircraft other than the Aircraft may be stored or located in the Premises. Tenant must maintain the Aircraft in air worthy operable condition, except when the Aircraft is under repair. The Aircraft’s period of repair may not exceed one hundred twenty (120) days at any one time during the Lease Term. Notwithstanding anything contained in this Lease to the contrary, Tenant will not cause or permit the storage of vehicles and/or any other personal property whatsoever in the Premises. Tenant may not perform any repairs and/or maintenance activities in the Premises. For purposes of this Lease, the term “Aircraft” means the following airplane or other aeronautical equipment:

Aircraft Make and Model: _____
Aircraft Year: _____
Aircraft Registration No.: _____
Owner (Name and Pilot License No.): _____
Owner’s Address: _____
Owner’s Telephone Number: _____
Owner’s Email Address: _____

In accordance with ORS 837.040, Tenant will file and maintain the Aircraft’s registration with the Oregon Department of Aviation.

3.2 Conditions, Limitations, and Restrictions. In addition to all other conditions, limitations, and/or restrictions contained in this Lease, Tenant represents, warrants, and covenants to perform and comply with the following conditions, limitations, and restrictions concerning the Premises and/or Airport:

3.2.1 Tenant will conform and comply with the Laws (as defined below). Without otherwise limiting the generality of the immediately preceding sentence, Tenant will conform and comply with the Laws in connection with Tenant’s use of the Premises for the Permitted Use. Tenant will correct, at Tenant’s own expense, any failure of compliance created through Tenant’s fault, the Permitted Use, and/or by reason of Tenant’s use of the Premises and/or Airport. Prior to the Effective Date, Tenant had the opportunity to review (and ask questions concerning) and understands all Laws. For purposes of this Lease, the term “Law(s)” means all policies, rules, leases, covenants, conditions, restrictions, easements, declarations, laws, statutes, liens, ordinances, orders, codes, and regulations directly or indirectly affecting the Building, Airport, and/or Permitted Use, including, without limitation, the Americans with Disabilities Act of 1990 (and the rules and regulations promulgated thereunder), Environmental Laws (as defined below), all rules and/or regulations promulgated by the Oregon Department of Environmental Quality, United States Environmental Protection Agency, United States Department of Transportation (“DOT”), Federal Aviation Administration (“FAA”), and/or any other federal airport authority (including, without limitation, Landlord’s Grant Assurances and requirements under 14 CFR Part 77), Landlord’s municipal code, Landlord’s policies governing agreements involving the use or disposition of Airport property for aeronautical activities, Airshow Regulations (as defined below), and Rules and Regulations (as defined below), all as now in force and/or which may hereafter be amended, modified, enacted, and/or promulgated.

3.2.2 Landlord will store tenants aircraft on the Premises in a safe, neat, clean, and orderly manner. Tenant will refrain from any activity which would make it impossible to insure the Premises against casualty, or would prevent Landlord from taking advantage of any ruling of the Oregon Insurance Rating Bureau (or

its successor) allowing Landlord to obtain reduced premium rates for long-term fire insurance policies, unless Tenant pays the additional costs of the insurance. Tenant will refrain from any use and/or activities which would be reasonably offensive to Landlord, other users of the Airport, and/or neighboring property, and/or which would tend to create or cause fire risk, a nuisance, and/or damage the reputation of the Premises and/or Airport, all as determined by Landlord. Tenant will conduct all activities at the Airport in a safe, prudent, professional, and lawful manner.

3.2.3 Tenant will not cause and/or permit any Hazardous Substances (as defined below) to be spilled, leaked, disposed of, and/or otherwise released on, under, and/or about the Premises. Upon the earlier termination or expiration of this Lease, Tenant will remove all Hazardous Substances from the Premises that have been stored, loaded, disposed, spilled, leaked, and/or otherwise released on, under, and/or about the Premises on and after the Effective Date. For purposes of this Lease, the term "Environmental Law(s)" means any federal, state, and/or local statute, regulation, and/or ordinance, or any judicial or other governmental order, pertaining to the protection of health, safety, and/or environment; the term "Hazardous Substance(s)" means any hazardous, toxic, infectious, and/or radioactive substance, waste, and/or material as defined or listed by any Environmental Law, including, without limitation, pesticides, aviation fuel, paint, petroleum oil, and their fractions.

3.2.4 Tenant will conform and comply with all rules and regulations concerning the Airport and/or Premises, which now exist or may hereafter become effective, including, without limitation, all Airport security, screening, and/or fire safety rules, regulations, and procedures (collectively, the "Rules and Regulations"). Tenant will not perform any acts or carry on any practice prohibited by the Rules and Regulations. Tenant acknowledges and agrees that Landlord is permitted to adopt new Rules and Regulations, or amend the Rules and Regulations, from time to time as Landlord determines necessary or appropriate. Any adoption or amendment to the Rules and Regulations will be effective thirty (30) days after Landlord provides Tenant notice of such adoption or amendments.

3.2.5 Tenant will not engage or permit any commercial activity to be conducted on, at, and/or from the Premises, including, without limitation, aircraft or equipment maintenance for profit, aerial spraying, charter flights, air taxi, sightseeing, aerial photography, and/or aircraft storage for profit.

3.3 Aviation Easement; Aeronautical Uses. Tenant's use of the Premises is secondary and subordinate to the operation of the Airport and Laws. Landlord reserves for itself, and for the public, a right of flight for the passage of aircraft in the airspace above the Premises together with the right to cause noise, vibration, dust, fumes, smoke, vapor, and other effects inherent in the navigation or flight operation of aircraft and/or operation of the Airport. Notwithstanding anything contained in this Lease to the contrary, Tenant will protect the Airport and Airport property for aeronautical and related uses, will not interfere or impede, and will conduct all activities in a manner that will not adversely affect or interfere with, Landlord's operations and/or those of other tenants and authorized users of the Airport or general public. Any Tenant activities that Landlord determines interfere or impede with the operation, use, and/or maintenance of the Airport, Airport property, and/or aeronautical activities is specifically prohibited and will constitute an Event of Default (as defined below) under this Lease.

3.4 Airport Operations; Security. Notwithstanding anything contained in this Lease to the contrary, Landlord reserves the right to control and regulate all Airport property, facilities, and/or operations, including, without limitation, taxiways, ramps, runways, hangars, aprons, and parking facilities. Landlord may impose certain taxi proceedings, requirements, and/or controls to promote efficient and orderly operation of other operators. Tenant acknowledges and agrees that Landlord does not provide continuous security for the Premises and/or Airport. Tenant is responsible for securing and safeguarding the Premises and all personal property located therein, including, without limitation, the Aircraft. Landlord will not be liable for any loss and/or damage to Tenant's property (including, without limitation, the Aircraft) due to theft, vandalism, and/or any other causes, including forces of nature.

3.5 Construction Activities. Tenant's use of the Premises and/or Airport may be disrupted by certain expansion, improvement, construction, development, remodeling, and/or other activities on or at the Airport, including, without limitation, runway maintenance and repairs. Landlord will not be in default under this Lease (and Tenant will not be entitled to any abatement of Rent and/or other concessions) if Tenant is disrupted (temporarily or otherwise) in the use of the Premises and/or Airport due to the aforementioned activities.

3.6 Non-Discrimination; Unfair Practices. Tenant covenants and agrees as follows: (a) if any facilities and/or improvements (including, without limitation, Alterations (as defined below)) are constructed, maintained, and/or otherwise operated on the Premises for a purpose for which a DOT program or activity is extended or for another purpose involving the provision of similar services or benefits, Tenant will maintain and operate such facilities and services in compliance with all requirements imposed under 49 CFR Part 21, Nondiscrimination in Federally Assisted Programs of the Department of Transportation, as amended; (b) no person on the grounds of race, color, national origin, and/or other protected classification will be excluded from participation in, denied the benefits of, and/or otherwise subjected to discrimination in the use of any facilities located on the Premises; and (c) in the construction of any improvements on, over, and/or under the Premises and the furnishing of services thereon, no person on the grounds of race, color, national origin, and/or other protected classification will be excluded from participation in, denied the benefits of, and/or otherwise subjected to discrimination.

3.7 Notice of Action. Tenant will immediately notify Landlord in writing of the occurrence of any of the following events: (a) any enforcement, clean-up, removal, and/or other governmental or regulatory action is instituted, completed, and/or threatened concerning the Premises pursuant to any Environmental Laws; and/or (b) any claim is made or threatened by any person against or concerning Tenant, Tenant's activities, and/or the condition of the Premises. Tenant will provide Landlord copies of any written documentation related to the foregoing.

3.8 Subordination – United States. Notwithstanding anything contained in this Lease to the contrary, (a) this Lease is subordinate to the terms of any agreement between Landlord and the United States concerning Airport operations and/or maintenance (the terms of such agreement will supersede the terms of this Lease), and (b) during times of war or national emergency, Landlord may lease the Airport's landing area (or any part thereof) to the United States for military or naval use (and, in connection therewith, the provisions of this Lease will be suspended to the extent inconsistent with Landlord's lease with the United States).

3.9 Airshow of the Cascades. Tenant's use of the Premises and/or Airport may not interfere with the operation and/or activities of The Airshow of the Cascades (the "Airshow") during the Airshow Days (as defined below). To this end, and without otherwise limiting any other provision contained in this Lease, (a) Tenant will modify or alter its use and operations on and from the Premises and Airport during the Airshow Days (which modifications or alterations must be approved by Landlord) to accommodate Airshow activities and/or operations, (b) the Premises will be placed in (or restored to) a clean, orderly condition, and (c) the Airplane and all equipment and other personal property are securely stored inside the Premises. The Airshow of the Cascades is generally held in August of each year. Tenant is responsible for knowing the dates of the airshow through monitoring local advertising, Airshow website, etc., and will coordinate with Airshow of the Cascades concerning any reasonable measures that may be taken to minimize the disruption the Airshow may have on Tenant's operations. Tenant will maintain adequate levels of communication with the Airshow organizer and Landlord to ensure maximum cooperation and coordination between Tenant, the organizer, and Landlord concerning Tenant's activities and operations from the Premises and/or Airport during the Airshow Days. Notwithstanding anything contained in this Lease providing otherwise, Landlord will not be in default (and Tenant will not receive any Rent abatements and/or other concessions) due to Tenant's Airshow related modifications or alterations in its use and operation on and from the Premises and/or Airport. For purposes of this Lease, the term "Airshow Day(s)" means the three days immediately preceding the dates of the Airshow, the three consecutive days during which the Airshow occurs, and the three days immediately following the days during which the Airshow occurred.

3.10 Airshow Regulations. Tenant will comply with all reasonable rules and regulations concerning the Airport and/or Premises that Landlord may adopt from time to time concerning the Airshow (the "Airshow

Regulations"). Tenant will not perform (or caused to be performed) any acts or carry on any practice prohibited by the Airshow Regulations. Landlord is permitted to amend the Airshow Regulations (or adopt new Airshow Regulations) from time to time as Landlord reasonably determines necessary or appropriate. Any permitted adoption or amendment to the Airshow Regulations will be effective thirty (30) days after Landlord provides Tenant notice of such adoption or amendments.

4. ASSIGNMENT; INSURANCE; INDEMNIFICATION

4.1 No Transfer. Tenant will not sell, exchange, gift, assign, lease, sublease, mortgage, sublet, lien, convey, encumber, and/or otherwise transfer (whether directly, indirectly, voluntarily, involuntarily, or by operation of law) all or any part of Tenant's interest in this Lease and/or in or to the Premises (collectively, "Transfer"). For purposes of this Lease, a "Transfer" includes the sale, assignment, encumbrance, and/or transfer – or series of related sales, assignments, encumbrances, or transfers – of fifty percent (50%) or more of the shares or other ownership interest of Tenant, regardless of whether the sale, assignment, encumbrance, or transfer occurs voluntarily or involuntarily, by operation of law, or because of any act or occurrence.

4.2 Landlord and Tenant Insurance. Landlord will keep the Premises insured against fire and other risks covered under a standard fire insurance policy with an endorsement for extended coverage.

4.3 Liability Insurance. Tenant will procure, and thereafter will continue to carry, (a) general liability insurance (occurrence version) with a responsible licensed Oregon insurance company against personal injury claims arising directly or indirectly out of Tenant's activities on, or any condition of, the Premises, whether or not related to an occurrence caused, or contributed to, by Landlord's negligence, and will insure the performance by Tenant of Tenant's indemnification obligations under this Lease, and (b) aircraft liability and pollution exposure insurance. Tenant's general liability insurance required to be carried under this Section 5.3 will have a general aggregate limit of not less than Two Million Dollars (\$2,000,000.00), a per occurrence limit of not less than One Million Dollars (\$1,000,000.00); the aircraft liability and pollution exposure insurance will have a general aggregate and per occurrence limit of not less than \$1,000,000.00. Each liability insurance policy required under this Lease will be in form and content satisfactory to Landlord and will contain a severability of interest clause. By separate endorsement, each liability insurance policy will name Landlord and Landlord's officers, employees, agents, and volunteers as additional insureds. The insurance Tenant is required to obtain under this Lease may not be cancelled without ten (10) days' prior written notice to Landlord. Tenant's insurance will be primary and any insurance carried by Landlord will be excess and noncontributing. Tenant will furnish Landlord with policy copies (including applicable endorsements) evidencing the insurance coverage, endorsements, and provisions Tenant is required to obtain under this Lease upon Tenant's execution of this Lease and at any other time requested by Landlord. If Tenant fails to maintain insurance as required under this Lease, Landlord will have the option, but not the obligation, to obtain such coverage with costs to be reimbursed by Tenant immediately upon Landlord's demand. Notwithstanding anything contained in this Lease to the contrary, Landlord may increase the minimum levels of insurance Tenant is required to carry under this Lease by providing Tenant ninety (90) days' prior written notice. All policies of insurance which Tenant is required by this Lease to carry will provide that the insurer waives the right of subrogation against Landlord.

4.4 Tenant Release and Indemnification. Tenant releases and will defend, indemnify, and hold Landlord and Landlord's present and future officers, employees, contractors, representatives, and agents (collectively, "Landlord's Agents") harmless for, from, and against all claims, demands, charges, proceedings, costs, expenses, losses, damages, and/or liabilities, including, without limitation, attorney fees and costs, resulting from or arising out of, whether directly or indirectly, the following: (a) any damage, loss, and/or injury to person or property in, on, and/or about the Premises; (b) Tenant's and/or Tenant's directors, officers, shareholders, members, managers, employees, agents, representatives, invitees, and/or contractors (collectively, "Tenant's Agents") acts and/or omissions, including, without limitation, Tenant's and/or Tenant's Agents operations at the Airport; (c) Tenant's use of the Premises and/or Airport; (d) Tenant's storage of the Aircraft; (e) any condition of the Premises caused and/or contributed by Tenant and/or Tenant's Agents; (f) the use, storage, treatment, transportation, presence, release, and/or disposal of Hazardous Substances in, on, under, and/or about the

Premises; and/or (g) Tenant's breach and/or failure to perform any Tenant representation, warranty, covenant, and/or obligation under this Lease. Tenant's indemnification obligations under this Section 5.4 will survive the expiration or earlier termination of this Lease.

4.5 Reconstruction After Damage. If Tenant and/or Tenant's Agents damage or destroy the Premises (and/or other portions of the Building) during the Lease Term, whether or not covered by insurance, Tenant will promptly repair the damage and restore the Premises (and all other portions of the Building). The completed repair, restoration, and/or replacement premises (and other improvements) will be equal in value, quality, and use and will be restored to the condition of the Premises immediately before the damage or destruction. Tenant will pay all costs and expenses of repairing and restoring the Premises (and other improvements), which repairs and restoration will be completed no later than one hundred twenty (120) days after the date of the fire or other cause of damage. Tenant will not be entitled to any abatement of Rent on account of any damage to or destruction of the Premises (or other improvements), nor will any other obligations of Tenant under this Lease be altered or terminated except as specifically provided in this Lease.

4.6 Waiver of Subrogation. Neither party will be liable to the other (or to the other's successors or assigns) for any loss or damage caused by fire, or any of the risks covered by the property insurance policies required under this Lease, and in the event of insured loss, neither party's insurance company will have a subrogated claim against the other. This waiver will be valid only if the insurance policy in question expressly permits waiver of subrogation or if the insurance company agrees in writing that such a waiver will not affect coverage under the policies. Each party agrees to exercise its reasonable, good faith effort to obtain such an agreement from its insurer if the policy does not expressly permit a waiver of subrogation.

4.7 Estoppel Certificate. Tenant will, within thirty (30) days after notice from Landlord, execute and deliver to Landlord a certificate stating whether or not this Lease has been modified and is in full force and effect, and specifying any modifications, outstanding obligations, and alleged breaches by Landlord. The certificate will state the amount of Rent, the dates to which Rent has been paid in advance, and the amount of any prepaid Rent or other charges. Failure to deliver the certificate within the specified time will be conclusive upon Tenant that this Lease is in full force and effect and has not been modified except as represented by Landlord.

5. TERMINATION; DEFAULT; REMEDIES

5.1 Termination. Notwithstanding anything contained in this Lease to the contrary, this Lease may be terminated (a) at any time by the mutual written agreement of Landlord and Tenant, (b) by Tenant providing ninety (90) days written notice to Landlord, (c) by Landlord immediately upon notice to Tenant if Landlord reasonably determines that Tenant's acts or omissions cause or threaten loss of life, injury, significant damage, and/or destruction to person or property, human suffering, and/or significant financial loss. Termination of this Lease will not constitute a waiver or termination of any rights, claims, and/or causes of action Landlord may have against Tenant; Tenant's obligations under this Lease, including, without limitation, Tenant's indemnification obligations under Section 5.4, will survive the termination.

5.2 Default. The occurrence of any one or more of the following events constitutes a default by Tenant under this Lease (each an "Event of Default"): (a) Tenant's failure to pay Rent and/or any other charge, cost, and/or expense payable by Tenant under this Lease when due; (b) Tenant's breach and/or failure to perform any representation, warranty, obligation, and/or covenant contained in this Lease (other than the payment of Rent or other charge, cost, and/or expense under Section 6.2(a)) within ten (10) days after written notice from Landlord specifying the nature of the failure with reasonable particularity; (c) attachment, execution, levy, and/or other seizure by legal process of any right or interest of Tenant under this Lease if not released within thirty (30) days; (d) Tenant becomes insolvent within the meaning of the United States Bankruptcy Code, as amended from time to time; a general assignment by Tenant for the benefit of creditors; the filing by Tenant of a voluntary petition in bankruptcy; an adjudication that Tenant is bankrupt or the appointment of a receiver of the properties of Tenant; the filing of any involuntary petition of bankruptcy and failure of Tenant to secure a dismissal of the petition within thirty (30) days after filing; attachment of or the levying of execution on the leasehold interest and failure of

Tenant to secure discharge of the attachment or release of the levy of execution within thirty (30) days; and/or € Tenant's failure for thirty (30) days or more to occupy the Premises for the Permitted Use.

5.3 Landlord's Remedies. Upon an Event of Default, Landlord may elect any one or more of the following remedies:

5.3.1 Landlord may terminate this Lease by providing thirty (30) day written notice to Tenant. If this Lease is not terminated by Landlord, Landlord will be entitled to recover damages from Tenant for the default. If this Lease is terminated by Landlord, Tenant's liability to Landlord for damages will survive such termination, and Landlord may reenter, take possession of the Premises, and remove any persons or property by legal action or by self-help with the use of reasonable force and without liability for damages.

5.3.2 Following reentry or abandonment, Landlord may relet the Premises, and in that connection may make any suitable alterations or refurbish the Premises (or both), or change the character or use of the Premises, but Landlord will not be required to relet the Premises for any use or purpose other than compatible uses or which Landlord may reasonably consider injurious to the Premises, or to any tenant which Landlord may reasonably consider objectionable. Landlord may relet all or part of the Premises, alone or in conjunction with other properties, for a term longer or shorter than the term of this Lease, upon any reasonable terms and conditions, including the granting of some rent-free occupancy or other rent concession.

5.3.3 Upon the happening of an Event of Default, Landlord will be entitled to recover immediately, without waiting until the due date of any future Rent or until the date fixed for expiration of this Lease, and in addition to any other damages recoverable by Landlord, the following amounts as damages: (a) the loss of reasonable rental value from the date of default until a new tenant has been, or with the exercise of reasonable efforts could have been, secured; (b) the reasonable costs of reentry and reletting including, without limitation, the cost of any clean-up, refurbishing, removal of Tenant's property and fixtures, or any other expense occasioned by Tenant's failure to quit the Premises upon termination and leave the Premises in the required condition, including, without limitation, any remodeling costs, attorney fees, court costs, broker commissions, and advertising costs; and/or (c) any excess of the value of the Rent, and all of Tenant's other obligations under this Lease, over the reasonable expected return from the Premises for the period commencing on the earlier of the date of trial or the date the Premises are relet and continuing through the end of the Lease Term.

5.4 Cumulative Remedies; Right to Cure. Landlord may sue periodically to recover damages during the period corresponding to the remainder of the Lease Term, and no action for damages will bar a later action for damages subsequently accruing. The foregoing remedies will be in addition to and will not exclude any other remedy available to Landlord under applicable law. Unless a shorter time is otherwise provided in this Lease, if Tenant fails to perform any obligation under this Lease Landlord will have the option to do so after ten (10) days' written notice to Tenant specifying the nature of the default. Landlord's performance of any Tenant obligation under this Lease will not waive any other remedy available to Landlord. All of Landlord's expenditures to correct the default will be reimbursed by Tenant on demand with interest at the rate of twelve percent (12%) per annum from the date of expenditure by Landlord until paid in full.

5.5 Termination Rights. Notwithstanding anything contained in this Lease to the contrary, this Lease may be terminated (a) at any time by the mutual written agreement of Landlord and Tenant, and/or (b) by Landlord immediately upon notice to Tenant if Landlord reasonably determines that Tenant's acts or omissions cause or threaten loss of life, injury, significant damage, and/or destruction to person or property, human suffering, and/or significant financial loss. Termination of this Lease will not constitute a waiver or termination of any rights, claims, and/or causes of action Landlord may have against Tenant; Tenant's obligations under this Lease, including, without limitation, Tenant's indemnification obligations under Section 5.4, will survive the termination. Tenant will not be entitled to damages and/or any other recovery if Landlord exercises its termination right under this Section 6.5.

6. SURRENDER; HOLDOVER

6.1 Condition of Premises. Upon the earlier termination or expiration of this Lease, Tenant will deliver all keys and Airport access identification cards to Landlord and will surrender the Premises to Landlord in good condition, repair, working order, and appearance, broom-clean condition (free of debris), reasonable wear and tear excepted. Alterations completed will, at Landlord's option, be removed by Tenant, at Tenant's cost and expense, and the Premises restored to its original condition as of the Effective Date. All maintenance and repairs for which Tenant is responsible will be completed to the latest practical date prior to surrender.

6.2 Personal Property. Prior to the earlier termination or expiration of this Lease, Tenant will remove from the Premises the Aircraft and all furnishings, furniture, equipment, tools, trade fixtures, and personal property which remain its property. If Tenant fails to do so, this will constitute an abandonment of the property, and Landlord may retain the property and all rights of Tenant with respect to it will cease or, by written notice given to Tenant within ten (10) days after removal was required, Landlord may elect to hold Tenant to its obligation of removal. If Landlord elects to require Tenant to remove, Landlord may effect a removal and place the property in storage for Tenant's account. Tenant will be liable to Landlord for the cost of removal, transportation to storage, and storage with interest at twelve percent (12%) per annum on all such expenses from the date of expenditure by Landlord until paid in full.

6.3 Holdover. If Tenant does not vacate the Premises at the time required, Landlord will have the option to treat Tenant as a tenant from month-to-month, subject to the provisions of this Lease (except the provisions for term and extensions), except that Base Rent will be equal to one hundred fifty percent (150%) of the then applicable Base Rent. Failure of Tenant to remove the Aircraft, Alterations (if applicable), trade fixtures, furniture, furnishings, equipment, tools, and/or any other personal property which Tenant is required to remove under this Lease will constitute a failure to vacate to which this Section 7.3 will apply. If a month-to-month tenancy results from a holdover by Tenant under this Section 7.3, the tenancy will be terminable at the end of any monthly rental period on written notice from Landlord given not less than thirty (30) days prior to the termination date which will be specified in the notice.

7. MISCELLANEOUS

7.1 Non-waiver; Attorney Fees. No waiver will be binding on a party unless it is in writing and signed by the party making the waiver. Waiver by either party of strict performance of any provision of this Lease will not be a waiver of or prejudice the party's right to require strict performance of the same provision in the future or of any other provision. If an Event of Default occurs, Tenant will pay Landlord, within ten (10) days after Landlord's demand, all attorney fees and costs Landlord incurs to enforce the terms of this Lease. If any arbitration or litigation is instituted to interpret, enforce, or rescind this Lease, including, without limitation, any proceeding brought under the United States Bankruptcy Code, the prevailing party on a claim will be entitled to recover with respect to the claim, in addition to any other relief awarded, the prevailing party's attorney fees, expert fees, and other fees, costs, and expenses of every kind, including, without limitation, the costs and disbursements specified in ORCP 68 A(2), incurred in connection with the arbitration, the litigation, any appeal or petition for review, the collection of any award, or the enforcement of any order, as determined by the arbitrator or court.

7.2 Addresses for Notices; Binding Effect. All notices or other communications required or permitted by this Lease must be in writing, must be delivered to the parties at the addresses set forth below, or at any other address that a party may designate by notice to the other parties, and will be considered delivered upon actual receipt if delivered personally, via email or facsimile (with electronic confirmation of delivery) or an overnight delivery service, or at the end of the third (3rd) business day after the date deposited in the United States mail, postage pre-paid, certified, return receipt requested. Subject to the limitations under Section 5.1 concerning a Transfer by Tenant, this Lease will be binding upon and inure to the benefit of the parties, their respective successors and assigns. This Lease (or any memorandum of this Lease) will not be recorded. Tenant will cause Tenant's Agents to conform and comply with this Lease.

Landlord:

City of Madras
Attn: Public Works Director
125 SW "E" Street
Madras, Oregon 97741

Tenant:

7.3 Late Fees; Interest. If Rent (or other payment due from Tenant) is not received by Landlord within ten (10) days after it is due, Tenant will pay a late fee equal to ten percent (10%) of the payment (a "Late Fee"). Landlord may levy and collect a Late Fee in addition to all other remedies available for Tenant's failure to pay Rent (or other payment due from Tenant). Any Rent or other payment required to be paid by Tenant under this Lease (and/or any payment made or advanced by Landlord in connection with Landlord's performance of any Tenant obligation under this Lease) will bear interest at the rate of twelve percent (12%) per annum from the due date (or, if applicable, the date of Landlord's payment) until paid by Tenant in full.

7.4 Severability; Further Assurance; Governing Law; Venue; Joint and Several. If a provision of this Lease is determined to be unenforceable in any respect, the enforceability of the provision in any other respect, and of the remaining provisions of this Lease, will not be impaired. The parties will sign such other documents and take such other actions as are reasonably necessary to further effect and evidence this Lease. This Lease is governed by the laws of the State of Oregon, without giving effect to any conflict-of-law principle that would result in the laws of any other jurisdiction governing the Lease. If any dispute arises regarding this Lease, the parties agree that the sole and exclusive venue for resolution of such dispute will be in Jefferson County, Oregon. All parties submit to the jurisdiction of courts located in Jefferson County, Oregon for any such disputes. If Tenant consists of two or more persons, all representations, warranties, covenants, and obligations made by Tenant under this Lease are made by each person constituting Tenant on a joint and several basis. If Tenant is a corporation, limited liability company, limited partnership, or any other legal entity, Landlord may require (and Tenant will cause) one or more Landlord identified members, shareholders, partners, and/or other Tenant owners or officers to personally guaranty Tenant's timely and faithful performance of Tenant's obligations under this Lease.

7.5 Entire Agreement; Signatures; Time. This Lease contains the entire understanding of the parties regarding the subject matter of this Lease and supersedes all prior and contemporaneous negotiations and agreements, whether written or oral, between the parties with respect to the subject matter of this Lease. This Lease may be signed in counterparts. A fax or email transmission of a signature page will be considered an original signature page. At the request of a party, a party will confirm a fax or email-transmitted signature page by delivering an original signature page to the requesting party. Time is of the essence with respect to Tenant's performance of its obligations under this Lease. If the date for performance of an obligation or delivery of any notice hereunder falls on a day other than a business day, the date for such performance or delivery of such notice will be postponed until the next ensuing business day. For purposes of this Lease, a "business day" means a normal working day (i.e., Monday through Friday of each calendar week, exclusive of Federal and state holidays and one day following each of Thanksgiving, Christmas, and New Year's).

7.6 Discretion; Landlord Default. When a party is exercising any consent, approval, determination, and/or similar discretionary action under this Lease, the standard will be the party's commercially reasonable discretion, which discretion will not be unreasonably withheld, conditioned, and/or delayed. No act or omission of Landlord will be considered a default under this Lease until Landlord has received thirty (30) days' prior written notice from Tenant specifying the nature of the default with reasonable particularity. Commencing from

Landlord's receipt of such default notice, Landlord will have thirty (30) days to cure or remedy the default before Landlord will be deemed in default of this Lease; provided, however, that if the default is of such a nature that it cannot be completely remedied or cured within the thirty-day cure period, there will not be a default by Landlord under this Lease if Landlord begins correction of the default within the thirty-day cure period and thereafter proceeds with reasonable diligence to effect the remedy as soon as practical.

7.7 Additional Provisions; Attachments; Interpretation. The provisions of all exhibits, schedules, instruments, and other documents referenced in this Lease are part of this Lease. All pronouns contained herein and any variations thereof will be deemed to refer to the masculine, feminine, or neutral, singular or plural, as the identity of the parties may require. The singular includes the plural and the plural includes the singular. The word "or" is not exclusive. The words "include," "includes," and "including" are not limiting. The term "person" means any natural person, corporation, limited liability company, partnership, joint venture, firm, association, trust, unincorporated organization, government or governmental agency or political subdivision, or any other entity. The titles, captions, or headings of the sections herein are inserted for convenience of reference only and are not intended to be a part of or to affect the meaning or interpretation of this Lease.

[end of agreement – signature page immediately follows]

IN WITNESS WHEREOF, the undersigned have caused this Lease to be executed on the date first written above but binding and effective for all purposes as of the Effective Date.

LANDLORD:
City of Madras,
an Oregon municipal corporation

TENANT:

By: _____
Its: _____

By: _____
Its: _____

Exhibit A
Premises – Depiction

[attached]

Figure 5: Floor Plan

Exhibit "A" North Hangar

