

MADRAS MRC-CITY COUNCIL MEETING & EXECUTIVE SESSION

Tuesday, June 11, 2024 at 5:30 PM

City Council Chambers, 125 SW "E" Street, Madras, OR 97741

Telephone (541) 475-2344 www.ci.madras.or.us

This meeting is open to the public. Audio/Video of the meeting will be available on our website within 24 hours following the meeting. This agenda includes a list of the principal subjects anticipated to be considered at the meeting. However, the agenda does not limit the ability of the Council to consider additional subjects. Meetings may be canceled without notice. The chat feature in Zoom is only available during Public Comments portions of the meeting. Zoom participants should use the "raise your hand" feature during these times to alert the moderator that they would like to speak.

Join via Zoom:

<https://us02web.zoom.us/j/2912614668?pwd=MIJ3Zzh0Yzg0ZkhwOTZ0REgrWTFYdz09>

Passcode: **5414752344**

Join via teleconference:

From a cell phone: **971-247-1195**

From a land line phone: **1-877-853-5257**

Meeting ID: **291 261 4668#**

Participant ID: **#**

Passcode: **541 475 2344#**

MADRAS REDEVELOPMENT COMMISSION AGENDA

I. Call Commission Meeting to Order

II. Pledge of Allegiance and Prayer

III. Roll Call

IV. Public Comments (please limit to 3 minutes)

The Commission reserves the right to limit the number of speakers pertaining to the same topic in the interest of meeting efficiency and expediency.

V. Amend or Accept MRC Agenda

VI. Regular Agenda

1. Discussion on fees for taxing districts within an Urban Renewal District
Will Ibershof, City Administrator, Jeremy Green
2. Sagebrook Estates Subdivision Phase I & II HURD Application
Nicholas Snead, Community Development Director
3. Amendment to Initiative Brewing MRC Lines of Credit to Adjust First Payment Date.
Nicholas Snead, Community Development Director
4. Independent Audit Report and Financial Statements for the Madras Urban Renewal Agency
Kate Knop, Finance Director

VII. Additional Discussion

VIII. Adjourn Commission Meeting

CITY COUNCIL AGENDA

I. Call Meeting to Order

II. Roll Call

III. Public Comments (please limit to 3 minutes)

The Council reserves the right to limit the number of speakers pertaining to the same topic in the interest of meeting efficiency and expediency.

IV. Amend or Accept Regular Agenda

V. Visitor Presentation(s)/Proclamations

1. Presentations by the Airshow of the Cascades, the Jefferson County Chamber of Commerce, and Two Community Grant Applicants

VI. Regular Agenda

1. Independent Audit Report for the City of Madras and Madras Urban Renewal Agency
Kate Knop, Finance Director
2. Election and Certification of De Minimis Indirect Cost Rate
Kate Knop, Finance Director
3. DLCDC Housing Planning Grants Matching Funds IGA.
Nicholas Snead, Community Development Director
4. Police Department Purchase of Body Worn Cameras
Tim Plummer, Police Chief
5. Draft Code Compliance Policy and Procedures Manual for Code Enforcement Program
Nicholas Snead, Community Development Director
6. Discussion on Strategic Goals for Fiscal Year 2024-2025
Will Ibershof, City Administrator
7. Discussion on Signing Authority for Airport - T-Hangars, North Hangar, Tie Downs, Courtesy Car
Jeff Hurd, Public Works Director
8. Amendment No. 1 to Hangar Lease New Moon
Jeff Hurd, Public Works Director
9. Purchase of SL- Sewer Rat
Jeff Hurd, Public Works Director
10. Hoffman Park Master Plan
Jeff Hurd, Public Works Director
11. T Hangar Lease - Dave Heintz Unit #9
Jeff Hurd, Public Works Director
12. Jet A Refueler Lease Agreement - World Fuel
Jeff Hurd, Public Works Director

VII. Department Reports / Committee Updates

VIII. Adjourn Council Meeting

EXECUTIVE SESSION AGENDA

I. Call Executive Session to Order

II. Executive Session ORS 192.660(2)(i)

The executive session is held pursuant to ORS 192.660(2)(i) which allows the Council to hold an executive session to review and evaluate the employment-related performance of the chief executive officer of any public body, a public officer, employee, or staff member who does not request an open hearing.

Representatives of the news media and designated staff shall be allowed to attend the executive session. All other members of the audience are asked to leave the room. Representatives of the news media are specifically directed not to report on any of the deliberations during the executive session, except to state the general subject of the session as previously announced. No decision will be made in this executive session.

III. Adjourn Executive Session

CITY OF MADRAS
Request for Council Action

Meeting Date: June 11, 2024

To: Mayor and City Council Members

From: Will Ibershof, City Administrator, Kate Knop, Finance Director

Through: Will Ibershof, City Administrator

Subject: Presentations and Grant Requests by the Airshow of the Cascades, the Jefferson County Chamber of Commerce, and Two Community Grant Applicants

TYPE OF ACTION REQUESTED:

Approve
Discuss

MOTION(S) FOR CONSIDERATION:

Review and approve applicable community grant applications as presented or amended.

OVERVIEW:

The Budget Committee approved \$9,000 for the Airshow of the Cascades and \$76,500 for the Jefferson County Chamber of Commerce for the fiscal year 2024-25. They also approved \$80,000 for community grants, and the council has awarded \$73,450, leaving available funds of \$6,550. The funds are appropriated from the Tourism and Economic Development (TED) Fund.

For the fiscal year 2024-25, the Council decided to be the governing body to hear the presentations for the Airshow of the Cascades and the Jefferson County Chamber of Commerce. Tonight's presenters also include the Jefferson County Little League and the Ronald McDonald House, which, for unknown reasons, could not appear on May 14th, 2024.

The staff has organized the enclosed presentation packet to help the council.

STAFF ANALYSIS:

The staff provides the tables below as a reference point to assist the Council with its decision-making process.

City of Madras
2024-25 Budget Worksheet
Tourism/Economic Development Fund
Expenditures

Description	2024-2025	
	Proposed	Approved
Materials & Services		
Airshow	9,000	9,000
Chamber of Commerce	76,500	76,500

Community Project Grants

Appropriations 2024-25	\$	80,000.00
Awards	\$	73,450.00
Available Funds	\$	<u>6,550.00</u>

The packet includes the Airshow of the Cascades and Jefferson County Chamber of Commerce applications, scheduled for June 11th, 2024. It also includes the Jefferson County Little League and Ronald McDonald House applications, originally scheduled for May 14th, 2024. The available funds are listed above.

FISCAL INFORMATION:

The Budget Committee approved \$9,000 for the Airshow of the Cascades and \$76,500 for the Jefferson County Chamber of Commerce for the fiscal year 2024-25. They also approved \$80,000 for community grants, and the council has awarded \$73,450, leaving available funds of \$6,550. We expect a modest increase in TED funds for the 2024-25 budget.

SUPPORTING DOCUMENTATION:

Community Grant Presentation Packet

STRATEGIC GOAL:

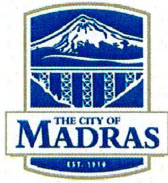
Goals related to economic and community development.



**Community Project Grants
Budget Year 2024-2025**

Organization	2023-2024 Award	Original Request	2023-2024 Report Received	Active 501(c)(3)	Award
Garden of Eatin	\$ 700.00	\$ 700.00		Yes	\$ 700.00
Veterans	\$ 2,500.00	\$ 5,000.00	Yes	Yes	\$ 2,500.00
Veterans Auxillary	\$ 1,000.00	\$ 1,000.00		Yes	\$ 1,000.00
Ronald McDonald House- Bend	\$ 5,500.00	\$ 5,500.00	Yes	Yes - PDX	\$ -
Madras Downtown Association	\$ 9,050.00	\$ 18,950.00		Yes	\$ 12,000.00
Madras Rock and Gem Show	\$ 2,500.00	\$ 5,000.00		No	\$ 5,000.00
LINC	\$ 6,000.00	\$ 6,000.00	Yes	Yes	\$ 6,000.00
High Desert Community Theatre	\$ -	\$ 2,000.00	N/A	Yes	\$ 2,000.00
Jefferson County Youth Soccer Association	\$ -	\$ 20,000.00	N/A	Yes	\$ 6,000.00
Heart of Oregon	\$ 2,000.00	\$ 1,823.00		Yes - Bend	\$ 2,000.00
WAK-9 Service Dogs	\$ -	\$ 1,000.00	N/A	Yes	\$ 1,000.00
Kids Club	\$ 6,000.00	\$ 10,000.00		Yes	\$ 6,000.00
Latino Association	\$ 2,500.00	\$ 5,000.00		Yes	\$ 3,500.00
Chamber of Commerce (ADA Remodel)	\$ -	\$ -			
JC Little League	\$ -	\$ 15,000.00		Not Active	\$ -
JCFG-FamilyPrograms	\$ -	\$ 10,000.00	N/A	No	\$ 10,000.00
JCFG-Fence	\$ -	\$ 12,000.00	N/A	No	\$ -
JCFG-COWDEO	\$ -	\$ 3,000.00		No	\$ 3,000.00
JCFG-Security	\$ -	\$ 5,000.00		No	\$ -
Operation Rudolph-Kiwanis Madras	\$ -	\$ 2,500.00		Yes	\$ 2,500.00
Madras Community Food Pantry	\$ -	\$ 11,000.00	NA	Yes	\$ 4,000.00
					\$ -
JC Law Enforcement Banquet, 2021-2026	\$ 750.00	\$ 750.00			\$ 750.00
Jefferson County Little League(expired)					\$ -
Madras Kiwanis (expired)					\$ -
Madras Sparklers, 2021-2026	\$ 500.00	\$ 500.00			\$ 500.00
Jefferson County Fairgrounds show barn, 3 of 9	\$ 5,000.00	\$ 5,000.00	NA		\$ 5,000.00
Sub-total	\$ 44,000.00	\$ 146,723.00			\$ 73,450.00
Chamber of Commerce	\$ 76,500.00	\$ 76,500.00		501(c)(6)	
Air Show of the Cascades	\$ 18,500.00	\$ 18,500.00		Yes	
Sub-total	\$ 95,000.00	\$ 95,000.00			\$ -
Total Awards	\$ 139,000.00	\$ 241,723.00			\$ 73,450.00

Appropriations 2024-25	\$	80,000.00
Awards	\$	73,450.00
Available Funds	\$	6,550.00



**City of Madras
Community Project Grant
Application Fiscal Year 2024-2025**

APPLICATION

Primary Applicant Contact Name: Joe Krenowicz

Organization/Club Name (if applicable): Airshow of the Cascades

Phone: 408.6766

Email: JKrenowicz@AirshowoftheCascades.com

Address: 380 SW 5th St

City: Madras

State: OR

Zip Code: 97741

Tax ID (if applicable): 26.1364704

Non-profit: Yes No

Proposed Funding Request: \$ 18,500

Total Program/Project Cost: \$ \$265,000 *(tied to budget below)*

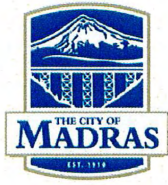
Check one:

Supports Economic Development	<input checked="" type="checkbox"/>
Supports Social Activity	<input type="checkbox"/>

Program/Project Description: Please explain the project/program and how the funding supports economic development in the City of Madras (200 words or less):

The Airshow of the Cascades is a non-profit organization that puts on the premier event in Jefferson County that draws 16,000-20,000 people annually and is managed by a volunteer Board of Directors. The logistics of the show is overseen by about 12 volunteer coordinators who manage over 200 volunteers the week of the show. The Airshow of the Cascades annual airshow comprises of a family friendly static and aeronautical acts, a car show, live music, and RV and tent camping. There event is free for children under the age of 5 and Veterans. The Airshow is for the community and put on by the community. It enables local community groups to fund raise for their respective activities and re-investment into their communities. While the Airshow is requesting funding from the City's Community Project funding program, the Airshow pays for over 50 hotel rooms during the Airshow that also pays the City's Transient Room Tax that the City collects, to in part, pay for Community Projects related to economic development.

The total cost to put on the Airshow varies annually, but is approximately \$350,000. The Airshow of the Cascades is requesting \$18,500 from the City of Madras to help with hard costs associated with tents, fencing, audio, lighting, portable toilets, advertising, etc. The Airshow spends \$48,000 in tv, radio, online and print advertising the event which each ad mentions Madras Oregon and the Madras Airport as the destination. People attend from over 20 states based on our credit card sales information. To attend our event it forces 100% of the attendees to our Airport and Industrial Park to see what we have located here and potential for other projects in the future.



**City of Madras
Community Project Grant
Application Fiscal Year 2024-2025**

Community(ies) being served: Please describe the communities that will benefit from the proposed program/project (Ex – geographic, demographic, age, or any other way of defining ‘community’ – 200 words or less):

Those attending the Airshow of the Cascades come from Central Oregon, Salem, Eugene & Portland metro areas. In the past we have had ticket sales from more than 20 states. It is an event that has a large draw because it is family friendly, provides entertainment for all ages, a those who do not necessarily are aircraft enthusiasts with live music and a car show. Because children under 5 and Veterans get into the event for free, the Airshow tends to draw families, friends, and Veterans to the Madras Airport for this spectacular event. The Airshow also draws in over 30 fly-in aircraft of all types that depend on the Madras Airports fueling services.

Impact: Please describe how this project will have an economic impact that benefits the City of Madras and its residents (200 words or less):

The Airshow of the Cascades is dependent upon our local retailers. The Airshow purchases as much as possible our good and services from local companies. This includes paint, hardware, food, equipment rentals, and other supplies. The Airshow books 50 rooms at local hotels for guests, pilots, and support staff. Local hoteliers pay the City's Transient Room Tax. Local businesses feel the benefits in serving those coming to the Airshow, including Airshow patrons, pilots from Wednesday to Sunday of the week of the Airshow. The Airshow also provides a venue for local non-profits for fundraising. What can't be quantified is the opportunity to showcase the Madras Airport and community to patrons who have never spent any meaningful time in the community. Often they are pleasantly surprised which has led to individuals, families, and even businesses, moving to Madras as a result.



**City of Madras
Community Project Grant
Application Fiscal Year 2024-2025**

Fiscal Sponsor or Financial Accountability Contact: Please explain how the funding will be managed and provide contact information for the point of contact (i.e. 501c3 fiscal sponsor, public organization):

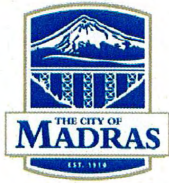
The Airshow of the Cascades is a registered non-profit. Funding from the City will be

Other Funding Sources (if applicable): Please list the sources and dollar amounts of any funding you've already received or made efforts to receive for this project. Please also include your plans to secure additional funding (cash and/or in-kind) if your project will require more than this funding request (200 words or less):

Anheuser Busch, Bright Wood Corp. Daimler Truck North America Umpqua Bank, Pacific Power, First Interstate Bank, and Subaru of Bend have been perennial sponsors along with local business and individual sponsors make up major sponsorship funds to secure the operation of the event. Many of the sponsors of the Airshow donate \$1,000-\$20,000. The Airshow has secured funding commitments from Anheuser Busch, Bright Wood, Daimler Truck North America, and Pacific Power, and Subaru of Bend for the 2024 Airshow of the Cascades. The Airshow of the Cascades has also submitted a request to Jefferson County for funding for the 2024 event.

Project/Program Partners (if applicable): Please list any program/project partner organizations or people who will work with you on the project (attach letters of support if you have them):

The Airshow of the Cascades considers all of our sponsors as partners because without them, the Airshow wouldn't be possible. Especially, Jefferson County, the City of Madras, Deschutes Valley Water District, the Bean Foundation, and our local businesses. However, over 24 years the Airshow has partnered with the Kiwanis Club, Rotary Club, Buff Boosters, Kids Club, JROTC, Civil Air Patrol, VFW, American Legion and the Oregon Youth Challenge Program to provide an opportunity for fund raising through service at the Airshow.



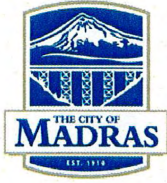
**City of Madras
Community Project Grant
Application Fiscal Year 2024-2025**

Measuring Success: Describe how you will measure and report on your program's success. How many people do you estimate will benefit from this project? (200 words or less):

We measure success by total attendance, children attendance, and Veteran attendance, feedback from patrons, social media, the number of nights stayed at local hotels, and feedback from our event sponsors.

Sustainability: Describe how your project/program will continue after the grant. If this is a one-time project, please explain why it will not continue in the future (200 words or less):

The 2024 Airshow will be the 24th Airshow of the Cascades event. The Airshow of the Cascades is a non-profit organization, who's mission isn't to make money rather provide a family friendly event for Jefferson County and beyond. This event is dependent upon our volunteer Board and 200+ volunteers that put on the event and event sponsors. The non-profit status of the Airshow of the Cascades by definition will continue to be dependent upon our sponsors. Financial sustainability is something the Airshow Board has distinct awareness. While it is unlikely that the Airshow event revenues will allow the organization and the event that it puts on to not require any sponsorships, the Airshow is mindful of weather or other significant events that threaten the ability to put on the Airshow. It is for this reason the Airshow seeks to build reserves to allow the organization to sustain unforeseen events (e.g. wind storm, aircraft crash, etc.) that would prevent the event from occurring and allow the Airshow to pay our vendors regardless.



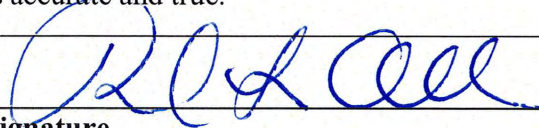
**City of Madras
Community Project Grant
Application Fiscal Year 2024-2025**

Please check that the following apply & are understood:

Yes No

- Proposed project/program promotes/encourages economic growth in the City of Madras. The Budget Committee has defined economic growth as “Efforts that seek to improve the economic well-being and quality of life for a community by creating and/or returning and supporting or growing incomes and the tax base”.
- I understand that we are required to present to the City’s budget committee as part of the application process
- If awarded the funding, I understand that we will be notified via email of our award.
- The report (template below) must be returned to the City no later than March 1, 2021. Failure to submit a report may impact future funding applications.

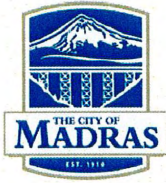
By signing this grant application, applicant certifies that everything contained in the application is accurate and true.

	<u>3-20-24</u>
Signature	Date

Richard L Allen	Digitally signed by Richard L Allen Date: 2024.03.21 13:22:19 -07'00'
------------------------	--

Printed Name

<i>For office use only:</i>	
Date application received: _____	Amount awarded: _____
Date application awarded: _____	Award entered into tracking sheet: _____
_____ Programmed: 207-207-520-1217	
_____ Un-programmed: 207-207-520-1218	



**City of Madras
Community Project Grant
Application Fiscal Year 2024-2025**

APPLICATION: BUDGET

Project/Program Name: Central Oregon Airshow DBA Airshow of the Cascades

Requested Amount: \$ 18,500

Sources of Support

Revenue Categories	Committed Funds	Pending/ Requested Funds
Community Project Grant application		
See Attachment For 2023 Financial Report		
TOTAL		

Expenses

Expense Categories	Amount Requested	Total Expenses
Personnel		
Fringe/Benefits		
Consultants and Professional Fees		
Travel		
Professional Development		
Equipment		
Supplies		
Rent		
Utilities		
Postage		
Printing and copying		
Telephone		
Other (specify)		
TOTAL		

Comments/Other information to consider:

Central Oregon Airshow, Inc
Profit and Loss
 January - December 2023

Income

Total Income **\$349,039.11**

Expenses

Total Aerial Performers & Acts **\$57,034.24**

Total Hospitality Chalets/Food & Beverage **\$34,027.67**

Total Logistics **\$74,444.84**

Total Music & Entertainment **\$6,800.00**

Total Other Performers, Displays & Ericksons **\$94,933.78**

Board of Diectors Expense **\$2,661.40**

Insurance **\$5,950.00**

Legal, Audit and Professional Services **\$12,062.00**

Advertising and Media **\$48,069.50**

Community Support Direst Donations **\$6,793.94**

Office Supplies, Signs, Posters, Banners **\$21,409.44**

Mis Expenses **\$6,666.79**

Total Expenses **\$370,853.60**

Total **-\$21,814.49**



**City of Madras
Community Project Grant
Application Fiscal Year 2024-2025**

APPLICATION

Primary Applicant Contact Name: Debbie Taylor

Organization/Club Name (if applicable): Madras-Jefferson County Chamber of Commerce

Phone: 541-475-2350

Email: director@madraschamber.com

Address: 274 SW 4th Street

City: Madras

State: OR

Zip Code: 97741

Tax ID (if applicable): 93-0575887

Non-profit: Yes No

Proposed Funding Request: \$ 76,500

Total Program/Project Cost: \$ 220,000 *(tied to budget below)*

Check one: **Supports Economic Development**

Supports Social Activity

Program/Project Description: Please explain the project/program and how the funding supports economic development in the City of Madras (200 words or less):

The Madras-Jefferson County Chamber of Commerce & Visitor Center serves a culturally diverse community of members and tourists across a large geographic region. The role of the Chamber is to communicate local information, be the hub of event information, tourism information (i.e. lodging, trails, maps), and economic development.

We are partnered with other DMO's (Destination Management Organizations) across Central Oregon. Partnerships with Prineville, Redmond and Bend Chambers along with their city "visit" offices (i.e. Visit Prineville) are deeply valued relationships. Utilizing publication organizations of Travel Oregon, Travel Central Oregon, Cascade Business News, and the Madras Pioneer enable clear communication for what Jefferson County has to offer. With recreational vehicle tourism increasing, the Chamber has become a host destination for HarvestHosts.com and allows members to dry camp in our parking lot.

These grant funds will allow the Chamber to continue to provide services across the County and level-up customer service for our community members and tourists by paying the salaries of employees who implement the Chamber's mission.



**City of Madras
Community Project Grant
Application Fiscal Year 2024-2025**

Community(ies) being served: Please describe the communities that will benefit from the proposed program/project (Ex – geographic, demographic, age, or any other way of defining ‘community’ – 200 words or less):

The Chamber serves the geographic area of Jefferson county. We also welcome and assist patrons passing through our county, and includes those utilizing the electric vehicle charging stations located behind our building. Over the past two months of analytical data collected from staff members, it has been determined that we serve a group of diverse individuals. As the demographic of those we serve continues to shift and adjust to emerging circumstances, the Chamber will strive to serve all that seek assistance from the services we provide. Our community is growing and ever-presently changing and maintaining a welcoming facility physically and verbally is a high priority for the current Executive Director.

Impact: Please describe how this project will have an economic impact that benefits the City of Madras and its residents (200 words or less):

Optically, the Chamber can be seen as the face of the community in the hospitality welcoming role it has within Jefferson County. There has been a stigma with the level of service coming from the Chamber as the building exterior and interior has also reflected such in the outdated appearance. While our communications increase (i.e. email newsletters, publications, and social media posts), we predict our efforts will generate additional positive economic impacts across the County. These grant funds will enable us to step forward with our vision for the Madras-Jefferson County Chamber of Commerce as we serve community members and tourists.



**City of Madras
Community Project Grant
Application Fiscal Year 2024-2025**

Fiscal Sponsor or Financial Accountability Contact: Please explain how the funding will be managed and provide contact information for the point of contact (i.e. 501c3 fiscal sponsor, public organization):

The Ex. Director will have direct and open communication with the City of Madras.

Other Funding Sources (if applicable): Please list the sources and dollar amounts of any funding you've already received or made efforts to receive for this project. Please also include your plans to secure additional funding (cash and/or in-kind) if your project will require more than this funding request (200 words or less):

On March 19th, the Chamber board approved new tiered-membership levels for our Members with the goal of diversifying our revenue stream from the present avenues. Prior to that, the board hired a new Executive Director who is directly managing all the day to day operations in a professional manner with a focus on 'leveling up' the Chamber to current industry standards. The Chamber board and Executive Director will continue to manage a tight budget of spending current funds as membership dues increase and allow for growth within Jefferson County.

Example of diversifying our revenue:

- Past annual membership dues were \$80-\$385. Current annual membership dues, with added benefits are \$100-\$2500.
- Monetizing services provided to municipalities or organizations for providing services beyond the benefits of a Chamber membership. (example-organizing and facilitating a parade for an event.)

Project/Program Partners (if applicable): Please list any program/project partner organizations or people who will work with you on the project (attach letters of support if you have them):

The Executive Director will continue to work with local and regional contacts to deliver a high level of service to our community. With our Event Calendar updated on the website, we are working with local organizations to communicate information across the County.

Additionally, the Energy Trust of Oregon has approved the replacement of the interior and exterior lighting for the Chamber building with additional upgrades in conjunction with the HVAC work needing to be completed.



**City of Madras
Community Project Grant
Application Fiscal Year 2024-2025**

Measuring Success: Describe how you will measure and report on your program's success. How many people do you estimate will benefit from this project? (200 words or less):

Considering Jefferson County is a relational community, our measurable will come from more than the public's perception of our success. We expect patrons will provide digital feedback of their customer service experiences of our office. Analytics will also come from daily data tracking of those that we serve in person, over the phone and with digital communications. With the new Executive Director in place since January 9th, it is early to have collected substantial and enough data that represents the number of patrons the Chamber has, is or will continue to serve.

Potential prediction of affecting 8,000-15,000 community members and tourists.

Sustainability: Describe how your project/program will continue after the grant. If this is a one-time project, please explain why it will not continue in the future (200 words or less):

It is the priority of the new Executive Director to bring the Chamber to a professional standard, administratively as well as visually. It is time to level-up and provide the high level of professionalism that the Chamber is expected to provide to the community and tourists. Grant funds will allow for continued operation of the Chamber through the salaries of an Executive Director and part-time Office Assistant. The employees will continue to facilitate the scope of work of our organization that has briefly been outlined in this application.




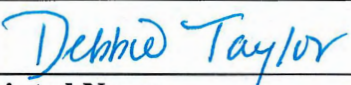
**City of Madras
Community Project Grant
Application Fiscal Year 2024-2025**

Please check that the following apply & are understood:

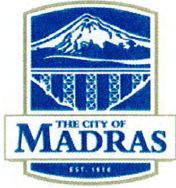
- | | Yes | No |
|---|-------------------------------------|--------------------------|
| <ul style="list-style-type: none"> Proposed project/program promotes/encourages economic growth in the City of Madras. The Budget Committee has defined economic growth as “Efforts that seek to improve the economic well-being and quality of life for a community by creating and/or returning and supporting or growing incomes and the tax base”. | <input checked="" type="checkbox"/> | <input type="checkbox"/> |
| <ul style="list-style-type: none"> I understand that we are required to present to the City’s budget committee as part of the application process | <input checked="" type="checkbox"/> | <input type="checkbox"/> |
| <ul style="list-style-type: none"> If awarded the funding, I understand that we will be notified via email of our award. | <input checked="" type="checkbox"/> | <input type="checkbox"/> |
| <ul style="list-style-type: none"> The report (template below) must be returned to the City no later than March 1, 2021. Failure to submit a report may impact future funding applications. | <input checked="" type="checkbox"/> | <input type="checkbox"/> |

By signing this grant application, applicant certifies that everything contained in the application is accurate and true.

	3/29/2024
Signature	Date


Printed Name

For office use only:	
Date application received: _____	Amount awarded: _____
Date application awarded: _____	Award entered into tracking sheet: _____
_____ Programmed: 207-207-520-1217	
_____ Un-programmed: 207-207-520-1218	



**City of Madras
Community Project Grant
Application Fiscal Year 2024-2025**

APPLICATION: BUDGET

Project/Program Name: Chamber Operating Costs

Requested Amount: \$ 76,500

Sources of Support

Revenue Categories	Committed Funds	Pending/ Requested Funds
Community Project Grant application		76,500
TOTAL		76,500

Expenses

Expense Categories	Amount Requested	Total Expenses
Personnel		
Fringe/Benefits		
Consultants and Professional Fees		
Travel		
Professional Development		
Equipment		
Supplies		
Rent		
Utilities		
Postage		
Printing and copying		
Telephone		
Other (specify)		
TOTAL	Not known at this time	Not known at this time

Comments/Other information to consider:

As you are aware, the Chamber is undergoing changes on all levels after 12 years under the same leadership. With new leadership, comes a fresh perspective and a professionalism to 'level-up' to the high-level of service the Chamber is required to provide. Elevating the accessibility and appearance for the Chamber is of utmost importance as we continue to serve our tourists and community members.



**City of Madras
Community Project Grant
Application Fiscal Year 2024-2025**

APPLICATION

Primary Applicant Contact Name: Kathy Dominguez
Organization/Club Name (if applicable): Jefferson County Little League
Phone: 541-977-4030 **Email:** jeffcolittleleagueor@gmail.com
Address: P.O. Box 804
City: Madras **State:** OR **Zip Code:** 97741
Tax ID (if applicable): 77-0611443 **Non-profit:** Yes No
Proposed Funding Request: \$ 15,000.00
Total Program/Project Cost: \$ 15,000.00 *(tied to budget below)*
Check one: **Supports Economic Development**
 Supports Social Activity

Program/Project Description: Please explain the project/program and how the funding supports economic development in the City of Madras (200 words or less):

Jefferson County Little League Board is committed to serve the Community: Culver, Metolius, Madras, Warm Springs, Ashwood etc. Juniper Hills Park has limited baseball and softball fields, (4-softball, 3-baseball). Currently these fields have been neglected over the years, causing severe hazards on the dirt fields; IE: large rocks, burms, that currently the League is not able to host tournaments, nor will Travel ball or Adult leagues use our fields.

With the monies requested we will be able to clean up and maintain the fields, recruit and host tournaments which in turn will economically benefit the Jefferson County Communities.

With the goal of expansion of the Park, will intend to partner with other local Foundations. This too, will provide economic benefits to the Jefferson County Communities.



**City of Madras
Community Project Grant
Application Fiscal Year 2024-2025**

Community(ies) being served: Please describe the communities that will benefit from the proposed program/project (Ex – geographic, demographic, age, or any other way of defining ‘community’ – 200 words or less):

Jefferson County Little League plan on expanding the Juniper Hills Softball/Baseball park. We serve players (children) from 4 years of age on up to 14 years of age. Will encourage players/families to participate regardless of ethnic, race, religion, abilities etc.

The Park serves the Jefferson County including but not limited to: Culver, Metolius, Madras, Warm Springs, Ashwood, etc. All surrounding communities will benefit, not only from the current Park but also the expansion.

1. Sense of community during the Season and beyond. Building relationships with others who may reside in a neighboring community.
2. Financial gain for business owners.

Impact: Please describe how this project will have an economic impact that benefits the City of Madras and its residents (200 words or less):

The Mission and Goal of the Jefferson County Little League Board and the benefits the Park will have on the community are listed below:

1. By hosting tournaments: (not just LL tournaments), adult tournaments, travel ball tournaments.
2. Hotels, lodging, RV parks will benefit
3. Restaurants, food carts will benefit
4. Grocery stores will benefit
5. Local Mom and Pop shops down town will benefit
6. Increase tourism and financially benefit the surrounding communities.
7. Jefferson County Little League will benefit



**City of Madras
Community Project Grant
Application Fiscal Year 2024-2025**

Fiscal Sponsor or Financial Accountability Contact: Please explain how the funding will be managed and provide contact information for the point of contact (i.e. 501c3 fiscal sponsor, public organization):

The Treasurer and President of the League will earmark the funds specifically for th

Other Funding Sources (if applicable): Please list the sources and dollar amounts of any funding you've already received or made efforts to receive for this project. Please also include your plans to secure additional funding (cash and/or in-kind) if your project will require more than this funding request (200 words or less):

Funding to support the project: Current balance as of this date in the JCLL account: 56,000.00

Additional funding projected:

1. City of Madras Grant Award :)
2. Tournament Fees
3. Continued Sponsorships at different levels of sponsorship
4. Registration Fees
5. In-Kind donations: 1,000. per field (Maintenance)
6. Continued volunteers
7. Additional Grant Fund writing.

Project/Program Partners (if applicable): Please list any program/project partner organizations or people who will work with you on the project (attach letters of support if you have them):

1. County Maintenance
2. Bean Foundadion (meeting to be determined)
3. Future Grants: T-Mobile and MLB (Grant requests in process)



**City of Madras
Community Project Grant
Application Fiscal Year 2024-2025**

Measuring Success: Describe how you will measure and report on your program's success. How many people do you estimate will benefit from this project? (200 words or less):

Measuring success:

1. Increase in participation during Little League Season: Current Participation: 193 player, goal over the next 5-years is 500 players
2. Increase in Field Capacity
3. Increase in tournament play
4. Increase in sustainable revenue due to Tournament play (Travel Ball, Adult Tournaments)
5. Increase in Jefferson County Business Sponsorships

Overall, Jefferson County will benefit from the project.

Sustainability: Describe how your project/program will continue after the grant. If this is a one-time project, please explain why it will not continue in the future (200 words or less):

This is not a one and done. This project will continue to need field maintenance through out the 9-month (excluding winter) involving grooming, and screening for rocks.

With the potential of additional fields:

1. 2- t-ball
2. 1-minor 1-major BB field
3. 1-junior BB field (Currently using the High School field which poses a challenge)
4. Additional parking.
5. Adding electricity for the 2-batting cages.

As you can see, with the partnering of community leaders/businesses the potential for Juniper Park Hills' growth will benefit all communities within Jefferson County.

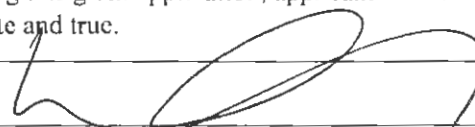


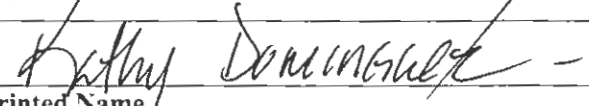
**City of Madras
Community Project Grant
Application Fiscal Year 2024-2025**

Please check that the following apply & are understood:

- | | Yes | No |
|---|-------------------------------------|--------------------------|
| • Proposed project/program promotes/encourages economic growth in the City of Madras. The Budget Committee has defined economic growth as “Efforts that seek to improve the economic well-being and quality of life for a community by creating and/or returning and supporting or growing incomes and the tax base”. | <input checked="" type="checkbox"/> | <input type="checkbox"/> |
| • I understand that we are required to present to the City’s budget committee as part of the application process | <input checked="" type="checkbox"/> | <input type="checkbox"/> |
| • If awarded the funding, I understand that we will be notified via email of our award. | <input checked="" type="checkbox"/> | <input type="checkbox"/> |
| • The report (template below) must be returned to the City no later than March 1, 2021. Failure to submit a report may impact future funding applications. | <input checked="" type="checkbox"/> | <input type="checkbox"/> |

By signing this grant application, applicant certifies that everything contained in the application is accurate and true.


Signature _____ Date 3/21/24


Printed Name _____

For office use only:	
Date application received: _____	Amount awarded: _____
Date application awarded: _____	Award entered into tracking sheet: _____
_____ Programmed: 207-207-520-1217	
_____ Un-programmed: 207-207-520-1218	



**City of Madras
Community Project Grant
Application Fiscal Year 2024-2025**

APPLICATION: BUDGET

Project/Program Name:

Requested Amount: \$

Sources of Support

Revenue Categories	Committed Funds	Pending/ Requested Funds
Community Project Grant application	15,000.00	
TOTAL		

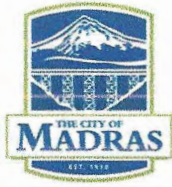
Expenses

Expense Categories	Amount Requested	Total Expenses
Personnel		
Fringe/Benefits		
Consultants and Professional Fees	3000.00	
Travel		
Professional Development		
Equipment		
Supplies		
Rent		
Utilities		
Postage		
Printing and copying		
Telephone		
Other (specify)	12000.00	Field Maintenance
TOTAL		

Comments/Other information to consider:

The Jefferson County Little League Board is committed to the above project outline for the next 5-years, we hope you will Partner with us and Award the Grant Funds. There is so much potential for the Community.

Thank you for your consideration.



**City of Madras
Community Project Grant
Application Fiscal Year 2024-2025**

APPLICATION

Primary Applicant Contact Name: M. Lauren Olander, Chief Development Officer
Organization/Club Name (if applicable): Ronald McDonald House Charities of Oregon
Phone: 541-318-4950 **Email:** lauren.olander@rmhcoregon.org
Address: 1700 NE Purcell Blvd
City: Bend **State:** OR **Zip Code:** 97701
Tax ID (if applicable): 93-0806912 **Non-profit:** Yes No
Proposed Funding Request: \$ \$5,500
Total Program/Project Cost: \$ *(tied to budget below)*
Check one: **Supports Economic Development**
 Supports Social Activity

Program/Project Description: Please explain the project/program and how the funding supports economic development in the City of Madras (200 words or less):

The Emergency Medical Housing and Respite program by Ronald McDonald House Charities (RMHC) provides a vital lifeline to families from Jefferson County, including the City of Madras, who are navigating the daunting challenge of caring for a seriously ill or injured child far from their home community. In 2023, RMHC served over 58 families from Jefferson County, offering them more than 812 free night stays and directly supporting 96 children in need of critical medical care, just from Jefferson County.

Funding this program not only sustains a direct support mechanism for these families but also fosters economic development within the City of Madras. By alleviating the full financial and emotional strain on families from Jefferson County, we empower them to maintain economic stability during their child's medical crisis. The support for lodging, meals, and respite services significantly reduces the financial burden on these families, 89% of whom were on Medicaid in 2023. This stability allows families to focus on their child's health without the added stress of economic hardship, indirectly contributing to the economic well-being of our community by preserving workforce participation and reducing healthcare-related debts that can lead to broader economic instability.



City of Madras Community Project Grant Application Fiscal Year 2024-2025

Community(ies) being served: Please describe the communities that will benefit from the proposed program/project (Ex – geographic, demographic, age, or any other way of defining ‘community’ – 200 words or less):

The Emergency Medical Housing and Respite program benefits a broad and diverse community within Jefferson County, including the City of Madras. Our program directly serves families with seriously ill or injured children, encompassing a wide age range of pediatric patients from infants to young adults under 21. For these families, finding lodging close to their hospitalized children brings relief and a sense of hope during a time of disruption and pain. Approximately 72% of the families served by the Bend Ronald McDonald House have specifically traveled from the surrounding rural communities such as Deschutes, Crook, Jefferson and Harney County.

Geographically, this program supports residents from the entire Jefferson County, focusing on those who must travel long distances to access specialized pediatric care. Demographically, the program is inclusive, serving families regardless of socioeconomic status, although it's noteworthy that a significant majority (89%) of the beneficiary families were on Medicaid in 2023, indicating a high level of support for economically disadvantaged populations. Our “community” is defined not just by geography but by shared experience and need, encompassing families facing the universal challenge of a child's severe health crisis.

In 2023, RMHC served over 58 families from Jefferson County, offering them more than 812 free night stays and directly supporting 96 children in need of critical medical care.

Impact: Please describe how this project will have an economic impact that benefits the City of Madras and its residents (200 words or less):

RMHC provides essential community services to pediatric patient families seeking lifesaving medical care for their children. In 2023, approximately 56% of the families who stayed with RMHC are on or below the poverty line before medical bills start piling up. The combination of low household incomes and extensive medical expense makes it nearly impossible for these families to afford lodging. Without RMHC, these families would be forced to commute to and from the hospital, or sleep in the hospital lobby or their car.

The economic impact of the Emergency Medical Housing and Respite program on the City of Madras and its residents is multifaceted. First, by providing crucial support to families during medical crises, the program helps to mitigate potential economic downturns that can result from extended medical care, such as loss of income or employment and increased medical debt. This stabilization is vital for maintaining the economic health of the community.

Additionally, the program indirectly supports local businesses and healthcare providers by ensuring that families remain financially solvent and capable of participating in the local economy. By reducing the financial stress on families, we enable them to contribute to the economic vibrancy of Madras, whether through patronizing local businesses or sustaining employment.

Based on the increased cost of lodging, food, gasoline, and everything a family needs while staying far from home, we anticipate RMHC's costs to run our programs will increase accordingly. We estimate the value of food, lodging, our programs, and services provided to families from Jefferson County costs approximately \$203,000.00 to RMHC (\$250/night). Because of support like yours, we can continue to run our programs at NO COST to our families.



**City of Madras
Community Project Grant
Application Fiscal Year 2024-2025**

Fiscal Sponsor or Financial Accountability Contact: Please explain how the funding will be managed and provide contact information for the point of contact (i.e. 501c3 fiscal sponsor, public organization):

We use a restricted fund tracker to itemize all funding used to support this program. ⁺

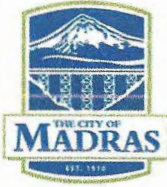
Other Funding Sources (if applicable): Please list the sources and dollar amounts of any funding you've already received or made efforts to receive for this project. Please also include your plans to secure additional funding (cash and/or in-kind) if your project will require more than this funding request (200 words or less):

Sources of funding to support our Emergency Medical Housing and Respite Program:

1. Central Oregon Open Golf Tournament- anticipated revenue in 2024- 100K
2. Funding from McDonald's Local Owner/Operators- expected revenue 92K
3. Individual Donors and Corporate Giving- 112K
4. Grant Support-
 - a. St. Charles Foundation
 - b. Bean Foundation
 - c. Roundhouse Foundation
 - d. Les Schwab Tire Centers
 - e. Maybelle Clark Macdonald
 - f. Oregon Community Foundation
 - g. First Interstate Bank

Project/Program Partners (if applicable): Please list any program/project partner organizations or people who will work with you on the project (attach letters of support if you have them):

This is a program that will be run "in-house" by staff, along with volunteer support throughout the year. We have volunteers who spend their days in the house helping clean for the families, do laundry, cook meals, take care of the Ronald McDonald House so it is fully stocked for families to meet all their needs during their time with us. The RMHC staff and volunteer meal groups will be preparing and assembling meals for the families and using supplies from our pantry and freezer to prepare meals. We have a handful of volunteer who come in and cook multiples times a month and have for years. These volunteers will continue to serve meals as often as they are able.



City of Madras Community Project Grant Application Fiscal Year 2024-2025

Measuring Success: Describe how you will measure and report on your program's success. How many people do you estimate will benefit from this project? (200 words or less):

The success of the Emergency Medical Housing and Respite program will be measured through several key indicators:

- The number of families from Jefferson County served annually.
- The total number of free night stays provided to these families.
- Feedback and satisfaction surveys from beneficiary families.
- The percentage of families from the program who were able to maintain their economic stability during their child's medical treatment.

It costs RMHC approximately \$250.00 per day for a family to stay at the Ronald McDonald House, providing them a comfortable room, meals and snacks, transportation, laundry, entertainment, personal toiletries, and amenities- all at NO COST to vulnerable pediatric patient families in need.

Generous community support helps to underwrite the Emergency Medical Housing and Respite Program costs. With the financial support of our community, thousands of volunteer hours and our amazing Guest Services staff, we are able to provide emergency medical housing to all families in need, especially those from Jefferson County.

Reporting will be conducted annually, with findings shared with the City of Madras officials, stakeholders, and the community through reports, presentations, and updates on our website. This transparent sharing of outcomes will ensure accountability and continuous improvement of the program.

Sustainability: Describe how your project/program will continue after the grant. If this is a one-time project, please explain why it will not continue in the future (200 words or less):

The majority of our funding will always be from individual philanthropy, grants and events. We will continue to invest our time and energy in our communities that support RMHC through philanthropic giving, whether through individual donations or grants. We will continue to provide mission delivery and community engagement opportunities to introduce more and more potential donors to RMHC and ask for their support.

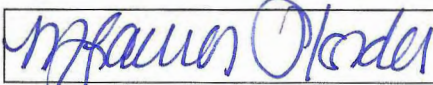
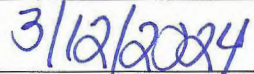
A grant of \$5,500 from the City of Madras in 2024 will help to cover the costs to provide overnight stays to families from Jefferson County in need so that they are able to focus their energy and attention on what matters most- the treatment and healing of their children.

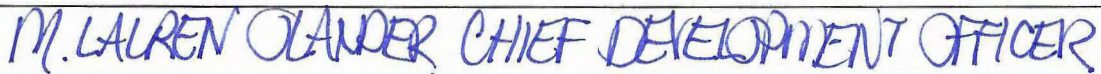


**City of Madras
Community Project Grant
Application Fiscal Year 2024-2025**

- Please check that the following apply & are understood:**
- | | Yes | No |
|---|-------------------------------------|--------------------------|
| <ul style="list-style-type: none"> Proposed project/program promotes/encourages economic growth in the City of Madras. The Budget Committee has defined economic growth as “Efforts that seek to improve the economic well-being and quality of life for a community by creating and/or returning and supporting or growing incomes and the tax base”. | <input checked="" type="checkbox"/> | <input type="checkbox"/> |
| <ul style="list-style-type: none"> I understand that we are required to present to the City’s budget committee as part of the application process | <input checked="" type="checkbox"/> | <input type="checkbox"/> |
| <ul style="list-style-type: none"> If awarded the funding, I understand that we will be notified via email of our award. | <input checked="" type="checkbox"/> | <input type="checkbox"/> |
| <ul style="list-style-type: none"> The report (template below) must be returned to the City no later than March 1, 2021. Failure to submit a report may impact future funding applications. | <input checked="" type="checkbox"/> | <input type="checkbox"/> |

By signing this grant application, applicant certifies that everything contained in the application is accurate and true.

	
Signature	Date


Printed Name

For office use only:	
Date application received: _____	Amount awarded: _____
Date application awarded: _____	Award entered into tracking sheet: _____
_____ Programmed: 207-207-520-1217	
_____ Un-programmed: 207-207-520-1218	



**City of Madras
Community Project Grant
Application Fiscal Year 2024-2025**

APPLICATION: BUDGET

Project/Program Name: Emergency Medical Housing and Respite

Requested Amount: \$ 5,500

Sources of Support

Revenue Categories	Committed Funds	Pending/ Requested Funds
Community Project Grant application		5,500
St. Charles Foundation	5,000	
Private Donation	20,000	80,000
Cambia Health Foundation	10,000	
First Interstate Bank	10,000	
TOTAL	45,000	85,500

Expenses

Expense Categories	Amount Requested	Total Expenses
Personnel		
Fringe/Benefits		
Consultants and Professional Fees		
Travel		
Professional Development		
Equipment		
Supplies		
Rent		
Utilities		
Postage		
Printing and copying		
Telephone		
Other (specify)	5,500	\$250/night- lodging, security, housekeeping, laundry, support staff
TOTAL		

Comments/Other information to consider:

RMHC is so grateful for your support of families from Jefferson County who make the Ronald McDonald House their "home away from home" at the most difficult time in their lives. We serve many wonderful families from your community who allow us to be part of their journey and we are truly blessed and honored. Thank you again for your years of support of these families.

CITY OF MADRAS
Request for Council Action

Meeting Date: June 11, 2024

To: Mayor and City Council Members

From: Kate Knop, Finance Director

Through: Will Ibershof, City Administrator, Kate Knop, Finance Director

Subject: Independent Auditor's Report and Financial Statements for June 30, 2023

TYPE OF ACTION REQUESTED:

Discuss

MOTION(S) FOR CONSIDERATION:

OVERVIEW:

Report from the City's auditor.

STAFF ANALYSIS:

FISCAL INFORMATION:

See enclosed.

SUPPORTING DOCUMENTATION:

City of Madras Financial Statements and Reports for June 30, 2023

STRATEGIC GOAL:

May 22, 2024

Management and City Council
City of Madras
Madras, Oregon

In planning and performing our audit of the financial statements of the City of Madras (the City) as of June 30, 2023 and for the year then ended, in accordance with auditing standards generally accepted in the United States of America, we considered the City's internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the City's internal control. Accordingly, we do not express an opinion on the effectiveness of the City's internal control.

Our consideration of internal control was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control that might be material weaknesses. Therefore, material weaknesses may exist that were not identified. However, as discussed below, we identified a deficiency in internal control that we consider to be a material weakness.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A deficiency in design exists when (a) a control necessary to meet the control objective is missing, or (b) an existing control is not properly designed so that, even if the control operates as designed, the control objective would not be met. A deficiency in operation exists when a properly designed control does not operate as designed or when the person performing the control does not possess the necessary authority or competence to perform the control effectively.

A material weakness is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected, on a timely basis.

Our consideration of internal control was for the limited purpose described in the first paragraph and was not designed to identify all deficiencies in internal control that might be material weaknesses. Given these limitations, we identified the following deficiency in internal control during our audit that we consider to be a material weakness:

Beginning balance restatement

Situation: An adjustment was required to correct the classification of debt in the Wastewater fund that was not properly reported as long-term obligations in the prior year. As a result, beginning fund balance was reduced by \$1,975,053.

Recommendation: Internal Controls should be designed and implemented to detect and correct material errors on a timely basis.

Management response: Management acknowledges that there have been deficiencies in controls over financial reporting, including sufficient knowledge of the requirements for financial reporting to allow management or employees to prevent, detect, and correct misstatements on a timely basis.

Management shall implement an internal control policy that provides efficient and effective financial reporting with sufficient knowledge, reducing the risk of not ensuring correct reporting. The policy will set forth the requirements for management and employees to understand and properly report long-term obligations that affect the organization.

This communication is intended solely for the information and use of management and the City Council and is not intended to be, and should not be, used by anyone other than these specified parties.

Singer Lewak LLP

May 22, 2024

May 22, 2024

Mayor and Members of the City Council
City of Madras
Madras, Oregon

This letter is to inform the Mayor and City Council of City of Madras (the “City”) and Board of Commissioners of the Madras Redevelopment Commission (a component unit of the City) about significant matters related to the conduct of our audit as of and for the year ended June 30, 2023, so that it can appropriately discharge its oversight responsibility and we comply with our professional responsibilities.

Generally accepted auditing standards (AU-C 260, *The Auditor’s Communication with Those Charged with Governance*) require the auditor to promote effective two-way communication between the auditor and those charged with governance. Consistent with this requirement, the following summarizes our responsibilities regarding the financial statement audit as well as observations arising from our audit that are significant and relevant to your responsibility to oversee the financial reporting process.

Our Responsibilities with Regard to the Financial Statement Audit

Our responsibility under auditing standards generally accepted in the United States of America has been described to you in our arrangement letter dated July 12, 2023. The audit of the financial statements does not relieve management or those charged with governance of their responsibilities, which are also described in that letter.

Overview of the Planned Scope and Timing of the Financial Statement Audit

We have issued a separate communication dated July 12, 2023, regarding the planned scope and timing of our audit and identified significant risks.

Significant Accounting Practices, Including Policies, Estimates and Disclosures

The following is a list of the matters that will be discussed, including the significant estimates, which you may wish to monitor for your oversight responsibilities of the financial reporting process:

Significant accounting policies

A summary of the significant accounting policies adopted by the City is included in Note 2 to the financial statements. During the year ended June 30, 2023, the City adopted and implemented GASB Statement No. 94, *Public-Private and Public-Public Partnerships and Availability Payment Arrangements* and GASB Statement No. 96, *Subscription Based Information Technology Arrangements*. Implementation of these standards resulted in no impact on the City’s financial statements.

Sensitive accounting estimates

Accounting estimates are an integral part of the preparation of financial statements and are based upon experience about past and current events, and certain assumptions about future events. You may wish to monitor throughout the year the process used to determine and record these accounting estimates.

We evaluated the key factors and assumptions used by management to develop the significant estimates reflected in the financial statements and determined that they are reasonable in relation to the basic financial statements taken as a whole and in relation to the relevant opinion units.

- In the statements of activities, the costs of capital assets are allocated over their estimated useful lives as depreciation expense. In determining the estimated useful life of an asset, management considers the asset's present condition, use of the asset, construction type, maintenance policy, and how long it is expected to meet service and technology demands.
- The net pension liability reflected in the financial statements represents the proportionate share of the amount by which the total pension liability on the Oregon PERS exceeds the Oregon PERS' fiduciary net position. The total pension liability was determined by the Oregon PERS based on an actuarial valuation as of December 31, 2020 with a measurement date of June 30, 2022. The Oregon PERS has hired an external actuarial specialist to assist in the measurement of such liability. The total pension liability was measured by the Oregon PERS using the entry age actuarial cost method based on the actuarial present value of projected benefit payments that is attributed to past periods of employee service. The present value of the total pension liability was determined using a discount rate of 6.9% based on the 20-year, tax exempt municipal bond rate with average rating of AA/Aa or higher.
- The City of Madras Other Post Employment Benefit Plan liability was determined by the use of update procedures to roll forward to June 30, 2023 amounts from an actuarial valuation as of July 1, 2022. The City has hired an external actuarial specialist to assist in the measurement of such liability. The total OPEB liability was measured using the entry age actuarial cost method based on the actuarial present value of projected benefit payments that is attributed to past periods of employee service. The present value of the total OPEB liability was determined using a discount rate of (3.54)% based on the 20-year, tax exempt municipal bond rate with average rating of AA/Aa or higher.
- The net other postemployment benefits (OPEB) asset reflected in the financial statements represents the proportionate share of the amount by which the total OPEB asset on the Oregon PERS Retirement Health Insurance Account (the Oregon PERS RHIA) exceeds the Oregon PERS RHIA's fiduciary net position. The total OPEB liability was determined by the Oregon PERS based on an actuarial valuation as of December 31, 2020 with a measurement date of June 30, 2022. The Oregon PERS has hired an external actuarial specialist to assist in the measurement of such liability. The total OPEB liability was measured by the Oregon PERS using the entry age actuarial cost method based on the actuarial present value of projected benefit payments that is attributed to past periods of employee service. The present value of the total OPEB liability was determined using a discount rate of (6.9)% based the 20-year, tax exempt municipal bond rate with average rating of AA/Aa or higher.

Financial statement disclosures

- The disclosure of a prior period adjustment in Note 3 to the financial statements, which describes adjustments to net position for business-type activities and the Wastewater fund to recognize proceeds from debt issuances as long-term obligations.
- The disclosure of cash and cash equivalents in Note 3 to the financial statements which describes the liquid assets available for operations of the City.

Audit Adjustments and Uncorrected Misstatements

Management corrected the material misstatements in the attached schedule that were identified as a result of our audit procedures.

Consultation With Other Accountants

We are not aware of any consultations management had with other accountants about accounting or auditing matters.

Other Matters

Pursuant to professional standards, our responsibility as auditors for other information in documents containing the City's audited financial statements does not extend beyond the financial information identified in the audit report, and we are not required to perform any procedures to corroborate such other information. However, in accordance with such standards, we have read the information and considered whether such information, or the manner of its presentation, was materially inconsistent with its presentation in the financial statements.

Our responsibility also includes communicating to you any information which we believe is a material misstatement of fact. Nothing came to our attention that caused us to believe that such information, or its manner of presentation, is materially inconsistent with the information, or manner of its presentation, appearing in the financial statements.

Management Representations

Attached is a copy of the management representation letter.

Closing

We will be pleased to respond to any questions you have about the foregoing. We appreciate the opportunity to continue to be of service to City of Madras.

This report is intended solely for the information and use of the Mayor and Members of the City Council and is not intended to be, and should not be, used by anyone other than these specified parties.

Singer Lewak LLP

City of Madras

Year End: June 30, 2023

Recorded Misstatements

Date: 7/1/2022 To 6/30/2023

9001

Prepared by JMB 2/7/2024	In-Chrg Review	Manager Review
Partner Review	EQR Review	Other Review

Number	Date	Name	Account No	Reference	Debit	Credit	Recurrence	Misstatement	
28	6/30/2023	LEASE RECEIVABLE	204-000-120-4104	6501		6,017			
28	6/30/2023	Deferred Inflow - Leases	204-000-810-1150	6501	8,247				
28	6/30/2023	Interest - GASB 87	204-040-380-8102	6501		2,505			
28	6/30/2023	INDUSTRIAL SITE LEASES	204-040-380-8502	6501	275				
		Adjust lease for current year changes					Recurring	Factual	
49	6/30/2023	MISCELLANEOUS RECEIVABLES	101-000-120-4101	5203	17,296				
49	6/30/2023	Miscellaneous Grants	101-101-340-4750	5203		17,296			
		To accrue SplashPark revenue for receipt dated 6/30/2023 disbursed 7/12/2023						Factual	
57	6/30/2023	WORKING CAPITAL CARRYOVER	204-010-301-0101	6904. 01	202				
57	6/30/2023	Miscellaneous Receipts	204-040-350-5401	6904. 01		202			
57	6/30/2023	WORKING CAPITAL CARRYOVER	206-010-301-0101	6904. 01		234			
57	6/30/2023	MISCELLANEOUS EXPENSE	206-206-520-2204	6904. 01	234				
57	6/30/2023	WORKING CAPITAL CARRYOVER	403-010-301-0101	6904. 01	35,868				
57	6/30/2023	Miscellaneous Revenue	403-010-350-5401	6904. 01		35,868			
57	6/30/2023	WORKING CAPITAL CARRYOVER	502-010-301-0101	6904. 01		3,653			
57	6/30/2023	MISCELLANEOUS EXPENSE	502-020-520-2204	6904. 01	3,653				
57	6/30/2023	WORKING CAPITAL CARRYOVER	503-010-301-0101	6904. 01		41,694			
57	6/30/2023	MISCELLANEOUS EXPENSE	503-030-520-2204	6904. 01	41,694				
57	6/30/2023	WORKING CAPITAL CARRYOVER	707-010-301-0101	6904. 01	52				
57	6/30/2023	Miscellaneous Receipts	707-010-350-5401	6904. 01		52			
57	6/30/2023	WORKING CAPITAL CARRYOVER	803-010-301-0101	6904. 01		819			
57	6/30/2023	Miscellaneous Revenue	803-010-350-5401	6904. 01	819				
		Adjustment to BFB to match PY, plug to misc revenues - FOR NOW - WAITING FOR CLIENT ENTRY						Factual	
					108,340	108,340			
Net Income (Loss)			6,820,593						



SingerLewak LLP
1255 Lee St SE Suite 210
Salem, OR 97302

This representation letter is provided in connection with your audits of the governmental activities, business-type activities, each major fund and the aggregate remaining fund information of the City of Madras (the "City") as of and for the year ended June 30, 2023, for the purpose of expressing an opinion on whether the financial statements are presented fairly, in all material respects, in accordance with accounting principles generally accepted in the United States of America (U.S. GAAP).

We confirm, to the best of our knowledge and belief, having made such inquiries as we considered necessary for the purpose of appropriately informing ourselves, that as of the date of this letter:

Financial Statements

1. We have fulfilled our responsibilities, as set out in the terms of the audit arrangement letter dated July 12, 2023, for the preparation and fair presentation of the financial statements referred to above in accordance with U.S. GAAP.
2. We acknowledge our responsibility for the design, implementation and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.
3. We acknowledge our responsibility for the design, implementation and maintenance of internal control to prevent and detect fraud.
4. The methods, data, and significant assumptions used by us in making accounting estimates and their related disclosures are appropriate to achieve recognition, measurement, or disclosure that is reasonable in the context of U.S. GAAP, and reflect our judgment based on our knowledge and experience about past and current events, and our assumptions about conditions we expect to exist and courses of action we expect to take.
5. Related-party transactions have been recorded in accordance with the economic substance of the transaction and appropriately accounted for and disclosed in accordance with the requirements of U.S. GAAP.
6. The financial statements properly classify all funds and activities in accordance with GASB Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions*, as amended.
7. The City is following either its established accounting policy regarding which resources (that is, restricted, committed, assigned or unassigned) are considered to be spent first for expenditures for which more than one resource classification is available or is following paragraph 18 of GASB Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions* (as amended) to determine the fund balance classifications for financial reporting purposes.

8. All events subsequent to the date of the financial statements, and for which U.S. GAAP requires adjustment or disclosure, have been adjusted or disclosed.
9. The effects of all known actual or possible litigation and claims have been appropriately accounted for and disclosed in accordance with U.S. GAAP.
10. Management has followed applicable laws and regulations in adopting, approving and amending budgets.
11. Risk disclosures associated with deposit and investment securities and derivative transactions are presented in accordance with GASB requirements.
12. Provisions for uncollectible receivables have been properly identified and recorded.
13. Expenses have been appropriately classified in or allocated to functions and programs in the statement of activities, and allocations have been made on a reasonable basis.
14. Revenues are appropriately classified in the statement of activities within program revenues, general revenues, contributions to term or permanent endowments, or contributions to permanent fund principal.
15. Interfund, internal, and intra-entity activity and balances have been appropriately classified and reported.
16. Capital assets, including infrastructure and intangible assets, are properly capitalized, reported and, if applicable, depreciated.
17. The City has properly separated information in debt disclosures related to direct borrowings and direct placements of debt from other debt and disclosed any unused lines of credit, collateral pledged to secure debt, terms in the debt agreements related to significant default or termination events with finance-related consequences and significant subjective acceleration clauses in accordance with GASB Statement No. 88, *Certain Disclosures Related to Debt, including Direct Borrowings and Direct Placements*.
18. The City's policy regarding whether to first apply restricted or unrestricted resources when an expense is incurred for purposes for which both restricted and unrestricted net position is available and appropriately disclosed and that net position is properly recognized under the policy.
19. Components of net position (net investment in capital assets, restricted, and unrestricted) and classifications of fund balance (nonspendable, restricted, committed, assigned, and unassigned) are properly classified and, if applicable, approved.
20. We have no direct or indirect legal or moral obligation for any debt of any organization, public or private, or to special assessment bond holders, that is not disclosed in the financial statements.

21. We have complied with all aspects of laws, regulations and provisions of contracts and agreements that would have a material effect on the financial statements in the event of noncompliance.
22. Investments, derivative instruments, and land and other real estate held by endowments are properly valued.
23. With respect to the nonaudit services performed related to drafting the financial statements and related notes, as well as, proposing U.S. GAAP journal entries, based on client provided information, in the course of the audit:
 - a. We have made all management decisions and performed all management functions;
 - b. We assigned an appropriate individual to oversee the services;
 - c. We evaluated the adequacy and results of the services performed, and made an informed judgment on the results of the services performed;
 - d. We have accepted responsibility for the results of the services; and
 - e. We have accepted responsibility for all significant judgments and decisions that were made.
24. We have reviewed the GASB Statements effective for the fiscal year ended June 30, 2023, and concluded the implementation of the following Statements did not have a material impact on the basic financial statements for the year ended June 30, 2023:
 - f. GASB Statement No. 94, Public-Private and Public-Public Partnerships and Availability Payment Arrangements
 - b. GASB Statement No. 96, *Subscription-Based Information Technology Arrangements*
25. We have no knowledge of any uncorrected misstatements in the financial statements. For purposes of this representation, we consider items to be material, regardless of their size, if they involve the misstatement or omission of accounting information that, in light of surrounding circumstances, makes it probable that the judgment of a reasonable person relying on the information would be changed or influenced by the omission or misstatement.
26. We agree with the restatement of the previously issued financial statements discussed in Note 3. In that regard:
 - a. The restatement corrects errors in those financial statements.
 - b. We were not aware of the errors when those financial statements were issued.
 - c. We are not aware of any other errors in those financial statements.

We do not believe it is necessary to recall those financial statements and all users of those financial statements will receive a copy of the current year's financial statements and independent auditor's report.

Information Provided

27. We have provided you with:
 - g. Access to all information of which we are aware that is relevant to the preparation and fair presentation of the basic financial statements such as records, documentation and other matters.
 - h. Additional information that you have requested from us for the purpose of the audit.
 - i. Unrestricted access to persons within the City from whom you determined it necessary to obtain audit evidence.
 - j. Minutes of the meetings of the City Council, or summaries of actions of recent meetings for which minutes have not yet been prepared.
28. All transactions have been recorded in the accounting records and are reflected in the basic financial statements.
29. We have disclosed to you the results of our assessment of risk that the basic financial statements may be materially misstated as a result of fraud.
30. It is our responsibility to establish and maintain internal control over financial reporting. One of the components of internal control is risk assessment. We hereby represent that our risk assessment process includes identification and assessment of risks of material misstatement due to fraud. We have shared with you our fraud risk assessment, including a description of the risks, our assessment of the magnitude and likelihood of misstatements arising from those risks, and the controls that we have designed and implemented in response to those risks.
31. We have no knowledge of allegations of fraud or suspected fraud affecting the City's basic financial statements involving:
 - a. Management.
 - b. Employees who have significant roles in internal control.
 - c. Others where the fraud could have a material effect on the basic financial statements.
32. We have no knowledge of any allegations of fraud or suspected fraud affecting the City's basic financial statements received in communications from employees, former employees, analysts, regulators, short sellers or others.
33. We have no knowledge of noncompliance or suspected noncompliance with laws and regulations.
34. We have disclosed to you all known actual or possible litigation and claims whose effects should be considered when preparing the financial statements.

35. We have disclosed to you the identity of the City's related parties and all the related-party relationships and transactions of which we are aware.
36. We are aware of no significant deficiencies, including material weaknesses, in the design or operation of internal controls that could adversely affect the County's ability to record, process, summarize and report financial data.
37. There have been no communications from regulatory agencies concerning noncompliance with, or deficiencies in, financial reporting practices.
38. We believe that the actuarial assumptions and methods used by the actuary for funding purposes and for determining accumulated Plan benefits are appropriate in the circumstances. We did not give instructions, or cause any instructions to be given, to the specialists with respect to the values or amounts derived in an attempt to bias their work, and we are not otherwise aware of any matters that have had an impact on the independence or objectivity of the Plan's actuary.
39. We believe that the information obtained from the audited financial statements of and other participant information provided by Oregon PERS is appropriate in the circumstances. We did not give instructions, or cause any instructions to be given, to the Plan or its auditor in an attempt to bias their work, and we are not otherwise aware of any matters that have had an impact on the independence or objectivity of the Plan or its auditor.
40. During the course of your audit, you may have accumulated records containing data that should be reflected in our books and records. All such data have been so reflected. Accordingly, copies of such records in your possession are no longer needed by us.

Supplementary Information

41. With respect to the combining statements and individual fund schedules presented in relation to the basic financial statements as a whole:
 - a. We acknowledge our responsibility for the presentation of such information.
 - b. We believe such information, including its form and content, is fairly presented in accordance with U.S. GAAP.
 - c. The methods of measurement or presentation have not changed from those used in the prior period.
 - d. The significant assumptions or interpretations underlying the measurement or presentation of the combining statements and individual fund schedules and the basis for our assumptions and interpretations are reasonable and appropriate in the circumstances.

When supplementary information is not presented with the audited basic financial statements, we will make the audited basic financial statements readily available to the intended users of the supplementary information no later than the date of issuance of the supplementary information and the auditor's report thereon.

42. With respect to Management’s Discussion and Analysis, Schedule of Proportionate Share of the Net Pension Liability, Schedule of Contributions, Schedule of the Proportionate Share of the Net Other Postemployment Benefit Liability – Oregon Public Employees Retirement System, Schedule of Contributions – Oregon Public Employees Retirement System, and Schedule of Changes in the City’s Total Other Postemployment Benefit Liability and Related Ratios presented as required by U.S. GAAP to supplement the basic financial statements:
- a. We acknowledge our responsibility for the presentation of such required supplementary information.
 - b. We believe such required supplementary information is measured and presented in accordance with guidelines prescribed by U.S. GAAP.
 - c. The methods of measurement or presentation have not changed from those used in the prior period.
 - d. The significant assumptions or interpretations underlying the measurement or presentation of the Required Supplementary Information and the basis for our assumptions and interpretations are reasonable and appropriate in the circumstances.

Compliance Considerations

In connection with your audit conducted in accordance with *Government Auditing Standards*, we confirm that management:

- 43. Is responsible for the preparation and fair presentation of the financial statements in accordance with the applicable financial reporting framework.
- 44. Is responsible for compliance with the laws, regulations and provisions of contracts and grant agreements applicable to the auditee.
- 45. Is not aware of any instances of identified and suspected fraud and noncompliance with provisions of laws, regulations, contracts, and grant agreements that have a material effect on the financial statements.
- 46. Is responsible for the design, implementation and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.
- 47. Acknowledges its responsibility for the design, implementation and maintenance of controls to prevent and detect fraud.
- 48. Has a process to track the status of audit findings and recommendations.
- 49. Is not aware of any investigations or legal proceedings that have been initiated with respect to the period under audit.

50. Acknowledges its responsibilities as it relates to non-audit services performed by the auditor, including that it assumes all management responsibilities; that it oversees the services by designating an individual, preferably within senior management, who possesses suitable skill, knowledge or experience; that it evaluates the adequacy and results of the services performed; and that it accepts responsibility for the results of the services.

In connection with your audit of federal awards conducted in accordance with Subpart F of Title 2 U.S. Code of Federal Regulations (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance), we confirm:

51. Management is responsible for complying, and has complied, with the requirements of Uniform Guidance.
52. Management is responsible for understanding and complying with the requirements of laws, regulations, and the provisions of contracts and grant agreements related to each of its federal programs.
53. Management is responsible for the design, implementation, and maintenance, and has designed, implemented and maintained, effective internal control over compliance for federal programs that provides reasonable assurance that the auditee is managing federal awards in compliance with federal statutes, regulations, and the terms and conditions of the federal award that could have a material effect on its federal programs.
54. Management is responsible for the preparation of the schedule of expenditures of federal awards, acknowledges and understands its responsibility for the presentation of the schedule of expenditures of federal awards in accordance with the Uniform Guidance; believes the schedule of expenditures of federal awards, including its form and content, is fairly presented in accordance with the Uniform Guidance; asserts that methods of measurement or presentation have not changed from those used in the prior period, or if the methods of measurement or presentation have changed, the reasons for such changes have been communicated; and is responsible for any significant assumptions or interpretations underlying the measurement or presentation of the schedule of expenditures of federal awards.
55. Management will make the audited financial statements readily available to the intended users of the schedule no later than the issuance date by the entity of the schedule of expenditures of federal awards and the auditor's report thereon.
56. Management has identified and disclosed all of its government programs and related activities subject to the Uniform Guidance compliance audit.
57. Management has identified and disclosed to the auditor the requirements of federal statutes, regulations, and the terms and conditions of federal awards that are considered to have a direct and material effect on each major program.
58. Management has made available all federal awards (including amendments, if any) and any other correspondence relevant to federal programs and related activities that have taken place with federal agencies or pass-through entities.

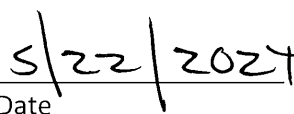
59. Management has identified and disclosed to the auditor all amounts questioned and all known noncompliance with the direct and material compliance requirements of federal awards or stated that there was no such noncompliance.
60. Management believes that the auditee has complied with the direct and material compliance requirements.
61. Management has made available all documentation related to compliance with the direct and material compliance requirements, including information related to federal program financial reports and claims for advances and reimbursements.
62. Management has provided to the auditor its interpretations of any compliance requirements that are subject to varying interpretations.
63. Management is aware of no communications from federal awarding agencies and pass-through entities concerning possible noncompliance with the direct and material compliance requirements, including communications received from the end of the period covered by the compliance audit to the date of the auditor's report.
64. Management has disclosed to the auditor the findings received and related corrective actions taken for previous audits, attestation engagements, and internal or external monitoring that directly relate to the objectives of the compliance audit, including findings received and corrective actions taken from the end of the period covered by the compliance audit to the date of the auditor's report.
65. Management is responsible for taking corrective action on audit findings of the compliance audit and has developed a corrective action plan that meets the requirements of the Uniform Guidance.
66. Management has provided the auditor with all information on the status of the follow-up on prior audit findings by federal awarding agencies and pass-through entities, including all management decisions.
67. There are no subsequent events that provide additional evidence with respect to conditions that existed at the end of the reporting period that affect noncompliance during the reporting period.
68. Management has disclosed all known noncompliance with direct and material compliance requirements occurring subsequent to the period covered by the auditor's report or stated that there were no such known instances.
69. Management has disclosed whether any changes in internal control over compliance or other factors that might significantly affect the entity's system of internal control, including any corrective action taken by management with regard to significant deficiencies and material weaknesses in internal control over compliance, have occurred subsequent to the period covered by the auditor's report.
70. Federal program financial reports and claims for advances and reimbursements are supported by the books and records from which the basic financial statements have been prepared.

71. The copies of federal program financial reports provided to the auditor are true copies of the reports submitted, or electronically transmitted, to the federal agency or pass-through entity, as applicable.
72. Management has monitored subrecipients, as necessary, to determine that they have expended pass-through assistance in accordance with applicable laws and regulations and the terms and conditions of the subaward and have met the other pass-through entity requirements of the Uniform Guidance.
73. Management has considered the results of subrecipient monitoring and audits, and has made any necessary adjustments to the auditee's own books and records.
74. Management has charged costs to federal awards in accordance with applicable cost principles.
75. Management is responsible for, and has accurately prepared, the summary schedule of prior audit findings to include all findings required to be included by Uniform Guidance.
76. The reporting package does not contain protected personally identifiable information.
77. Management has accurately completed the appropriate sections of the data collection form.
78. Management has disclosed all contracts or other agreements with service organizations.
79. Management has disclosed to the auditor all communications from service organizations relating to noncompliance at those organizations.

City of Madras



Kate Knop, Finance Director



Date



CITY OF MADRAS
FINANCIAL REPORT
June 30, 2023

CITY OF MADRAS
OFFICERS AND MEMBERS OF THE GOVERNING BODY
Year Ended June 30, 2023

MAYOR

Mike Lepin

CITY COUNCIL

Jennifer Townsend – Council President

Mike Seibold

Gabriel Soliz

Patricia Spencer

Gary Walker

Lamar Yoder

All council members receive mail at the address listed below

CITY ADMINISTRATOR

Christy Wurster (Interim City Administrator)

Will Ibershof (Oct 2024)

FINANCE DIRECTOR

Kristal Hughes (through June 2023)

Kate Knop (began January 2024)

CITY ADDRESS

125 SW E Street
Madras, OR 97741

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INDEPENDENT AUDITOR'S REPORT

Mayor and Members
of the City Council
City of Madras

Report on the Audit of the Financial Statements

Opinions

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of City of Madras (the "City") as of and for the year ended June 30, 2023, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

In our opinion, the accompanying financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Madras as of June 30, 2023, and the respective changes in financial position and, where applicable, cash flows thereof, and the respective budgetary comparisons for the General and Transportation Operations funds for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS) and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the City and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Emphasis of Matter

As discussed in Note 3 of the financial statements, the beginning net position of business-type activities and the Wastewater Fund have been adjusted to reflect the correction of errors that occurred in prior years. Our opinion is not modified with respect to this matter.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America; and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Mayor and Members
of the City Council
City of Madras
Independent Auditor's Report

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the City's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS will always detect material misstatements when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgement made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS, we

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the City's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the City's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis, Schedules of Proportionate Share of the Net Pension Liability, Contributions, Proportionate Share of the Net Other Postemployment Benefit Liability (Asset), Other Postemployment Benefit Contributions and Changes in the City's Total Other Postemployment Benefit Liability and Related Ratios be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City's basic financial statements. The combining financial statements and individual fund schedules are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with GAAS. In our opinion, the combining financial statements and individual fund schedules is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Information

Management is responsible for the other information included in the annual report. The other information comprises the post compliance reporting section but does not include the basic financial statements and our auditor's report thereon. Our opinions on the basic financial statements do not cover the other information, and we do not express an opinion or any form of assurance thereon.

In connection with our audit of the basic financial statements, our responsibility is to read the other information and consider whether a material inconsistency exists between the other information and the basic financial statements, or the other information otherwise appears to be materially misstated. If, based on the work performed, we conclude that an uncorrected material misstatement of the other information exists, we are required to describe it in our report.

Mayor and Members
of the City Council
City of Madras
Independent Auditor's Report

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated May 22, 2024, on our consideration of the City's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the City's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City's internal control over financial reporting and compliance.

Other Reporting Required by Oregon State Regulations

In accordance with Minimum Standards for Audits of Oregon Municipal Corporations, we have also issued our report dated May 22, 2024, on our consideration of the City's compliance with certain provisions of laws and regulations, including the provisions of Oregon Revised Statutes as specified in Oregon Administrative Rules. The purpose of that report is to describe the scope of our testing of compliance and the results of that testing and not to provide an opinion on compliance.

Singer Lewak LLP

May 22, 2024

By:



Brad Bingenheimer, Partner

MANAGEMENT'S DISCUSSION AND ANALYSIS

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MANAGEMENT'S DISCUSSION AND ANALYSIS

As management of the City of Madras (City), we offer readers this discussion and analysis of the City's financial performance for the fiscal year ended June 30, 2023. The report has been prepared in accordance with generally accepted accounting principles (GAAP) as promulgated by the Government Accounting Standard Board (GASB). This report should be read with the basic financial statements and notes to the financial statements.

FINANCIAL HIGHLIGHTS

- The City of Madras has demonstrated financial growth, with the total net position increasing by 7.82% over the fiscal year, amounting to \$4,845,540, and reaching a total net position of \$66.8 million. This positive trend is the net result of an 8.86% increase in the governmental net position and a 7.40% increase in the business-type net position.
- The City's net capital assets for business-type Activities have seen a significant increase of \$2,844,383 (6.48%). This growth is a direct result of successful construction projects, including grant-funded sewer projects. Similarly, governmental-type activities have also seen a positive increase of \$2,017,081 (7.67%), primarily due to the improvement of a local street.
- Property tax revenues increased compared to the prior year. Property tax revenues primarily consist of \$1.72 million in the General Fund, \$0.746 million related to the Madras Redevelopment Commission's Urban Renewal District, and \$0.188 related to the Housing Urban Renewal District of the City of Madras for overall property tax revenues of \$2.65 million.

OVERVIEW OF THE FINANCIAL STATEMENTS

The discussion and analysis are intended to serve as an introduction to the City's basic financial statements. The City's financial statements are 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the financial statements. This report also contains other supplementary information besides the basic financial statements.

MANAGEMENT'S DISCUSSION AND ANALYSIS (Continued)

Government-Wide Financial Statements

The government-wide financial statements are designed to provide the reader with a broad overview of the City's finances and are made up of the following two statements: the *statement of net position* and the *statement of activities*. Both statements are prepared using accounting methods similar to those used by private-sector businesses, which use the economic resources measurement focus and the accrual basis of accounting.

- The *statement of net position* presents information on all of the City's assets and liabilities, with the difference between the two reported as *net position*. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the City is improving or deteriorating.
- The *statement of activities* presents information showing how the government's net position changed during the most recent fiscal year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, *regardless of the timing of related cash flows*. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods (e.g., uncollected taxes and earned but unused compensated absences).

Both government-wide financial statements differentiate functions of the City that are principally supported by taxes and intergovernmental revenues (*governmental activities*) from other functions that are intended to recover all or a significant portion of their costs through user fees and charges (*business-type activities*). The City's governmental activities include general government, parks, community development, public safety, and highways and streets. The city's business-type activities (proprietary fund type) include water, wastewater, and airport operations. The government-wide financial statements include the City and the legally separate *Madras Urban Renewal Area*, which comprises two Urban Renewal Districts of the City of Madras for which the City is financially accountable.

Measurement focusses and basis of accounting

Governmental financial reporting has two distinct objectives for its financial reporting. These objectives are categorized as governmental activities, supported by levying taxes, and business-type activities, supported by charges for services. The measurement focus for each of these activities is uniquely different, both the governmental-wide financial statements and the business-type activities focus on the changes in economic resources like private-sector businesses. The objective of the proprietary fund operating statement is to answer the question, "*What transactions and events have incurred that increase or decrease the fund's total economic resources during the period?*" Therefore, both the governmental-wide and the proprietary funds financial statements are based on full accrual accounting.

MANAGEMENT'S DISCUSSION AND ANALYSIS (Continued)

Accrual accounting measures the effects of transactions, events, and inter-fund activities when they occur, regardless of the timing of the related cash flows. The measurement focusses for governmental funds, however, is to view changes in current financial resources. The objective is to answer the question, “*What are the transactions or events of the current period that have increased or decreased the resources available for spending in the near future?*”

Governmental funds use modified accrual accounting in which revenues are not recognized until they are measurable and available, and expenditures are recognized in the period in which governments in general normally liquidate the related liability rather than when the liability is first incurred.

Fund Financial Statements

A *fund* is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or functions. The City uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All the City's funds can be divided into two categories: governmental funds and proprietary funds. Fund financial statements focus on individual parts of the City's government, reporting the City's operations in more detail than the government-wide statements.

- **Governmental funds** are used to account for essentially the same functions reported as *governmental activities* in the government-wide financial statements. These statements tell how governmental services, were financed in the short term as well as what remains for future spending. Unlike the government-wide financial statements, governmental fund financial statements focus on near-term inflows and outflows of spendable resources, as well as on balance of spendable resources available at the end of the fiscal year. Such information may be useful in evaluating a government's near-term financing requirements. However, this information does not encompass the additional long-term focus of the government-wide statements. Therefore, both the governmental fund financial statements are followed by a reconciliation that explains the relationship or differences between governmental funds and the governmental-wide financial statements.

The City maintains nineteen individual governmental funds. Of these individual funds, the City considers four funds to be *major governmental funds*. These four major governmental funds - represented individually in the balance sheet and the statement of revenues expenditures, and change in fund balances - include the General, Transportation Operations, Madras Redevelopment Commission Commercial Project, and Madras Redevelopment Commission Commercial Property Tax and Debt Service Funds.

As part of supplementary information, budgetary comparison statements are presented for the reader's information. These statements compare the original adopted budget along with the final adjusted budget to the year-end actual activities.

MANAGEMENT'S DISCUSSION AND ANALYSIS (Continued)

- **Proprietary Funds** are like business-type activities that utilize full accrual accounting. The City maintains two types of proprietary funds: enterprise and internal service funds. Enterprise funds report the same functions as business-type activities in the government-wide financial statements. Enterprise funds account for the City's Water, Wastewater, Airport, and Golf Course operations. Internal Service Funds are an accounting device that accumulates the costs allocated internally among the City's various functions (departments). The City uses an Internal Service Fund to allocate costs associated with administrative services, public works staff and fleet, and buildings. These are indirect overhead costs that cannot be directly associated with an individual function. Therefore, these costs are allocated to other functions in a systematic method. Because these services predominantly benefit governmental activities rather than business-type functions, they are included within the governmental activities in the government-wide financial statements.

Proprietary funds provide the same information as government-wide financial statements, but only in more detail. The proprietary fund financial statements provide separate information for the Water, Wastewater, Airport, and Golf Course (non-major) operations. The Internal Service Fund is shown separately in the proprietary fund financial statement.

The financial statements also include notes that provide additional information essential to fully understanding the data provided in the government-wide and fund financial statements. In addition to the basic financial statements and the accompanying notes, additional pertinent information for the reader is referred to as *Required Supplementary Information* (RSI). The RSI can be found in this report following the notes to the basic financial statements.

GOVERNMENT-WIDE FINANCIAL ANALYSIS

Net Position: Our analysis focuses on the net position (Table 1) and changes in net position (Table 2) for the City's governmental and business-type activities. The City's net position comprises three components: invested in capital assets, restricted net position, and unrestricted net position. Restricted net position is subject to constraints either externally imposed by outside agencies, for example, banks or grant agencies, or imposed by law through constitutional provisions or enabling legislation. The capital assets reflected in Table 1 are stated net of accumulated depreciation. As noted earlier, net position may be a useful indicator of a government's financial position over time. In the case of the City of Madras, the combined net position for the fiscal year ending June 30, 2023, totaled \$66.8 million, an increase of \$4.8 million from June 30, 2022.

MANAGEMENT'S DISCUSSION AND ANALYSIS (Continued)

Table 1
STATEMENT OF NET POSITION

	Governmental Activities		Business-type Activities		Total	
	2023	2022	2023	2022	2023	2022
Assets:						
Current and other assets	\$ 2,955,907	\$ 4,106,967	\$ 15,030,698	\$ 12,468,312	\$ 17,986,605	\$ 16,575,279
Capital assets	28,311,189	26,294,108	46,727,621	43,883,238	75,038,810	70,177,346
Total Assets	31,267,096	30,401,075	61,758,319	56,351,550	93,025,415	86,752,625
Deferred Outflows	1,526,151	2,225,454	948,566	941,623	2,474,717	3,167,077
Liabilities:						
Current liabilities	2,021,296	2,294,125	677,905	448,188	2,699,201	2,742,313
Non-current liabilities	10,317,498	10,259,916	14,584,481	12,512,589	24,901,979	22,772,505
Total Liabilities	12,338,794	12,554,041	15,262,386	12,960,777	27,601,180	25,514,818
Deferred Inflows	848,432	433,526	261,777	115,447	1,110,209	548,973
Net Position:						
Invested in capital assets, net of related debt	21,351,329	19,334,248	33,719,327	32,730,883	55,070,656	52,065,131
Restricted	7,069,260	5,318,056	764,880	703,648	7,834,140	6,021,704
Unrestricted	(8,814,568)	(6,642,821)	12,698,515	10,499,189	3,883,947	3,856,368
Total Net Position	\$ 19,606,021	\$ 18,009,483	\$ 47,182,722	\$ 43,933,720	\$ 66,788,743	\$ 61,943,203

The largest component of the City's \$66.8 million net position is net investments in capital assets (*e.g., land, buildings, improvements, equipment, infrastructure, and construction in progress*). The City uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending. Although the City's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources since the capital assets themselves cannot be used to liquidate these liabilities.

The restricted net position is calculated by reducing the carrying value of restricted assets by the amounts repayable from those assets, excluding capital-related debt. It represents resources subject to restrictions imposed either by external creditors or by law through constitutional provisions or enabling legislation.

MANAGEMENT'S DISCUSSION AND ANALYSIS (Continued)

Change in Net Position

Table 2
CHANGE IN NET POSITION

	<u>Governmental Activities</u>		<u>Business-type Activities</u>		<u>Total</u>	
	<u>2023</u>	<u>2022</u>	<u>2023</u>	<u>2022</u>	<u>2023</u>	<u>2022</u>
Revenues:						
Program Revenues:						
Charges for services	\$ 660,694	\$ 1,308,801	\$ 6,120,338	\$ 5,282,800	\$ 6,781,032	\$ 6,591,601
Operating grants and contributions	2,113,419	2,935,401	2,187,866	20,717	4,301,285	2,956,118
Capital grants and contributions	1,660,615	1,389,131	962,426	2,493,386	2,623,041	3,882,517
General Revenues:						
Property taxes	2,678,866	2,377,851	-	-	2,678,866	2,377,851
Franchise and public services tax	1,810,577	2,019,411	-	-	1,810,577	2,019,411
Investment earnings and other	579,538	606,251	933,363	709,715	1,512,901	1,315,966
Transfers	(907,004)	315,516	907,004	(315,516)	-	-
Total Revenues	8,596,705	10,952,362	11,110,997	8,191,102	19,707,702	19,143,464
Expenses:						
General government	147,622	688,064	-	-	147,622	688,064
Public safety	2,230,684	2,213,394	-	-	2,230,684	2,213,394
Highway and streets	2,432,451	2,274,230	-	-	2,432,451	2,274,230
Community development	1,521,412	1,892,250	-	-	1,521,412	1,892,250
Culture and recreation	356,946	677,410	-	-	356,946	677,410
Interest	311,052	162,905	-	-	311,052	162,905
Enterprise operations	-	-	5,886,942	5,059,062	5,886,942	5,059,062
Total Expenses	7,000,167	7,908,253	5,886,942	5,059,062	12,887,109	12,967,315
Change in Net Position	1,596,538	3,044,109	5,224,055	3,132,040	6,820,593	6,176,149
Net position - beginning of year	18,009,483	14,965,374	43,933,720	40,801,680	61,943,203	55,767,054
Prior period adjustment	-	-	(1,975,053)	-	(1,975,053)	-
Net position - end of year	\$ 19,606,021	\$ 18,009,483	\$ 47,182,722	\$ 43,933,720	\$ 66,788,743	\$ 61,943,203

Governmental Activities

Governmental activities represent 27% of the City's total net position. The net position of governmental activities increased by \$1,596,538. Total revenue from governmental activities for the fiscal year 2023 was <\$2,355,657> less than the prior year.

Business-Type Activities

Business-type activities represent 71% of the City's total net position. These activities consist of Water, Wastewater, airport operations, golf course, and capital projects. At fiscal year-end 2023, the net position increased by \$3.25 million.

MANAGEMENT’S DISCUSSION AND ANALYSIS (Continued)

FINANCIAL ANALYSIS OF THE CITY’S FUNDS

The focus of the City’s governmental funds is to provide information on near-term inflows, outflows, and balance spending recourses. Such information is useful in assessing the City’s financing requirements. In particular, the unrestricted fund balance may serve as a useful measure of a government’s net resources available for spending at the end of the fiscal year.

During the year ended June 30, 2023, major governmental funds included the General Fund, Transportation Operations, Madras Redevelopment Commission Project, and the MRC Commercial Property Tax and Debt Funds. As of June 30, 2023, the City’s governmental funds reported a combined ending fund balance of \$7.65 million, a decrease of \$.338 million from the prior year's activity.

	General Fund	Transportation Operations	Madras Redevelopment Commission Project	MRC Commercial Property Tax and Debt	Nonmajor Governmental Funds	Total
Total revenues	\$ 5,292,667	\$ 2,398,260	\$ 111,512	\$ 752,445	\$ 1,002,933	\$ 9,557,817
Total expenditures	<u>4,205,108</u>	<u>3,368,000</u>	<u>522,269</u>	<u>94,721</u>	<u>826,692</u>	<u>9,016,790</u>
Revenues over/(under) expenditures	1,087,559	(969,740)	(410,757)	657,724	176,241	541,027
Total other financing sources/(uses)	<u>(1,806,790)</u>	<u>1,679,599</u>	<u>390,000</u>	<u>(390,000)</u>	<u>(211,610)</u>	<u>(338,801)</u>
Net change in fund balance	(719,231)	709,859	(20,757)	267,724	(35,369)	202,226
Fund balance - beginning	<u>4,137,550</u>	<u>1,166,212</u>	<u>(453,721)</u>	<u>(2,252,674)</u>	<u>4,812,212</u>	<u>7,409,579</u>
Fund balance (deficit) - ending	<u>\$ 3,418,319</u>	<u>\$ 1,876,071</u>	<u>\$ (474,478)</u>	<u>\$ (1,984,950)</u>	<u>\$ 4,776,843</u>	<u>\$ 7,611,805</u>

MANAGEMENT’S DISCUSSION AND ANALYSIS (Continued)

GENERAL FUND BUDGET HIGHLIGHTS

The City adopted the operating budget for the fiscal year 2022-2023 on June 28, 2022, in the amount of \$37,047,612, excluding reserve and unappropriated ending fund balance. The General Fund budgetary comparison can be found on page 7. Other major governmental special revenue funds budgetary comparisons can be found on pages 8 through 9.

CAPITAL ASSETS

The city’s capital assets are those used in performing its functions, including infrastructure assets. Capital assets include buildings, equipment, land, park facilities, roads, and construction in progress. Based on generally accepted accounting principles, both land owned by the city for its own use and acquired land designated for resale are considered non-depreciable assets.

Governmental activities capital assets increased \$2,017,081 (7.67%). Business-type activities capital assets increased by \$6.48 (6.48%).

**Table 4
CAPITAL ASSETS**

	<u>Governmental Activities</u>		<u>Business-type Activities</u>		<u>Total</u>	
	<u>2023</u>	<u>2022</u>	<u>2023</u>	<u>2022</u>	<u>2023</u>	<u>2022</u>
Non-depreciable assets:						
Land	\$ 3,038,867	\$ 3,038,867	\$ 1,727,177	\$ 1,727,177	\$ 4,766,044	\$ 4,766,044
Construction in progress	4,468,180	2,610,479	2,843,917	123,595	7,312,097	2,734,074
Total non-depreciable assets	<u>7,507,047</u>	<u>5,649,346</u>	<u>4,571,094</u>	<u>1,850,772</u>	<u>12,078,141</u>	<u>7,500,118</u>
Capital assets being depreciated, net:						
Land improvements	2,020,095	2,022,744	90,475	77,531	2,110,570	2,100,275
Building and improvements	5,469,906	5,787,871	4,436,649	4,195,029	9,906,555	9,982,900
Equipment	586,589	506,334	370,361	407,634	956,950	913,968
Infrastructure	12,727,552	12,282,325	37,232,376	37,352,272	49,959,928	49,634,597
Total depreciable assets, net	<u>20,804,142</u>	<u>20,599,274</u>	<u>42,129,861</u>	<u>42,032,466</u>	<u>62,934,003</u>	<u>62,631,740</u>
Lease assets, net	<u>-</u>	<u>45,488</u>	<u>26,666</u>	<u>-</u>	<u>26,666</u>	<u>45,488</u>
Total capital assets	<u>\$ 28,311,189</u>	<u>\$ 26,294,108</u>	<u>\$ 46,727,621</u>	<u>\$ 43,883,238</u>	<u>\$ 75,038,810</u>	<u>\$ 70,177,346</u>

MANAGEMENT’S DISCUSSION AND ANALYSIS (Continued)

DEBT ADMINISTRATION

For more information regarding the City’s outstanding debt, please refer to Notes 8, 9, and 10 to the basic financial statements on pages 28 through 32 of this report.

The City drew an additional \$480,000 on the existing line of credit for the Madras Urban Renewal District during the fiscal year to fund façade improvement projects; additionally, the newly formed Housing Urban Renewal District drew \$212,000 for expenses related to establishing the district. Total outstanding debt for business-type activities increased by \$96,839 from the prior year. Total outstanding debt for governmental activities increased by \$57,582. For more information on explaining and calculating the other post-employment benefits (OPEB) liability, please see pages 44 through 53 of the notes in the financial statements.

ECONOMIC FACTORS AND NEXT YEAR’S 2024-2025 BUDGET

Positives

The city benefitted from additional resources from the federal government’s stimulus package to remain stable through the pandemic. The City Council received approximately \$1.6 million locally from the American Rescue Plan Act. Fifty percent of Madras’ allocation was received in 2021, and the remaining fifty percent was received in 2022.

The city has also successfully obtained grant funding, including the Community Development Block Grant, Oregon Parks & Recreation, DEQ, the Oregon Department of Aviation, and the Economic Development Association. Funding applications continue into the next fiscal year. In addition, the city will receive a Department of Land Conservation and Development (DLCD) \$80,000 and \$1,200,000 from the State of Oregon to fund infrastructure for 84 apartments and townhomes.

Property tax revenues are forecasted to grow by 13%. The city saw growth in new multifamily units this past year, and both single-family and multi-family dwelling units are anticipated in 2024-2025.

The city plans to increase water and sewer user rates by 3% each. The 2022-2023 fiscal year ended in a good position and above estimates for ending cash.

Personnel

- Due to continued inflationary increases this past year, the cost of personnel services includes a three-point two percent (3.2%) increase to members in the Madras Police Employees’ Association and all non-represented staff effective July 1, 2024. These increases will help the city maintain its compensation standing with comparable cities. The city will perform a salary study this fiscal year once we have reviewed and updated all the job descriptions.

MANAGEMENT’S DISCUSSION AND ANALYSIS (Continued)

Changes to Some of the Funds

- **General Fund/Internal Services Fund**
 - For the fiscal year 2024-25, the General Fund proposal includes the de minimis indirect cost rate instead of using the Special Revenue, Enterprise, and MURA Fund transfers to balance the operating budget. The re-alignment and correction of the indirect cost rate improves transparency; however, the total revenue drops from \$1,396,666 to \$901,108, negatively impacting the general operating fund.
- **Internal Services Information Technology (IT) fund**
 - Budgeted with an indirect cost rate of \$6,000 per person/year to each department and fund for IT funds’ current and future budgetary requirements. The change sustains current materials and services expenditures for \$216,965 and adds a reserve for future expenditures for \$30,000.
- **Public Works Internal Services Fund:**
 - The Public Works Internal Services Fund significantly reduced personnel from 14.0 FTE to 2.50 FTE for fiscal year 2024-2025.
 - Changes in staffing allocations were evaluated to reflect where work is performed.
 - The total expenditures for the ISF PW dropped from \$2,176,259 to \$441,918.
- **Tourism & Economic Development Fund**
 - In fiscal year 2024-25, the Tourism & Economic Development (TED) Fund will partner with Jefferson County to support an Economic Development for Central Oregon (EDCO) contract position at the city hall. EDCO will assist the city and county in attracting and guiding outside employers, mentor them, and advising scalable young companies on multiple issues.
 - The TED Fund also supports community grants and has a revised application and presentation process for 2024- 2025. No transfers are budgeted to the Golf Course and Airport Funds due to the revision in each enterprise fund's indirect costs charges. The savings in the TED fund is \$200,000, which can be allocated to other economic development projects.

REQUEST FOR INFORMATION

This financial report is designed to provide a general overview of the City of Madras’ finances for those interested in the government’s finances. Madras Redevelopment Commission has issued a separate report that is available to interested people. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to the City of Madras, Attention: Finance Director, 125 S.W. “E” Street, Madras, Oregon 97741, (541) 475-2344, or visit the City’s website at www.ci.madras.or.us.

BASIC FINANCIAL STATEMENTS

CITY OF MADRAS
STATEMENT OF NET POSITION
June 30, 2023

	Governmental Activities	Business-type Activities	Totals
Assets			
Current assets			
Cash and cash equivalents	\$ 9,445,804	\$ 4,571,517	\$ 14,017,321
Receivables			
Property taxes	120,493	1,705	122,198
Accounts, net	1,061,461	1,461,762	2,523,223
Notes receivable	482,969	-	482,969
Lease receivable	87,813	-	87,813
Internal balances	(8,750,293)	8,750,293	-
Inventory	144,420	232,260	376,680
Prepaid items	1,130	-	1,130
Total current assets	2,593,797	15,017,537	17,611,334
Noncurrent assets			
Net other postemployment benefit asset	38,470	13,161	51,631
Investment in land held for resale	323,640	-	323,640
Capital assets:			
Land and construction in progress	7,507,047	4,571,094	12,078,141
Other capital assets, net	20,804,142	42,156,527	62,960,669
Total noncurrent assets	28,673,299	46,740,782	75,414,081
Total assets	31,267,096	61,758,319	93,025,415
Deferred outflows of resources			
Refunded debt charges	236,709	507,492	744,201
Pension related items	1,171,342	400,673	1,572,015
Other postemployment benefit related items	118,100	40,401	158,501
Total deferred outflows of resources	1,526,151	948,566	2,474,717
Liabilities			
Accounts payable and accrued liabilities	1,030,963	368,507	1,399,470
Accrued interest payable	8,133	250,176	258,309
Customer deposits payable	60,200	59,222	119,422
Short-term debt obligations	922,000	-	922,000
Long-term liabilities:			
Due within one year	544,346	618,482	1,162,828
Due in more than one year	9,773,152	13,965,999	23,739,151
Total liabilities	12,338,794	15,262,386	27,601,180
Deferred inflows of resources			
Leases	83,154	-	83,154
Pension related items	656,863	224,688	881,551
Other postemployment benefit related items	108,415	37,089	145,504
Total deferred inflows of resources	848,432	261,777	1,110,209
Net position			
Net investment in capital assets	21,351,329	33,719,327	55,070,656
Restricted for:			
Highways and streets	2,307,519	-	2,307,519
Economic development	668,719	-	668,719
Capital projects	1,689,747	764,880	2,454,627
Debt service	2,403,275	-	2,403,275
Unrestricted (deficit)	(8,814,568)	12,698,515	3,883,947
Total net position	\$ 19,606,021	\$ 47,182,722	\$ 66,788,743

See notes to financial statements

CITY OF MADRAS
STATEMENT OF ACTIVITIES
Year Ended June 30, 2023

Functions/Programs	Program Revenues				Net (Expense) Revenue and Changes In Net Position		
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-type Activities	Totals
Governmental activities:							
General government	\$ 147,622	\$ 171,583	\$ (334,083)	\$ 65,000	\$ (245,122)	\$ -	\$ (245,122)
Public safety	2,230,684	-	1,542,162	-	(688,522)	-	(688,522)
Highways and streets	2,432,451	42,509	825,026	1,443,619	(121,297)	-	(121,297)
Community development	1,521,412	446,602	80,314	87,379	(907,117)	-	(907,117)
Culture and recreation	356,946	-	-	64,617	(292,329)	-	(292,329)
Interest	311,052	-	-	-	(311,052)	-	(311,052)
Total governmental activities	7,000,167	660,694	2,113,419	1,660,615	(2,565,439)	-	(2,565,439)
Business-type activities:							
Water	973,723	891,274	2,187,866	-	-	2,105,417	2,105,417
Wastewater	2,567,595	4,178,280	-	631,509	-	2,242,194	2,242,194
Airport	1,629,872	723,788	-	330,917	-	(575,167)	(575,167)
Golf course	715,752	326,996	-	-	-	(388,756)	(388,756)
Total business-type activities	5,886,942	6,120,338	2,187,866	962,426	-	3,383,688	3,383,688
Totals	\$ 12,887,109	\$ 8,781,032	\$ 4,301,285	\$ 2,623,041	(2,565,439)	3,383,688	818,249
General revenues:							
Taxes levied for:							
General purposes					1,733,171	-	1,733,171
Madras Redevelopment Commission					945,695	-	945,695
Franchise fees and other taxes					1,810,577	-	1,810,577
Rents					-	685,777	685,777
Unrestricted investment earnings					408,850	140,350	549,200
Miscellaneous					170,688	107,236	277,924
Transfers					(907,004)	907,004	-
Total general revenues and transfers					4,161,977	1,840,367	6,002,344
Change in net position					1,596,538	5,224,055	6,820,593
Net position - beginning					18,009,483	43,933,720	61,943,203
Prior period adjustment					-	(1,975,053)	(1,975,053)
Net position - ending					\$ 19,606,021	\$ 47,182,722	\$ 66,788,743

See notes to financial statements

CITY OF MADRAS
BALANCE SHEET
GOVERNMENTAL FUNDS
June 30, 2023

	General	Transportation Operations	Madras Redevelopment Commsslon Commercial Project	Madras Redevelopment Commission Commercial Property Tax and Debt Service	Total Nonmajor Funds	Total Governmental Funds
Assets						
Cash and cash equivalents	\$ 3,074,878	\$ 1,868,526	\$ -	\$ 212,059	\$ 2,609,687	\$ 7,765,150
Receivables						
Property taxes	80,446	-	-	34,226	5,821	120,493
Accounts, net	576,468	173,633	-	-	308,128	1,058,229
Notes	-	-	-	-	482,969	482,969
Leases	-	87,813	-	-	-	87,813
Due from other funds	325,812	-	-	143,496	2,345,000	2,814,308
Inventory	-	131,347	-	-	-	131,347
Investment in land held for sale	25,000	-	298,640	-	-	323,640
Total assets	\$ 4,082,604	\$ 2,261,319	\$ 298,640	\$ 389,781	\$ 5,751,605	\$ 12,783,949
Liabilities, deferred inflows and fund balances						
Liabilities						
Accounts payable and accrued liabilities	\$ 546,733	\$ 232,283	\$ 29,622	\$ -	\$ 7,927	\$ 816,565
Short-term obligations	-	-	600,000	-	322,000	922,000
Due to other funds	-	-	143,496	2,345,000	-	2,488,496
Consumer deposits	-	60,000	-	-	-	60,000
Total liabilities	546,733	292,283	773,118	2,345,000	329,927	4,287,061
Deferred inflows of resources						
Unavailable revenue	117,552	9,811	-	29,731	644,835	801,929
Lease related	-	83,154	-	-	-	83,154
Total deferred inflows of resources	117,552	92,965	-	29,731	644,835	885,083
Fund balances						
Nonspendable	25,000	131,347	298,640	-	-	454,987
Restricted for:						
Highways and streets	-	1,744,724	-	-	421,637	2,166,361
Economic development	-	-	-	-	201,759	201,759
Debt service	-	-	-	-	2,398,093	2,398,093
Capital projects	-	-	-	-	1,517,054	1,517,054
Committed for tourism	-	-	-	-	556,566	556,566
Assigned for:						
Pensions	147,606	-	-	-	-	147,606
Community development	168,482	-	-	-	-	168,482
Parks	527,820	-	-	-	-	527,820
Unassigned (deficit)	2,549,411	-	(773,118)	(1,984,950)	(318,266)	(526,923)
Total fund balances (deficit)	3,418,319	1,876,071	(474,478)	(1,984,950)	4,776,843	7,611,805
Total liabilities, deferred inflows and fund balances (deficit)	\$ 4,082,604	\$ 2,261,319	\$ 298,640	\$ 389,781	\$ 5,751,605	\$ 12,783,949

See notes to financial statements

CITY OF MADRAS
RECONCILIATION OF THE BALANCE SHEET OF GOVERNMENTAL FUNDS
TO THE STATEMENT OF NET POSITION
GOVERNMENTAL FUNDS
June 30, 2023

Fund balances - total governmental funds		\$ 7,611,805
<i>Amounts reported for governmental activities in the statement of net position are different because:</i>		
The statement of net position reports a net other postemployment benefit asset for its participation in the OPERS Retirement Health Insurance Account		38,470
Capital assets and lease assets used in governmental activities are not financial resources and, therefore, are not reported in the funds		28,311,189
Deferred charges relating to debt issuances are not financial resources and, therefore, are not reported in the funds		236,709
Other long-term assets are not available for current period expenditures and, therefore, are reported as unavailable revenue in the funds		801,929
Deferred outflows related to the pension plan and other postemployment benefit plans are not current financial resources and therefore are not reported in the funds		1,289,442
Internal service funds are used by management to charge the costs of centralized services and facilities maintenance services to individual funds. A portion of the assets and liabilities of the internal service funds is included in governmental activities in the statement of net position		
Net position of the internal service funds	\$ 346,614	
Net position allocable to the business-type activities	(9,076,105)	
Internal service fund amounts included in other reconciling items:		
Net other postemployment benefit asset	(20,926)	
Capital assets	(16,498)	
Deferred outflows of resources	(701,461)	
Accrued interest payable	-	
Long-term liabilities	1,459,452	
Deferred inflows of resources	<u>416,310</u>	(7,592,614)
Long-term liabilities, including bonds payable, bond premiums, accrued interest, and compensated absences are not due and payable in the current period, and, therefore, are not reported in the funds		
Accrued interest	(8,133)	
Long-term debt obligations	(6,500,096)	
Bond premium	(487,018)	
Compensated absences	<u>(59,949)</u>	(7,055,196)
The net pension liability is reported in the statement of net position, but is not reported in the funds		(2,447,556)
The other postemployment benefit liability is reported in the statement of net position, but is not reported in the funds		(822,879)
Deferred inflows related to the pension plan and other postemployment benefit plan are reported in the statement of net position but are not reported in the funds		<u>(765,278)</u>
Net position of governmental activities		<u>\$ 19,606,021</u>

See notes to financial statements

CITY OF MADRAS
STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
Year Ended June 30, 2023

	General	Transportation Operations	Madras Redevelopment Commission Commercial Project	Madras Redevelopment Commission Commercial Property Tax and Debt Service	Total Nonmajor Funds	Total Governmental Funds
Revenues						
Property taxes	\$ 1,722,980	\$ -	\$ -	\$ 746,926	\$ 188,296	\$ 2,658,202
Franchise fees	522,814	522,814	-	-	-	1,045,628
Miscellaneous taxes	764,949	-	-	-	-	764,949
Licenses, permits and fees	393,061	-	-	-	42,509	435,570
Fines and forfeitures	42,591	-	-	-	-	42,591
Charges for services	79,304	-	-	-	50,000	129,304
System development charges	-	4,358	-	-	324,424	328,782
Intergovernmental	1,662,227	1,807,670	-	-	80,314	3,550,211
Loan repayments	-	-	-	-	132,496	132,496
Interest	76,004	52,239	111,512	5,519	159,252	404,526
Miscellaneous	28,737	11,179	-	-	25,642	65,558
Total revenues	5,292,667	2,398,260	111,512	752,445	1,002,933	9,557,817
Expenditures						
Current						
General government	75,000	-	-	-	450	75,450
Public safety	2,234,137	-	-	-	-	2,234,137
Highways and streets	-	934,597	-	-	-	934,597
Community development	594,682	-	522,269	-	568,602	1,685,553
Culture and recreation	395,063	-	-	-	-	395,063
Debt service	-	203,635	-	94,721	257,640	555,996
Capital outlay	906,226	2,229,768	-	-	-	3,135,994
Total expenditures	4,205,108	3,368,000	522,269	94,721	826,692	9,016,790
Excess (deficiency) of revenues over expenditures	1,087,559	(969,740)	(410,757)	657,724	176,241	541,027
Other financing sources (uses)						
Issuance of long-term obligations	-	222,156	-	-	-	222,156
Transfers in	200,211	1,457,443	390,000	-	545,818	2,593,472
Transfers out	(2,007,001)	-	-	(390,000)	(757,428)	(3,154,429)
Total other financing sources (uses)	(1,806,790)	1,679,599	390,000	(390,000)	(211,610)	(338,801)
Net change in fund balances	(719,231)	709,859	(20,757)	267,724	(35,369)	202,226
Fund balances (deficit) at beginning of year	4,137,550	1,166,212	(453,721)	(2,252,674)	4,812,212	7,409,579
Fund balances (deficit) at end of year	\$ 3,418,319	\$ 1,876,071	\$ (474,478)	\$ (1,984,950)	\$ 4,776,843	\$ 7,611,805

See notes to financial statements

CITY OF MADRAS
RECONCILIATION OF THE STATEMENT OF REVENUES,
EXPENDITURES AND CHANGES IN FUND BALANCES OF
GOVERNMENTAL FUNDS
TO THE STATEMENT OF ACTIVITIES
Year Ended June 30, 2023

Amounts reported for governmental activities in the Statement of Activities are different because:

Net change in fund balances - total governmental funds	\$	202,226
<p>Governmental funds report the acquisition of capital assets as expenditures while governmental activities report depreciation expense to allocate those expenditures over the life of the assets. The difference between those two amounts is:</p>		
Acquisition of capital assets	\$ 3,190,237	
Transfer of assets to proprietary funds	(327,707)	
Depreciation	<u>(808,665)</u>	2,053,865
The net effect of transactions involving capital assets (i.e., sales, trade-ins, and donations) is to decrease net position		(36,784)
<p>Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds as follows:</p>		
Taxes	20,664	
Loans	41,610	
System development charges	140,136	
Other	<u>(396,370)</u>	(193,960)
The changes in net pension liability and deferred inflows and outflows related to the City's participation in OPERS are reported as additional expenses for increases and a reduction of expenses for decreases		54,467
The changes in other postemployment benefit liability (asset) and deferred outflows related to the entity's participation in the Retirement Health Insurance Account and its own City plan are reported as other postemployment benefit revenue or expense on the statement of activities		110,087
Some expenses reported in the statement of activities do not require the use of current financial resources and therefore are not reported as expenditures in governmental funds		
Compensated absences		(2,504)
Repayment of long-term obligation principal and lease payments is an expenditure in the governmental funds, but the repayment reduces long-term obligations in the statement of net position. Additionally, the issuance of debt is an other financing source in the funds but increases long-term obligations in the statement of net position		
Transfer of lease liability to proprietary funds	46,003	
Principal payments	452,162	
Loan proceeds	(222,156)	
Amortization of bond premium	26,761	
Amortization of deferred amounts on refunding	(17,931)	
Accrued interest	<u>719</u>	285,558
Net income of the internal service funds allocated to the governmental activities		<u>(876,417)</u>
Change in net position of governmental activities		<u>\$ 1,596,538</u>

See notes to financial statements

CITY OF MADRAS
GENERAL FUND
STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
Year Ended June 30, 2023

	Budget		Actual	Variance
	Original	Final		
Revenues				
Property taxes	\$ 1,689,768	\$ 1,689,768	\$ 1,722,980	\$ 33,212
Franchise fees	456,232	456,232	522,814	66,582
Miscellaneous taxes	741,787	741,787	764,949	23,162
Licenses, permits and fees	10,890	10,890	27,032	16,142
Fines and forfeitures	45,000	45,000	42,591	(2,409)
Intergovernmental	2,940,705	2,775,973	1,559,458	(1,216,515)
Interest	5,000	5,000	74,605	69,605
Interfund loan repayment	330,000	330,000	-	(330,000)
Miscellaneous	1,000	1,000	31	(969)
Total revenues	6,220,382	6,055,650	4,714,460	(1,341,190)
Expenditures				
Police				
Personnel services	1,843,769	1,843,769	1,533,787	309,982
Materials and services	831,595	811,595	731,770	79,825
Capital outlay	72,737	138,737	133,897	4,840
Non-departmental				
Materials and services	75,000	75,000	75,000	-
Capital outlay	2,227,000	2,873,268	628,917	2,244,351
Contingency	50,000	3,000	-	3,000
Total expenditures	5,100,101	5,745,369	3,103,371	2,641,998
Excess (deficiency) of revenues over expenditures	1,120,281	310,281	1,611,089	1,300,808
Other financing sources (uses)				
Interfund loan	(330,000)	(330,000)	-	330,000
Transfers out	(1,713,238)	(1,713,238)	(1,696,906)	16,332
Total other financing sources (uses)	(2,043,238)	(2,043,238)	(1,696,906)	346,332
Net change in fund balance	(922,957)	(1,732,957)	(85,817)	1,647,140
Fund balance at beginning of year	1,964,294	2,774,294	2,635,228	(139,066)
Fund balance at end of year	\$ 1,041,337	\$ 1,041,337	\$ 2,549,411	\$ 1,508,074

See notes to financial statements

CITY OF MADRAS
TRANSPORTATION OPERATIONS FUND
STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
Year Ended June 30, 2023

	Budget		Actual	Variance
	Original	Final		
Revenues				
Franchise fees	\$ 456,232	\$ 456,232	\$ 522,814	\$ 66,582
System development charges	3,432	3,432	4,358	926
Intergovernmental	3,485,794	3,485,794	1,807,670	(1,678,124)
Interest	12,500	12,500	52,239	39,739
Miscellaneous	500	500	11,179	10,679
Total revenues	3,958,458	3,958,458	2,398,260	(1,560,198)
Expenditures				
Materials and services	1,185,251	1,210,251	934,597	275,654
Special payment	150,000	150,000	-	150,000
Capital outlay	5,800,000	5,969,943	2,229,768	3,740,175
Debt service	203,500	503,500	203,635	299,865
Contingency	75,000	237,175	-	237,175
Total expenditures	7,413,751	8,070,869	3,368,000	4,702,869
Excess (deficiency) of revenues over expenditures	(3,455,293)	(4,112,411)	(969,740)	3,142,671
Other financing sources (uses)				
Issuance of long-term obligations	2,700,000	2,700,000	222,156	(2,477,844)
Transfers in	1,287,500	1,457,443	1,457,443	-
Total other financing sources (uses)	3,987,500	4,157,443	1,679,599	(2,477,844)
Net change in fund balance	532,207	45,032	709,859	664,827
Fund balance at beginning of year	676,810	1,163,985	1,166,212	2,227
Fund balance at end of year	\$ 1,209,017	\$ 1,209,017	\$ 1,876,071	\$ 667,054

See notes to financial statements

CITY OF MADRAS
STATEMENT OF NET POSITION
PROPRIETARY FUNDS
June 30, 2023

	Business-type Activities				Total Enterprise Funds	Internal Service Funds
	Water	Wastewater	Airport	(Non-major Golf Course)		
Assets						
Current assets						
Cash and cash equivalents	\$ -	\$ 3,557,074	\$ 850,327	\$ 164,116	\$ 4,571,517	\$ 1,680,654
Receivables, net	815,054	500,914	140,217	7,282	1,463,467	3,232
Inventory	126,173	34,856	65,975	5,256	232,260	13,073
Prepaid items	-	-	-	-	-	1,130
Total current assets	941,227	4,092,844	1,056,519	176,654	6,267,244	1,698,089
Net other postemployment benefits asset	1,952	10,775	434	-	13,161	20,926
Capital assets						
Land and construction in progress	2,208,138	1,778,982	583,974	-	4,571,094	-
Other capital assets, net	568,674	26,965,537	14,304,444	317,872	42,156,527	16,498
Total capital assets	2,776,812	28,744,519	14,888,418	317,872	46,727,621	16,498
Total assets	3,719,991	32,848,138	15,945,371	494,526	53,008,026	1,735,513
Deferred outflows of resources						
Refunded debt charges	-	507,492	-	-	507,492	-
Pension related items	59,398	328,035	13,240	-	400,673	637,220
Other postemployment benefit related items	5,991	33,079	1,331	-	40,401	64,241
Total deferred outflows of resources	65,389	868,606	14,571	-	948,566	701,461
Liabilities						
Current liabilities						
Accounts payable and accrued liabilities	158,962	138,405	57,050	14,090	368,507	214,398
Accrued interest payable	236	247,612	2,328	-	250,176	-
Consumer deposits	9,756	49,466	-	-	59,222	200
Compensated absences	-	-	3,659	-	3,659	29,532
Due to other funds	325,812	-	-	-	325,812	-
Long-term obligations due within one year	6,623	526,475	62,539	19,186	614,823	-
Total current liabilities	501,389	961,958	125,576	33,276	1,622,199	244,130
Long-term obligations due in more than one year	253,121	13,018,896	685,831	8,151	13,965,999	1,429,920
Total liabilities	754,510	13,980,854	811,407	41,427	15,588,198	1,674,050
Deferred inflows of resources						
Pension related items	33,309	183,954	7,425	-	224,688	357,338
Other postemployment benefit related items	5,500	30,367	1,222	-	37,089	58,972
Total deferred inflows of resources	38,809	214,321	8,647	-	261,777	416,310
Net position						
Net investment in capital assets	2,696,622	16,577,960	14,154,210	290,535	33,719,327	16,498
Restricted for:						
Capital projects	-	764,880	-	-	764,880	-
Unrestricted	295,439	2,178,729	985,678	162,564	3,622,410	330,116
Total net position	\$ 2,992,061	\$ 19,521,569	\$ 15,139,888	\$ 453,099	38,106,617	\$ 346,614
Adjustment to reflect internal service fund balances related to business-type activities					9,076,105	
Net position of the business-type activities					\$ 47,182,722	

See notes to financial statements

CITY OF MADRAS
STATEMENT OF REVENUES, EXPENSES
AND CHANGES IN NET POSITION
PROPRIETARY FUNDS
Year Ended June 30, 2023

	Business-type Activities				Totals Enterprise Funds	Internal Service Funds
	Water	Wastewater	Airport	(Non-major) Golf Course		
Operating revenues						
Charges for services	\$ 891,274	\$ 4,178,280	\$ 723,788	\$ 326,996	\$ 6,120,338	\$ 4,985,052
Licenses, permits and fees	-	-	-	-	-	51,960
Rental income	-	-	685,777	-	685,777	5
Miscellaneous	-	-	42,453	20,870	63,323	14,239
Total operating revenues	891,274	4,178,280	1,452,018	347,866	6,869,438	5,051,256
Operating expenses						
Personnel services	8,561	47,224	45,573	-	101,358	2,699,071
Materials and services	884,361	3,150,161	1,180,833	684,792	5,900,147	1,383,178
Depreciation	21,501	518,382	531,104	11,107	1,082,094	4,500
Total operating expenses	914,423	3,715,767	1,757,510	695,899	7,083,599	4,086,749
Operating income (loss)	(23,149)	462,513	(305,492)	(348,033)	(214,161)	964,507
Nonoperating revenues (expenses)						
Grants	2,187,866	433,300	330,917	-	2,952,083	65,000
Interest income	7,186	102,826	26,225	4,113	140,350	4,324
Interest expense	(2,569)	(309,779)	(22,897)	(19,853)	(355,098)	(96,050)
Total nonoperating revenue (expenses)	2,192,483	270,260	334,245	(15,740)	2,781,248	(26,726)
Income (loss) before capital contributions and transfers	2,169,334	732,773	28,753	(363,773)	2,567,087	937,781
Capital contributions	-	198,209	-	-	198,209	-
Transfers in	100,000	-	-	817,387	917,387	-
Transfers out	-	-	(9,868)	(515)	(10,383)	(292,318)
Change in net position	2,269,334	930,982	18,885	453,099	3,672,300	645,463
Net position - beginning	722,727	20,565,640	15,121,003	-	36,409,370	(298,849)
Prior period adjustment	-	(1,975,053)	-	-	(1,975,053)	-
Net position - ending	\$ 2,992,061	\$ 19,521,569	\$ 15,139,888	\$ 453,099	\$ 38,106,617	\$ 346,614
Change in net position					\$ 3,672,300	
Adjustment for the net effect of the current year activity between the internal service funds and the enterprise funds					1,551,755	
Change in net position of the business-type activities					\$ 5,224,055	

See notes to financial statements

CITY OF MADRAS
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
Year Ended June 30, 2023

	Business-type Activities				Total Enterprise Funds	Internal Service Funds
	Water	Wastewater	Airport	(Non-major) Golf Course		
Cash flows from operating activities						
Receipts from customers	\$ 880,410	\$ 4,106,980	\$ 1,492,468	\$ 340,584	\$ 6,820,442	\$ 5,074,659
Payments to suppliers	(851,320)	(3,035,025)	(1,202,706)	(675,958)	(5,765,009)	(1,339,555)
Payments to employees	-	-	(34,110)	-	(34,110)	(2,699,696)
Net cash provided by (used in) operating activities	<u>29,090</u>	<u>1,071,955</u>	<u>255,652</u>	<u>(335,374)</u>	<u>1,021,323</u>	<u>1,035,408</u>
Cash flows from noncapital financing activities						
Advance from other fund	325,812	-	-	-	325,812	-
Transfers in	100,000	-	35,970	535,168	671,138	-
Transfers out	-	-	(45,838)	-	(45,838)	(64,343)
Net cash provided by (used in) noncapital financing activities	<u>425,812</u>	<u>-</u>	<u>(9,868)</u>	<u>535,168</u>	<u>951,112</u>	<u>(64,343)</u>
Cash flows from capital and related financing activities						
System development charges received	-	201,762	-	-	201,762	-
Other	-	43,913	-	-	43,913	-
Grants	1,462,198	433,300	330,917	-	2,226,415	65,000
Acquisition of capital assets	(2,202,090)	(902,069)	(493,339)	(20,094)	(3,617,592)	(81,975)
Issuance of long-term obligations	-	791,334	-	-	791,334	-
Premium on bond refunding	-	(431,235)	-	-	(431,235)	-
Principal paid on long-term obligations	(6,300)	(471,256)	(56,927)	(19,697)	(554,180)	(120,000)
Interest paid on long-term obligations	(2,906)	(248,847)	(25,881)	-	(277,634)	(96,050)
Net cash provided by (used in) capital and related financing activities	<u>(749,098)</u>	<u>(583,098)</u>	<u>(245,230)</u>	<u>(39,791)</u>	<u>(1,617,217)</u>	<u>(233,025)</u>
Cash flows from investing activities						
Interest on investments	7,186	102,826	26,225	4,113	140,350	4,324
Net increase (decrease) in cash and cash equivalents	(287,010)	591,683	26,779	164,116	495,568	742,364
Cash and cash equivalents - beginning	287,010	2,965,391	823,548	-	4,075,949	938,290
Cash and cash equivalents - ending	<u>\$ -</u>	<u>\$ 3,557,074</u>	<u>\$ 850,327</u>	<u>\$ 164,116</u>	<u>\$ 4,571,517</u>	<u>\$ 1,680,654</u>
Reconciliation of operating income (loss) to net cash provided by (used in) operating activities						
Operating income (loss)	\$ (23,149)	\$ 462,513	\$ (305,492)	\$ (305,492)	\$ (171,620)	\$ 964,507
Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities						
Depreciation	21,501	518,382	531,104	531,104	1,602,091	4,500
(Increase) decrease in assets and deferred outflows						
Receivables, net	(9,706)	(72,736)	40,450	40,450	(1,542)	45,758
Inventories	(86,645)	15,694	13,715	13,715	(43,521)	796
Prepaid items	-	-	1,425	1,425	2,850	(1,130)
Net other postemployment benefits asset	(680)	(3,752)	(434)	(434)	(5,300)	(3,067)
Pension related items	(1,885)	(10,406)	(13,240)	(13,240)	(38,771)	170,471
Other postemployment benefit related items	(2,407)	(13,288)	(1,331)	(1,331)	(18,357)	(13,916)
Increase (decrease) in liabilities and deferred inflows						
Accounts payable and accrued liabilities	11,694	99,442	(37,013)	(37,013)	37,110	43,957
Retainage payable	107,992	-	-	-	107,992	-
Due to other funds	-	-	-	-	-	-
Consumer deposits	(1,158)	4,989	-	-	3,831	-
Compensated absences payable	-	-	3,659	3,659	7,318	(4,165)
Unearned revenue	-	-	-	-	-	(22,355)
Net pension liability	21,913	121,019	4,885	4,885	152,702	235,085
Net other postemployment benefits liability	13,933	76,884	9,277	9,277	109,371	57,016
Pension related items	(23,340)	(128,901)	7,425	7,425	(137,391)	(438,216)
Other postemployment benefit related items	1,027	5,668	1,222	1,222	9,139	(3,833)
Net cash provided by (used in) operating activities	<u>\$ 29,090</u>	<u>\$ 1,075,508</u>	<u>\$ 255,652</u>	<u>\$ 255,652</u>	<u>\$ 1,615,902</u>	<u>\$ 1,035,408</u>
SUPPLEMENTAL DISCLOSURE OF NONCASH TRANSACTIONS						
Non cash transfers	\$ -	\$ -	\$ -	\$ 281,704	\$ 281,704	\$ (227,975)

See notes to financial statements

NOTE 1 – FINANCIAL REPORTING ENTITY

The City of Madras (the “City”) was incorporated in 1911. The City provides basic services to the citizens within the city limits.

The City Council, comprised of the mayor and six council members, forms the legislative branch of the government. Individual departments are under the direction and authority of the city administrator, who is appointed by the city council.

The accompanying financial statements present all activities and component units for which the City is considered to be financially accountable. The criteria used in making this determination includes appointment of a voting majority, imposition of will, financial benefit or burden on the primary government, and fiscal dependency on the primary government.

The city council appoints the governing body of the Madras Redevelopment Commission (the “MRC”), the MRC provides a financial benefit to the City, and the MRC is fiscally dependent on the City. Therefore, the accounts of the MRC are included in the financial statements of the City as a blended component unit.

Complete financial statements for the MRC may be obtained from the City’s finance department.

NOTE 2 – SIGNIFICANT ACCOUNTING POLICIES

Government-wide financial statements and financial statement presentation

The government-wide financial statements (i.e., the statement of net position and the statement of activities) report information on all the activities of the City. For the most part, the effect of interfund activity has been removed from these statements. Governmental activities, which normally are supported by taxes and intergovernmental revenues, are reported separately from business-type activities, which rely to a significant extent on fees and charges for support.

The statement of activities demonstrates the degree to which the direct expenses of a given function or segment are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or segment. Amounts reported as program revenues include 1) charges to customers or applicants for goods, services, or privileges provided, 2) operating grants and contributions, and 3) capital grants and contributions, including special assessments. Internally dedicated resources are reported as general revenues rather than as program revenues. Taxes and other items not properly included among program revenues are reported instead as general revenues.

Separate financial statements are provided for governmental funds and proprietary funds. Major governmental funds and major enterprise funds are reported as separate columns in the fund financial statements

NOTE 2 – SIGNIFICANT ACCOUNTING POLICIES (Continued)

Measurement focus, basis of accounting and financial statement presentation

The government-wide financial statements are reported using the *economic resources measurement focus* and the *accrual basis of accounting*, as are the proprietary fund financial statements. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

As a general rule, the effect of interfund activity has been eliminated from the government-wide financial statements. Exceptions to this general rule are charges between the functions of the City, the elimination of which would distort the direct costs and program revenues reported for the various functions concerned.

Proprietary funds distinguish operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues are charges to customers for sales and services. Operating expenses for proprietary funds include the cost of sales and services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the government considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Significant revenues, which are susceptible to accrual under the modified accrual basis of accounting, include property taxes and federal and state grants. Other revenue items are considered to be measurable and available when received by the City. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences and claims and judgments, are recorded only when payment is due.

The City reports the following major governmental funds:

General - accounts for all financial resources of the City, except those required to be accounted for in another fund. Included in the General Fund are the separately budgeted Parks, Community Development, Community Cleanup and Pension Stabilization funds. Principal sources of revenue are property taxes, franchise fees, and state shared revenues. Expenditures are primarily for public safety, parks and the industrial site.

Transportation Operations - accounts for improving and maintaining streets, the multi-use trail system, street greenways, street/trail lighting and associated material purchases. The City's street capital program is also accounted for in this fund.

NOTE 2 – SIGNIFICANT ACCOUNTING POLICIES (Continued)

Measurement focus, basis of accounting and financial statement presentation

Madras Redevelopment Commission Commercial Project – accounts for payment of principal and interest on long-term obligations within the Madras Redevelopment Commission. The principal revenue source is property taxes.

Madras Redevelopment Commission Commercial Property Tax and Debt Service – accounts for property tax revenues and debt service payments.

The City reports the following major proprietary funds:

Water - accounts for the operations of the City's water distribution system which is financed primarily through fees.

Wastewater - accounts for the operations of the City's wastewater collection and treatment system which is financed primarily through user charges to the general public.

Airport - accounts for the operations and capital improvements of the City's municipal airport.

Additionally, the City reports the following fund types:

Special Revenue – accounts for revenue derived from specific taxes or other revenue sources which are legally restricted to finance particular functions or activities.

Debt Service – accounts for the payment of principal and interest on long-term obligations. The principal revenue source is property taxes.

Capital Projects – accounts for major construction projects or equipment acquisition. The principal revenue resources are system development charges and proceeds from long-term obligations.

Internal Service – accounts for the cost of providing services to other funds of the City which are charged a fee on a cost reimbursement basis for those services.

Budget policies and budgetary control

Generally, Oregon Local Budget Law requires annual budgets be adopted for all funds except agency funds. The modified accrual basis of accounting is used for all budgets. All annual appropriations lapse at fiscal year-end.

NOTE 2 – SIGNIFICANT ACCOUNTING POLICIES (Continued)

Budget policies and budgetary control (continued)

The City begins its budgeting process by appointing budget committee members in January or February each year. Budget recommendations are developed by management through early spring, with the budget committee meeting and approving the budget document in late spring. Public notices of the budget hearing are generally published in May or June and the hearing is held in June. The City adopts the budget, makes appropriations, and declares the tax levy no later than June 30. Disbursement appropriations may not be legally over-expended, except in the case of grant receipts and bond sale proceeds which could not be reasonably estimated at the time the budget was adopted.

The resolution authorizing appropriations for each fund sets the level at which disbursements cannot legally exceed appropriations. The City established the levels of budgetary control at the department level along with debt service, transfers and contingencies.

Budget amounts shown in the financial statements have been revised since the original budget amounts were adopted. The city council must authorize all appropriation transfers and supplementary budgetary appropriations.

Cash and cash equivalents

For purposes of reporting cash flows, cash and cash equivalents include cash on hand, checking, savings and money market accounts and any highly-liquid debt instruments purchased with a maturity of three months or less.

Property taxes

Under state law, county governments are responsible for extending authorized property tax levies, computing tax rates, billing and collecting all property taxes, and making periodic remittances of collections to entities levying taxes. Real and personal property taxes are levied upon all taxable property and become a lien against the property as of July 1 of each year. Property taxes are payable in three installments following the lien date on November 15, February 15 and May 15 each year.

Uncollected property taxes are reported in the governmental funds balance sheet as receivables; the portion which is available to finance expenditures of the current period is recorded as revenue and the remaining balance is recorded as unavailable revenues. Property taxes which are collected within 60 days of the end of the current period are considered available and recognized as revenue.

CITY OF MADRAS
NOTES TO BASIC FINANCIAL STATEMENTS

NOTE 2 – SIGNIFICANT ACCOUNTING POLICIES (Continued)

User charges and fines

User charges are reported at the amount management expects to collect on balances outstanding at year end. Management closely monitors outstanding balances and writes off, as of year-end, all balances that are not expected to be collected.

The City has uncollected municipal court fines and fees, however due to the uncertainty of collection these amounts are not reported in the financial statements. The City maintains a listing of receivables they believe are collectible as of June 30, 2023.

Inventory

Inventory is valued at cost (first-in, first-out method). Inventory consists of expendable supplies held for consumption.

Capital assets

Fund financial statements

In the fund financial statements, capital assets arising from cash transactions acquired for use in governmental fund operations are accounted for as capital outlay disbursements of the governmental fund upon acquisition. Capital assets acquired for use in proprietary fund operations are accounted for the same as in the government-wide statements.

Government-wide statements

Capital assets are recorded at historical cost or estimated historical cost and adjusted by estimated amounts for accumulated depreciation in the statement of net position and depreciation expense in the statement of activities.

Capital assets purchased or acquired are carried at historical cost or estimated historical cost. Contributed capital assets are recorded at estimated fair market value at the time received. Capital assets are defined by the government as assets with an initial, individual cost of more than \$5,000 and an estimated useful life in excess of one year.

Capital assets are depreciated using the straight-line method over the following estimated useful lives.

<u>Assets</u>	<u>Years</u>
Land improvements	20 – 50
Buildings and improvements	25 – 75
Equipment	5 – 15
Infrastructure	30 – 50

NOTE 2 – SIGNIFICANT ACCOUNTING POLICIES (Continued)

Long-term obligations

In the government-wide financial statements and proprietary fund types in the fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities, business-type activities, or proprietary fund type statement of net position. Bond premiums and discounts are deferred and amortized over the life of the bonds using the effective interest method. The excess of bond amounts issued to refund previously issued debt over the refunded debt are reported as deferred charges and amortized over the term of the related debt. Bonds payable are reported net of the applicable bond premium or discount. Bond issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures.

Leases

Lease contracts that provide the City with control of a non-financial asset, such as land, buildings or equipment, for a period of time in excess of twelve months are reported as a leased asset with a related lease liability. The lease liability is recorded at the present value of future lease payments, including fixed payments, variable payments based on an index or fixed rate and reasonably certain residual guarantees. The intangible leased asset is recorded for the same amount as the related lease liability plus any prepayments and initial direct costs to place the asset in service. Leased assets are amortized over the shorter of the useful life of the asset or the lease term. The lease liability is reduced for lease payments made, less the interest portion of the lease payment.

Lease contracts for which the City is a lessor for a period of time in excess of twelve months are reported as a lease receivable and a deferred inflow of resources in the government-wide and fund financial statements. At the commencement of the lease, the City initially measures the lease receivable at the present value of payments expected to be received during the lease term. Subsequently, the lease receivable is reduced by the principal portion of lease payments received. The deferred inflow of resources is initially measured as the initial amount of the lease receivable, adjusted for lease payments received at or before the lease commencement date. Subsequently, the deferred inflow of resources is recognized as revenue over the life of the lease term.

Compensated absences

Vacation leave

The City has a policy which permits employees to earn vacation leave. Any leave not used or forfeited will be paid upon the employee's termination of employment.

Sick leave

The City has a policy which permits employees to earn sick leave. The City does not compensate the employees for unused sick leave upon termination of employment.

NOTE 2 – SIGNIFICANT ACCOUNTING POLICIES (Continued)

Net pension liability

The net pension liability, measured as of June 30, 2023, is the portion of the actuarial present value of projected benefit payments that is attributed to past periods of employee service, net of the pension plan's fiduciary net position as of that date.

Other postemployment benefits liability

The other postemployment benefits (OPEB) liability is based on actuarial valuations. The latest valuation used to determine the other postemployment obligation was dated July 1, 2022.

Deferred outflows / inflows of resources

In addition to assets, the statements of net position reports a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/ expenditure) until then. These include refunded debt charges, pension related items and other postemployment benefit related items.

In addition to liabilities, the statement of net position will report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents amounts that apply to future periods and so will not be recognized as an inflow of resources (revenue) until that time. Pension other postemployment benefit related items which are amortized over specified periods are reported as deferred inflows of resources.

The balance sheet of governmental funds will report as deferred inflows unavailable revenues from property taxes. These amounts are deferred and recognized as an inflow of resources in the period that the amounts become available.

Interfund loans

Lending and borrowing arrangements between funds, which are outstanding at the end of the year, are presented as either "interfund receivables/payables" for the current portion or "advances to/from other funds" for the non-current portion of the interfund loan. All other outstanding balances between funds are reported as due to/from other funds. Advances to other funds are offset by a reservation of fund equity to indicate that they are not available financial resources.

Retirement plans

For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the Oregon Public Employee Retirement System (OPERS) and additions to/deductions from OPERS' fiduciary net position have been determined on the same basis as they are reported by OPERS. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

NOTE 2 – SIGNIFICANT ACCOUNTING POLICIES (Continued)

Net position

Government-wide and proprietary fund financial statements

Equity is classified as net position and displayed in three components:

Net investment in capital assets – Consists of capital assets including restricted capital assets, net of accumulated depreciation and reduced by the outstanding balances of any bonds, mortgages, notes, or other borrowings that are attributable to the acquisition, construction, or improvements of those assets.

Restricted – Consists of net position with constraints placed on the use either by (1) external groups such as creditors, grantors, contributors, or laws and regulations of other governments; or (2) law through constitutional provisions or enabling legislation.

Unrestricted – All other net position that does not meet the definition of “restricted” or “net investment in capital assets.”

In the government-wide and proprietary fund financial statements when both restricted and unrestricted resources are available for use, it is the City’s policy to use restricted resources first, and then unrestricted resources as they are needed.

Fund balance

Governmental fund type fund balance reporting

Governmental type fund balance amounts are to be reported within one of the fund balance categories listed below:

Non spendable – Amounts that cannot be spent either because they are in nonspendable form or because they are legally or contractually required to be maintained intact.

Restricted – Amounts that can be spent only for specific purposes because of constitutional provisions or enabling legislation or because of constraints that are externally imposed by creditors, grantors, contributors, or the laws or regulations of other governments.

Committed – Amounts that can be used only for specific purposes determined by a formal action of the city council. The city council is the highest level of decision-making authority for the City. Commitments may be established, modified, or rescinded only through ordinances or resolutions approved by the city council.

Assigned – Amounts that do not meet the criteria to be classified as restricted or committed but that are intended to be used for specific purposes. The City Administrator has authority to assign fund balance amounts.

CITY OF MADRAS
NOTES TO BASIC FINANCIAL STATEMENTS

NOTE 2 – SIGNIFICANT ACCOUNTING POLICIES (Continued)

Fund balance (continued)

Unassigned – The residual classification for the government’s general fund and includes all spendable amounts not contained in the other classifications. Additionally, other funds may report negative unassigned fund balance in certain circumstances.

In the governmental fund financial statements when an expenditure is incurred for which committed, assigned, or unassigned fund balances are available, the City considers amounts to have been spent first out of committed funds, then assigned funds, and finally unassigned funds, as needed, unless provided otherwise in commitment or assignment actions.

Fair value measurements

The City categorizes its fair value measurements with the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on the valuation inputs used to measure the fair value of the asset. Level 1 inputs are quoted prices in active markets for identical assets; Level 2 inputs are significant other observable inputs; Level 3 inputs are significant unobservable inputs.

NOTE 3 – ADJUSTMENTS TO AND RESTATEMENTS OF BEGINNING BALANCES

During the year ended June 30, 2023, the City identified, and corrected, errors in the beginning net position of business-type activities and the Wastewater fund related to the recognition of long-term debt received in prior years. As a result, the beginning net position for business-type activities and the Wastewater fund have been reduced by \$1,975,053 and long-term debt was increased by \$1,975,053.

NOTE 4 – CASH AND CASH EQUIVALENTS

The City’s cash and cash equivalents at June 30, 2023 are as follows:

State of Oregon Local Government Investment Pool	\$ 13,620,638
Cash held with County Treasurer	5,146
Deposits with financial institutions	188,487
Cash with fiscal agent	200,700
Cash on hand	<u>2,350</u>
Total cash and cash equivalents	<u>\$ 14,017,321</u>

The City maintains a pool of cash and cash equivalents that are available for use by all funds. Each fund’s portion of this pool is displayed on the financial statements as cash and cash equivalents. Interest earned on pooled cash and cash equivalents is allocated to participating funds based upon their combined cash and cash equivalents balances.

NOTE 4 – CASH AND CASH EQUIVALENTS (Continued)

Deposits with financial institutions

Custodial Credit Risk – Deposits: This is the risk that in the event of a bank failure, the City's deposits may not be returned. The Federal Depository Insurance Corporation (FDIC) provides insurance for the City's deposits with financial institutions up to \$250,000 each for the aggregate of all non-interest-bearing accounts and the aggregate of all interest-bearing accounts at each institution.

Deposits in excess of FDIC coverage with financial institutions participating in the Oregon Public Funds Collateralization Program are collateralized under the Public Funds Collateralization Program (PFCP) of the Oregon State Treasurer. The PFCP is a shared liability structure for participating financial institutions and is considered additional depository insurance as defined in GASB 40. Participating financial institutions are required to pledge securities, held by the Federal Home Loan Bank of Seattle in the name of the financial institution, with a value equal to at least 10%, with limited exceptions that may require up to 110%, of the amount of deposits of Oregon municipal corporations in excess of FDIC depository insurance. In the event of a failure of a participating financial institution the collective amount of all pledged securities under the PFCP are available to return the City's deposits. As of June 30, 2023, none of the City's deposits with financial institutions were exposed to custodial credit risk.

State of Oregon Local Government Investment Pool

Balances in the State of Oregon Local Government Investment Pool (LGIP) are stated at fair value. Fair value is determined at the quoted market price, if available; otherwise the fair value is estimated based on the amount at which the investment could be exchanged in a current transaction between willing parties, other than a forced liquidation sale.

The Oregon State Treasury administers the LGIP. The LGIP is an unrated, open-ended, no-load, diversified portfolio offered to any agency, political subdivision or public corporation of the state who by law is made the custodian of, or has control of, any fund. The LGIP is commingled with the State's short-term funds. To provide regulatory oversight, the Oregon Legislature established the Oregon Short-Term Fund Board and LGIP investments are approved by the Oregon Investment Council. The fair value of the City's position in the LGIP is the same as the value of the pool shares.

Credit Risk: Oregon statutes authorize the City to invest in obligations of the U. S. Treasury and U. S. agencies, bankers' acceptances, repurchase agreements, commercial paper rated A-1 by Standard & Poor's Corporation or P-1 by Moody's Commercial Paper Record, and the state treasurer's investment pool.

NOTE 4 – CASH AND CASH EQUIVALENTS (Continued)

Concentration of Credit Risk: The City does not have a formal policy that places a limit on the amount that may be invested in any one insurer. 100% of the City's investments are in the State of Oregon State and Local Investment Pool.

Interest Rate Risk: The City does not have a formal policy that limits investment maturities as a means of managing its exposure to fair-value losses arising from increases in interest rates.

Portfolio Credit Rating: The City does not have a formal policy that establishes a minimum average credit rating for its investment portfolio.

Custodial Credit Risk – Investments: This is the risk that, in the event of the failure of a counterparty, the City will not be able to recover the value of its investments that are in the possession of an outside party. The City does not have a policy which limits the amount of investments that can be held by counterparties.

NOTE 5 – INVESTMENT IN LAND FOR SALE

Through the MRC, the City holds land for sale which is reported at its estimated fair value measured using level 3 inputs.

NOTE 6 – NOTES RECEIVABLE

Through the MRC, the City has made grants and loans to improve and refurbish buildings for the benefit of businesses in the City. Notes receivable have been recorded to reflect the amount the property owners will repay under the program. Loans are repayable over a maximum of 120 months. The loans are secured by the improved property and are considered fully collectible.

CITY OF MADRAS
NOTES TO BASIC FINANCIAL STATEMENTS

NOTE 7 – CAPITAL ASSETS

Activity for the governmental activities for the year ended June 30, 2023 was as follows:

	Balances July 1, 2022	Additions	Deletions and Reclassification	Balances June 30, 2023
Capital assets not being depreciated				
Land	\$ 3,038,867	\$ -	\$ -	\$ 3,038,867
Construction in progress	<u>2,610,479</u>	<u>2,117,401</u>	<u>(259,700)</u>	<u>4,468,180</u>
Total capital assets not being depreciated	<u>5,649,346</u>	<u>2,117,401</u>	<u>(259,700)</u>	<u>7,507,047</u>
Capital assets being depreciated				
Land improvements	3,858,512	14,110	129,858	4,002,480
Buildings and improvements	8,342,580	40,594	(298,653)	8,084,521
Equipment	2,525,139	202,732	(163,522)	2,564,349
Infrastructure	<u>16,291,905</u>	<u>815,400</u>	<u>(2,909)</u>	<u>17,104,396</u>
Total capital assets being depreciated	<u>31,018,136</u>	<u>1,072,836</u>	<u>(335,226)</u>	<u>31,755,746</u>
Less accumulated depreciation for:				
Land improvements	1,835,768	164,746	(18,129)	1,982,385
Buildings and improvements	2,554,709	152,710	(92,804)	2,614,615
Equipment	2,018,805	122,478	(163,523)	1,977,760
Infrastructure	<u>4,009,580</u>	<u>368,731</u>	<u>(1,467)</u>	<u>4,376,844</u>
Total accumulated depreciation	<u>10,418,862</u>	<u>808,665</u>	<u>(275,923)</u>	<u>10,951,604</u>
Total capital assets being depreciated	<u>20,599,274</u>	<u>2,381,572</u>	<u>(319,003)</u>	<u>20,804,142</u>
Lease assets				
Right to Use - Equipment	<u>64,310</u>	<u>-</u>	<u>(64,310)</u>	<u>-</u>
Less accumulated amortization for:				
Right to Use - Equipment	<u>18,822</u>	<u>-</u>	<u>(18,822)</u>	<u>-</u>
Lease assets, net	<u>45,488</u>	<u>-</u>	<u>(45,488)</u>	<u>-</u>
Capital assets, net	<u>\$ 26,294,108</u>	<u>\$ 4,498,973</u>	<u>\$ (624,191)</u>	<u>\$ 28,311,189</u>

CITY OF MADRAS
NOTES TO BASIC FINANCIAL STATEMENTS

NOTE 7 – CAPITAL ASSETS (Continued)

Depreciation and amortization was charged to expense for the year ended June 30, 2023 as follows:

General government	\$ 131,062
Public safety	146,613
Highways and streets	456,598
Culture and recreation	<u>74,392</u>
	<u>\$ 808,665</u>

Activity for business-type activities for the year ended June 30, 2023 was as follows:

	Balances July 1, 2022	Additions	Reclassifications and Deletions	Balances June 30, 2023
Capital assets not being depreciated				
Land	\$ 1,727,177	\$ -	\$ -	\$ 1,727,177
Construction in progress	<u>123,595</u>	<u>2,759,744</u>	<u>(39,422)</u>	<u>2,843,917</u>
Total capital assets not being depreciated	<u>1,850,772</u>	<u>2,759,744</u>	<u>(39,422)</u>	<u>4,571,094</u>
Capital assets being depreciated				
Land improvements	132,765	-	39,442	\$ 172,207
Buildings and improvements	5,668,978	80,344	358,770	6,108,092
Equipment	1,432,243	-	163,522	1,595,765
Infrastructure	<u>50,960,899</u>	<u>777,504</u>	<u>35,830</u>	<u>51,774,233</u>
Total capital assets being depreciated	<u>58,194,885</u>	<u>857,848</u>	<u>597,564</u>	<u>59,650,297</u>
Less accumulated depreciation for:				
Land improvements	55,234	8,369	18,129	81,732
Buildings and improvements	1,473,949	104,689	92,805	1,671,443
Equipment	1,024,609	37,273	163,522	1,225,404
Infrastructure	<u>13,608,627</u>	<u>931,763</u>	<u>1,467</u>	<u>14,541,857</u>
Total accumulated depreciation	<u>16,162,419</u>	<u>1,082,094</u>	<u>275,923</u>	<u>17,520,436</u>
Total capital assets being depreciated	<u>42,032,466</u>	<u>(224,246)</u>	<u>282,219</u>	<u>42,129,861</u>
Lease assets				
Right to Use - Equipment	-	-	64,310	64,310
Less accumulated amortization for:				
Right to Use - Equipment	-	18,822	18,822	37,644
Lease assets, net	-	<u>(18,822)</u>	<u>45,488</u>	<u>26,666</u>
Capital assets, net	<u>\$ 43,883,238</u>	<u>\$ 2,516,676</u>	<u>\$ 288,285</u>	<u>\$ 46,727,621</u>

CITY OF MADRAS
NOTES TO BASIC FINANCIAL STATEMENTS

NOTE 7 – CAPITAL ASSETS (Continued)

Depreciation and amortization was charged to expense for the year ended June 30, 2023 as follows:

Water	\$	21,501
Wastewater		518,382
Golf course		11,107
Airport		<u>531,104</u>
	\$	<u>1,082,094</u>

NOTE 8 – LEASES

City as lessee

The City, as a lessee, has entered into lease agreements for the use of equipment. As of June 30, 2023, the total of the City's lease assets is recorded at a cost of \$64,310, less accumulated amortization of \$37,644.

As of June 30, 2023, the future lease payments under lease agreements are as follows:

Fiscal Year	Lease Liability	Interest Expense	Total
2024	\$ 19,186	\$ 511	\$ 19,697
2025	<u>8,151</u>	<u>56</u>	<u>8,207</u>
	<u>\$ 27,337</u>	<u>\$ 567</u>	<u>\$ 27,904</u>

City as lessor

The City, as a lessor, has entered into lease agreements involving an industrial site. The total amount of inflows of resources, including lease revenue, interest revenue, and other lease-related inflows recognized during the year ended June 30, 2023, was \$8,522.

CITY OF MADRAS
NOTES TO BASIC FINANCIAL STATEMENTS

NOTE 9 – UNAVAILABLE REVENUE

As of June 30, 2023, resources in the governmental funds, which are measurable but unavailable, consist of the following:

	Governmental Funds				
	Madras				
	Redevelopment				
	Commission				
	Transportation		Property Tax and		Total
	General	Operations	Debt Service	Nonmajor	
Property taxes	\$ 72,485	\$ -	\$ 29,731	\$ 5,182	\$ 107,398
Notes	-	-	-	466,960	466,960
Other	45,067	9,811	-	172,693	227,571
	<u>\$ 117,552</u>	<u>\$ 9,811</u>	<u>\$ 29,731</u>	<u>\$ 644,835</u>	<u>\$ 801,929</u>

NOTE 10 – SHORT-TERM DEBT OBLIGATIONS

Transactions for the governmental activities for the year ended June 30, 2023 were as follows:

	Outstanding July 1, 2022	Additions	Reductions	Outstanding June 30, 2023
MRC line of credit - Commercial	\$ 510,000	\$ 480,000	\$ 390,000	\$ 600,000
MRC line of credit - Housing	283,985	212,000	173,985	322,000
	<u>\$ 793,985</u>	<u>\$ 692,000</u>	<u>\$ 563,985</u>	<u>\$ 922,000</u>

MRC line of credit – Commercial

The maximum principal available is \$1,900,000, with variable interest only payments of prime minus 1% due monthly. A one-time payment of all outstanding principal plus accrued interest is due June 30, 2024.

MRC line of credit – Housing

The maximum principal available is \$1,000,000, with variable interest only payments of prime minus 1% due monthly. A one-time payment of all outstanding principal plus accrued interest at 3.00% is due June 30, 2024.

CITY OF MADRAS
NOTES TO BASIC FINANCIAL STATEMENTS

NOTE 11 – LONG-TERM OBLIGATIONS

Changes in governmental activities long-term obligations for the year ended June 30, 2023 were as follows:

	Outstanding July 1, 2022	Additions	Reductions	Outstanding June 30, 2023	Balances Due Within One Year
Long-term debt					
Bonded debt					
Series 2015	\$ 536,820	\$ -	\$ 43,050	\$ 493,770	\$ 40,845
Series 2017	2,645,000	-	215,000	2,430,000	220,000
Series 2021A	2,700,000	-	75,000	2,625,000	75,000
Bond premium	513,781	-	26,763	487,018	26,761
Direct borrowings and placements					
Leases	46,003	-	46,003	-	-
Oregon Department of Transportation	848,282	222,156	119,112	951,326	121,791
Total long-term debt obligations	7,289,886	222,156	524,928	6,987,114	484,397
Other long-term obligations					
Compensated absences	57,443	59,949	57,443	59,949	59,949
Net pension liability	2,015,421	432,135	-	2,447,556	-
Other postemployment benefit liability	897,166	-	74,287	822,879	-
Total long-term obligations	\$ 10,259,916	\$ 714,240	\$ 656,658	\$ 10,317,498	\$ 544,346

Changes in business-type activities long-term obligations for the year ended June 30, 2023 were as follows:

	Outstanding July 1, 2022 (restated)	Additions/ Reclassifications	Reductions	Outstanding June 30, 2023	Balances Due Within One Year
Long-term debt					
Bonded debt					
Series 2015	\$ 843,178	\$ -	\$ 61,950	\$ 781,228	\$ 64,155
Series 2021B	10,050,000	-	420,000	9,630,000	450,000
Bond premium	86,271	-	7,684	78,587	7,684
Direct borrowings and placements					
DEQ's Clean Water	118,647	-	8,920	109,727	9,165
Oregon DEQ R62372	563,445	-	17,674	545,771	17,923
Jefferson County	33,923	-	4,427	29,496	4,560
OBDD Pump Station Upgrade	611,495	-	14,189	597,306	14,570
Oregon DEQ R62373	501,088	-	7,323	493,765	14,755
Oregon DEQ R62374	862,470	-	431,235	431,235	12,825
Oregon DEQ R62375	-	791,334	-	791,334	-
Total long-term debt obligations	13,670,517	791,334	973,402	13,488,449	595,637
Other long-term obligations					
Leases	-	46,003	18,666	27,337	19,186
Compensated absences	-	3,659	-	3,659	3,659
Net pension liability	635,711	147,817	-	783,528	-
Other postemployment benefit liability	181,414	100,094	-	281,508	-
Total long-term obligations	\$ 14,487,642	\$ 1,088,907	\$ 992,068	\$ 14,584,481	\$ 618,482

CITY OF MADRAS
NOTES TO BASIC FINANCIAL STATEMENTS

NOTE 11 – LONG-TERM OBLIGATIONS (Continued)

Governmental activities long-term debt

Series 2015, Full Faith and Credit Obligation – The City borrowed \$805,230 to refund previously issued long-term debt obligations. Annual principal and interest payments are due in December. The payments range from \$22,757 to \$61,890 and include interest at rates of 1 to 4%. Annual interest only payments are due in June and range from \$467 to \$21,823.

Series 2017, Full Faith and Credit Obligation – the City borrowed \$3,145,000 to refund previously issued long-term debt obligations. Annual principal and interest payments are due in December. The payments range from \$73,050 to \$296,300 and include interest at rates of 3 to 4%. Annual interest only payments are due in June and range from \$225 to \$53,050.

Series 2021A, Full Faith and Credit Obligation – the City borrowed \$3,143,438 to refund previously issued long-term and short-term debt obligations. Annual principal payments are due in March. The payments range from \$60,000 to \$125,000 plus interest at a rate of 3%. Semiannual interest payments are due in March and September and range from \$1,800 to \$44,650. The City refunded debt to reduce its total debt service payments over the next 30 years by \$273,031 and to obtain an economic gain (difference between the present values of the debt service payments on the old debt and the new debt) of \$147,216.

Oregon Department of Transportation - The City entered into a \$2,233,420 loan agreement with the State of Oregon Department of Transportation to expand the Willow Creek Bridge. During fiscal year 2020, the City drew down \$106,190 of the loan. Annual principal and interest payments of \$70,060 are due in October and include interest at a rate of 1.99%.

The future maturities for governmental activities long-term debt obligations as of June 30, 2023 are as follows:

Fiscal Year	Full Faith and Credit Obligations Series 2015		Full Faith and Credit Obligations Series 2017		Full Faith and Credit Obligations Series 2021A	
	Principal	Interest	Principal	Interest	Principal	Interest
2024	\$ 40,845	\$ 18,390	\$ 220,000	\$ 79,200	\$ 75,000	\$ 87,050
2025	42,790	17,135	225,000	71,400	75,000	84,800
2026	44,735	15,599	235,000	62,200	85,000	82,550
2027	46,680	13,771	245,000	52,600	85,000	80,000
2028	44,735	11,942	255,000	42,600	85,000	74,900
2029-33	210,060	32,288	1,235,000	86,175	470,000	333,100
2034-38	63,925	4,046	15,000	225	550,000	255,400
2039-43	-	-	-	-	495,000	169,850
2044-48	-	-	-	-	360,000	99,200
2049-52	-	-	-	-	345,000	21,400
	<u>\$ 493,770</u>	<u>\$ 113,171</u>	<u>\$ 2,430,000</u>	<u>\$ 394,400</u>	<u>\$ 2,625,000</u>	<u>\$ 1,288,250</u>

CITY OF MADRAS
NOTES TO BASIC FINANCIAL STATEMENTS

NOTE 11 – LONG-TERM OBLIGATIONS (Continued)

Future maturities – governmental activities (continued)

Fiscal Year	Oregon Department of Transportation Loan		Totals	
	Principal	Interest	Principal	Interest
2024	\$ 121,791	\$ 18,328	\$ 457,636	\$ 202,968
2025	124,227	15,893	467,017	189,228
2026	126,711	13,408	491,446	173,757
2027	129,245	10,874	505,925	157,245
2028	131,830	8,289	516,565	137,731
2029-33	317,522	9,074	2,232,582	460,637
2034-38	-	-	628,925	259,671
2039-43	-	-	495,000	169,850
2044-48	-	-	360,000	99,200
2049-52	-	-	345,000	21,400
	<u>\$ 951,326</u>	<u>\$ 75,866</u>	<u>\$ 6,500,096</u>	<u>\$ 1,871,687</u>

Business-type activities long-term debt

Series 2015, Full Faith and Credit Obligation – The City borrowed \$1,264,770 to refund previously issued long-term debt obligations. Annual principal and interest payments are due in December. The payments range from \$35,743 to \$97,210 and include interest at rates of 1 to 4%. Annual interest only payments are due in June and range from \$733 to \$36,889.

Series 2021B, Full Faith and Credit Obligation – The City borrowed \$10,390,000 to refund previously issued long-term debt obligations. Annual principal payments are due in March. The payments range from \$340,000 to \$830,000 plus interest at rates of .321% to 2.051%. Semiannual interest payments are due in March and September and range from \$11,624 to \$106,126.

DEQ’s Clean Water Revolving Fund Loan Program – The City borrowed \$174,778 through DEQ’s clean water revolving fund loan program. Annual principal and interest payments are due in December in the amount of \$12,076 and include interest at 2.71%. Annual interest only payments are due in June and range from \$60 to \$4,687.

Oregon DEQ – The City borrowed \$1,115,000 from DEQ’s Clean Water State Revolving Fund. Upon completion of the project, DEQ forgave \$500,000 of the loan amount. Semiannual principal and interest payments range from \$12,778 to \$15,853 and include interest at 1.41%.

Jefferson County – The City received a \$65,000 loan from Jefferson County to fund the Berg Drive Extension to Cherry Lane. Annual principal and interest payments are due in February in the amount of \$5,445 and include interest at 3%. Annual interest only payments are due in August and range from \$159 to \$1,845.

CITY OF MADRAS
NOTES TO BASIC FINANCIAL STATEMENTS

NOTE 11 – LONG-TERM OBLIGATIONS (Continued)

Business-type activities long-term debt (continued)

Oregon Business Development Department (OBDD) – The City borrowed \$633,266 from the Business Oregon. Annual principal and interest payments are \$30,638 and include interest at 2.69%.

Oregon DEQ – The City borrowed \$1,001,088 from DEQ’s Clean Water State Revolving Fund. Upon completion of the project, DEQ forgave \$501,088 of the loan amount. Semiannual principal and interest payments range from \$9,829 to \$12,333 and include interest at 1.00%.

Oregon DEQ – The City borrowed \$862,470 from DEQ’s Clean Water State Revolving Fund. Upon completion of the project, DEQ forgave \$431,235 of the loan amount. Semiannual principal and interest payments range from \$8,339 to \$10,495 and include interest at 0.90%.

Oregon DEQ – The City borrowed \$791,334 from DEQ’s Clean Water State Revolving Fund. Upon completion of the project, it is expected that DEQ will forgive \$395,667 of the loan amount. No payments are due until the final loan amount is calculated.

The future maturities for business-type activities long-term debt obligations as of June 30, 2023 are as follows:

Fiscal Year	Full Faith and Credit Obligations Series 2015		Full Faith and Credit Obligations Series 2021B		DEQ's Clean Water Revolving Fund Loan Program	
	Principal	Interest	Principal	Interest	Principal	Interest
2024	\$ 64,155	\$ 28,885	\$ 450,000	\$ 210,357	\$ 9,165	\$ 2,911
2025	67,210	26,915	470,000	206,914	9,415	2,661
2026	70,265	24,501	500,000	202,026	9,671	2,405
2027	73,320	21,629	520,000	195,676	9,935	2,141
2028	70,265	18,758	550,000	187,840	10,207	1,869
2029-33	329,940	50,712	3,210,000	771,471	55,365	5,015
2034-38	106,073	6,354	3,930,000	331,570	5,969	81
2039-43	-	-	-	-	-	-
2044-48	-	-	-	-	-	-
2049-52	-	-	-	-	-	-
	<u>\$ 781,228</u>	<u>\$ 177,754</u>	<u>\$ 9,630,000</u>	<u>\$ 2,105,854</u>	<u>\$ 109,727</u>	<u>\$ 17,083</u>

CITY OF MADRAS
NOTES TO BASIC FINANCIAL STATEMENTS

NOTE 11 – LONG-TERM OBLIGATIONS (Continued)

Future maturities – business-type activities (continued)

Fiscal Year	Jefferson County					
	Oregon DEQ R62372		Berg Drive		OBDD Pump Station Upgrade	
	Principal	Interest	Principal	Interest	Principal	Interest
2024	\$ 17,923	\$ 10,362	\$ 4,560	\$ 885	\$ 14,570	\$ 16,068
2025	18,178	10,017	4,697	748	14,962	15,676
2026	18,435	9,669	4,838	607	15,365	15,273
2027	18,695	9,317	4,983	462	15,778	14,860
2028	18,960	8,959	5,132	313	16,203	14,435
2029-33	98,900	39,244	5,286	158	87,789	65,399
2034-38	106,098	29,503	-	-	100,250	52,940
2039-43	113,818	19,054	-	-	114,479	38,711
2044-48	122,103	7,843	-	-	130,728	22,462
2049-52	12,661	152	-	-	87,182	4,732
	<u>\$ 545,771</u>	<u>\$ 144,120</u>	<u>\$ 29,496</u>	<u>\$ 3,173</u>	<u>\$ 597,306</u>	<u>\$ 260,556</u>

Fiscal Year	Oregon DEQ R62373		Oregon DEQ R62374		Totals	
	Principal	Interest	Principal	Interest	Principal	Interest
2024	\$ 14,755	\$ 4,901	\$ 12,825	\$ 3,853	\$ 587,953	\$ 278,222
2025	14,903	4,753	12,941	3,737	612,306	271,421
2026	15,052	4,604	13,058	3,620	646,684	262,705
2027	15,204	4,452	13,176	3,502	671,091	252,039
2028	15,356	4,300	13,294	3,384	699,417	239,858
2029-33	79,119	19,161	68,294	15,096	3,934,693	966,256
2034-38	83,165	15,115	71,432	11,958	4,402,987	447,521
2039-43	87,420	10,860	74,711	8,679	390,428	77,304
2044-48	91,889	6,391	78,141	5,249	422,861	41,945
2049-52	76,902	1,741	73,363	1,659	250,108	8,284
	<u>\$ 493,765</u>	<u>\$ 76,278</u>	<u>\$ 431,235</u>	<u>\$ 60,737</u>	<u>\$ 12,618,528</u>	<u>\$ 2,845,555</u>

NOTE 11 – LONG-TERM OBLIGATIONS (Continued)

Advance Refunding

On October 12, 2021, the City issued \$10,390,000 of full faith and credit bonds with interest rates ranging from .3% to 2.8%. The proceeds were used to advance refund \$9,675,000 of outstanding 2013 full faith and credit bonds which had interest rates ranging from 2% to 4.125%. The net proceeds of \$10,244,816 (after payment of \$145,184 in underwriting fees and other issuance costs) were deposited in an irrevocable trust with an escrow agent to provide funds for the future debt service payment on the refunded bonds. As a result, the 2013 full faith and credit bonds are considered defeased and the liability for those bonds has been removed from the statement of net position. The reacquisition price exceeded the net carrying amount of the old debt by \$569,816. This amount is reported as a deferred outflow of resources and amortized over the remaining life of the refunding debt. The advance refunding reduced its total debt service payments by \$898,005 and to obtain an economic gain (difference between the present values of the debt service payments on the old and new debt) of \$755,914.

NOTE 12 – DEFINED BENEFIT PENSION PLAN

Plan description

Employees of the City are provided with pensions through the Oregon Public Employee Retirement Systems (OPERS).

The OPERS consists of a single cost-sharing multiple employer defined benefit pension plan. The Oregon Legislature has delegated the authority to the Public Employees Retirement Board to administer and manage the system.

Plan description (continued)

OPERS produces an independently audited Comprehensive Annual Financial Report which includes detailed information about the pension plan's fiduciary net position. The report can be found at: <https://www.oregon.gov/pers/Documents/Financials/ACFR/2022-Annual-Comprehensive-Financial-Report.pdf>.

Description of benefit terms

All benefits of the System are established by the legislature pursuant to ORS Chapters 238 and 238A.

Tier One/Tier Two retirement benefit (Chapter 238)

Tier One/Tier Two Retirement Benefit plan is closed to new members hired on or after August 29, 2003.

NOTE 12 – DEFINED BENEFIT PENSION PLAN (Continued)

Pension benefits

The OPERS retirement allowance is payable monthly for life. It may be selected from 13 retirement benefit options. These options include survivorship benefits and lump-sum refunds. The basic benefit is based on years of service and final average salary. A percentage (1.67% for general service employees and 2% for police and fire employees) is multiplied by the number of years of service and the final average salary. Benefits may also be calculated under either a formula plus annuity (for members who were contributing before August 21, 1981) or a money match computation if a greater benefit results.

A member is considered vested and will be eligible at minimum retirement age for a service retirement allowance if he or she has had a contribution in each of five calendar years or has reached at least 50 years of age before ceasing employment with a participating employer (age 45 for police and fire members). General service employees may retire after reaching age 55, and police and fire members after age 50. Tier 1 general service employee benefits are reduced if retirement occurs prior to age 58 with fewer than 30 years of service. Tier 2 members are eligible for full benefits at age 60.

Death benefits

Upon the death of a non-retired member, the beneficiary receives a lump-sum refund of the member's account balance (accumulated contributions and interest). In addition, the beneficiary will receive a lump-sum payment from employer funds equal to the account balance, provided one or more of the following conditions are met:

- the member was employed by an OPERS employer at the time of death,
- the member died within 120 days after termination of OPERS-covered employment,
- the member died as a result of injury sustained while employed in an OPERS covered job, or
- the member was on an official leave of absence from an OPERS-covered job at the time of death.

Disability benefits

A member with 10 or more years of creditable service who becomes disabled from other than duty-connected causes may receive a non-duty disability benefit. A disability resulting from a job-incurred injury or illness qualifies a member (including OPERS judge members) for disability benefits regardless of the length of OPERS-covered service. Upon qualifying for either a non-duty or duty disability, service time is computed to age 58 when determining the monthly benefit.

Benefit changes after retirement

Members may choose to continue participation in a variable equities investment account after retiring and may experience annual benefit fluctuations due to changes in the market value of equity investments. Under ORS 238.360 monthly benefits are adjusted annually through cost-of-living changes.

NOTE 12 – DEFINED BENEFIT PENSION PLAN (Continued)

Oregon Public Service Retirement Plan (Chapter 238A) (OPSRP)

The OPSRP pension program provides benefits to members hired on or after August 29, 2003.

Pension benefits

This portion of OPSRP provides a life pension funded by employer contributions. Benefits are calculated with the following formula for members who attain normal retirement age:

General service: 1.5% is multiplied by the number of years of service and the final average salary. Normal retirement age for general service members is age 65, or age 58 with 30 years of retirement credit.

Police and fire: 1.8% is multiplied by the number of years of service and the final average salary. Normal retirement age for general service members is age 60, or age 53 with 25 years of retirement credit.

A member of the OPSRP pension program becomes vested on the earliest of the following dates: the date the member completes 600 hours of service in each of five calendar years, the date the member reaches normal retirement age, and, if the pension program is terminated, the date on which termination becomes effective.

Death benefits

Upon the death of a non-retired member, the spouse or other person who is constitutionally required to be treated in the same manner as the spouse, receives for life 50% of the pension that would otherwise have been paid to the deceased member.

Disability benefits

A member who has accrued 10 or more years of retirement credits before the member becomes disabled or a member who becomes disabled due to job-related injury shall receive a disability benefit of 45% of the member's salary determined as of the last full month of employment before the disability occurred.

Description of benefit terms

Benefit changes after retirement

Under ORS 238A.210 monthly benefits are adjusted annually through cost-of-living changes.

Contributions

OPERS funding policy provides for periodic member and employer contributions at actuarial determined rates, subject to limits set in statute. These contributions, expressed as a percentage of covered payroll, are intended to accumulate sufficient assets to pay benefits when due. Employer contribution rates during the period were based on the December 31, 2019 actuarial valuation.

NOTE 12 – DEFINED BENEFIT PENSION PLAN (Continued)

Tier One/Tier Two employer contribution rates are 26.62% and the OPSRP employer contribution rates are 19.23% for general service employees and 23.59% for police and fire employees. In 2022, the City funded a side account totaling \$500,000, with a match of \$37,500 from the State's Employer Incentive Fund, to reduce future required contributions. The side account will be amortized over a 20 year period. Employer contributions for the year ended June 30, 2023 were \$592,019.

Net pension liability, pension expense and deferred outflows of resources and deferred inflows of resources related to pensions

Net pension liability

At June 30, 2023, the City reported a liability of \$3,231,084 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2022, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of December 31, 2020. The City's proportion of the net pension liability was based on a projection of the City's long-term share of contributions to the pension plan relative to the projected contributions of all participating employers, actuarially determined.

Employers' long-term contribution efforts are based on projected rates that have two major components:

Normal Cost Rate: The PVFNC represents the portion of the projected long-term contribution effort related to future service. An employer's PVFNC depends on both the normal cost rates charged on the employer's payrolls, and on the underlying demographics of the respective payrolls. For OPERS funding, employers have up to three different payrolls, each with a different normal cost rate: (1) Tier One/Tier Two payroll, (2) OPSRP general service payroll, and (3) OPSRP police and fire payroll.

UAL Rate: A UAL can arise when an event such as experience differing from the assumptions used in the actuarial valuation occurs. An amortization schedule is established to eliminate the UAL that arises over a fixed period of time if future experience follows assumption. The UAL Rate is the upcoming year's component of the cumulative amortization schedules, stated as a percent of payroll. The UAL represents the portion of the projected long-term contribution effort related to past service.

After the employer's projected long-term contribution effort is calculated, that amount is reduced by the value of the employer's supplemental lump-sum payments, known as side accounts, transition surpluses and pre-SLGRP (State and Local Government Rate Pool) surpluses as of the valuation date. Side accounts decrease the employer's projected long-term contribution effort because side accounts are effectively prepaid contributions.

NOTE 12 – DEFINED BENEFIT PENSION PLAN (Continued)

At June 30, 2022, the City's proportion was 0.02110164%, which was a decrease of 0.00105301% from its proportion measured as of June 30, 2021.

Pension expense

For the year ended June 30, 2023, the City recognized pension expense of \$515,021.

Deferred inflows of resources and deferred outflows of resources

Deferred inflows of resources and deferred outflows of resources are calculated at the plan level and are allocated to employers based on their proportionate share. For the measurement period ended June 30, 2022, employers will report the following deferred inflows or resources and/or deferred outflows of resources:

- Difference between expected and actual experience
- Changes in assumptions
- Net differences between projected and actual investment earnings
- Changes in employer proportion since the prior measurement date
- Differences between employer contributions and employer's proportionate share of system contributions
- Contributions subsequent to the measurement date

Differences between expected and actual experience, changes in assumptions and changes in employer proportionate are amortized over the average remaining service lives of all plan participants, including retirees, determined at the beginning of the respective measurement period. Employers are required to recognize pension expense based on the balance of the closed period "layers" attributable to each measurement period. The average remaining service lives determined as of the beginning of each measurement period are:

- Fiscal Year ended June 30, 2022 - 5.5 years
- Fiscal Year ended June 30, 2021 - 5.4 years
- Fiscal Year ended June 30, 2020 - 5.3 years
- Fiscal Year ended June 30, 2019 - 5.2 years
- Fiscal Year ended June 30, 2018 - 5.2 years
- Fiscal Year ended June 30, 2017 - 5.3 years
- Fiscal Year ended June 30, 2016 - 5.3 years
- Fiscal Year ended June 30, 2015 - 5.4 years
- Fiscal Year ended June 30, 2014 - 5.6 years

CITY OF MADRAS
NOTES TO BASIC FINANCIAL STATEMENTS

NOTE 12 – DEFINED BENEFIT PENSION PLAN (Continued)

Pension expense (continued)

The net difference between projected and actual investment earnings attributable to each measurement period is amortized over a closed five-year period.

Net pension liability, pension expense and deferred outflows of resources and deferred inflows of resources related to pensions (continued)

At June 30, 2023, the City reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Difference between expected and actual experience	\$ 156,843	\$ 20,150
Changes of assumptions	506,975	4,632
Net difference between projected and actual earnings on pension plan investments	–	577,656
Changes in proportionate share	183,688	243,226
Difference between contributions and proportionate share of system contributions	132,490	35,887
Contributions subsequent to the measurement date	<u>592,019</u>	<u>–</u>
Total	<u>\$ 1,572,015</u>	<u>\$ 881,551</u>

Deferred outflows of resources related to pensions resulting from the City's contributions subsequent to the measurement in the amount of \$592,019 will be recognized as a reduction of the net pension liability in the year ending June 30, 2024. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Years ending June 30,	
2024	\$ 75,094
2025	(53,643)
2026	(217,832)
2027	289,390
2028	<u>5,436</u>
Total	<u>\$ 98,445</u>

NOTE 12 – DEFINED BENEFIT PENSION PLAN (Continued)

Actuarial methods and assumptions used in developing contribution rates and total pension liability

The total pension liability measured as of June 30, 2022 was based on an actuarial valuation as of December 31, 2020 using the following methods and assumptions:

Experience study report	2020, published July 20, 2021
Actuarial cost method	Entry age normal
Inflation rate	2.4%
Long-term expected rate of return	6.9%
Discount rate	6.9%
Administrative expenses – Tier One/Tier Two	\$40.9 million per year added to normal cost
Administrative expenses – OPSRP	\$8 million per year added to normal cost
Projected salary increases	3.4%
Cost of living adjustments (COLA)	Blend of 2% COLA and graded COLA (1.25%/ .015) in accordance with <i>Moro</i> decision; blend based on service
Mortality	<p>Healthy retirees and beneficiaries: Pub-2010 Health Retiree, sex distinct, generational with Unisex, Social Security Data Scale, with job category adjustments and set-backs as described in the valuation.</p> <p>Active members: Pub-2010 employee, sex distinct, generational with Unisex, Social Security Data Scale, with job category adjustments and set-backs as described in the valuation.</p> <p>Disabled retirees: Pub-2010 Disabled Retiree, sex distinct, generational with Unisex, Social Security Data Scale, with job category adjustments and set-backs as described in the valuation.</p>

NOTE 12 – DEFINED BENEFIT PENSION PLAN (Continued)

Actuarial methods and assumptions used in developing contribution rates and total pension liability (continued)

Actuarial valuations of an ongoing plan involve estimates of the value of projected benefits and assumptions about the probability of events far into the future. Actuarially determined amounts are subject to continual revision as actual results are compared to past expectations and new estimates are made about the future. Experience studies are performed as of December 31 of even numbered years. The methods and assumptions shown above are based on the 2020 Experience Study which reviewed experience for the four-year period ending on December 31, 2020.

UAL amortization

The Tier 1/Tier 2 UAL amortization period was reset to 20 years as of December 31, 2013. Gains and losses between subsequent odd-year valuations will be amortized as a level percentage of projected combined valuation payroll (Tier 1/ Tier 2 plus OPSRP payroll) over a closed 20-year period from the valuation in which they are first recognized. Senate Bill 1049 was signed into law in June 2019 and requires a one-time re-amortization of Tier1/Tier2 UAL over a closed 22 year period at the December 31, 2019 rate-setting actuarial valuation, which will set actuarially determined contribution rates for the 2021-2023 biennium.

The OPSRP UAL as of December 31, 2007 is amortized as a level percentage of projected combined valuation payroll (Tier 1/ Tier 2 plus OPSRP payroll) over a closed period 16 year period. Gains and losses between subsequent odd-year valuations are amortized as a level percentage of combined valuation payroll over 16 years from the valuation in which they are first recognized.

Discount rate

The discount rate used to measure the total pension liability was 6.9%, no change from the prior fiscal year. The projection of cash flows used to determine the discount rate assumed that contributions from plan members and those of the contributing employers are made at the contractually required rates, as actuarially determined. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

NOTE 12 – DEFINED BENEFIT PENSION PLAN (Continued)

Assumed asset allocation

<u>Asset Class</u>	<u>Target Allocation</u>
Cash	0.00%
Debt securities	20.00%
Public equity	30.00%
Private equity	20.00%
Real estate	12.50%
Real assets	7.50%
Diversifying strategies	7.50%
Risk parity	2.50%
Total	100.00%

Long-term expected rate of return

To develop an analytical basis for the selection of the long-term expected rate of return assumption, in June 2021 the PERS Board reviewed long-term assumptions developed by both the actuary’s capital market assumptions team and the Oregon Investment Council’s (OIC) investment advisors. Each asset class assumption is based on a consistent set of underlying assumptions and includes adjustment for the inflation assumption. These assumptions are not based on historical returns, but instead are based on forward-looking capital market economic model.

CITY OF MADRAS
NOTES TO BASIC FINANCIAL STATEMENTS

NOTE 12 – DEFINED BENEFIT PENSION PLAN (Continued)

Actuarial methods and assumptions used in developing contribution rates and total pension liability (continued)

Long-Term Expected Rate of Return¹

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Annual Arithmetic Return²</u>	<u>20-Year Annualized Geometric Mean</u>	<u>Annual Standard Deviation</u>
Global Equity	30.62%	7.11%	5.85%	17.05%
Private Equity	25.50	11.35	7.71	30.00
Core Fixed Income	23.75	2.80	2.73	3.85
Real Estate	12.25	6.29	5.66	12.00
Master Limited Partnerships	0.75	7.65	5.71	21.30
Infrastructure	1.50	7.24	6.26	15.00
Commodities	0.63	4.68	3.10	18.85
Hedge Fund of Funds – Multistrategy	1.25	5.42	5.11	8.45
Hedge Fund Equity – Hedge	0.63	5.85	5.31	11.05
Hedge Fund – Macro	5.62	5.33	5.06	7.90
US Cash	-2.50 ³	1.77	1.76	1.20
Assumed Inflation – Mean			2.40%	1.65%

¹Based on the OIC Statement of Investment Objectives and Policy Framework for the Oregon Public Employees Retirement Fund, including revisions adopted at the OIC meeting on June 2, 2021.

²The arithmetic mean is a component that goes into calculating the geometric mean. Expected rates of return are presented using the geometric mean, which the Board uses in setting the discount rate.

³Negative allocation to cash represents levered exposure from allocation to Risk Parity strategy.

Depletion date projection

GASB 68 generally requires that a blended discount rate be used to measure the Total Pension Liability (the Actuarial Accrued Liability calculated using the Individual Entry Age Normal Cost Method). The long-term expected return on plan investments may be used to discount liabilities to the extent that the plan’s fiduciary net position (fair market value of assets) is projected to cover benefit payments and administrative expenses. A 20-year high quality (AA/Aa or higher) municipal bond rate must be used for periods where the fiduciary net position is not projected to cover benefit payments and administrative expenses. Determining the discount rate under GASB 68 will often require that the actuary perform complex projections of future benefit payments and asset values. GASB 68 (paragraph 67) does allow for alternative evaluations of projected solvency, if such evaluation can reliably be made. GASB does not contemplate a specific method for making an alternative evaluation of sufficiency; it is left to professional judgment.

NOTE 12 – DEFINED BENEFIT PENSION PLAN (Continued)

The following circumstances justify an alternative evaluation of sufficiency for OPERS:

- OPERS has a formal written policy to calculate an Actuarially Determined Contribution (ADC), which is articulated in the actuarial valuation report.
- The ADC is based on a closed, layered amortization period, which means that payment of the full ADC each year will bring the plan to a 100% funded position by the end of the amortization period if future experience follows assumption.
- GASB 68 specifies that the projections regarding future solvency assume that plan assets earn the assumed rate of return and there are no future changes in the plan provisions or actuarial methods and assumptions, which means that the projections would not reflect any adverse future experience which might impact the plan’s funded position.

Based on these circumstances, it is OPERS independent actuary’s opinion that the detailed depletion date projections outlined in GASB 68 would clearly indicate that the fiduciary net position is always projected to be sufficient to cover benefit payments and administrative expenses.

Changes in actuarial methods and assumptions

There have been no changes in actuarial methods or assumptions since the December 31, 2020 valuation used for determining the collective net pension liability that are expected to have a significant effect on the City’s proportionate share of the collective net pension liability.

Sensitivity of the proportionate share of the net pension liability to changes in the discount rate

The following presents the proportionate share of the net pension liability calculated using the discount rate of 6.9%, as well as what the proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (5.9%) or 1-percentage-point higher (7.9%) than the current rate:

	1 Percentage Point Lower	Current Discount Rate	1 Percentage Point Higher
Proportionate share of net pension liability	\$ 5,730,049	\$ 3,231,084	\$ 1,139,567

NOTE 13 – DEFINED CONTRIBUTION PLAN

Plan description

Individual account program (IAP) - Participants in OPERS defined benefit pension plan also participate in the defined contribution plan.

Pension benefits

An IAP member becomes vested on the date the employee account is established or on the date the rollover account was established. If the employer makes optional employer contributions for a member, the member becomes vested on the earliest of the following dates: the date the member completes 600 hours of service in each of five calendar years, the date the member reaches normal retirement age, the date the IAP is terminated, the date the active member becomes disabled, or the date the active member dies.

Upon retirement, a member of the IAP may receive the amounts in his or her employee account, rollover account, and vested employer account as a lump-sum payment or in equal installments over a 5-, 10-, 15-, 20-year period or an anticipated life span option. Each distribution option has a \$200 minimum distribution limit.

Death benefits

Upon the death of a non-retired member, the beneficiary receives in a lump sum the member's account balance, rollover account balance, and vested employer optional contribution account balance. If a retired member dies before the installment payments are completed, the beneficiary may receive the remaining installment payments or choose a lump-sum payment.

Contributions

Starting July 1, 2020, Senate Bill 1049 required a portion of member contributions to their IAP accounts to be redirected to the Defined Benefit Pension Plan. If the member earns more than \$2,500 per month (increased to \$2,535 per month on January 1, 2021) 0.75 percent (if OPSRP member) or 2.5 percent (if Tier One/Tier Two member) of the member's contributions that were previously contributed to the member's IAP now fund the new Employee Pension Stability Accounts (EPSA). The EPSA accounts will be used to fund the cost of future pension benefits without changing those benefits, which means reduced contributions to the member's IAP account. Members may elect to make voluntary IAP contributions equal to the amount redirected.

The City makes the employee contributions of 6% of covered payroll to the plan. Contributions for the year ended June 30, 2023 were \$144,699.

Recordkeeping

PERS contracts with VOYA Financial to maintain IAP participant records.

NOTE 14 – OTHER POSTEMPLOYMENT BENEFIT PLANS

City of Madras Other Postemployment Benefit Plan

Plan description

The City provides other postemployment benefits (OPEB) for employees, retirees, spouses and dependents through a single employer defined benefit plan in the form of group health insurance benefits. As required by ORS 243.303(2), retirees who were hired after July 1, 2003 are allowed to continue, at the retirees' expense, coverage under the group health insurance plan until age 65. The difference between the premium actually paid by the retirees under the group insurance plan and the premium that they would pay if they were not included in the plan is considered to be an implicit subsidy under the provisions of GASB 75. The plan does not issue a separate stand-alone financial report.

The City also provides explicit healthcare benefits to certain retirees meeting eligibility requirements of the plan. This includes retirees hired prior to March 11, 2014 who retire from active service with at least 20 years, and who are eligible to receive a pension from Oregon PERS. These retirees may continue coverage through the City's benefit plan through age 65, with the City paying the employee only premium at the same rate as active employees. The City also makes contributions to retirees' Health Savings Accounts in the same amount as those made for active employees.

Plan membership

As of the July 1, 2022 valuation, there were 32 active employees, 4 eligible retirees, and no spouses of ineligible retirees for a total of 36 plan members.

Contributions

The City funds the plan only to the extent of current year insurance premium requirements on a pay-as-you-go basis. The average monthly premium requirement for the City per individual is \$634 per retiree and \$690 per spouse.

Total OPEB liability, changes in total OPEB liability, OPEB expense, deferred outflows of resources and deferred inflows of resources related to OPEB

At June 30, 2023, the City reported a total OPEB liability of \$1,104,387. The total OPEB liability was measured as of June 30, 2022 and determined by an actuarial valuation dated July 1, 2022.

CITY OF MADRAS
NOTES TO BASIC FINANCIAL STATEMENTS

NOTE 14 – OTHER POSTEMPLOYMENT BENEFIT PLANS (Continued)

Total OPEB liability, changes in total OPEB liability, OPEB expense, deferred outflows of resources and deferred inflows of resources related to OPEB (continued)

For the year ended June 30, 2023 changes in the total OPEB liability are as follows:

	Total OPEB Liability
Balances at June 30, 2021	\$ 1,078,580
Changes for the year:	
Service cost	50,060
Interest	23,552
Economic/demographic gains or losses	(9,312)
Changes in assumptions or other inputs	38,483
Benefit payments	(76,976)
 Balances at June 30, 2022	 \$ 1,104,387

For the year ended June 30, 2023, the City recognized OPEB expense of \$138,356. At June 30, 2023, the City reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 26,713	\$ 15,639
Changes of assumptions	55,071	122,549
City's contributions subsequent to the measurement date	75,158	-
 Total	 \$ 156,942	 \$ 138,188

Deferred outflows of resources related to OPEB resulting from the City's contributions subsequent to the measurement date in the amount of \$75,158 will be recognized as an adjustment to the Total OPEB liability in the year ending June 30, 2024.

CITY OF MADRAS
NOTES TO BASIC FINANCIAL STATEMENTS

NOTE 14 – OTHER POSTEMPLOYMENT BENEFIT PLANS (Continued)

Total OPEB liability, changes in total OPEB liability, OPEB expense, deferred outflows of resources and deferred inflows of resources related to OPEB (continued)

Other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

Years ending June 30,	
2023	\$ (16,993)
2024	(16,993)
2025	(16,993)
2026	(14,855)
2027	(693)
Thereafter	<u>10,123</u>
	<u>\$ (56,404)</u>

Actuarial valuation

The City's contributions are based on the accruing benefit costs measured using the individual entry age normal actuarial cost method. The present value of benefits is allocated over the service for each active employee from their date of hire to their expected retirement age, as a level percent of the employee's pay. This level percent times pay is referred to as the service cost and is that portion of the present value of benefits attributable to an employee's service in a current year. The service cost equals \$0 for retired members. The total OPEB liability is the present value of benefits less the actuarial present value of future normal costs and represents the liabilities allocated to service up to the valuation date. For retirees, the total OPEB liability is equal to the present value of benefits.

Actuarial methods and assumptions used in developing total OPEB liability

Valuation Date	July 1, 2022
Actuarial Cost Method	Entry Age Normal, Level Percent of Pay
Actuarial Assumptions:	
Inflation Rate	2.4%
Projected Salary Increases	3.4%
Mortality	Pub-2010 General and Safety Employee and Healthy Retiree tables, sex distinct for members and dependents, with a one-year setback for male general service employees and female safety employees
Election and Lapse Rates	35% of eligible employees. 60% of male members and 35% of female members will elect spouse coverage. 5% annual lapse rate

CITY OF MADRAS
NOTES TO BASIC FINANCIAL STATEMENTS

NOTE 14 – OTHER POSTEMPLOYMENT BENEFIT PLANS (Continued)

Actuarial valuations of an ongoing plan involve estimates of the value of projected benefits and assumptions about the probability of events far into the future. Actuarially determined amounts are subject to continual revision as actual results are compared to past expectations and new estimates are made about the future.

Discount rate

The discount rate used to measure the total OPEB liability was 3.54%. The discount rate is based on the Bond Buyer 20-year General Obligation Bond Index. The discount rate at the prior measurement date was 2.16%.

Healthcare cost trend rate

The assumed healthcare cost trend for medical and vision costs is as follows:

<u>Year</u>	<u>Pre-65 Trend</u>
2022	4.25%
2023	6.75%
2024	6.50%
2025	6.00%
2026	5.25%
2027	5.00%
2028 - 2029	4.75%
2030	4.50%
2031 - 2065	4.25%
2066 - 2071	4.00%
2072+	3.75%

Dental costs are assumed to decrease 1.75% for 2020 and increase 4% per year until 2072, then 3.75% thereafter.

Sensitivity of the City's total OPEB liability to changes in the discount and healthcare cost trend rates

The following presents the City's total OPEB liability calculated using the discount rate of 3.54%, as well as what the City's total OPEB liability would be if it were calculated using a discount rate that is 1-percentage-point lower (2.54%) or 1-percentage-point higher (4.54%) than the current rate. A similar sensitivity analysis is then presented for changes in the healthcare cost trend assumption.

	<u>1 Percentage Point Lower</u>	<u>Current Discount Rate</u>	<u>1 Percentage Point Higher</u>
City's total OPEB liability	\$ 1,196,823	\$ 1,104,387	\$ 1,019,185

CITY OF MADRAS
NOTES TO BASIC FINANCIAL STATEMENTS

NOTE 14 – OTHER POSTEMPLOYMENT BENEFIT PLANS (Continued)

Sensitivity of the City's total OPEB liability to changes in the discount and healthcare cost trend rates – (continued)

	1 Percentage Point Lower		Current Trend Rate		1 Percentage Point Higher
City's total OPEB liability	\$	995,179	\$	1,104,387	\$ 1,232,864

Changes since prior valuation

Discount rates were updated to reflect the requirement of GASB 75 as well as economic conditions as of the measurement dates.

Expected claims and premiums were updated to reflect changes in available benefits and premium levels. Expected retiree and dependent costs were updated to reflect current health cost guidelines.

The health care cost trend was updated to reflect changes in current premium levels as well as future expected economic and regulatory conditions.

The mortality, withdrawal and retirement rates were updated to reflect assumptions used in the Oregon PERS December 31, 2020 actuarial valuation.

In the prior valuation, 40% of members not eligible for explicit benefits were assumed to elect coverage upon retirement.

Oregon Public Employees Retirement System Retirement Health Insurance Account

Plan description

The City contributes to the Oregon PERS Retirement Health Insurance Account (RHIA) for each of its eligible employees. The RHIA is a cost-sharing multiple-employer defined benefit other postemployment benefit plan administered by PERS. Contributions are mandatory for each employer that is a member of PERS.

The Oregon Legislature has delegated the authority to the Public Employees Retirement Board to administer and manage the system.

OPERS produces an independently audited Comprehensive Annual Financial Report which includes detailed information about the plan's fiduciary net position. The report can be found at: oregon.gov/pers/Documents/Financials/ACFR/2022-Annual-Comprehensive-Financial-Report.pdf

Description of benefit terms

All benefits of the System are established by the legislature pursuant to Oregon Revised Statutes Chapters 238 and 238A.

NOTE 14 – OTHER POSTEMPLOYMENT BENEFIT PLANS (Continued)

The RHIA is closed to new members hired on or after August 29, 2003.

Other Postemployment Healthcare benefits

Eligible retired members receive a monthly healthcare benefit for life up to \$60 toward the monthly cost health insurance.

To be eligible, the member must:

1. Have eight years or more of qualifying service in PERS at the time of retirement or receive a disability allowance as if the member had eight years or more of creditable service in PERS
2. Receive both Medicare Parts A and B coverage
3. Enroll in a PERS-sponsored health plan

Surviving spouse or dependent benefits

A surviving spouse or dependent of a deceased retiree who was eligible to receive the subsidy is eligible to receive the subsidy if he or she is receiving a retirement benefit or allowance from PERS or was insured at the time the member died and the member retired before May 1, 1991.

Contributions

OPERS funding policy provides for periodic member and employer contributions at the rates established by the Public Employees Retirement Board, subject to limits set in statute. These contributions, expressed as a percentage of covered payroll, are intended to accumulate sufficient assets to pay benefits when due. Employer contribution rates during the period were based on the December 31, 2019 actuarial valuation.

The City contributed 0.06% of PERS-covered salaries for Tier 1 and Tier 2 members to fund the normal cost portion of RHIA benefits. Since the funded status of the RHIA UAL is in excess of 100%, no contributions were required to fund the RHIA UAL. For the year ended June 30, 2023, the City made contributions in the amount of \$305 to the RHIA.

Net OPEB liability/(asset), pension expense and deferred outflows of resources and deferred inflows of resources related to other postemployment benefits

At June 30, 2023, the City reported an (asset) of (\$51,631) for its proportionate share of the net OPEB liability/(asset). The net OPEB liability/(asset) was measured as of June 30, 2022, and the total OPEB liability used to calculate the net OPEB liability/(asset) was determined by an actuarial valuation as of December 31, 2020. The City's proportion of the net OPEB liability/(asset) was based on its actual, legally required contributions made during the fiscal year with the total actual contributions of all employers during the fiscal year.

At June 30, 2022, the City's proportion was 0.01453026%, which was an increase of 0.00016952% from its proportion measured as of June 30, 2021.

OPEB expense

For the year ended June 30, 2023, the City recognized a credit to OPEB expense of \$5,121.

CITY OF MADRAS
NOTES TO BASIC FINANCIAL STATEMENTS

NOTE 14 – OTHER POSTEMPLOYMENT BENEFIT PLANS (Continued)

Deferred inflows of resources and deferred outflows of resources

Deferred inflows of resources and deferred outflows of resources are calculated at the plan level and are allocated to employers based on their proportionate share. For the measurement period ended June 30, 2022, employers will report the following deferred inflows or resources and/or deferred outflows of resources:

- Difference between expected and actual experience
- Changes in assumptions
- Changes in employer proportion since the prior measurement date
- Net difference between projected and actual investment earnings
- Contributions subsequent to the measurement date

Differences between expected and actual experience, changes in assumptions and changes in employer proportionate are amortized over the average remaining service lives of all plan participants, including retirees, determined at the beginning of the respective measurement period. Employers are required to recognize OPEB expense based on the balance of the closed period “layers” attributable to each measurement period. The average remaining service lives determined as of the beginning of each measurement period are described below:

- Fiscal Year ended June 30, 2022 – 2.5 years
- Fiscal Year ended June 30, 2021 – 2.7 years
- Fiscal Year ended June 30, 2020 – 2.9 years
- Fiscal Year ended June 30, 2019 – 3.1 years
- Fiscal Year ended June 30, 2018 – 3.3 years
- Fiscal Year ended June 30, 2017 – 3.7 years

The net difference between projected and actual investment earnings attributable to each measurement period is amortized over a closed five-year period.

At June 30, 2023, the City reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference between expected and actual experience	\$ –	\$ 1,399
Changes of assumptions	404	1,721
Net difference between projected and actual earnings on pension plan investments	–	3,938
Changes in proportionate share	850	258
Contributions subsequent to the measurement date	305	–
Total	\$ 1,559	\$ 7,316

NOTE 14 – OTHER POSTEMPLOYMENT BENEFIT PLANS (Continued)

Net OPEB liability/(asset), pension expense and deferred outflows of resources and deferred inflows of resources related to other postemployment benefits (continued)

Deferred outflows of resources related to OPEB resulting from the City's contributions subsequent to the measurement date in the amount of \$305 will be recognized as an adjustment to the net OPEB (asset)/liability in the years ending June 30, 2024. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

Year ends June 30,	
2023	\$ (2,355)
2024	(2,483)
2025	(2,485)
2026	1,261
2027	<u> —</u>
Total	<u>\$ (6,062)</u>

Actuarial methods and assumptions used in developing total OPEB liability

Except as identified below, actuarial methods and assumptions used in developing the total OPEB liability are the same as those used to develop the total PERS pension liability as discussed in Note 11.

Retiree healthcare participation

Healthy retirees are assumed to participate 32% of the time while disabled retirees are assumed to participate 20% of the time.

Healthcare cost trend rate

A healthcare cost trend rate is not utilized in the actuarial valuation as statute stipulates a \$60 monthly payment to retirees for health insurance.

Depletion date projection

GASB 75 generally requires that a blended discount rate be used to measure the Total OPEB Liability (the Actuarial Accrued Liability calculated using the Individual Entry Age Normal Cost Method). The long-term expected return on plan investments may be used to discount liabilities to the extent that the plan's fiduciary net position (fair market value of assets) is projected to cover benefit payments and administrative expenses. A 20-year high quality (AA/Aa or higher) municipal bond rate must be used for periods where the fiduciary net position is not projected to cover benefit payments and administrative expenses. Determining the discount rate under GASB 75 will often require that the actuary perform complex projections of future benefit payments and asset values. GASB 75 (paragraph 82) does allow for alternative evaluations of projected solvency, if such evaluation can reliably be made. GASB does not contemplate a specific method for making an alternative evaluation of sufficiency; it is left to professional judgment.

NOTE 14 – OTHER POSTEMPLOYMENT BENEFIT PLANS (Continued)

The following circumstances justify an alternative evaluation of sufficiency for Oregon PERS (OPERS):

- OPERS has a formal written policy to calculate an Actuarially Determined Contribution (ADC), which is articulated in the actuarial valuation report.
- The ADC is based on a closed, layered amortization period, which means that payment of the full ADC each year will bring the plan to a 100 percent funded position by the end of the amortization period if future experience follows assumption.
- GASB 75 specifies that the projections regarding future solvency assume that plan assets earn the assumed rate of return and there are no future changes in the plan provisions or actuarial methods and assumptions, which means that the projections would not reflect any adverse future experience which might impact the plan’s funded position.

Based on these circumstances, it is OPERS independent actuary’s opinion that the detailed depletion date projections outlined in GASB 75 would clearly indicate that the fiduciary net position is always projected to be sufficient to cover benefit payments and administrative expenses.

Sensitivity of the proportionate share of the net OPEB liability/(asset) to changes in the discount rate

The following presents the proportionate share of the net OPEB liability/(asset) calculated using the discount rate of 6.9%, as well as what the proportionate share of the net OPEB liability/(asset) would be if it were calculated using a discount rate that is 1-percentage-point lower (5.9%) or 1-percentage-point higher (7.9%) than the current rate:

	1 Percentage Point Lower	Current Discount Rate	1 Percentage Point Higher
Proportionate share of net OPEB liability/(asset)	\$ (46,315)	\$ (51,631)	\$ (56,000)

NOTE 15 – RISK MANAGEMENT

The City is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The City purchases commercial insurance for such risks of loss. Settled claims resulting from these risks have not exceeded commercial insurance coverage in any of the past three fiscal years.

CITY OF MADRAS
NOTES TO BASIC FINANCIAL STATEMENTS

NOTE 16 – INTERFUND TRANSFERS AND BALANCES

Interfund transfers were as follows during the year ended June 30, 2023:

	Transfers in							Total
	MRC							
	General	Transportation Operations	Commercial Project (non- cash)	Nonmajor governmental	Governmental activities - non-cash	Water Operations	Golf Course (non-major)	
Transfers out:								
General	\$ -	\$ 1,000,000	\$ -	\$ 371,833	\$ -	\$ 100,000	\$ 535,168	\$ 2,007,001
MRC Commercial Property Tax and Debt Service (non-cash)	-	-	390,000	-	-	-	-	390,000
Nonmajor governmental	135,000	448,443	-	173,985	-	-	-	757,428
Governmental activities - non-cash	-	-	-	-	282,219	-	282,219	564,438
Airport	868	9,000	-	-	-	-	-	9,868
Golf course (non-major)	-	-	-	-	515	-	-	515
Internal Service	64,343	-	-	-	227,975	-	-	292,318
	<u>\$ 200,211</u>	<u>\$ 1,457,443</u>	<u>\$ 390,000</u>	<u>\$ 545,818</u>	<u>\$ 510,709</u>	<u>\$ 100,000</u>	<u>\$ 817,387</u>	<u>\$ 4,021,568</u>

As part of the budget process, the City plans to make interfund transfers to move resources between funds to provide resources for specific expenditures that are not supported by other revenues.

Non-cash transfers occur when a fund 1) acquires capital assets which will be used in the operation of a different fund's activities, 2) issues long-term obligations which will be repaid out of a different fund's resources or 3) pays principal on long-term obligations reported in a different fund.

The primary purpose for significant transfers included the following:

- The General fund transferred \$1,000,000 to the Transportation Operations fund for the J Street and Willowcreek Stormwater projects.
- The Parks fund (a GASB 54 fund combined with the General fund) transferred \$535,168 to the newly established Golf Course fund to segregate golf enterprise activities from parks.
- Non-major SDC Street Improvement and Improvement Fee funds transferred \$298,443 and \$150,000, respectively, to the Transportation Operations fund for the J Street and 10th Street-Summer Place projects.

An advance (loan) from the Debt Service Fund to the MRC Fund is being repaid in annual installments, including interest of 2.5 to 4% through June 2032. At June 30, 2023, the balance is \$2,345,000.

NOTE 17 – NET POSITION RESTRICTED THROUGH ENABLING LEGISLATION

Capital Projects – Ordinances imposing System Development Charges (SDC) restrict the use of those funds to capital improvements which expand the capacity of the system for which the charges were made. Net position related to SDC's as of June 30, 2023 was \$2,454,627.

NOTE 18 – DEFICIT FUND BALANCES AND OVEREXPENDITURES OF APPROPRIATIONS

As of June 30, 2023, deficit fund balances existed in the Madras Redevelopment Commission Commercial Property Tax and Debt Service Fund in the amount of \$(1,984,950), the Madras Redevelopment Commission Commercial Project Fund in the amount of \$(474,478), and the Madras Redevelopment Commission Housing Project Fund in the amount of \$(318,266). Management has a plan in place to correct the deficit fund balances with prudent fiscal management to ensure revenues exceed expenditures in the coming years.

At June 30, 2023, overexpenditures of appropriations \$10,967 in materials and services occurred in the Parks fund.

NOTE 19 – TAX ABATEMENTS

Jefferson County has established an Enterprise Zone under ORS 285C.175 and ORS 285C.362 that abates property taxes on new business development within the zone. As a result, the property taxes that the City received for the year ended June 30, 2023 have been reduced by \$90,979.

NOTE 20 – COMMITMENTS

Option agreement

The City entered into an option agreement with a local land developer for the sale of 67 acres with the City limits and 542 acres outside the City limits. \$50,000 was paid as part of the agreement for the first five-year term of additional eight years by paying \$10,000 annually beginning December 1, 2014. The option may be exercised through phases consisting of not less than ten acre contiguous parcels. The price for each phase shall be at fair market value, but in no event will the purchase price be less than \$9,000 per acre.

Bean Foundation

The City is committed to providing the Bean Foundation either 120 acres of land or cash in the value of 120 acres. The City holds the option to either deed assets (land) or to pay cash. The option choices are dependent upon land development sales in the Yarrow development.

CITY OF MADRAS
NOTES TO BASIC FINANCIAL STATEMENTS

NOTE 20 – COMMITMENTS (Continued)

Construction commitments

The City has active construction projects as of June 30, 2023 as follows:

<u>Capital Project</u>	<u>Spent to Date</u>	<u>Remaining Commitment</u>
Airport Helipad	\$ 301,515	\$ -
Airport Apron & Fencing Improvements	170,113	1,492,975
J Street Bridge	3,406,771	1,643
G Street Waterline	2,202,090	-
Homeless Services Center	976,435	3,478,044
Server @ City Hall	22,068	22,068
PD Mobile Data Terminals	62,906	-
Culver Hwy Sewer - Fairgrounds to Hall	5,890	426,315
SWWTP Sludge Dewatering System	30,927	-
Sewer Effluent Irrigation Project	5,052	-
Headworks Odor Control System	128,329	324,891
	<u>\$ 7,312,096</u>	<u>\$ 5,745,936</u>

Grant commitments

The City had the following new development assistance grant commitments as of June 30, 2023:

<u>Grantee</u>	<u>2024</u>	<u>2025</u>	<u>2026</u>	<u>2027</u>	<u>Total</u>
Love's	\$ 70,000	\$ 70,000	\$ -	\$ -	\$ 140,000
Bunkhouse Hotel	110,000	110,000	110,000	110,000	440,000
The Basin	60,000	-	-	-	60,000
Initiative Brewing	200,000	-	-	-	200,000
Shangrilla	-	150,000	-	-	150,000
Starbucks	85,000	-	-	-	85,000
Wildwinds	49,000	-	-	-	49,000
Rio's	-	-	150,000	-	150,000
Harriman Building	-	-	50,000	-	50,000
City of Madras/Earl Street	-	-	500,000	-	500,000
City of Madras/Olive Street	-	300,000	-	-	300,000
	<u>\$ 574,000</u>	<u>\$ 630,000</u>	<u>\$ 810,000</u>	<u>\$ 110,000</u>	<u>\$ 2,124,000</u>

CITY OF MADRAS
NOTES TO BASIC FINANCIAL STATEMENTS

NOTE 20 – COMMITMENTS (Continued)

Housing credits

The City provides housing credits to developers at a rate of \$1,500 per apartment and \$2,000 per home. At June 30, 2023, the City estimates the future commitments per year to be as follows:

	Development			
		Willowbrook	Yarrow Apartments	Morning Crest -
	Treasure Hills	Pkg 1	Pkg 1	Phase 6
	\$	\$	\$	\$
2023-24	82,551	132,679	48,852	35,284
2024-25	85,028	136,659	50,318	36,343
2025-26	87,579	140,759	51,827	37,433
2026-27	90,206	144,982	53,382	38,556
2027-28	92,912	149,331	54,984	39,713
Thereafter	-	263,781	114,966	74,800
	\$ 438,277	\$ 968,192	\$ 374,329	\$ 262,129

NOTE 21 – NEWLY ISSUED ACCOUNTING STANDARDS

In March 2020, the GASB issued Statement No. 94, *Public-Private and Public-Public Partnerships and Availability Payment Arrangements* (GASB 94). The statement improves financial reporting by addressing issues related to public-private partnership arrangements (PPPs) by requiring governments to report assets and liabilities related to PPPs consistently and disclose important information about PPP transactions. It also provides guidance for accounting and financial reporting for availability payment arrangements (APAs) by requiring governments engaged in APAs that contain multiple components to recognize each component as a separate arrangement, and when related to operating or maintaining a nonfinancial asset, to report an outflow of resources in the period to which payments relate. Implementation of this standard had no impact on the City's financial statements.

In May 2020, the GASB issued Statement No. 96, *Subscription-Based Information Technology Arrangements* (GASB 96). This statement provides guidance on the accounting and financial reporting for subscription-based information technology arrangements (SBITAs) for government end users, including defining a SBITA, establishing that a SBITA results in an intangible right-to-use subscription asset and a corresponding liability, provides the capitalization criteria for outlays other than subscription payments, including implementation costs of a SBITA, and requires note disclosures regarding a SBITA. Implementation of this standard had no impact on the City's financial statements.

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REQUIRED SUPPLEMENTARY INFORMATION

CITY OF MADRAS
SCHEDULE OF THE PROPORTIONATE SHARE OF THE NET PENSION LIABILITY
OREGON PUBLIC EMPLOYEES RETIREMENT SYSTEM
Last 10 Plan Years Ended June 30, *

Year Ended June 30,	Proportion of the net pension liability (asset)	Proportionate share of the net pension liability (asset)	Covered payroll	Proportionate share of the net pension liability (asset) as a percentage of its covered payroll	Plan fiduciary net position as a percentage of the total pension liability
2022	0.02110164%	\$ 3,231,084	2,552,418	126.59%	85%
2021	0.02215465%	2,651,132	2,362,839	112.20%	88%
2020	0.02128619%	4,645,379	2,313,705	200.78%	76%
2019	0.02276083%	3,937,079	2,147,013	183.37%	80%
2018	0.01945789%	2,947,614	2,043,787	144.22%	82%
2017	0.02105521%	2,838,250	1,872,016	151.61%	83%
2016	0.02025036%	3,040,049	1,758,503	172.88%	81%
2015	0.02722843%	1,563,310	1,571,466	99.48%	92%
2014	0.02674091%	(606,140)	1,533,879	-39.52%	104%

* Information will be accumulated annually until 10 years is presented

Notes to schedule

Changes in Benefit Terms and Assumptions

Benefit Terms: The 2013 Oregon Legislature made a series of changes to PERS that lowered projected future benefit payments from the System. These changes included reductions to future Cost of Living Adjustments (COLA) made through Senate Bills 822 and 861. Senate Bill 822 also required the contribution rates scheduled to be in effect from July 2013 to June 2015 to be reduced. The Oregon Supreme Court decision in *Moro v. State of Oregon*, issued on April 30, 2015, reversed a significant portion of the reductions the 2013 Oregon Legislature made to future System Cost of Living Adjustments (COLA) through Senate Bills 822 and 861. This reversal increased the total pension liability as of June 30, 2015 compared to June 30, 2014 total pension liability.

Assumptions: The PERS Board adopted assumption changes that were used to measure the June 30, 2016 total pension liability and June 30, 2018 total pension liability. For June 30, 2016, the changes included the lowering of the long-term expected rate of return to 7.50 percent and lowering of the assumed inflation to 2.50 percent. For June 30, 2018, the long-term expected rate of return was lowered to 7.20 percent. For June 30, 2021, the long-term expected rate of return was lowered to 6.90 percent, and the inflation rate was lowered from 2.5 to 2.4 percent. In addition, the healthy mortality assumption was changed to reflect an updated mortality improvement scale for all groups, and assumptions were updated for merit increases, unused sick leave, and vacation pay were updated. There were no change for the year ended June 30, 2022.

CITY OF MADRAS
SCHEDULE OF CONTRIBUTIONS
OREGON PUBLIC EMPLOYEES RETIREMENT SYSTEM
Last 10 Fiscal Years Ended June 30,

Year Ended June 30,	Statutorily required contribution	Contributions in relation to the statutorily required contribution	Contribution deficiency (excess)	Covered payroll	Contributions as a percent of covered payroll
2023	\$ 592,019	\$ 592,019	-	\$ 2,916,658	20.30%
2022	535,850	535,850	-	2,552,418	20.99%
2021	471,568	471,568	-	2,362,839	19.96%
2020	460,010	460,010	-	2,313,705	19.88%
2019	343,167	343,167	-	2,147,013	15.98%
2018	331,183	331,183	-	2,043,787	16.20%
2017	244,594	244,594	-	1,872,016	13.07%
2016	237,410	237,410	-	1,758,503	13.50%
2015	197,022	197,022	-	1,571,466	12.54%
2014	203,857	203,857	-	1,533,879	13.29%

CITY OF MADRAS
SCHEDULE OF THE PROPORTIONATE SHARE OF THE NET OPEB LIABILITY (ASSET)
OREGON PUBLIC EMPLOYEES RETIREMENT SYSTEM
Last 10 Plan Years Ended June 30, *

<u>Year Ended June 30,</u>	<u>Proportion of the net OPEB liability (asset)</u>	<u>Proportionate share of the net OPEB liability (asset)</u>	<u>Covered payroll</u>	<u>Proportionate share of the net OPEB liability (asset) as a percentage of its covered payroll</u>	<u>Plan fiduciary net position as a percentage of the total OPEB liability</u>
2022	0.01453026%	\$ (51,631) \$	2,552,418	-2.02%	194.60%
2021	0.01436074%	(49,315)	2,362,839	-2.09%	183.90%
2020	0.01604627%	(32,696)	2,313,705	-1.41%	150.10%
2019	0.01926362%	(37,224)	2,147,013	-1.73%	144.36%
2018	0.01955149%	(21,826)	2,043,787	-1.07%	123.99%
2017	0.01783509%	(7,433)	1,872,016	-0.40%	108.88%
2016	0.01779924%	4,834	1,758,503	0.27%	94.15%

* Information will be accumulated annually until 10 years is presented

CITY OF MADRAS
SCHEDULE OF CONTRIBUTIONS
OREGON PUBLIC EMPLOYEES RETIREMENT SYSTEM
Last 10 Fiscal Years Ended June 30, *

Year Ended June 30,	Statutorily required contribution	Contributions in relation to the statutorily required contribution	Contribution deficiency (excess)	Covered payroll	Contributions as a percent of covered payroll
2023	\$ 305	\$ 305	-	\$ 2,916,658	0.01%
2022	358	358	-	2,552,418	0.01%
2021	384	384	-	2,362,839	0.02%
2020	1,146	1,146	-	2,313,705	0.05%
2019	9,547	9,547	-	2,147,013	0.44%
2018	9,467	9,467	-	2,043,787	0.46%
2017	8,567	8,567	-	1,872,016	0.46%

* Information will be accumulated until 10 years are presented.

Notes to schedule

No assets are accumulated in a trust that meets the criteria in paragraph 4 of GASB Statement No. 75.

Implicit rate subsidy

Contributions are not based on a measure of pay, therefore the covered-employee payroll is used in the percentages above.

Changes in assumptions

	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>
Discount rate used	3.54%	2.16%	2.21%	3.50%	3.87%	3.58%

CITY OF MADRAS
SCHEDULE OF CHANGES IN THE CITY'S TOTAL OPEB LIABILITY
AND RELATED RATIOS
Last 10 Plan Fiscal Years*

	<u>June 30, 2022</u>	<u>June 30, 2021</u>	<u>June 30, 2020</u>	<u>June 30, 2019</u>	<u>June 30, 2018</u>	<u>June 30, 2017</u>
Service cost	\$ 50,060	\$ 48,557	\$ 50,846	\$ 44,846	\$ 55,352	\$ 59,790
Interest on total OPEB liability	23,552	23,959	36,892	40,327	38,973	31,266
Effect of economic/demographic gains or losses	(9,312)	-	42,739	-	(16,384)	-
Effect of assumption changes or inputs	38,483	3,827	(96,759)	32,273	(78,599)	(88,982)
Benefit payments	<u>(76,976)</u>	<u>(66,245)</u>	<u>(56,812)</u>	<u>(45,877)</u>	<u>(29,183)</u>	<u>(23,002)</u>
Net change in total OPEB liability	25,807	10,098	(22,994)	71,569	(27,841)	(928)
Total OPEB liability - beginning of year	<u>1,078,560</u>	<u>1,068,462</u>	<u>1,091,476</u>	<u>1,019,907</u>	<u>1,047,746</u>	<u>1,048,676</u>
Total OPEB liability - end of year	\$ 1,104,367	\$ 1,078,560	\$ 1,068,482	\$ 1,091,476	\$ 1,019,907	\$ 1,047,748
Covered employee payroll	\$ 2,918,658	\$ 2,552,418	\$ 2,313,705	\$ 2,147,013	\$ 2,043,787	\$ 1,872,016
Total OPEB liability as a percentage of covered employee payroll	37.9%	42.3%	46.2%	50.8%	49.9%	56.0%

Notes to schedule

*Information will be accumulated until 10 years are presented.

No assets are accumulated in a trust that meets the criteria in paragraph 4 of GASB Statement No. 75.

Implicit rate subsidy

Contributions are not based on a measure of pay, therefore the covered-employee payroll is used in the percentages above.

Changes in assumptions

	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>
Discount rate used	3.54%	2.16%	2.21%	3.50%	3.87%	3.58%

COMBINING STATEMENTS AND INDIVIDUAL FUND SCHEDULES

CITY OF MADRAS
COMBINING BALANCE SHEET
GENERAL FUNDS
June 30, 2023

	General	Parks	Community Development	Community Cleanup	Pension Stabilization	Total
Assets						
Cash and cash equivalents	\$ 2,245,955	\$ 541,289	\$ 57,424	\$ 82,604	\$ 147,606	\$ 3,074,878
Receivables						
Property taxes	80,446	-	-	-	-	80,446
Accounts, net	488,871	-	87,597	-	-	576,468
Due from other funds	325,812	-	-	-	-	325,812
Investment in land held for sale	-	-	-	25,000	-	25,000
Total assets	<u>\$ 3,141,084</u>	<u>\$ 541,289</u>	<u>\$ 145,021</u>	<u>\$ 107,604</u>	<u>\$ 147,606</u>	<u>\$ 4,082,604</u>
Liabilities, deferred inflows and fund balances						
Liabilities						
Accounts payable and accrued liabilities	515,406	13,469	17,205	653	-	546,733
Deferred inflows of resources						
Unavailable revenue	76,267	-	41,285	-	-	117,552
Fund balances						
Nonspendable	-	-	-	25,000	-	25,000
Assigned for:						
Pensions	-	-	-	-	147,606	147,606
Community development	-	-	86,531	81,951	-	168,482
Parks	-	527,820	-	-	-	527,820
Unassigned	2,549,411	-	-	-	-	2,549,411
Total fund balances	<u>2,549,411</u>	<u>527,820</u>	<u>86,531</u>	<u>106,951</u>	<u>147,606</u>	<u>3,418,319</u>
Total liabilities, deferred inflows of resources and fund balances	<u>\$ 3,141,084</u>	<u>\$ 541,289</u>	<u>\$ 145,021</u>	<u>\$ 107,604</u>	<u>\$ 147,606</u>	<u>\$ 4,082,604</u>

CITY OF MADRAS
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES
GENERAL FUNDS
Year Ended June 30, 2023

	General	Parks	Community Development	Community Cleanup	Pension Stabilization	Eliminations	Total
Revenues							
Property taxes	\$ 1,722,980	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 1,722,980
Franchise fees	522,814	-	-	-	-	-	522,814
Miscellaneous taxes	764,949	-	-	-	-	-	764,949
Licenses, permits and fees	27,032	-	366,029	-	-	-	393,061
Fines and forfeitures	42,591	-	-	-	-	-	42,591
Charges for services	-	-	79,304	-	-	-	79,304
Intergovernmental	1,559,458	-	87,379	15,390	-	-	1,662,227
Interest	74,605	256	(1,625)	2,768	-	-	76,004
Miscellaneous	31	14,001	-	14,705	-	-	28,737
Total revenues	4,714,460	14,257	531,087	32,863	-	-	5,292,667
Expenditures							
Current							
General government	75,000	-	-	-	-	-	75,000
Public safety	2,234,137	-	-	-	-	-	2,234,137
Community development	-	-	565,555	29,127	-	-	594,682
Culture and recreation	-	395,063	-	-	-	-	395,063
Capital outlay	762,814	143,412	-	-	-	-	906,226
Total expenditures	3,071,951	538,475	565,555	29,127	-	-	4,205,108
Excess (deficiency) of revenues over expenditures	1,642,509	(524,218)	(34,468)	3,736	-	-	1,087,559
Other financing sources (uses)							
Transfers in	-	360,073	-	-	104,131	(263,993)	200,211
Transfers out	(1,728,326)	(535,168)	(7,500)	-	-	263,993	(2,007,001)
Total other financing sources (uses)	(1,728,326)	(175,095)	(7,500)	-	104,131	-	(1,806,790)
Net change in fund balances	(85,817)	(699,313)	(41,968)	3,736	104,131	-	(719,231)
Fund balances at beginning of year	2,635,228	1,227,133	128,499	103,215	43,475	-	4,137,550
Fund balances at end of year	\$ 2,549,411	\$ 527,820	\$ 86,531	\$ 106,951	\$ 147,606	\$ -	\$ 3,418,319

CITY OF MADRAS
PARKS - GENERAL FUND
SCHEDULE OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
Year Ended June 30, 2023

	<u>Budget</u>	<u>Actual</u>	<u>Variance</u>
Revenues			
Interest	\$ 2,500	\$ 256	\$ (2,244)
Miscellaneous	-	14,001	14,001
	<u>2,500</u>	<u>14,257</u>	<u>11,757</u>
Total revenues	<u>2,500</u>	<u>14,257</u>	<u>11,757</u>
Expenditures			
Materials and services	384,096	395,063	(10,967)
Capital outlay	275,000	143,412	131,588
Contingency	25,000	-	25,000
	<u>684,096</u>	<u>538,475</u>	<u>145,621</u>
Total expenditures	<u>684,096</u>	<u>538,475</u>	<u>145,621</u>
Excess (deficiency) of revenues over expenditures	<u>(681,596)</u>	<u>(524,218)</u>	<u>157,378</u>
Other financing sources (uses)			
Transfers in	364,343	360,073	(4,270)
Transfers out	(535,168)	(535,168)	-
	<u>(170,825)</u>	<u>(175,095)</u>	<u>(4,270)</u>
Total other financing sources (uses)	<u>(170,825)</u>	<u>(175,095)</u>	<u>(4,270)</u>
Net change in fund balance	(852,421)	(699,313)	153,108
Fund balance at beginning of year	<u>1,008,811</u>	<u>1,227,133</u>	<u>218,322</u>
Fund balance at end of year	<u>\$ 156,390</u>	<u>\$ 527,820</u>	<u>\$ 371,430</u>

CITY OF MADRAS
COMMUNITY DEVELOPMENT - GENERAL FUND
SCHEDULE OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
Year Ended June 30, 2023

	<u>Budget</u>	<u>Actual</u>	<u>Variance</u>
Revenues			
Licenses, permits and fees	\$ 400,000	\$ 366,029	\$ (33,971)
Charges for services	45,000	79,304	34,304
Intergovernmental	60,000	87,379	27,379
Interest	500	(1,625)	(2,125)
	<u>505,500</u>	<u>531,087</u>	<u>25,587</u>
Expenditures			
Personnel services	305,142	284,273	20,869
Materials and services	380,571	288,782	91,789
Contingency	60,000	-	60,000
	<u>745,713</u>	<u>573,055</u>	<u>172,658</u>
Excess (deficiency) of revenues over expenditures	<u>(240,213)</u>	<u>(41,968)</u>	<u>198,245</u>
Other financing sources (uses)			
Transfers in	<u>175,000</u>	<u>-</u>	<u>(175,000)</u>
Net change in fund balance	(65,213)	(41,968)	23,245
Fund balance at beginning of year	<u>131,878</u>	<u>128,499</u>	<u>(3,379)</u>
Fund balance at end of year	<u>\$ 66,665</u>	<u>\$ 86,531</u>	<u>\$ 19,866</u>

CITY OF MADRAS
COMMUNITY CLEANUP - GENERAL FUND
SCHEDULE OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
Year Ended June 30, 2023

	Budget	Actual	Variance
Revenues			
Intergovernmental	\$ 9,000	\$ 15,390	\$ 6,390
Interest	-	2,768	2,768
Miscellaneous	8,000	14,705	6,705
	<u>17,000</u>	<u>32,863</u>	<u>15,863</u>
Expenditures			
Materials and services	<u>50,000</u>	<u>29,127</u>	<u>20,873</u>
	<u>50,000</u>	<u>29,127</u>	<u>20,873</u>
Net change in fund balance	(33,000)	3,736	36,736
Fund balance at beginning of year	<u>62,928</u>	<u>103,215</u>	<u>40,287</u>
Fund balance at end of year	<u>\$ 29,928</u>	<u>\$ 106,951</u>	<u>\$ 77,023</u>

CITY OF MADRAS
PENSION STABILIZATION - GENERAL FUND
SCHEDULE OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
Year Ended June 30, 2023

	Budget	Actual	Variance
Revenues			
Charges for services	\$ 118,327	\$ 104,131	\$ (14,196)
 Total revenues	118,327	104,131	(14,196)
 Net change in fund balance	118,327	104,131	(14,196)
 Fund balance at beginning of year	43,452	43,475	23
 Fund balance at end of year	\$ 161,779	\$ 147,606	\$ (14,173)

CITY OF MADRAS
MADRAS REDEVELOPMENT COMMISSION COMMERCIAL PROJECT FUND
STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
Year Ended June 30, 2023

	Blennlum Budget	FY 2022-23 Actual	Variance
Revenues			
Interest	\$ -	\$ 372	\$ 372
Total revenues	<u>-</u>	<u>372</u>	<u>372</u>
Expenditures			
Materials and services	148,500	79,968	68,532
Special payments	3,870,180	442,301	3,427,879
Contingency	<u>201,257</u>	<u>-</u>	<u>201,257</u>
Total expenditures	<u>4,219,937</u>	<u>522,269</u>	<u>3,697,668</u>
Excess (deficiency) of revenues over expenditures	<u>(4,219,937)</u>	<u>(521,897)</u>	<u>3,698,040</u>
Other financing sources (uses)			
Issuance of short-term obligations	<u>4,100,000</u>	<u>480,000</u>	<u>(3,620,000)</u>
Net change in fund balance	(119,937)	(41,897)	78,040
Fund balance at beginning of year	<u>119,937</u>	<u>56,279</u>	<u>(63,658)</u>
Fund balance at end of year	<u>\$ -</u>	<u>14,382</u>	<u>\$ 14,382</u>
Reconclllation to generally accepted accounting principles			
Fair-value adjustment		111,140	
Short-term obligations		<u>(600,000)</u>	
Fund balance - ending (GAAP basis)		<u>\$ (474,478)</u>	

CITY OF MADRAS
MADRAS REDEVELOPMENT COMMISSION COMMERCIAL PROPERTY TAX AND DEBT SERVICE
DEBT SERVICE FUND (A MAJOR FUND)
SCHEDULE OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
Year Ended June 30, 2023

	<u>Biennium Budget</u>	<u>Actual</u> FY 2022-23	<u>Variance</u>
Revenues			
Property taxes	\$ 1,544,986	\$ 746,926	\$ (798,060)
Interest	-	5,519	5,519
Total revenues	<u>1,544,986</u>	<u>752,445</u>	<u>(792,541)</u>
Expenditures			
Debt service	1,315,200	654,721	660,479
Contingency	<u>482,721</u>	-	<u>482,721</u>
Total expenditures	<u>1,797,921</u>	<u>654,721</u>	<u>1,143,200</u>
Net change in fund balance	(252,935)	97,724	350,659
Fund balance at beginning of year	<u>252,935</u>	<u>262,326</u>	<u>9,391</u>
Fund balance at end of year	<u>\$ -</u>	360,050	<u>\$ 360,050</u>
Reconciliation to generally accepted accounting principles			
Due to other funds		<u>(2,345,000)</u>	
Fund balance - ending (GAAP basis)		<u>\$ (1,984,950)</u>	

CITY OF MADRAS
COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
June 30, 2023

	Special Revenue	Debt Service	Capital Projects	Total
Assets				
Cash and cash equivalents	\$ 1,148,952	\$ 52,454	\$ 1,408,281	\$ 2,609,687
Receivables				
Property taxes	-	5,821	-	5,821
Accounts, net	26,662	-	281,466	308,128
Notes	482,969	-	-	482,969
Due from other funds	-	2,345,000	-	2,345,000
	\$ 1,658,583	\$ 2,403,275	\$ 1,689,747	\$ 5,751,605
Liabilities, deferred inflows and fund balances				
Liabilities				
Accounts payable and accrued liabilities	\$ 7,927	\$ -	\$ -	\$ 7,927
Short-term obligations	322,000	-	-	322,000
	329,927	-	-	329,927
Deferred inflows of resources				
Unavailable revenue	466,960	5,182	172,693	644,835
	466,960	5,182	172,693	644,835
Fund balances				
Restricted for:				
Highways and streets	421,637	-	-	421,637
Economic development	201,759	-	-	201,759
Debt service	-	2,398,093	-	2,398,093
Capital projects	-	-	1,517,054	1,517,054
Committed for tourism	556,566	-	-	556,566
Unassigned	(318,266)	-	-	(318,266)
	861,696	2,398,093	1,517,054	4,776,843
Total liabilities, deferred inflows of resources and fund balances	\$ 1,658,583	\$ 2,403,275	\$ 1,689,747	\$ 5,751,605

CITY OF MADRAS
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS
Year Ended June 30, 2023

	Special Revenue	Debt Service	Capital Projects	Total
Revenues				
Property taxes	\$ -	\$ 188,296	\$ -	\$ 188,296
Licenses, permits and fees	42,509	-	-	42,509
Charges for services	50,000	-	-	50,000
System development charges	-	-	324,424	324,424
Intergovernmental	80,314	-	-	80,314
Loan repayments	132,496	-	-	132,496
Interest	38,581	80,170	40,501	159,252
Miscellaneous	7,000	52	18,590	25,642
	<u>350,900</u>	<u>268,518</u>	<u>383,515</u>	<u>1,002,933</u>
Expenditures				
Current				
General government	-	450	-	450
Community development	568,602	-	-	568,602
Debt service	-	257,640	-	257,640
	<u>568,602</u>	<u>258,090</u>	<u>-</u>	<u>826,692</u>
Excess (deficiency) of revenues over expenditures	<u>(217,702)</u>	<u>10,428</u>	<u>383,515</u>	<u>176,241</u>
Other financing sources (uses)				
Transfers in	545,818	-	-	545,818
Transfers out	(205,000)	(173,985)	(378,443)	(757,428)
	<u>340,818</u>	<u>(173,985)</u>	<u>(378,443)</u>	<u>(211,610)</u>
Net change in fund balances	123,116	(163,557)	5,072	(35,369)
Fund balances at beginning of year	<u>738,580</u>	<u>2,561,650</u>	<u>1,511,982</u>	<u>4,812,212</u>
Fund balances at end of year	<u>\$ 861,696</u>	<u>\$ 2,398,093</u>	<u>\$ 1,517,054</u>	<u>\$ 4,776,843</u>

CITY OF MADRAS
COMBINING BALANCE SHEET
NONMAJOR SPECIAL REVENUE FUNDS
June 30, 2023

	Tourism/Economic Development	Improvement Fee	Madras Redevelopment Commission Commercial Revolving Loan	Madras Redevelopment Commission Housing Project	Madras Redevelopment Commission General	Total
Assets						
Cash and cash equivalents	\$ 543,291	\$ 412,037	\$ 153,620	\$ 3,734	\$ 36,270	\$ 1,148,952
Receivables						
Accounts, net	17,062	9,600	-	-	-	26,662
Notes	-	-	482,969	-	-	482,969
Total assets	\$ 560,353	\$ 421,637	\$ 636,589	\$ 3,734	\$ 36,270	\$ 1,658,583
Liabilities, deferred inflows and fund balances						
Liabilities						
Accounts payable and accrued liabilities	\$ 3,787	\$ -	\$ -	\$ -	\$ 4,140	\$ 7,927
Short-term obligations	-	-	-	322,000	-	322,000
Total liabilities	3,787	-	-	322,000	4,140	329,927
Deferred inflows of resources						
Unavailable revenue	-	-	466,960	-	-	466,960
Total deferred inflows of resources	-	-	466,960	-	-	466,960
Fund balances						
Restricted for:						
Highways and streets	-	421,637	-	-	-	421,637
Economic development	-	-	169,629	-	32,130	201,759
Committed for:						
Tourism	556,566	-	-	-	-	556,566
Unassigned	-	-	-	(318,266)	-	(318,266)
Total fund balances	556,566	421,637	169,629	(318,266)	32,130	861,696
Total liabilities, deferred inflows of resources and fund balances	\$ 560,353	\$ 421,637	\$ 636,589	\$ 3,734	\$ 36,270	\$ 1,658,583

CITY OF MADRAS
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES
NONMAJOR SPECIAL REVENUE FUNDS
Year Ended June 30, 2023

	Tourism/Economic Development	Improvement Fee	Madras Redevelopment Commission Commercial Revolving Loan	Madras Redevelopment Commission Housing Project	Madras Redevelopment Commission General	Total
Revenues						
Licenses, permits and fees	\$ -	\$ 42,509	\$ -	\$ -	\$ -	\$ 42,509
Charges for services	-	-	-	-	50,000	50,000
Intergovernmental	80,314	-	-	-	-	80,314
Loan repayments	-	-	132,496	-	-	132,496
Interest	14,756	11,201	11,696	96	832	38,581
Miscellaneous	4,500	-	2,500	-	-	7,000
Total revenues	99,570	53,710	146,692	96	50,832	350,900
Expenditures						
Current						
Community development	274,429	-	60,469	210,518	23,186	568,602
Total expenditures	274,429	-	60,469	210,518	23,186	568,602
Excess (deficiency) of revenues over expenditures	(174,859)	53,710	86,223	(210,422)	27,646	(217,702)
Other financing sources (uses)						
Transfers in	371,833	-	-	173,985	-	545,818
Transfers out	(55,000)	(150,000)	-	-	-	(205,000)
Total other financing sources (uses)	316,833	(150,000)	-	173,985	-	340,818
Net change in fund balances	141,974	(96,290)	86,223	(36,437)	27,646	123,116
Fund balances at beginning of year	414,592	517,927	83,406	(281,829)	4,484	738,580
Fund balances at end of year	\$ 556,566	\$ 421,637	\$ 169,629	\$ (318,266)	\$ 32,130	\$ 861,696

CITY OF MADRAS
COMBINING BALANCE SHEET
NONMAJOR DEBT SERVICE FUNDS
June 30, 2023

	<u>Debt Service</u>	<u>Debt Reserve</u>	<u>Madras Redevelopment Commission Housing Property Tax and Debt Service</u>	<u>Total</u>
Assets				
Cash and cash equivalents	\$ 4,125	\$ 36,863	\$ 11,466	\$ 52,454
Receivables	-	-	5,821	5,821
Due from other funds	<u>2,345,000</u>	<u>-</u>	<u>-</u>	<u>2,345,000</u>
Total assets	<u>\$ 2,349,125</u>	<u>\$ 36,863</u>	<u>\$ 17,287</u>	<u>\$ 2,403,275</u>
Liabilities, deferred inflows and fund balances				
Deferred inflows of resources				
Unavailable revenue	<u>-</u>	<u>-</u>	<u>5,182</u>	<u>5,182</u>
Total deferred inflows of resources	<u>-</u>	<u>-</u>	<u>5,182</u>	<u>5,182</u>
Fund balances				
Restricted for debt service	<u>2,349,125</u>	<u>36,863</u>	<u>12,105</u>	<u>2,398,093</u>
Total fund balances	<u>2,349,125</u>	<u>36,863</u>	<u>12,105</u>	<u>2,398,093</u>
Total liabilities, deferred inflows of resources and fund balances	<u>\$ 2,349,125</u>	<u>\$ 36,863</u>	<u>\$ 17,287</u>	<u>\$ 2,403,275</u>

CITY OF MADRAS
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES
NONMAJOR DEBT SERVICE FUNDS
Year Ended June 30, 2023

	Madras Redevelopment Commission Housing Property Tax and Debt			Total
	Debt Service	Debt Reserve	Service	
Revenues				
Property taxes	\$ -	\$ -	\$ 188,296	\$ 188,296
Interest	80,050	-	120	80,170
Miscellaneous	-	-	52	52
Total revenues	<u>80,050</u>	<u>-</u>	<u>188,468</u>	<u>268,518</u>
Expenditures				
Current				
General government	450	-	-	450
Debt service	250,050	-	7,590	257,640
Total expenditures	<u>250,500</u>	<u>-</u>	<u>7,590</u>	<u>258,090</u>
Excess (deficiency) of revenues over expenditures	<u>(170,450)</u>	<u>-</u>	<u>180,878</u>	<u>10,428</u>
Other financing sources (uses)				
Transfers out	-	-	(173,985)	(173,985)
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>(173,985)</u>	<u>(173,985)</u>
Net change in fund balances	(170,450)	-	6,893	(163,557)
Fund balances at beginning of year	<u>2,519,575</u>	<u>36,863</u>	<u>5,212</u>	<u>2,561,650</u>
Fund balances at end of year	<u>\$ 2,349,125</u>	<u>\$ 36,863</u>	<u>\$ 12,105</u>	<u>\$ 2,398,093</u>

CITY OF MADRAS
COMBINING BALANCE SHEET
NONMAJOR CAPITAL PROJECTS FUNDS
June 30, 2023

	SDC Street Improvement	SDC Parks Improvement	SDC Stormwater Improvement	Total
Assets				
Cash and cash equivalents	\$ 892,669	\$ 386,562	\$ 129,050	\$ 1,408,281
Receivables	<u>256,781</u>	<u>19,162</u>	<u>5,523</u>	<u>281,466</u>
Total assets	<u>\$ 1,149,450</u>	<u>\$ 405,724</u>	<u>\$ 134,573</u>	<u>\$ 1,689,747</u>
Liabilities, deferred inflows and fund balances				
Deferred inflows of resources				
Unavailable revenue	\$ 156,587	\$ 13,200	\$ 2,906	\$ 172,693
Total deferred inflows of resources	<u>156,587</u>	<u>13,200</u>	<u>2,906</u>	<u>172,693</u>
Fund balances				
Restricted for capital projects	<u>992,863</u>	<u>392,524</u>	<u>131,667</u>	<u>1,517,054</u>
Total fund balances	<u>992,863</u>	<u>392,524</u>	<u>131,667</u>	<u>1,517,054</u>
Total liabilities, deferred inflows of resources and fund balances	<u>\$ 1,149,450</u>	<u>\$ 405,724</u>	<u>\$ 134,573</u>	<u>\$ 1,689,747</u>

CITY OF MADRAS
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES
NONMAJOR CAPITAL PROJECTS FUNDS
Year Ended June 30, 2023

	SDC Street Improvement	SDC Parks Improvement	SDC Stormwater Improvement	Total
Revenues				
System development charges	\$ 245,917	\$ 63,393	\$ 15,114	\$ 324,424
Interest	26,557	10,438	3,506	40,501
Miscellaneous	-	18,590	-	18,590
Total revenues	<u>272,474</u>	<u>92,421</u>	<u>18,620</u>	<u>383,515</u>
Other financing sources (uses)				
Transfers out	(298,443)	(80,000)	-	(378,443)
Total other financing sources (uses)	<u>(298,443)</u>	<u>(80,000)</u>	<u>-</u>	<u>(378,443)</u>
Net change in fund balances	(25,969)	12,421	18,620	5,072
Fund balances at beginning of year	<u>1,018,832</u>	<u>380,103</u>	<u>113,047</u>	<u>1,511,982</u>
Fund balances at end of year	<u>\$ 992,863</u>	<u>\$ 392,524</u>	<u>\$ 131,667</u>	<u>\$ 1,517,054</u>

CITY OF MADRAS
TOURISM/ECONOMIC DEVELOPMENT - SPECIAL REVENUE FUND
SCHEDULE OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
Year Ended June 30, 2023

	Budget	Actual	Variance
Revenues			
Intergovernmental	\$ 365,000	\$ 80,314	\$ (284,686)
Interest	4,500	14,756	10,256
Miscellaneous	4,500	4,500	-
Total revenues	374,000	99,570	(274,430)
Expenditures			
Materials and services	217,450	198,830	18,620
Special payments	475,500	75,599	399,901
Contingency	110,250	-	110,250
Total expenditures	803,200	274,429	528,771
Excess (deficiency) of revenues over expenditures	(429,200)	(174,859)	254,341
Other financing sources (uses)			
Transfers in	384,845	371,833	(13,012)
Transfers out	(55,000)	(55,000)	-
Total other financing sources (uses)	329,845	316,833	(13,012)
Net change in fund balance	(99,355)	141,974	241,329
Fund balance at beginning of year	351,152	414,592	63,440
Fund balance at end of year	\$ 251,797	\$ 556,566	\$ 304,769

CITY OF MADRAS
IMPROVEMENT FEE - SPECIAL REVENUE FUND
SCHEDULE OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
Year Ended June 30, 2023

	<u>Budget</u>	<u>Actual</u>	<u>Variance</u>
Revenues			
Licenses, permits and fees	\$ 5,000	\$ 42,509	\$ 37,509
Interest	<u>6,850</u>	<u>11,201</u>	<u>4,351</u>
Total revenues	<u>11,850</u>	<u>53,710</u>	<u>41,860</u>
Expenditures			
Capital outlay	<u>320,000</u>	<u>-</u>	<u>320,000</u>
Total expenditures	<u>320,000</u>	<u>-</u>	<u>320,000</u>
Excess (deficiency) of revenues over expenditures	<u>(308,150)</u>	<u>53,710</u>	<u>361,860</u>
Other financing sources (uses)			
Transfers out	<u>(150,000)</u>	<u>(150,000)</u>	<u>-</u>
Total other financing sources (uses)	<u>(150,000)</u>	<u>(150,000)</u>	<u>-</u>
Net change in fund balance	(458,150)	(96,290)	361,860
Fund balance at beginning of year	<u>504,362</u>	<u>517,927</u>	<u>13,565</u>
Fund balance at end of year	<u>\$ 46,212</u>	<u>\$ 421,637</u>	<u>\$ 375,425</u>

CITY OF MADRAS

MADRAS REDEVELOPMENT COMMISSION COMMERCIAL REVOLVING LOAN - SPECIAL REVENUE FUND
SCHEDULE OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
Year Ended June 30, 2023

	FY 2022-23		Variance
	Biennium Budget	Actual	
Revenues			
Loan repayments	\$ 131,900	\$ 132,496	\$ 596
Interest	-	11,696	11,696
Miscellaneous	-	2,500	2,500
Total revenues	131,900	146,692	14,792
Expenditures			
Special payments	1,800,000	60,469	1,739,531
Contingency	133,977	-	133,977
Total expenditures	1,933,977	60,469	1,873,508
Excess (deficiency) of revenues over expenditures	(1,802,077)	86,223	1,888,300
Other financing sources (uses)			
Issuance of short-term obligations	1,800,000	-	(1,800,000)
Total other financing sources (uses)	1,800,000	-	(1,800,000)
Net change in fund balance	(2,077)	86,223	88,300
Fund balance at beginning of year	2,077	83,406	81,329
Fund balance at end of year	\$ -	\$ 169,629	\$ 169,629

CITY OF MADRAS
MADRAS REDEVELOPMENT COMMISSION HOUSING PROJECT - SPECIAL REVENUE FUND
SCHEDULE OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
Year Ended June 30, 2023

	FY 2022-23		
	Blennlum Budget	Actual	Variance
Revenues			
Interest	\$ -	\$ 96	\$ 96
Expenditures			
Materials and services	101,992	60,868	41,124
Special payments	640,000	149,650	490,350
Contingency	9,571	-	9,571
Total expenditures	<u>751,563</u>	<u>210,518</u>	<u>541,045</u>
Excess (deficiency) of revenues over expenditures	<u>(751,563)</u>	<u>(210,422)</u>	<u>541,141</u>
Other financing sources (uses)			
Issuance of short-term obligations	<u>740,000</u>	<u>212,000</u>	<u>(528,000)</u>
Total other financing sources (uses)	<u>740,000</u>	<u>212,000</u>	<u>(528,000)</u>
Net change in fund balance	(11,563)	1,578	13,141
Fund balance at beginning of year	<u>11,563</u>	<u>2,156</u>	<u>(9,407)</u>
Fund balance at end of year	<u>\$ -</u>	<u>3,734</u>	<u>\$ 3,734</u>
Reconcllation to generally accepted accountng prnciples			
Short-term obligations		<u>(322,000)</u>	
Fund balance - ending (GAAP basis)		<u>\$ (318,266)</u>	

CITY OF MADRAS
MADRAS REDEVELOPMENT COMMISSION GENERAL - SPECIAL REVENUE FUND
SCHEDULE OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
Year Ended June 30, 2023

	FY 2022-23		
	Budget	Actual	Variance
Revenues			
Charges for services	\$ 60,000	\$ 50,000	\$ (10,000)
Interest	-	832	832
Total revenues	60,000	50,832	(9,168)
Expenditures			
Materials and services	60,064	23,186	36,878
Total expenditures	60,064	23,186	36,878
Net change in fund balance	(64)	27,646	27,710
Fund balance at beginning of year	64	4,484	4,420
Fund balance at end of year	\$ -	\$ 32,130	\$ 32,130

CITY OF MADRAS
DEBT SERVICE - DEBT SERVICE FUND
SCHEDULE OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
Year Ended June 30, 2023

	Budget	Actual	Variance
Revenues			
Interest	\$ 256,450	\$ 250,050	\$ (6,400)
Total revenues	256,450	250,050	(6,400)
Expenditures			
Materials and services	450	450	-
Debt service	256,000	250,050	5,950
Total expenditures	256,450	250,500	5,950
Net change in fund balance	-	(450)	(450)
Fund balance at beginning of year	4,575	4,575	-
Fund balance at end of year	\$ 4,575	4,125	\$ (450)
Reconciliation to generally accepted accounting principles			
Due from other funds		2,345,000	
Fund balance - ending (GAAP basis)		\$ 2,349,125	

CITY OF MADRAS
DEBT RESERVE - DEBT SERVICE FUND
SCHEDULE OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
Year Ended June 30, 2023

	Budget	Actual	Variance
Other financing sources (uses)			
Transfers in	\$ 15,000	\$ -	\$ (15,000)
Total other financing sources (uses)	15,000	-	(15,000)
Net change in fund balance	15,000	-	(15,000)
Fund balance at beginning of year	36,862	36,863	1
Fund balance at end of year	\$ 51,862	\$ 36,863	\$ (14,999)

CITY OF MADRAS
MADRAS REDEVELOPMENT COMMISSION HOUSING PROPERTY TAX AND DEBT SERVICE
- DEBT SERVICE FUND
SCHEDULE OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
Year Ended June 30, 2023

	FY 2022-23		
	Blennium Budget	Actual	Variance
Revenues			
Property taxes	\$ 476,000	\$ 188,296	\$ (287,704)
Interest	-	120	120
Miscellaneous	-	52	52
	<u>476,000</u>	<u>188,468</u>	<u>(287,532)</u>
Total revenues	<u>476,000</u>	<u>188,468</u>	<u>(287,532)</u>
Expenditures			
Debt service	485,000	181,575	303,425
Contingency	3,885	-	3,885
	<u>488,885</u>	<u>181,575</u>	<u>307,310</u>
Total expenditures	<u>488,885</u>	<u>181,575</u>	<u>307,310</u>
Net change in fund balance	(12,885)	6,893	19,778
Fund balance at beginning of year	<u>12,885</u>	<u>5,212</u>	<u>(7,673)</u>
Fund balance at end of year	<u>\$ -</u>	<u>\$ 12,105</u>	<u>\$ 12,105</u>

CITY OF MADRAS
SDC STREET IMPROVEMENT - CAPITAL PROJECTS FUND
SCHEDULE OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
Year Ended June 30, 2023

	<u>Budget</u>	<u>Actual</u>	<u>Variance</u>
Revenues			
System development charges	\$ 144,500	\$ 245,917	\$ 101,417
Interest	<u>15,000</u>	<u>26,557</u>	<u>11,557</u>
Total revenues	<u>159,500</u>	<u>272,474</u>	<u>112,974</u>
Expenditures			
Contingency	<u>300,057</u>	<u>-</u>	<u>300,057</u>
Total expenditures	<u>300,057</u>	<u>-</u>	<u>300,057</u>
Excess (deficiency) of revenues over expenditures	<u>(140,557)</u>	<u>272,474</u>	<u>413,031</u>
Other financing sources (uses)			
Transfers out	<u>(298,443)</u>	<u>(298,443)</u>	<u>-</u>
Total other financing sources (uses)	<u>(298,443)</u>	<u>(298,443)</u>	<u>-</u>
Net change in fund balance	(439,000)	(25,969)	413,031
Fund balance at beginning of year	<u>983,217</u>	<u>1,018,832</u>	<u>35,615</u>
Fund balance at end of year	<u>\$ 544,217</u>	<u>\$ 992,863</u>	<u>\$ 448,646</u>

CITY OF MADRAS
SDC PARKS IMPROVEMENT - CAPITAL PROJECTS FUND
SCHEDULE OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
Year Ended June 30, 2023

	<u>Budget</u>	<u>Actual</u>	<u>Variance</u>
Revenues			
System development charges	\$ 75,000	\$ 63,393	\$ (11,607)
Interest	1,800	10,438	8,638
Miscellaneous	-	18,590	18,590
	<u>76,800</u>	<u>92,421</u>	<u>15,621</u>
Expenditures			
Contingency	<u>320,000</u>	-	<u>320,000</u>
	<u>320,000</u>	-	<u>320,000</u>
Excess (deficiency) of revenues over expenditures	<u>(243,200)</u>	<u>92,421</u>	<u>335,621</u>
Other financing sources (uses)			
Transfers out	<u>(80,000)</u>	<u>(80,000)</u>	-
	<u>(80,000)</u>	<u>(80,000)</u>	-
Net change in fund balance	(323,200)	12,421	335,621
Fund balance at beginning of year	<u>366,737</u>	<u>380,103</u>	<u>13,366</u>
Fund balance at end of year	<u>\$ 43,537</u>	<u>\$ 392,524</u>	<u>\$ 348,987</u>

CITY OF MADRAS
SDC STORMWATER IMPROVEMENT - CAPITAL PROJECTS FUND
SCHEDULE OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
Year Ended June 30, 2023

	<u>Budget</u>	<u>Actual</u>	<u>Variance</u>
Revenues			
System development charges	\$ 7,500	\$ 15,114	\$ 7,614
Interest	<u>800</u>	<u>3,506</u>	<u>2,706</u>
Total revenues	<u>8,300</u>	<u>18,620</u>	<u>10,320</u>
Expenditures			
Contingency	<u>50,000</u>	-	<u>50,000</u>
Total expenditures	<u>50,000</u>	-	<u>50,000</u>
Net change in fund balance	(41,700)	18,620	60,320
Fund balance at beginning of year	<u>106,917</u>	<u>113,047</u>	<u>6,130</u>
Fund balance at end of year	<u>\$ 65,217</u>	<u>\$ 131,667</u>	<u>\$ 66,450</u>

CITY OF MADRAS
WATER OPERATIONS - ENTERPRISE FUND (MAJOR FUND)
SCHEDULE OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
Year Ended June 30, 2023

	Budget		Actual	Variance
	Original	Final		
Revenues				
Charges for services	\$ 903,354	\$ 903,354	\$ 891,274	\$ (12,080)
System development charges	1,423	1,423	2,277	854
Intergovernmental	2,343,825	2,343,825	2,009,259	(334,566)
Interest	2,462	2,462	7,186	4,724
Total revenues	3,251,064	3,251,064	2,909,996	(341,068)
Expenditures				
Materials and services	1,089,868	1,109,868	884,361	225,507
Capital outlay	2,343,825	2,343,825	2,202,090	141,735
Debt service	10,200	10,200	9,206	994
Contingency	100,000	80,000	-	80,000
Total expenditures	3,543,893	3,543,893	3,095,657	448,236
Excess (deficiency) of revenues over expenditures	(292,829)	(292,829)	(185,661)	107,168
Other financing sources (uses)				
Transfers in	100,000	100,000	100,000	-
Total other financing sources (uses)	100,000	100,000	100,000	-
Net change in fund balance	(192,829)	(192,829)	(85,661)	107,168
Fund balance at beginning of year	374,898	374,898	356,028	(18,870)
Fund balance at end of year	\$ 182,069	\$ 182,069	270,367	\$ 88,298
Reconciliation to generally accepted accounting principles				
Net other postemployment benefit asset			1,952	
Capital assets, net			2,776,812	
Deferred outflows of resources			65,389	
Accrued interest payable			(236)	
Unavailable revenues			176,330	
Net pension liability			(137,808)	
Net other postemployment benefit liability			(41,746)	
Long-term obligations			(80,190)	
Deferred inflows of resources			(38,809)	
Net position - ending			\$ 2,992,061	

CITY OF MADRAS
COMBINING STATEMENT OF NET POSITION
WASTEWATER FUND
June 30, 2023

	Wastewater Operations	SDC Wastewater Improvement	Totals
Assets			
Current assets			
Cash and cash equivalents	\$ 2,826,163	\$ 730,911	\$ 3,557,074
Receivables, net	466,945	33,969	500,914
Inventory	34,856	-	34,856
Total current assets	3,327,964	764,880	4,092,844
Net other postemployment benefits asset	10,775	-	10,775
Capital assets			
Land and construction in progress	1,778,982	-	1,778,982
Other capital assets, net	26,965,537	-	26,965,537
Total capital assets	28,744,519	-	28,744,519
Total assets	32,083,258	764,880	32,848,138
Deferred outflows of resources			
Refunded debt charges	507,492	-	507,492
Pension related items	328,035	-	328,035
Other postemployment benefit related items	33,079	-	33,079
Total deferred outflows of resources	868,606	-	868,606
Liabilities			
Current liabilities			
Accounts payable and accrued liabilities	138,405	-	138,405
Accrued interest payable	247,612	-	247,612
Consumer deposits	49,466	-	49,466
Long-term obligations due within one year	526,475	-	526,475
Total current liabilities	961,958	-	961,958
Long-term obligations due in more than one year	13,018,896	-	13,018,896
Total liabilities	13,980,854	-	13,980,854
Deferred inflows of resources			
Pension related items	183,954	-	183,954
Other postemployment benefit related items	30,367	-	30,367
Total deferred inflows of resources	214,321	-	214,321
Net position			
Net investment in capital assets	16,577,960	-	16,577,960
Restricted for capital projects	-	764,880	764,880
Unrestricted	2,178,729	-	2,178,729
Total net position	\$ 18,756,689	\$ 764,880	\$ 19,521,569

CITY OF MADRAS
COMBINING STATEMENT OF REVENUES, EXPENSES
AND CHANGES IN NET POSITION
WASTEWATER FUND
Year Ended June 30, 2023

	<u>Wastewater Operations</u>	<u>SDC Wastewater Improvement</u>	<u>Eliminations</u>	<u>Totals</u>
Operating revenues				
Charges for services	\$ 4,178,280	\$ -	\$ -	\$ 4,178,280
Total operating revenues	<u>4,178,280</u>	<u>-</u>	<u>-</u>	<u>4,178,280</u>
Operating expenses				
Personnel services	47,224	-	-	47,224
Materials and services	3,150,161	-	-	3,150,161
Depreciation	518,382	-	-	518,382
Total operating expenses	<u>3,715,767</u>	<u>-</u>	<u>-</u>	<u>3,715,767</u>
Operating income (loss)	<u>462,513</u>	<u>-</u>	<u>-</u>	<u>462,513</u>
Nonoperating revenues (expenses)				
Grants	433,300	-	-	433,300
Rents	-	-	-	-
Interest income	83,258	19,568	-	102,826
Miscellaneous	8,045	35,868	-	43,913
Interest expense	(309,779)	-	-	(309,779)
Total nonoperating revenues (expenses)	<u>214,824</u>	<u>55,436</u>	<u>-</u>	<u>270,260</u>
Income (loss) before capital contributions and transfers	677,337	55,436	-	732,773
Capital contributions	34,170	164,039	-	198,209
Transfers in	158,243	-	(158,243)	-
Transfers out	-	(158,243)	158,243	-
Change in net position	869,750	61,232	-	930,982
Net position - beginning	<u>19,861,992</u>	<u>703,648</u>	<u>-</u>	<u>20,565,640</u>
Prior period adjustment	<u>(1,975,053)</u>	<u>-</u>	<u>-</u>	<u>(1,975,053)</u>
Net position - ending	<u>\$ 18,756,689</u>	<u>\$ 764,880</u>	<u>\$ -</u>	<u>\$ 19,521,569</u>

CITY OF MADRAS
COMBINING STATEMENT OF CASH FLOWS
WASTEWATER FUND
Year Ended June 30, 2023

	SDC			Totals
	Wastewater Operations	Wastewater Improvement	Eliminations	
Cash flows from operating activities				
Receipts from customers	\$ 4,106,980	\$ -	\$ -	\$ 4,106,980
Payments to suppliers	(3,035,025)	-	-	(3,035,025)
Net cash provided by (used in) operating activities	<u>1,071,955</u>	<u>-</u>	<u>-</u>	<u>1,071,955</u>
Cash flows from noncapital financing activities				
Transfers in	158,243	-	(158,243)	-
Transfers out	-	(158,243)	158,243	-
Net cash provided by (used in) noncapital financing activities	<u>158,243</u>	<u>(158,243)</u>	<u>-</u>	<u>-</u>
Cash flows from capital and related financing activities				
System development charges received	34,170	167,592	-	201,762
Other	8,045	35,868	-	43,913
Grants	433,300	-	-	433,300
Acquisition of capital assets	(902,069)	-	-	(902,069)
Issuance of long-term obligations	791,334	-	-	791,334
Forgiveness of long-term obligations	(431,235)	-	-	(431,235)
Principal paid on long-term obligations	(471,256)	-	-	(471,256)
Interest paid on long-term obligations	(248,847)	-	-	(248,847)
Net cash provided by (used in) capital and related financing activities	<u>(786,558)</u>	<u>203,460</u>	<u>-</u>	<u>(583,098)</u>
Cash flows from investing activities				
Interest on investments	83,258	19,568	-	102,826
Net cash provided by (used in) investing activities	<u>83,258</u>	<u>19,568</u>	<u>-</u>	<u>102,826</u>
Net increase (decrease) in cash and cash equivalents	526,898	64,785	-	591,683
Cash and cash equivalents - beginning	2,299,265	666,126	-	2,965,391
Cash and cash equivalents - ending	\$ 2,826,163	\$ 730,911	\$ -	\$ 3,557,074
Reconciliation of operating income (loss) to net cash provided by (used in) operating activities				
Operating income (loss)	\$ 462,513	\$ -	\$ -	\$ 462,513
Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities				
Depreciation	518,382	-	-	518,382
(Increase) decrease in assets and deferred outflows of resources				
Receivables, net	(76,289)	3,553	-	(72,736)
Inventories	15,694	-	-	15,694
Net other postemployment benefits asset	(3,752)	-	-	(3,752)
Pension related items	(10,406)	-	-	(10,406)
Other postemployment benefit related items	(13,288)	-	-	(13,288)
Increase (decrease) in liabilities and deferred inflows of resources				
Accounts payable and accrued liabilities	99,442	-	-	99,442
Consumer deposits	4,989	-	-	4,989
Net pension liability	121,019	-	-	121,019
Net other postemployment benefits liability	76,884	-	-	76,884
Pension related items	(128,901)	-	-	(128,901)
Other postemployment benefit related items	5,668	-	-	5,668
Net cash provided by (used in) operating activities	\$ 1,071,955	\$ 3,553	\$ -	\$ 1,075,508

CITY OF MADRAS
WASTEWATER OPERATIONS - ENTERPRISE FUND (MAJOR FUND)
SCHEDULE OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
Year Ended June 30, 2023

	Budget		Actual	Variance
	Original	Final		
Revenues				
Charges for services	\$ 3,912,250	\$ 3,912,250	\$ 4,178,280	\$ 266,030
System development charges	35,100	35,100	33,798	(1,302)
Intergovernmental	980,000	980,000	793,399	(186,601)
Interest	16,000	16,000	83,258	67,258
Miscellaneous	-	-	8,045	8,045
Total revenues	4,943,350	4,943,350	5,096,780	153,430
Expenditures				
Materials and services	3,075,899	3,075,899	3,039,448	36,451
Capital outlay	2,141,000	2,141,000	1,012,782	1,128,218
Debt service	798,243	798,243	720,103	78,140
Contingency	75,000	75,000	-	75,000
Total expenditures	6,090,142	6,090,142	4,772,333	1,317,809
Excess (deficiency) of revenues over expenditures	(1,146,792)	(1,146,792)	324,447	1,471,239
Other financing sources (uses)				
Issuance of long-term obligations	550,000	550,000	-	(550,000)
Transfers in	158,243	158,243	158,243	-
Transfers out	(588,907)	(588,907)	-	588,907
Total other financing sources (uses)	119,336	119,336	158,243	38,907
Net change in fund balance	(1,027,456)	(1,027,456)	482,690	1,510,146
Fund balance at beginning of year	2,248,966	2,248,966	2,649,477	400,511
Fund balance at end of year	\$ 1,221,510	\$ 1,221,510	3,132,167	\$ 1,910,657
Reconciliation to generally accepted accounting principles				
Net other postemployment benefit asset			10,775	
Capital assets, net			28,744,519	
Deferred outflows of resources			868,606	
Unavailable revenues			7,926	
Accrued interest payable			(247,612)	
Net pension liability			(640,835)	
Net other postemployment benefit liability			(230,485)	
Long-term obligations			(12,674,051)	
Deferred inflows of resources			(214,321)	
Net position - ending			\$ 18,756,689	

CITY OF MADRAS
SDC WASTEWATER IMPROVEMENT - WASTEWATER FUND
SCHEDULE OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
Year Ended June 30, 2023

	<u>Budget</u>	<u>Actual</u>	<u>Variance</u>
Revenues			
System development charges	\$ 228,750	\$ 161,239	\$ (67,511)
Interest	5,340	19,568	14,228
Miscellaneous	<u>-</u>	<u>35,868</u>	<u>35,868</u>
 Total revenues	 <u>234,090</u>	 <u>216,675</u>	 <u>(17,415)</u>
 Expenditures			
Contingency	<u>50,000</u>	<u>-</u>	<u>50,000</u>
 Total expenditures	 <u>50,000</u>	 <u>-</u>	 <u>50,000</u>
 Excess (deficiency) of revenues over expenditures	 <u>184,090</u>	 <u>216,675</u>	 <u>32,585</u>
 Other financing sources (uses)			
Transfers out	<u>(158,243)</u>	<u>(158,243)</u>	<u>-</u>
 Total other financing sources (uses)	 <u>(158,243)</u>	 <u>(158,243)</u>	 <u>-</u>
 Net change in fund balance	 25,847	 58,432	 32,585
 Fund balance at beginning of year	 <u>669,181</u>	 <u>676,253</u>	 <u>7,072</u>
 Fund balance at end of year	 <u>\$ 695,028</u>	 734,685	 <u>\$ 39,657</u>
 Reconciliation to generally accepted accounting principles			
Unavailable revenues		<u>30,195</u>	
 Net position - ending		 <u>\$ 764,880</u>	

CITY OF MADRAS
COMBINING STATEMENT OF REVENUES, EXPENSES
AND CHANGES IN NET POSITION
AIRPORT FUND
Year Ended June 30, 2023

	Airport Operations	Airport Construction	Eliminations	Totals
Operating revenues				
Charges for services	\$ 723,788	\$ -	\$ -	\$ 723,788
Rental income	685,777	-	-	685,777
Miscellaneous	42,453	-	-	42,453
Total operating revenues	1,452,018	-	-	1,452,018
Operating expenses				
Personnel services	45,573	-	-	45,573
Materials and services	1,180,833	-	-	1,180,833
Depreciation	531,104	-	-	531,104
Total operating expenses	1,757,510	-	-	1,757,510
Operating income (loss)	(305,492)	-	-	(305,492)
Nonoperating revenues (expenses)				
Grants	330,917	-	-	330,917
Interest income	26,225	-	-	26,225
Interest expense	(22,897)	-	-	(22,897)
Total nonoperating revenue (expenses)	334,245	-	-	334,245
Income (loss) before transfers	28,753	-	-	28,753
Transfers in	35,970	-	(35,970)	-
Transfers out	(9,868)	(35,970)	35,970	(9,868)
Change in net position	54,855	(35,970)	-	18,885
Net position - beginning	15,085,033	35,970	-	15,121,003
Net position - ending	\$ 15,139,888	\$ -	\$ -	\$ 15,139,888

CITY OF MADRAS
COMBINING STATEMENT OF CASH FLOWS
AIRPORT FUND
Year Ended June 30, 2023

	Airport Operations	Airport Construction	Totals
Cash flows from operating activities			
Receipts from customers	\$ 1,492,468	\$ -	\$ 1,492,468
Payments to suppliers	(1,202,706)	-	(1,202,706)
Payments to employees	(34,110)	-	(34,110)
Net cash provided by (used in) operating activities	<u>255,652</u>	<u>-</u>	<u>255,652</u>
Cash flows from noncapital financing activities			
Transfers in	35,970	-	35,970
Transfers out	(9,868)	(35,970)	(45,838)
Net cash provided by (used in) noncapital financing activities	<u>26,102</u>	<u>(35,970)</u>	<u>(9,868)</u>
Cash flows from capital and related financing activities			
Grants	330,917	-	330,917
Acquisition of capital assets	(493,339)	-	(493,339)
Principal paid on long-term obligations	(56,927)	-	(56,927)
Interest paid on long-term obligations	(25,881)	-	(25,881)
Net cash provided by (used in) capital and related financing activities	<u>(245,230)</u>	<u>-</u>	<u>(245,230)</u>
Cash flows from investing activities			
Interest on investments	26,225	-	26,225
Net cash provided by (used in) investing activities	<u>26,225</u>	<u>-</u>	<u>26,225</u>
Net increase (decrease) in cash and cash equivalents	62,749	(35,970)	26,779
Cash and cash equivalents - beginning	<u>787,578</u>	<u>35,970</u>	<u>823,548</u>
Cash and cash equivalents - ending	<u>\$ 850,327</u>	<u>\$ -</u>	<u>\$ 850,327</u>
Reconciliation of operating income (loss) to net cash provided by (used in) operating activities			
Operating income (loss)	\$ (305,492)	\$ -	\$ (305,492)
Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities			
Depreciation	531,104	-	531,104
(Increase) decrease in assets and deferred outflows of resources			
Receivables, net	40,450	-	40,450
Inventories	13,715	-	13,715
Prepaid items	1,425	-	1,425
Net other postemployment benefits asset	(434)	-	(434)
Pension related items	(13,240)	-	(13,240)
Other postemployment benefit related items	(1,331)	-	(1,331)
Increase (decrease) in liabilities and deferred inflows of resources			
Accounts payable and accrued liabilities	(37,013)	-	(37,013)
Compensated absences payable	3,659	-	3,659
Net pension liability	4,885	-	4,885
Net other postemployment benefits liability	9,277	-	9,277
Pension related items	7,425	-	7,425
Other postemployment benefit related items	1,222	-	1,222
Net cash provided by (used in) operating activities	<u>\$ 255,652</u>	<u>\$ -</u>	<u>\$ 255,652</u>

CITY OF MADRAS
AIRPORT OPERATIONS - ENTERPRISE FUND (MAJOR FUND)
SCHEDULE OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
Year Ended June 30, 2023

	Budget		Actual	Variance
	Original	Final		
Revenues				
Charges for services	\$ 610,436	\$ 760,436	\$ 721,861	\$ (38,575)
Intergovernmental	574,000	829,164	350,845	(478,319)
Rents	685,149	685,149	684,649	(500)
Interest	2,500	2,500	26,225	23,725
Miscellaneous	-	-	42,453	42,453
Total revenues	1,872,085	2,277,249	1,826,033	(451,216)
Expenditures				
Personnel services	37,500	37,500	34,978	2,522
Materials and services	1,076,843	1,287,843	1,147,601	140,242
Capital outlay	777,000	1,071,393	526,571	544,822
Debt service	89,600	89,600	82,808	6,792
Contingency	50,000	149,771	-	149,771
Total expenditures	2,030,943	2,636,107	1,791,958	844,149
Excess (deficiency) of revenues over expenditures	(158,858)	(358,858)	34,075	392,933
Other financing sources (uses)				
Transfers in	35,970	35,970	35,970	-
Transfers out	(9,000)	(9,000)	(9,000)	-
Total other financing sources (uses)	26,970	26,970	26,970	-
Net change in fund balance	(131,888)	(331,888)	61,045	392,933
Fund balance at beginning of year	572,300	772,300	924,947	152,647
Fund balance at end of year	\$ 440,412	\$ 440,412	985,992	\$ 545,580
Reconciliation to generally accepted accounting principles				
Net other postemployment benefit asset			434	
Capital assets, net			14,888,418	
Deferred outflows of resources			14,571	
Unavailable revenues			13,477	
Accrued interest payable			(2,328)	
Compensated absences payable			(3,659)	
Net pension liability			(4,885)	
Net other postemployment benefit liability			(9,277)	
Long-term obligations			(734,208)	
Deferred inflows of resources			(8,647)	
Net position - ending			\$ 15,139,888	

CITY OF MADRAS
AIRPORT CONSTRUCTION - AIRPORT FUND
SCHEDULE OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
Year Ended June 30, 2023

	Budget	Actual	Variance
Other financing sources (uses)			
Transfers out	\$ (35,970)	\$ (35,970)	\$ -
Total other financing sources (uses)	(35,970)	(35,970)	-
Net change in fund balance	(35,970)	(35,970)	-
Fund balance at beginning of year	35,970	35,970	-
Fund balance at end of year	\$ -	\$ -	\$ -

CITY OF MADRAS
GOLF COURSE - ENTERPRISE FUND
SCHEDULE OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
Year Ended June 30, 2023

	<u>Budget</u>	<u>Actual</u>	<u>Variance</u>
Revenues			
Charges for services	\$ 256,675	\$ 323,348	\$ 66,673
Interest	-	4,113	4,113
Miscellaneous	<u>10,800</u>	<u>20,870</u>	<u>10,070</u>
Total revenues	<u>267,475</u>	<u>348,331</u>	<u>80,856</u>
Expenditures			
Materials and services	710,750	704,489	6,261
Capital outlay	62,000	20,094	41,906
Contingency	<u>3,000</u>	<u>-</u>	<u>3,000</u>
Total expenditures	<u>775,750</u>	<u>724,583</u>	<u>51,167</u>
Excess (deficiency) of revenues over expenditures	<u>(508,275)</u>	<u>(376,252)</u>	<u>132,023</u>
Other financing sources (uses)			
Transfers in	<u>1,109,075</u>	<u>535,168</u>	<u>(573,907)</u>
Net change in fund balance	600,800	158,916	(441,884)
Fund balance at beginning of year	-	-	-
Fund balance at end of year	<u>\$ 600,800</u>	158,916	<u>\$ (441,884)</u>
Reconciliation to generally accepted accounting principles			
Capital assets, net		317,872	
Unavailable revenues		3,648	
Long-term obligations		<u>(27,337)</u>	
Net position - ending		<u>\$ 453,099</u>	

CITY OF MADRAS
COMBINING STATEMENT OF NET POSITION
INTERNAL SERVICE FUNDS
June 30, 2023

	Central Services	Public Works Staff	Information Technology	Totals
Assets				
Current assets				
Cash and cash equivalents	\$ 540,776	\$ 1,128,320	\$ 11,558	\$ 1,680,654
Receivables, net	-	3,232	-	3,232
Inventory	-	13,073	-	13,073
Prepaid items	1,130	-	-	1,130
Total current assets	541,906	1,144,625	11,558	1,698,089
Net other postemployment benefits asset	11,483	9,443	-	20,926
Capital assets				
Depreciable capital assets, net	-	16,498	-	16,498
Total capital assets	-	16,498	-	16,498
Total assets	553,389	1,170,566	11,558	1,735,513
Deferred outflows of resources				
Pension related items	349,683	287,537	-	637,220
Other postemployment benefit related items	35,251	28,990	-	64,241
Total deferred outflows of resources	384,934	316,527	-	701,461
Liabilities				
Current liabilities				
Accounts payable and accrued liabilities	111,283	101,557	1,558	214,398
Customer deposits	-	200	-	200
Compensated absences	15,666	13,866	-	29,532
Total current liabilities	126,949	115,623	1,558	244,130
Long-term obligations due in more than one year	814,120	615,800	-	1,429,920
Total liabilities	941,069	731,423	1,558	1,674,050
Deferred inflows of resources				
Pension related items	196,094	161,244	-	357,338
Other postemployment benefit related items	32,360	26,612	-	58,972
Total deferred inflows of resources	228,454	187,856	-	416,310
Net position				
Net investment in capital assets	-	16,498	-	16,498
Unrestricted (deficit)	(231,200)	551,316	10,000	330,116
Total net position (deficit)	\$ (231,200)	\$ 567,814	\$ 10,000	\$ 346,614

CITY OF MADRAS
COMBINING STATEMENT OF REVENUES, EXPENSES
AND CHANGES IN NET POSITION
INTERNAL SERVICE FUNDS
Year Ended June 30, 2023

	Central Services	Public Works Staff	Information Technology	Totals
Operating revenues				
Licenses, permits and fees	\$ 38,553	\$ 13,407	\$ -	\$ 51,960
Charges for services	1,841,634	2,946,722	196,696	4,985,052
Rents	5	-	-	5
Miscellaneous	15,183	(944)	-	14,239
Total operating revenues	1,895,375	2,959,185	196,696	5,051,256
Operating expenses				
Personnel services	1,151,109	1,547,962	-	2,699,071
Materials and services	378,049	813,433	191,696	1,383,178
Depreciation	-	4,500	-	4,500
Total operating expenses	1,529,158	2,365,895	191,696	4,086,749
Operating income (loss)	366,217	593,290	5,000	964,507
Nonoperating revenues (expenses)				
Capital grants	65,000	-	-	65,000
Interest on investments	4,264	60	-	4,324
Interest expense	(96,050)	-	-	(96,050)
Total nonoperating revenue (expenses)	(26,786)	60	-	(26,726)
Income (loss) before transfers	339,431	593,350	5,000	937,781
Transfers out	(146,676)	(145,642)	-	(292,318)
Change in net position	192,755	447,708	5,000	645,463
Net position (deficit) - beginning	(423,955)	120,106	5,000	(298,849)
Net position (deficit) - ending	\$ (231,200)	\$ 567,814	\$ 10,000	\$ 346,614

CITY OF MADRAS
COMBINING STATEMENT OF CASH FLOWS
INTERNAL SERVICE FUNDS
Year Ended June 30, 2023

	Central Services	Public Works	Information Technology	Totals
Cash flows from operating activities				
Receipts from customers	\$ 1,920,844	\$ 2,957,119	\$ 196,696	\$ 5,074,659
Payments to suppliers	(323,953)	(809,563)	(206,039)	(1,339,555)
Payments to employees	(1,195,445)	(1,504,251)	-	(2,699,696)
Net cash provided by (used in) operating activities	<u>401,446</u>	<u>643,305</u>	<u>(9,343)</u>	<u>1,035,408</u>
Cash flows from noncapital financing activities				
Transfers out	(26,676)	(37,667)	-	(64,343)
Net cash provided by (used in) noncapital financing activities	<u>(26,676)</u>	<u>(37,667)</u>	<u>-</u>	<u>(64,343)</u>
Cash flows from capital and related financing activities				
Grants	65,000	-	-	65,000
Acquisition of capital assets	-	(81,975)	-	(81,975)
Principal paid on long-term obligations	(120,000)	-	-	(120,000)
Interest paid on long-term obligations	(96,050)	-	-	(96,050)
Net cash provided by (used in) capital and related financing activities	<u>(151,050)</u>	<u>(81,975)</u>	<u>-</u>	<u>(233,025)</u>
Cash flows from investing activities				
Interest on investments	4,264	60	-	4,324
Net increase (decrease) in cash and cash equivalents	227,984	523,723	(9,343)	742,364
Cash and cash equivalents - beginning	312,792	604,597	20,901	938,290
Cash and cash equivalents - ending	<u>\$ 540,776</u>	<u>\$ 1,128,320</u>	<u>\$ 11,558</u>	<u>\$ 1,680,654</u>
Reconciliation of operating income (loss) to net cash provided by (used in) operating activities				
Operating income (loss)	\$ 366,217	\$ 593,290	\$ 5,000	\$ 964,507
Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities				
Depreciation	-	4,500	-	4,500
(Increase) decrease in assets and deferred outflows of resources				
Receivables, net	47,824	(2,066)	-	45,758
Inventories	-	796	-	796
Prepaid items	(1,130)	-	-	(1,130)
Net other postemployment benefits asset	220	(3,287)	-	(3,067)
Pension related items	179,594	(9,123)	-	170,471
Other postemployment benefit related items	(2,273)	(11,643)	-	(13,916)
Increase (decrease) in liabilities and deferred inflows of resources				
Accounts payable and accrued liabilities	55,226	3,074	(14,343)	43,957
Compensated absences payable	(6,519)	2,354	-	(4,165)
Unearned revenue	(22,355)	-	-	(22,355)
Net pension liability	129,006	106,079	-	235,085
Net other postemployment benefits liability	(10,338)	67,354	-	57,016
Pension related items	(325,230)	(112,986)	-	(438,216)
Other postemployment benefit related items	(8,796)	4,963	-	(3,833)
Net cash provided by (used in) operating activities	<u>\$ 401,446</u>	<u>\$ 643,305</u>	<u>\$ (9,343)</u>	<u>\$ 1,035,408</u>
SUPPLEMENTAL DISCLOSURE OF NONCASH TRANSACTIONS				
Transfers out	<u>\$ (120,000)</u>	<u>\$ (107,975)</u>	<u>\$ -</u>	<u>\$ (227,975)</u>

CITY OF MADRAS
CENTRAL SERVICES - INTERNAL SERVICE FUND
SCHEDULE OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
Year Ended June 30, 2023

	Budget	Actual	Variance
Revenues			
Licenses, permits and fees	\$ 38,000	\$ 38,553	\$ 553
Charges for services	2,104,000	1,841,634	(262,366)
Intergovernmental	65,000	65,000	-
Rents	1,205	5	(1,200)
Interest	-	4,264	4,264
Miscellaneous	8,000	15,183	7,183
 Total revenues	 2,216,205	 1,964,639	 (251,566)
Expenditures			
Personnel services	1,243,671	1,222,121	21,550
Materials and services	506,680	378,049	128,631
Debt service	218,000	216,050	1,950
Contingency	80,000	-	80,000
 Total expenditures	 2,048,351	 1,816,220	 232,131
 Net change in fund balance	 167,854	 148,419	 (19,435)
 Fund balance at beginning of year	 282,183	 282,204	 21
 Fund balance at end of year	 \$ 450,037	 430,623	 \$ (19,414)
Reconciliation to generally accepted accounting principles			
Net other postemployment benefit asset		11,483	
Deferred outflows of resources		384,934	
Compensated absences payable		(15,666)	
Net pension liability		(568,505)	
Net other postemployment benefit liability		(245,615)	
Deferred inflows of resources		(228,454)	
 Net deficit - ending		 \$ (231,200)	

CITY OF MADRAS
PUBLIC WORKS STAFF - INTERNAL SERVICE FUND
SCHEDULE OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
Year Ended June 30, 2023

	Budget	Actual	Variance
Revenues			
Licenses, permits and fees	\$ 9,000	\$ 12,207	\$ 3,207
Charges for services	2,831,058	2,946,722	115,664
Interest	150	60	(90)
Miscellaneous	-	(944)	(944)
	<u>2,840,208</u>	<u>2,958,045</u>	<u>117,837</u>
Expenditures			
Personnel services	1,607,665	1,541,918	65,747
Materials and services	947,510	806,433	141,077
Capital outlay	100,000	88,975	11,025
Contingency	50,000	-	50,000
	<u>2,705,175</u>	<u>2,437,326</u>	<u>267,849</u>
Excess (deficiency) of revenues over expenditures	<u>135,033</u>	<u>520,719</u>	<u>385,686</u>
Other financing sources (uses)			
Transfers out	(175,000)	-	175,000
	<u>(175,000)</u>	<u>-</u>	<u>175,000</u>
Net change in fund balance	(39,967)	520,719	560,686
Fund balance at beginning of year	<u>520,922</u>	<u>520,949</u>	<u>27</u>
Fund balance at end of year	<u>\$ 480,955</u>	1,041,668	<u>\$ 560,713</u>
Reconciliation to generally accepted accounting principles			
Net other postemployment benefit asset		9,443	
Capital assets, net		16,498	
Deferred outflows of resources		316,527	
Unavailable revenues		1,200	
Compensated absences payable		(13,866)	
Net pension liability		(413,808)	
Net other postemployment benefit liability		(201,992)	
Deferred inflows of resources		(187,856)	
Net Position - ending		<u>\$ 567,814</u>	

CITY OF MADRAS
INFORMATION TECHNOLOGY - INTERNAL SERVICE FUND
SCHEDULE OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
Year Ended June 30, 2023

	<u>Budget</u>	<u>Actual</u>	<u>Variance</u>
Revenues			
Charges for services	\$ 386,189	\$ 196,696	\$ (189,493)
Total revenues	<u>386,189</u>	<u>196,696</u>	<u>(189,493)</u>
Expenditures			
Materials and services	366,189	191,696	174,493
Contingency	<u>20,000</u>	<u>-</u>	<u>20,000</u>
Total expenditures	<u>386,189</u>	<u>191,696</u>	<u>194,493</u>
Net change in fund balance	-	5,000	5,000
Fund balance at beginning of year	<u>5,000</u>	<u>5,000</u>	<u>-</u>
Fund balance at end of year	<u>\$ 5,000</u>	<u>\$ 10,000</u>	<u>\$ 5,000</u>

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OTHER INFORMATION

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**Post Compliance Reporting
Fiscal Year Ending June 30, 2023**

- Local Oregon Capital Assets Program, Certificates of Participation, Series 2011B (“2011B COPs”)**
- Local Oregon Capital Assets Program, Certificates of Participation, Series 2011B (“2012B COPs”)**
- City of Madras, Full Faith and Credit Refunding Obligations, Series 2013 (“2013 Obligations”)**
- City of Madras, Full Faith and Credit Refunding Obligations, Series 2015 (“2015 Obligations”)**
- City of Madras, Full Faith and Credit Refunding Obligations, Series 2017 (“2017 Obligations”)**
- City of Madras, Full Faith and Credit Refunding Obligations, Series 2021 (“2021 Obligations”)**

Securities and Exchange Commission Rule 15c2-12, as amended (the “Rule”) requires at least annual disclosure of current financial information and timely disclosure of certain events with respect to the Obligations, if material. Pursuant to the Rule, the City has agreed to provide to the Municipal Securities Rulemaking Board (“MSRB”), audited financial information of the City and certain financial information or operating data. In addition, the City has agreed to provide to the MSRB, notice of certain events, pursuant to the requirements of Section (b)(5)(i) of the Rule.

The following information meets the other operating data required to be reported with the audited financial information of the City under the Securities and Exchange Commission Rule 15c2-12.

Property Values – City of Madras
Taxable Property Values

The City					
Permanent Levy and Bond Levy					
Fiscal Year	Measure 5 Real Market Value	Total Taxable Assessed Value	Urban Renewal Excess Value	Assessed Value to compute the Taxes	Taxes to Be Received General Fund
2023	1,253,774,519	554,355,356	84,972,031	469,383,325	1,920,422
2022	1,007,446,337	499,000,492	64,968,529	434,031,963	1,779,514
2021	784,072,764	457,381,891	52,530,462	404,851,429	1,663,061
2020	693,109,691	424,053,558	37,140,034	386,913,524	1,595,013
2019	611,741,256	394,775,192	33,020,744	361,754,448	1,492,046
2018	455,110,414	352,041,191	26,675,246	325,365,945	1,342,544
2017	407,686,611	344,015,154	24,278,096	309,737,058	1,279,434
2016	369,700,511	318,255,793	23,978,363	294,277,430	1,214,558
2015	375,072,095	305,835,643	22,317,792	283,517,851	1,177,669
2014	362,214,121	283,117,698	21,112,484	262,005,214	1,150,281

¹ Value represents the Real Market Value of taxable properties, including the reduction in Real Market Value of specially assessed properties such as farm and forestland. This value is also commonly referred to as the Measure 5 Real Market Value by county assessors.

² Assessed value of property in the City on which the permanent rate is applied to derive *ad valorem* property taxes, excluding any other offsets.

Source: Jefferson County Department of Assessment and Taxation and the Oregon Department of Revenue.

Tax Rate History and Percent Collected
Tax Collection Record¹

Fiscal Year	Permanent Tax Rate	Bond Tax Rate	Local Option Rate	Percent collected as of	
				Levy Year ²	6/30/2023 ³
2023	\$4.1262	0.000	0.00	96.1%	97.4%
2022	4.1262	0.000	0.00	96.1	97.1
2021	4.1262	0.000	0.00	96.2	97.1
2020	4.1262	0.000	0.00	94.5	97.1
2019	4.1262	0.000	0.00	95.2	98.0
2018	4.1262	0.000	0.00	95.6	98.0
2017	4.1262	0.000	0.00	95.2	98.0
2016	4.1262	0.000	0.00	97.4	97.4
2015	4.1262	0.000	0.00	96.7	98.3
2014	4.1262	0.2996	0.00	96.4	99.1

¹ Percentage of total tax levy collection in the County. Pre-payment discounts are considered to be collected when outstanding taxes are calculated. The tax rates are before offsets.

² The percentage of taxes collected in the “year of the levy” represents taxes collected in a single levy year, beginning July 1 and ending June 30.

³ The percentage of taxes collected represents taxes collected for that levy year through June 30, 2023.

Source: Jefferson County Department of Assessment and Taxation.

Major Taxpayers – City of Madras
(Fiscal Year 2022-23)

The following table shows the top taxpayers in the City.

Taxpayer	Business/Service	Tax	Assessed Value	Percent of Value
BrightWood Corporation	Manufacturer - wood component	\$ 786,477	\$ 44,160,110	8.0%
Keith Investments, LLC/Manufacturing Co. Inc.	Manufacturer - material handling systems	\$ 283,567	\$ 16,132,860	2.9%
Daimler Trucks North America, LLC	Trucking	\$ 267,295	\$ 13,687,164	2.5%
Love's Travel Stops & Country	Fuel stations - convenience stores	\$ 201,028	\$ 10,097,790	1.8%
Pacificorp (PP&L)	Power utility	\$ 194,476	\$ 11,084,215	2.0%
Keith Investments, LLC/Manufacturing Co. Inc.	Manufacturer - material handling systems	\$ 163,556	\$ 8,984,890	1.6%
Pratun Co-Op	Agriculture Co-Op	\$ 145,275	\$ 7,987,880	1.4%
Safeway Realty, LLC	Grocer real estate	\$ 140,133	\$ 6,984,350	1.3%
Cross Keys, LLC.	Hotels	\$ 107,290	\$ 5,347,450	1.0%
East Cascade Retirement Community, LLC.		\$ 104,348	\$ 5,200,830	0.9%
Subtotal - Ten Largest Taxpayers		\$ 2,393,445	\$ 129,667,539	23.4%
All Other City Taxpayers			\$ 424,687,817	76.6%
Total City			\$ 554,355,356	100.0%

¹ Tax amount is the total tax paid by the taxpayer. This amount is distributed to individual local governments by the County. A breakdown of the amounts paid to each individual local government is not available.

² Assessed value does not exclude offsets such as urban renewal and farm tax credits.

Source: Jefferson County Department of Assessment and Taxation.

Major Taxpayers – Jefferson County

(Fiscal Year 2022-23)

The following table shows the top taxpayers in the County.

Taxpayer	Business/Service	Tax	Assessed Value	Percent of Value
Portland General Electric	Electric utility	\$ 5,278,559	\$ 370,549,000	15.6%
BrightWood Corporation	Manufacturer - wood component	\$ 943,423	\$ 53,294,100	2.2%
PacifiCorp	Power utility	\$ 889,293	\$ 57,514,842	2.4%
Gas Transmission Northwest, LLC.	Natural gas pipeline transmission	\$ 554,798	\$ 41,042,903	1.7%
Keith Investments, LLC/Manufacturing Co. Inc.	Manufacturer - material handling systems	\$ 513,435	\$ 28,759,940	1.2%
Warm Spring Power Enterprises	Hydroelectric utilities	\$ 398,644	\$ 28,000,000	1.2%
Daimler Trucks North America, LLC	Trucking	\$ 267,295	\$ 13,687,164	0.6%
Oregon Telephone Corporation	Telephone company	\$ 236,006	\$ 16,217,166	0.7%
BNSF Railway Company	Railroad	\$ 232,749	\$ 14,833,212	0.6%
Love's Travel Stops & Country	Fuel stations - convenience stores	\$ 201,028	\$ 10,097,790	0.4%
Subtotal - Ten Largest Taxpayers		\$ 9,515,229	\$ 633,996,117	26.6%
All Other County Taxpayers		\$ 30,286,002	\$ 1,746,126,261	73.4%
Total County		\$ 39,801,231	\$ 2,380,122,378	100.0%

¹ Tax amount is the total tax paid by the taxpayer within the boundaries of the County. This amount is distributed to individual local governments by the County. A breakdown of the amounts paid to each local government is unavailable.

² Assessed value does not exclude offsets such as urban renewal and farm tax credits.

³ Portland General Electric ("PGE") operates the Pelton Round Butte hydroelectric project. It is the only project in the U.S. jointly owned by a Native American tribe and a utility. Currently, the project is fifty-one percent (51%) owned by PGE and forty-nine (49%) owned by the Confederated Tribes of the Warm Springs Reservation of Oregon through its Warm Springs Power Enterprises. The project is located on the Deschutes River in Jefferson County, approximately six miles west of Madras and approximately 90 miles southeast of downtown Portland. About one-third of the central hydro project (dams, reservoirs, and shoreland) is located on the Warm Springs Reservation. Source: portlandgeneral.com.

Source: Jefferson County Department of Assessment and Taxation

Summary of Overlapping Debt

Fiscal Year 2022-23				
Overlapping Issuer Name	Overlapping Real Market Valuation	Percent Overlapping	Overlapping Debt	
			Gross Property Tax-Backed Debt ¹	Net Property Tax-Backed Debt ²
Central Oregon Community College	\$94,858,713,910	1.32%	\$598,307	\$513,464
Jefferson County	5,485,198,395	22.76	2,378,580	2,378,580
Jefferson County RFPD 1 (Madras)	2,525,977,786	49.42	29,650	29,650
Jefferson Co./Madras School District No. 509J	2,839,468,781	43.96	37,371,671	37,371,671
Jefferson ESD	4,467,963,237	27.94	648,169	648,169
Madras Aquatic Center	2,792,330,835	44.70	745,714	745,714
			\$41,772,091	\$41,687,248

¹ Gross Property Tax-Backed Debt includes all limited and unlimited tax-supported debt.

² Net Property Tax-backed Debt is Gross Property Tax-Backed debt less self-supporting unlimited tax general obligation debt and less self-supporting full faith and credit debt.

Source: Debt Management Division, the Office of the State Treasurer.

Debt Ratios

The following table presents information regarding the City's tax-supported direct debt, including the obligations and the estimated portion of the debt of overlapping taxing districts allocated to the City's property owners. Property tax-backed debt shown in the following table does not include appropriation credits, conduit revenue bonds, dedicated niche obligations, revenue bonds, obligations issued for less than 13 months, lease purchase agreements, loans, lines of credit, or other non-publicly offered financial obligations.

Debt Ratios		
Real Market Value	\$1,248,274,176	
Estimated Population	6,470	
Per Capita Real Market Value	\$192,933	
Debt Information	Gross Property Tax-Backed Debt ^{1, 2}	Net Property Tax-Backed Debt ^{1, 3}
Direct Debt	\$15,960,000	\$15,960,000
Overlapping Direct Debt	41,772,091	41,687,248
Total Direct Debt	<u>\$57,732,091</u>	<u>\$57,647,248</u>
Bonded Debt Ratios ¹		
Direct Debt to Real Market Value	1.28%	1.28%
Total Direct Debt to Real Market Value	4.62%	4.62%
Per Capita Direct Debt	\$2,467	\$2,467
Per Capita Total Direct Debt	\$8,923	\$8,910

¹ Preliminary; subject to change.

² Gross Property Tax-Backed Debt includes all limited and unlimited tax-supported debt, including the Obligations.

³ Net Property Tax-backed Debt is Gross Property Tax-Backed debt less self-supporting unlimited tax general obligation debt and less self-supporting full faith and credit debt. The Obligations are *NOT* classified as self-supporting for the purposes of this table.

Source: Jefferson County, Oregon State Treasury, City's Audited Financial Statements and the Obligations.

Outstanding Long-Term Debt

	Outstanding July 1, 2022	Additions	Reductions	Outstanding June 30, 2023	Balances Due Within One Year
Long-term debt					
Bonded debt					
Series 2015	\$ 536,820	\$ -	\$ 43,050	\$ 493,770	\$ 40,845
Series 2017	2,645,000	-	215,000	2,430,000	220,000
Series 2021A	2,700,000	-	75,000	2,625,000	75,000
Bond premium	513,781	-	26,763	487,018	26,761
Direct borrowings and placements					
Leases	46,003	-	46,003	-	-
Oregon Department of Transportation	848,282	222,156	119,112	951,326	121,791
Total long-term debt obligations	7,289,886	222,156	524,928	6,987,114	484,397
Other long-term obligations					
Compensated absences	57,443	59,949	57,443	59,949	59,949
Net pension liability	2,015,421	432,135	-	2,447,556	-
Other postemployment benefit liability	897,166	-	74,287	822,879	-
Total long-term obligations	\$ 10,259,916	\$ 714,240	\$ 656,658	\$ 10,317,498	\$ 544,346

Source: City of Madras, Financial Report June 30, 2023

City Pension Plan Actuarial Valuations

	12/31/2018	12/31/2019	12/31/2020	12/31/2021	12/31/2022
Allocated Pooled SLGRP T1/T2 UAL	\$ 4,446,562	\$ 4,149,638	\$ 4,678,691	\$ 3,467,454	\$ 4,169,527
Allocated Pre SLGRP pooled liability/surplus	\$ -	\$ -	\$ -	\$ -	\$ -
Transition liability/surplus	\$ (495,559)	\$ (454,881)	\$ (406,702)	\$ (355,711)	\$ (301,303)
Allocated pooled OPSRP UAL	\$ 370,141	\$ 362,504	\$ 471,299	\$ 292,436	\$ 598,477
Side account	\$ -	\$ -	\$ -	\$ 496,062	\$ 487,585
Net unfunded pension actuarial accrued liability	\$ 4,321,144	\$ 4,057,261	\$ 4,743,288	\$ 2,908,112	\$ 3,979,116
Combined valuation payroll	\$ 2,049,915	\$ 2,205,071	\$ 2,302,417	\$ 2,379,868	\$ 2,374,856
Net pension UAL as a % of payroll	211%	184%	206%	122%	168%
Pre-SLFRP pooled rate	0%	0%	0%	0%	0%
Transition rate	-3%	-3%	-3%	-3%	-2%
Side account rate relief	0%	0%	0%	-1.56%	-1.61%
Allocated pooled RHIA UAL	\$ (30,047)	\$ (45,932)	\$ (52,883)	\$ (73,930)	\$ (64,262)
Allocated pooled RHIPA UAL	\$ -	\$ -	\$ -	\$ -	\$ -

Source: Oregon Public Employees Retirement System (OPERS) website, 2021 Actuarial Valuations

Possible Contribution Rate Collar

12/31/2022 Valuation:

The rate collar limits changes in the UAL Rate for the rate pool but does not limit changes in rates for individual employers related to pre-SLGRP liabilities or side accounts and does not limit the change in the normal cost rate. The table below shows the possible minimum and maximum UAL Rates for the SLGRP first effective as of July 1, 2025. The collar width, which in general is the amount the UAL Rate could increase or decrease from the current UAL Rate being paid, is 3% of pay. However, the UAL Rate is only allowed to decrease by the full collar width if the funded status (excluding side accounts) of the SLGRP is greater than or equal to 90%. The UAL Rate is not allowed to decrease at all if funded status is below 87%, and the allowable decrease is phased in for funded status levels from 87% to 90%.

For Comparison, the Pool’s Funded Status as of December 31, 2022, is 71%.

2023-2025 Biennium	2025-2027 Biennium	
	15.46%	<< No higher than this
12.46%	12.46%	<< No lower than this if the December 31, 2023, funded status is 87% or lower.
	9.46%	<<No lower than this if the December 31, 2023, funded status is 90% or higher.

COMPLIANCE SECTION

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**INDEPENDENT AUDITOR'S REPORT REQUIRED BY
OREGON STATE REGULATIONS**

Mayor and Members
of the City Council
City of Madras

We have audited the basic financial statements of the City of Madras (the "City") as of and for the year ended June 30, 2023, and have issued our report thereon dated May 22, 2024. Our audit was conducted in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the City's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grants, including the provisions of Oregon Revised Statutes as specified in Oregon Administrative Rules 162-10-000 through 162-10-320 of the Minimum Standards for Audits of Oregon Municipal Corporations, noncompliance with which could have a direct and material effect on the determination of financial statements amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion.

We performed procedures to the extent we considered necessary to address the required comments and disclosures which included, but were not limited to the following:

- **Deposit of public funds with financial institutions (ORS Chapter 295).**
- **Indebtedness limitations, restrictions and repayment.**
- **Budgets legally required (ORS Chapter 294).**
- **Insurance and fidelity bonds in force or required by law.**
- **Highway revenues used for public highways, roads, and streets.**
- **Authorized investment of surplus funds (ORS Chapter 294).**
- **Public contracts and purchasing (ORS Chapters 279A, 279B, 279C).**

In connection with our testing nothing came to our attention that caused us to believe the City was not in substantial compliance with certain provisions of laws, regulations, contracts, and grants, including the provisions of Oregon Revised Statutes as specified in Oregon Administrative Rules 162-10-000 through 162-10-320 of the Minimum Standards for Audits of Oregon Municipal Corporations except as follows:

Compliance and Other Matters (continued)

ORS Chapter 294.358 – resources and requirements preceding years

Amounts reported in the 2023-24 budget for certain funds did not agree to actual fiscal year 2020-21 and 2021-22 audited financial statements as follows:

- First preceding year’s resources do not agree for the Community Cleanup, Wastewater Operations and SDC Wastewater Improvement funds.
- First preceding year’s requirements do not agree for the Community Cleanup, Wastewater Operations, and Debt Service funds
- Second preceding year’s resources do not agree for the Community Cleanup fund

ORS 294.361(2)

Interfund transfers in reported in the 2023-24 budget exceed interfund transfers out by \$98,000.

ORS Chapter 294.438

Amounts reported on the LB-1 for 2021-22 and 2022-23 do not agree with amounts reported in the budget document for 2023-24.

OAR 150-294-0430 – general operating contingencies

The City appropriated contingencies in the following non-operating funds. An operating fund is defined as one which contains estimates for personnel services, materials and services, or capital outlay:

- SDC Street Improvement
- SDC Storm Water Improvement
- SDC Parks Improvement
- SDC Wastewater Improvement

Expenditures in excess of appropriations

Expenditures in excess of appropriations occurred in the following funds:

Parks	Materials and services	\$10,967
MRC Housing Project	Materials and services	7,194

OAR 162-10-0230 Internal Control

In planning and performing our audit of the financial statements, we considered the City’s internal control over financial reporting to determine the audit procedures that are appropriate in the circumstances for the purposes of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the City’s internal control. Accordingly, we do not express an opinion on the effectiveness of the City’s internal control.

Mayor and Members of the City Council
City of Madras
Independent Auditor's Report Required by Oregon State Regulations
May 22, 2024

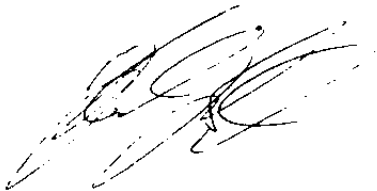
Restriction of Use

This report is intended solely for the information and use of the council members and management of City of Madras and the Oregon Secretary of State and is not intended to be and should not be used by anyone other than these parties.

Singer Lewak LLP

May 22, 2024

By:



Bradley G. Bingenheimer, Partner

FEDERAL GRANT COMPLIANCE REPORT
CITY OF MADRAS, OREGON

Year Ended June 30, 2023

CITY OF MADRAS
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**INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING
AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL
STATEMENTS PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS**

Honorable Mayor and City Council
City of Madras
Madras, Oregon

We have audited, in accordance with the auditing standards generally accepted in the United States of America (GAAS) and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, business-type activities, each major fund and the aggregate remaining fund information of the City of Madras (the "City"), as of and for the year ended June 30, 2023, and the related notes to the financial statements, which collectively comprise the City's basic financial statements, and have issued our report thereon dated May 22, 2024.

Report on Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the City's internal control over financial reporting ("internal control") as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the City's internal control. Accordingly, we do not express an opinion on the effectiveness of the City's internal control.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the City's financial statements will not be prevented, or detected and corrected, on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. We identified a certain deficiency in internal control, described in the accompany schedule of findings and questioned costs as item 2023-001 that we consider to be a material weakness.

Honorable Mayor and City Council
City of Madras
Independent Auditor's Report on Internal Control over Financial Reporting
and on Compliance and Other Matters Based on an Audit of Financial
Statements Performed in Accordance with *Government Auditing Standards*

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether the City's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.


Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the City's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Singer Lewak LLP

May 22, 2024

By:



Bradley G. Bingenheimer, Partner

**INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR EACH MAJOR FEDERAL PROGRAM;
REPORT ON INTERNAL CONTROL OVER COMPLIANCE; AND REPORT ON THE SCHEDULE OF
EXPENDITURES OF FEDERAL AWARDS REQUIRED BY THE UNIFORM GUIDANCE**

Honorable Mayor and City Council
City of Madras
Madras, Oregon

Report on Compliance for Each Major Federal Program

Opinion on Each Major Federal Program

We have audited the City of Madras' (the "City") compliance with the types of compliance requirements described in the OMB Compliance Supplement that could have a direct and material effect on each of the City's major federal programs for the year ended June 30, 2023. The City's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

In our opinion, the City complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2023.

Basis for Opinion on Each Major Federal Program

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America (GAAS); the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* ("Uniform Guidance"). Our responsibilities under those standards and the Uniform Guidance are further described in the Auditor's Responsibilities for the Audit of Compliance Section of our report.

We are required to be independent of the City and to meet our other ethical responsibilities, in accordance with relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion on compliance for each major federal program. Our audit does not provide a legal determination of the City's compliance with the compliance requirements referred to above.

Responsibilities of Management for Compliance

Management is responsible for compliance with the requirements referred to above and for the design, implementation, and maintenance of effective internal control over compliance the requirements of laws, statutes, regulations, rules and provisions of contracts or grant agreements applicable to the City's federal programs.

Honorable Mayor and City Council
City of Madras

Independent Auditor's Report on Compliance for Each Major Federal Program; Report on Internal Control over Compliance; and Report on the Schedule of Expenditures of Federal Awards Required by the Uniform Guidance

Auditor's Responsibilities for the Audit of Compliance

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on the City's compliance based on our audit. Reasonable assurance is a high level of assurance but not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS, *Government Auditing Standards*, and the Uniform Guidance will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material, if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about the City's compliance with the requirements of each major federal program as a whole.

In performing an audit in accordance with GAAS, *Government Auditing Standards*, and the Uniform Guidance, we

- exercise professional judgment and maintain professional skepticism throughout the audit,
- identify and assess the risks of material noncompliance, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the City's compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances,
- obtain an understanding of the City's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of the City's internal control over compliance. Accordingly, no such opinion is expressed.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and any significant deficiencies and material weaknesses in internal control over compliance that we identified during our audit.

Honorable Mayor and City Council
City of Madras

Independent Auditor's Report on Compliance for Each Major Federal Program; Report on Internal Control over Compliance; and Report on the Schedule of Expenditures of Federal Awards Required by the Uniform Guidance

Report on Internal Control over Compliance

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. A material weakness in internal control over compliance is a deficiency, or a combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. A significant deficiency in internal control over compliance is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over compliance was for the limited purpose described in the Auditor's Responsibilities for the Audit of Compliance section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal controls over compliance. Given these limitations, during our audit we did not identify any deficiencies in internal controls over compliance that we consider to be material weaknesses, as defined above. However, material weaknesses or significant deficiencies may exist that have not been identified.

Our audit was not designed for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, no such opinion is expressed.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

Honorable Mayor and City Council
City of Madras
Independent Auditor's Report on Compliance for Each Major Federal
Program; Report on Internal Control over Compliance; and Report
on the Schedule of Expenditures of Federal Awards Required by
the Uniform Guidance

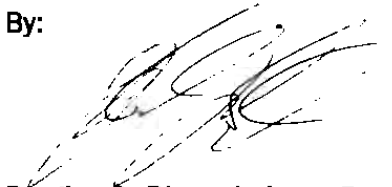
Report on Schedule of Expenditures of Federal Awards Required by the Uniform Guidance

We have audited the financial statements of the City as of and for the year ended June 30, 2023, and have issued our report thereon dated May 22, 2024, which contained an unmodified opinion on those financial statements. Our audit was performed for the purpose of forming an opinion on the financial statements as a whole. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by the Uniform Guidance and is not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the schedule of expenditures of federal awards is fairly stated in all material respects in relation to the financial statements as a whole.

Singer Lewak LLP

May 22, 2024

By:



Bradley G. Bingenheimer, Partner

CITY OF MADRAS
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
Year Ended June 30, 2023

Section I – Summary of Auditors’ Results

Financial Statements

Type of report the auditor issued on whether the financial statements audited were prepared in accordance with GAAP: *Unmodified*

Internal control over financial reporting:

- Material weakness(es) identified? Yes
- Significant deficiency(ies) identified? None reported

Noncompliance material to financial statements noted? No

Federal Awards

Internal control over major federal programs:

- Material weakness(es) identified? No
- Significant deficiency(ies) identified? None reported

Type of auditor’s report issued on compliance for major federal programs: *Unmodified*

Any audit findings disclosed that are required to be reported in accordance with 2 CFR 200.516(a)? No

Identification of major federal programs:

<u>Assistance Listing Number(s)</u>	<u>Name of Federal Program or Cluster</u>
14.228	Community Development Block Grant

Dollar threshold used to distinguish between type A and type B programs: \$750,000

Auditee qualified as low-risk auditee? No

CITY OF MADRAS
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
Year Ended June 30, 2023

SCHEDULE OF FINDINGS AND QUESTIONED COSTS (Continued)

Section II – Financial Statement Findings

2023-001

Criteria: Internal controls over financial reporting should include sufficient knowledge of the requirements for financial reporting to allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis.

Condition: An adjustment was required to correct the classification of loan proceeds that were not properly reported as long-term obligations in the prior year and to correct beginning net position for the Wastewater fund and business-type activities reported in the prior period.

Cause: Management did not identify the transactions appropriately to ensure correct reporting.

Effect: Prior period financial statements were misstated.

Response: Management acknowledges that there have been deficiencies in controls over financial reporting, including sufficient knowledge of the requirements for financial reporting to allow management or employees to prevent, detect, and correct misstatements on a timely basis.

Management shall implement an internal control policy that provides efficient and effective financial reporting with sufficient knowledge, reducing the risk of not ensuring correct reporting. The policy will set forth the requirements for management and employees to understand and properly report long-term obligations that affect the organization.

Section III – Federal Award Findings and Questioned Costs

None reported

CITY OF MADRAS
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
Year Ended June 30, 2023

Federal Grantor/Pass-Through Grantor/Program Title	Federal Assistance Listing Number	Pass-Through Entity Identifying Number	Federal Expenditures	Pass-Through to Subrecipients
<i>Department of Housing and Urban Development</i>				
Assistant Secretary for Community Planning and Development				
<i>Passed through Business Oregon</i>				
Community Development Block Grants/State's Program and Non-Entitlement Grants in Hawaii	14.228	IA2101	202,725	-
Community Development Block Grants/State's Program and Non-Entitlement Grants in Hawaii	14.228	IA2108	2,202,090	-
Community Development Block Grants/State's Program and Non-Entitlement Grants in Hawaii	14.228	HA2102	64,235	-
Community Development Block Grants/State's Program and Non-Entitlement Grants in Hawaii	14.228	SB2007	<u>10,360</u>	-
Subtotal Community Development Block Grants/State's Program and Non-Entitlement Grants in Hawaii			<u>2,479,410</u>	-
<i>Department of Transportation</i>				
Federal Aviation Administration				
Airport Improvement Program	20.106		<u>170,113</u>	-
National Highway Traffic Safety Administration				
Transit Services Program Cluster				
<i>Passed through Oregon Department of Transportation</i>				
Enhanced Mobility of Seniors and Individuals with Disabilities	20.513	35165	<u>83,788</u>	<u>83,788</u>
Total Department of Transportation			<u>253,901</u>	<u>83,788</u>
<i>Department of the Treasury</i>				
<i>Passed through State of Oregon Department of Administrative Services</i>				
Coronavirus Relief Funds	21.019	NEU#0R8117	<u>348,535</u>	-
Total Expenditures of Federal Awards			<u>\$3,081,846</u>	<u>\$ 83,788</u>

See notes to schedule of expenditures of federal awards

CITY OF MADRAS
NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

1. Basis of Presentation

The accompanying schedule of expenditures of federal awards (the Schedule) includes the federal award activity of City of Madras under programs of the federal government for the year ended June 30, 2023. The information in the Schedule is presented in accordance with the requirements of Title 2 U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles and Audit Requirements for Federal Awards (Uniform Guidance). Because the Schedule presents only a selected portion of the operations of City of Madras, it is not intended to and does not present the financial position, changes in net position, or cash flows of City of Madras.

2. Summary of Significant Accounting Policies

Expenditures reported on the Schedule are presented on the modified accrual basis of accounting. Such expenditures are recognized following the cost principles contained in the Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement.

3. Indirect costs

The City does not use the 10 percent de minimis indirect cost rate as allowed under the Uniform Guidance. The City allocates indirect costs as allowed by each grant.

CITY OF MADRAS
Request for Council Action

Meeting Date: June 11, 2024

To: Mayor and City Council Members

From: Kate Knop, Finance Director

Through: Will Ibershof, City Administrator, Kate Knop, Finance Director

Subject: Election and Certification of De Minimis Indirect Cost Rate

TYPE OF ACTION REQUESTED:

Approve

MOTION(S) FOR CONSIDERATION:

Review and approve the election and certification of de minimis indirect cost rate for 2024-2025.

OVERVIEW:

The City of Madras Budget Committee approved the budget for the fiscal year 2024-2025 using the U.S. Department of Justice's de minimis indirect cost rate of up to 10% of its modified total direct costs (MTDC), which may be used indefinitely (2 CFR 204.414). To charge a de minimis rate of up to 10% of its MTDC, the city must submit the certification form to the Office of Chief Financial Officer, Office of Justice Program.

STAFF ANALYSIS:

The staff recommends signing the certificate of de minimis cost rate for the budget 2024-2024, which would allow the city to charge up to 10% of its MTDC.

FISCAL INFORMATION:

The 10% de minimis indirect cost rate allows up to 10% of its MTDC. The indirect costs will be posted monthly throughout the fiscal year 2024-2025. The de minimis will also be applied to federal awards.

SUPPORTING DOCUMENTATION:

Election of De Minimis Indirect Cost Rate and U.S. Department of Justice Certification of De Minimis Indirect Cost Rate.

STRATEGIC GOAL:



June 11, 2024

ELECTION OF DE MINIMIS INDIRECT COST RATE

As allowed by 2 CFR Chapter 1, Chapter 2, Part 200.414(f), the City of Madras hereby elects to charge a de minimis indirect cost rate of 10% of modified total direct costs (MTDC) on all Federal and State contracts effective July 1, 2024.

The 10% de minimis rate will be used consistently for all federal awards until the City negotiates for a higher rate.

City of Madras

Mike Lepin, Mayor



U.S. Department of Justice

Office of Justice Programs
Office of the Chief Financial Officer

Washington, D.C. 20531

CERTIFICATION OF DE MINIMIS INDIRECT COST RATE

An award recipient that proposes to use federal grant funds to pay for indirect costs may elect to charge a de minimis rate of up to 10% of its modified total direct costs (MTDC) which may be used indefinitely. (2 CFR § 200.414) In order to charge a de minimis rate of up to 10% of its MTDC, the award recipient must submit this certification form to the Office of Chief Financial Officer, Office of Justice Programs.

I certify that the City of Madras meets the following eligibility criteria to use the 10 % de minimis indirect cost rate:

- 1. The award recipient does not have a current Federally-approved indirect cost rate agreement.
2. The award recipient has received less than \$35 million in direct federal funding for the fiscal year requested.
3. The de minimis rate approved will be applied to the MTDC. This base includes all direct salaries and wages, applicable fringe benefits, materials and supplies, services, travel, and up to the first \$25,000 of each subaward.
4. MTDC excludes equipment, capital expenditures, charges for patient care, rental costs, tuition remission, scholarships and fellowships, participant support costs, and the portion of each subaward in excess of \$25,000. Other items may only be excluded when necessary to avoid a serious inequity in the distribution of indirect costs, and with the approval of the cognizant agency.
5. The project costs will be consistently charged as either indirect or direct and will not be double charged or inconsistently charged as both.
6. The proper use and application of the de minimis rate is the responsibility of the award recipient. The Office of Justice Programs may perform a financial monitoring review to ensure compliance with 2 CFR Part 200.

SUBMITTED BY:

Signature: _____

Date: _____

Name: Mike Lepin (Authorized Official Only)

Title: Mayor

CITY OF MADRAS
Request for Council Action

Meeting Date: June 11, 2024

To: Mayor and City Council Members

From: Nicholas Snead, Community Development Director

Through: Will Ibershof, City Administrator

Subject: **DLCD Housing Planning Grants Matching Funds IGA.**

TYPE OF ACTION REQUESTED:

Approve

MOTION(S) FOR CONSIDERATION:

I approve the IGA between the Oregon Department of Land Conservation and Development and the City of Madras to transfer the required matching funds for the City of Madras Housing Action Plan Update and Homelessness Report in Fiscal Year 2023-24.

OVERVIEW:

The City of Madras was awarded \$80,000 of grant funding from the Oregon Department of Land Conservation and Development (DLCD) for housing planning in 2023. The grant funding was awarded contingent upon the City of Madras providing \$20,000 of grant matching funds. The City of Madras needs to transfer such funds to DLCD so that they can use the City's funds to pay the contractor (EcoNorthwest) to complete the Housing Action Plan Update and Homelessness Report.

Accordingly, DLCD has drafted an IGA that would allow the City's funds to be transferred to DLCD for these projects.

Accordingly, staff requests that the City Council approve the IGA between DLCD and the City of Madras to transfer the required matching funds for the City of Madras Housing Action Plan Update and Homelessness Report in Fiscal Year 2023-24.

STAFF ANALYSIS:

N/A

FISCAL INFORMATION:

\$20,000 from the Community Development Fund, Materials and Services, Professional Services (101-104-520-2503) in FY 2023-24.

SUPPORTING DOCUMENTATION:

See attached.

STRATEGIC GOAL:

N/A

DLCD IGA #23054 – City of Madras – Housing Action Plan

INTERGOVERNMENTAL AGREEMENT

City of Madras

This Agreement is between the State of Oregon acting by and through its **Department of Land Conservation and Development (“DLCD”)** and **City of Madras (“City”)**, each a “Party” and, together, the “Parties.”

I. AUTHORITY

This Agreement is authorized by ORS 190.110.

II. EFFECTIVE DATE

This Agreement is effective on the date of the last signature ("Effective Date"), and terminates on **June 30, 2025**, unless terminated earlier.

III. BACKGROUND

During the 2023 legislative session, the legislature appropriated funds to the DLCD for the purpose of allowing the DLCD to assist participating cities and counties (collectively, “local governments”) implement House Bills 2001 and 2889. This assistance will be provided, in part, through the Housing Needs Technical Assistance and Housing Code Technical Assistance projects, which are important elements of this legislative package.

DLCD has received a special appropriation of funds for the 2023-2025 biennium to assist local governments to help them better understand their housing needs and to develop strategies and actions to facilitate the development of their needed housing. DLCD will hire consultants to provide services directly to local governments including Housing Needs Analysis (“HNA”), Housing Implementation Plans (“HIP”), Housing Production Strategies (“HPS”), or other strategy to promote housing production, affordability, and choice. The projects are financed with State of Oregon General Funds. State funds are paid under this Agreement by DLCD to **Economic Consultants Oregon Ltd., doing business as ECONorthwest** (“Consultant”), who will assist the **City** as described in the Statement of Work below.

IV. PROJECT OBJECTIVE AND MAJOR DELIVERABLES

Housing Action Plan

The purpose of this Agreement is to prepare a plan, document, or comprehensive plan amendment(s) identifying or implementing the most promising actions a local government can take to facilitate housing production, affordability, and choice. This document is not identified in statute or administrative rule, and it may encompass any housing-related issue that is neither a housing needs analysis nor housing production strategy.

V. ROLES AND RESPONSIBILITIES

City: Overall management of the Project will be the responsibility of the City. The City shall appoint a Project Manager to be the principal contact person representing the City on all matters relating to the Project.

Specific project management duties of the City will include:

- a. Coordinating project schedule and deliverables with Consultant;
- b. Coordinating City staff;

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- c. Ensuring the timely completion of tasks and delivery of supporting data/information to Consultant;
- d. Reviewing and editing Consultant work;
- e. Appointing a project advisory committee with representation from the community; and
- f. Noticing, scheduling, and managing advisory committee meetings and public official work sessions and public hearings, if any. Activities include but are not limited to preparing and distributing meeting notices, agendas, and summaries; and assisting the Consultant with meeting facilitation.

DLCD: DLCD will provide financial, administrative, and technical assistance to the Project. DLCD will participate in advisory committees. Additional technical assistance may be provided as requested by the City or Consultant. DLCD will review Consultant’s work, invoices, and progress reports. Additionally, DLCD will review the Consultant’s performance and deliverables with the City prior to paying invoices received by the Consultant. DLCD will assist in the mediation of Consultant/City conflicts, or issues with the project or deliverables.

VI. COMPENSATION AND COSTS

City shall reimburse DLCD, up to but not in excess of \$20,000, for all expenses reasonably and necessarily incurred by DLCD in Consultant’s performing the Project services related to the Agreement. Reimbursement shall be made to DLCD by June 15, 2024. Aside from the aforementioned reimbursement, each Party shall assume its own costs of carrying out the tasks and responsibilities assigned to it under this Agreement.

VII. KEY CONTACTS

City

Nicholas Snead, Community Development Director
City of Madras
125 SW E Street
Madras, OR 97741

nsnead@cityofmadras.us
541-475-2344

Department of Land Conservation and Development

Project Manager

Angie Brewer
63055 North Highway 97, Building M
Bend, OR 97703

angie.brewer@dlcd.oregon.gov
541-306-8530

Housing Team Technical Representative

Mari Valencia-Aguilar
635 Capitol St. NE Suite 150
Salem, OR 97301

mari.valencia-aguilar@dlcd.oregon.gov
503-930-9739

Consultant

Cindy O’Connell, Head of Operations & Finance
ECONorthwest

[oconnell@econw.com](mailto:connell@econw.com)
503-200-5076

DLCD IGA #23054 – City of Madras – Housing Action Plan

222 SW Columbia Avenue, Suite 1600
Portland, OR 97201

A Party may designate a new authorized representative by written notice to the other Party.

VIII. TERMINATION

- a) This Agreement may be terminated at any time by mutual written agreement of the Parties.
- b) This Agreement may be terminated by DLCD upon 45 days advance written notice and by Local Government upon 45 days advance written notice.

IX. NON-APPROPRIATION

DLCD's obligation to perform its duties under this Agreement is conditioned upon DLCD receiving funding, appropriations, limitations, allotments, or other expenditure authority sufficient to allow DLCD, in the exercise of its reasonable administrative discretion, to meet its obligations under this Agreement. Nothing in this Agreement may be construed as permitting any violation of Article XI, Section 7 of the Oregon Constitution or any law limiting the activities, liabilities, or monetary obligations of DLCD.

X. STATEMENT OF WORK

The City adopted and started to implement the Madras Housing Action Plan (MHAP) in 2019, which included numerous actions to support housing development in City. The City just completed a Housing Capacity Analysis (“HCA”) in June 2023. Consultant worked with the City to develop both reports.

The HCA showed that the City’s housing market improved, along with the City’s implementation of key actions in the MHAP. The HCA also showed that the City still has substantial unmet housing needs, especially for households with income below the Jefferson County Median Family Income (“MFI”) of \$71,600 in 2022. The analysis showed that 40% of the City’s households were cost burdened, including 53% of renter households. About half of City’s households had income below \$36,000 (50% of MFI for a household of four people) and about 15% had income between \$36,000 and \$57,000 (50% to 80% of MFI for a household of four people).

This information illustrates that the City’s housing market, while improved, is not able to meet the need for housing working people and retirees in City. The City wants to update its Housing Action Plan to focus on actions that support development of housing that is affordable for people to live and work in City.

TASK 1: PROJECT KICK-OFF

Consultant shall hold a meeting with City to discuss the purpose of the project and to revise the project scope and schedule as needed. This will also include identification of key issues for the project, including potential obstacles for developing the strategy and desired outcomes of the project.

The product of the project kick-off will be revisions to the project scope and schedule, as well as identification of key issues and barriers to housing development.

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Task 1 City Deliverables:

- *Copy of relevant comprehensive plan and code sections.*

Timeline: February – March 2024

TASK 2: EVALUATION OF HOUSING DEVELOPMENT BARRIERS

Consultant shall develop the identification of barriers through a combination of technical analysis, review of City’ development code, and interviews with key stakeholders. Initial discussions with the City indicate that the following issues are barriers to development of housing affordable at 120% of MFI and below.

- **Code barriers.** The City’ zoning code may have barriers to development of housing including barriers to development of new manufactured and prefabricated housing (on individual lots and in housing parks); rehabilitation of existing housing; opportunities for decreasing lot size for single-unit detached housing in existing residential zones, the lack of a zone where only multiunit housing is allowed at higher densities; and need to modify the City’s Master Plan requirements. Review of the City’s development code may reveal other opportunities for code changes.
- **Financial support for housing development.** The City needs development of more housing that is deed restricted for long-term affordability but not necessarily linked to standard financing sources, like Low Income Housing Tax Credits, as some of these financing sources are becoming more competitive and difficult to access. In addition, City may want to evaluate ways to use its existing Urban Renewal Plan to support development of more moderately priced multi-unit housing (whether deed restricted or not). The City may also want to evaluate ways to fund rehabilitation of existing affordable housing.
- **Stakeholder Partnerships.** Development of affordable housing, especially housing for homeownership, and rehabilitation of affordable housing will require growing existing partnerships and developing new partnerships.

This task will involve evaluation of these topics, considering the issues discussed above and other issues related to these topics. It will include a summary of unmet housing needs from the 2023 HCA and a summary of key housing policy changes the City has taken since 2019, including items from the existing City Housing Action Plan that the City has implemented.

Task 2.1: Code Review

The purpose of this task is to review the City’s zoning code and identify current development standards and potential changes to lower housing development barriers. Consultant will begin with examination of the issues identified above about manufactured and prefabricated housing, an exclusive multiunit zone, and the City’s Master Plan Requirements. Consultant will discuss zoning barriers in the stakeholder interviews, to identify other issues to examine.

Task 2.2: Financial Analysis

This task will evaluate potential local funding sources and financial incentives (e.g., property tax abatements) that could financially support affordable or moderately priced market-rate housing development. This may include evaluating potential changes to the way the City uses urban renewal funding to support moderately priced market-rate development, evaluation of whether a tax abatement such as the Multiple Unit Property Tax Exemption (MUPTEx) could be helpful in supporting moderately-priced market-rate housing production. The analysis will include evaluation of potential sources of

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funding to support rehabilitation of existing housing, considering opportunities to build on existing rehabilitation programs. It will also include a summary of new state funding opportunities and how the City can best leverage or support affordable housing developers in accessing the available resources.

Task 2.3: Stakeholder Interviews

Consultant will coordinate with the City to identify stakeholders to interview, focusing on real estate professionals, developers, affordable housing developers, organizations that address housing needs for lower-income renters, organizations with existing rehabilitation programs, and land trusts that develop affordable ownership housing. Broadly speaking the discussions with stakeholders will cover the following questions:

- What are the regulatory, financial/market, and other barriers to developing housing in the City, both market-rate and affordable housing?
- What can City do to support developing housing that is affordable to people who work in City?
- What are the most significant changes that would need to occur to develop other types of housing in the City (e.g. policies, industry issues, economics, financing)?
- What would City need to do to support expansion of housing-supportive programs, like a land trust, into City?

The product of this task will be technical appendices to the Action Plan that present the results of the technical analysis, code review, and the assessment of housing barriers from discussions with stakeholders.

Task 2 City Deliverables:

- *Input on people to interview; and*
- *Comments on the draft memorandum about housing development barriers and analysis; and draft memorandum of key findings from stakeholder interviews about development barriers.*

Timeline: February – August 2024

TASK 3: EVALUATION OF ACTIONS TO SUPPORT AFFORDABLE HOUSING DEVELOPMENT

Based on the analysis in Task 2, Consultant will work with City to identify six (6) actions, unless a different amount is agreed upon by both parties, to stimulate the development of affordable and moderately-priced market-rate housing and to preserve and rehabilitate existing lower-cost housing. Consultant will describe each action and provide a preliminary assessment of the impact of actions for housing development and preservation. The analysis of impact will be high-level, indicating the direction and magnitude of the impact of each tool.

Consultant shall present the preliminary evaluation of the actions to the City Planning Commission and City Council.

Task 3 City Deliverables:

- *Comments on the draft memorandum with the actions to stimulate development of affordable housing; and*
- *Feedback on presentation materials for City Planning Commission and City council meetings, meeting notices and meeting agendas.*

Timeline: August – December 2024

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TASK 4: REVISED CITY HOUSING ACTION PLAN REPORT

Consultant will update the City’s Housing Action Plan to propose new or updated actions to address the housing needs discussed in this scope of work. It may also identify which actions the City has already completed and include information about other actions identified in the 2018 Action Plan that are not identified as high priority in this update that the City may want to keep in the Action Plan for future action.

The strategy will focus on the tools reviewed in Task 3 and the analysis developed in Task 2. The report will recommend an overall affordable housing approach that makes sense for City relative to target housing types and income levels served. The housing strategy will include actions to evaluate and measure the City’s progress on completing each action.

Consultant will present the Revised Housing Action Plan to the City Planning Commission and City Council.

The product of this task will include a report with the final draft Revised Housing Action Plan.

Task 4 City Deliverables:

- *Comments on the draft update to the Madras Housing Action Plan Report; and*
- *Feedback on presentation materials for City Planning Commission and City council meetings, meeting notices and meeting agendas.*

Timeline: December 2024 – May 2025

XI. OTHER CONSIDERATIONS

Except as provided herein, nothing in this agreement shall be construed as obligating the other party to expend funds or obligate future payment of money authorized by law and administratively available for this work.

SIGNATURE BLOCK

City Official

Authorized to sign on behalf of the City

Date

Printed Name

Department of Land Conservation & Development

DLCD IGA #23054 – City of Madras – Housing Action Plan

Kirstin Greene, Deputy Director

Date

CITY OF MADRAS
Request for Council Action

Meeting Date: June 11, 2024

To: Mayor and City Council Members

From: Tim Plummer, Police Chief

Through: Will Ibershof, City Administrator

Subject: **Police Department Purchase of Body Worn Cameras**

TYPE OF ACTION REQUESTED:

Approve

MOTION(S) FOR CONSIDERATION:

The council authorizes the police department to purchase body-worn cameras with software through Safe Fleet in the amount of \$39,290.00 and authorize the City Administrator to sign the contracts.

OVERVIEW:

Body-worn cameras are widely used by law enforcement agencies in the United States. They are worn principally by officers in the performance of duties that require open and direct contact with the public. Benefits of officer-worn cameras include, but not limited to increasing officer and citizen safety, increasing evidence quality, and reducing civilian complaints and agency liability.

The body worn camera contract with Safe Fleet includes 10 cameras plus supporting hardware and software over a 5-year period. The staff solicited quotes from Axon, Safe Fleet, and WatchGuard. The quotes are as follows:

Axon = \$ 63,579.80
Safe Fleet = \$39,290.00
Motorola Solutions = \$57,960.00

Safe Fleet was the low responsive bidder.

STAFF ANALYSIS:

The police chief and staff realized the need for body cameras. For decades now, law enforcement agencies have been using recorded evidence for interactions with witnesses, victims, and suspects. In addition, capturing on scene visual and audio evidence. These recordings allow the courts, defense lawyers, prosecutors, and others to better understand what occurred during an incident. Recordings are now so routine, they are expected to be included in an investigatory case. Because body cams are used in so many jurisdictions, the public has an

expectation that interactions with police officers will be recorded. Police in Oregon are already required to audio record certain interviews (Measure 11 crimes), crimes against children and domestic violence interviews, which indicates that eventually there will likely be a requirement to video record interactions between police and the community for any interaction.

FISCAL INFORMATION:

Contract with Safe Fleet
Body Cameras w/Hardware = \$10,940
Set Up Fee = \$3,150
Software Support for 5 years = \$25,200

Total cost for BWC bundle = \$39,290.00

SUPPORTING DOCUMENTATION:

Axon Quote
Safe Fleet Quote
Motorola Solutions Quote

STRATEGIC GOAL:

Quote: Q-58058
Contract: Not Applicable
Date: 3/12/2024, 1:14 AM
Expires On: 7/8/2024

COSAN Technologies, Inc.
2411 S. Sam Houston Parkway W. #300
Missouri City, Texas 77489
United States

Phone: (281) 926-0488
Fax: (281) 825-0535
Email: SFLE-Sales@safefleet.net

Ship To
Tim Plummer
Madras Police Department (OR)
125 SW E Street
Madras Oregon
United States
(541)475-2424
(541)475-8371
tplummer@madraspd.us

Bill To
Madras Police Department (OR)
125 SW E Street
Madras Oregon
United States

End User

SALESPERSON	EXT	EMAIL	DELIVERY METHOD	PAYMENT METHOD
Jessa Miller	X	jessa.miller@safefleet.net		Net 30

NEXUS CLOUD & BWC HARDWARE SUBSCRIPTION BUNDLE

Includes:

- FOCUS Body Worn Camera
 - Software Right To Use License
 - Software Maintenance and Technical Support
 - Hardware Warranty and Technical Support
 - Replacement camera every 24 months
 - 5% Spare Camera (minimum purchase of 20 BWC)
- Cloud Storage Service requires an analysis of the Agency usage, retention, and FOIA policies during contract negotiation.

Focus X2 Body Camera Cloud Bundle (Year 1)

5 Year Retention

LINE NO.	PART #	DESCRIPTION	UNIT PRICE	QTY	EXTENDED
QL-0449830	CL-BWC-PKG6	NEXUS CLOUD & BWC SUBSCRIPTION BUNDLE PKG - 6 YEAR RETENTION	USD 840.00	10	USD 8,400.00
QL-0448831	FOCUS-11-CL1	FOCUS X2 BODY WORN CAMERA PACKAGE w/ 5YR TSP Includes: - FOCUS X2 Body Worn Camera - Single Office Dock & Power Supply - USB Cable - Magnetic Uniform Mount	USD 0.00	10	USD 0.00
QL-0451609	FOCUS-18-00	FOCUS BWC 8-BAY DOCKING STATION	USD 1,425.00	1	USD 1,425.00
QL-0451511	WARR-X1-8BAYTSP6	BWC MULT-DOCKING STATION 6-YEAR TECHNOLOGY SERVICE PLAN 5-year hardware service plan with technology upgrade protection	USD 940.00	1	USD 940.00
QL-0449832	LFEE-054	SHIPPING	USD 15.00	10	USD 150.00
QL-0451510	LFEE-053	SHIPPING - Multi-Bay Docking Station for BWC	USD 25.00	1	USD 25.00

Focus X2 Body Camera Cloud Bundle (Year 1) TOTAL: USD 10,940.00

Courier File Sharing Application (Year 1)

• **Included with NEXUS Subscription**

LINE NO.	PART #	DESCRIPTION	UNIT PRICE	QTY	EXTENDED
QL-0444375	CCL1001Y	CLOUD COURIER ANNUAL - WAIVED Evidence sharing via Safe Fleet Azure Cloud Services 100GB / unlimited downloads and exports.	USD 2,340.00	1	USD 0.00
Courier File Sharing Application (Year 1) TOTAL:					USD 0.00

Professional Services (Year 1)

• **One-Time Initial Fee**
• **Includes Setup, Configuration, User/Admin Training**

LINE NO.	PART #	DESCRIPTION	UNIT PRICE	QTY	EXTENDED
QL-0444376	LSET-17	BACKOFFICE SETUP PACKAGE A Includes: • 2 Days remote and on-site project deployment • Back office configuration and setup • Admin and User Training Project Deployment, Single Platform On-site / Remote Project Implementation	USD 3,150.00	1	USD 3,150.00
Professional Services (Year 1) TOTAL:					USD 3,150.00

Recurring Annual Subscription (Year 2)

• **Items listed below are for reference only, and not included in the quote total**

LINE NO.	PART #	DESCRIPTION	UNIT PRICE	QTY	EXTENDED
QL-0449633	CL-BWC-PKG8-RY2	NEXUS CLOUD & BWC SUBSCRIPTION BUNDLE PKG - 5 YEAR RETENTION - YEAR 2	USD 840.00	10	USD 8,400.00
QL-0451505	CCR1001YR	CLOUD COURIER ANNUAL RENEWAL - 100GB BASE LICENSE • Year 2 - Waived	USD 0.00	1	USD 0.00
Recurring Annual Subscription (Year 2) TOTAL:					USD 8,400.00

Recurring Annual Subscription (Year 3)

• **Items listed below are for reference only, and not included in the quote total**

LINE NO.	PART #	DESCRIPTION	UNIT PRICE	QTY	EXTENDED
QL-0449635	CL-BWC-PKG8-RY3	NEXUS CLOUD & BWC SUBSCRIPTION BUNDLE PKG - 5 YEAR RETENTION - YEAR 3	USD 840.00	10	USD 8,400.00
QL-0451506	CCR1001YR	CLOUD COURIER ANNUAL RENEWAL - 100GB BASE LICENSE • Year 3 - Waived	USD 0.00	1	USD 0.00
Recurring Annual Subscription (Year 3) TOTAL:					USD 8,400.00

Recurring Annual Subscription (Year 4)

• **Items listed below are for reference only, and not included in the quote total**

LINE NO.	PART #	DESCRIPTION	UNIT PRICE	QTY	EXTENDED
QL-0449637	CL-BWC-PKG8-RY4	NEXUS CLOUD & BWC SUBSCRIPTION BUNDLE PKG - 5 YEAR RETENTION - YEAR 4	USD 840.00	10	USD 8,400.00
QL-0451507	CCR1001YR	CLOUD COURIER ANNUAL RENEWAL - 100GB BASE LICENSE • Year 4 - Waived	USD 0.00	1	USD 0.00
Recurring Annual Subscription (Year 4) TOTAL:					USD 8,400.00

Recurring Annual Subscription (Year 5)

• *Items listed below are for reference only, and not included in the quote total*

LINE NO.	PART #	DESCRIPTION	UNIT PRICE	QTY	EXTENDED
QL-0449639	CL-BWC-PKG8-RY5	NEXUS CLOUD & BWC SUBSCRIPTION BUNDLE PKG - 5 YEAR RETENTION - YEAR 5	USD 840.00	10	USD 8,400.00
QL-0451508	CCR1001YR	CLOUD COURIER ANNUAL RENEWAL - 100GB BASE LICENSE • <i>Year 5 - Waived</i>	USD 0.00	1	USD 0.00
Recurring Annual Subscription (Year 5) TOTAL:					USD 8,400.00

TOTAL: USD 14,090.00

Terms & Conditions

Applicable sales taxes are not reflected on this proposal, and will be included on the invoice. In the event Sales Tax is requested to be listed on the proposal, it will be the responsibility of the Agency to provide the current Tax rate and amount. Any purchases that are exempt from Sales Tax must be accompanied by a tax exemption and/ or re-seller certificate.

This quote is presented to the customer under the condition that it remains a valid quote for only 60 days after the stated Quote Date, after which the quote becomes null and void.

Please email or fax a signed copy of this quotation and other referenced documents to SFLE-Sales@safefleet.net or (281) 925-0535 Safe Fleet Law Enforcement order requests above \$2,500.00 require an Agency issued Purchase Order prior to processing.

COBAN Technologies, Inc.
9411 S Sam Houston Pkwy W. #300 Missouri City, Texas 77489

Applicable Terms. By signing this quote (the "Quote") (or, if this Quote is attached to, referenced in, or otherwise accompanies any other agreement, statement of work, purchase order, or other similar document, by or between the parties and/or their applicable affiliates (any of the foregoing, collectively, the "Accompanying Agreement"), then by signing such Accompanying Agreement), or by issuing a purchase order for, or accepting, any of the goods, services, or other items set forth in this Quote, the Customer agrees to all terms and conditions set forth herein, including without limitation any Additional Terms and Conditions set forth below (if applicable) ("Additional Terms"), and to the Safe Fleet Video & Telematics Products and Services Standard Customer Terms & Conditions, currently available at safefleet.net/v-and-t-general-terms (as may be updated or amended by Safe Fleet from time to time in its discretion, the "Ts&Cs"), together with any and all other terms and conditions incorporated by reference into any of the foregoing; all of which are incorporated herein and will govern all products, services, and other matters set forth herein. Capitalized terms used but not defined herein shall have the meaning ascribed to them in the Ts&Cs.

Conflicts. Customer and Safe Fleet expressly agree that, notwithstanding anything to the contrary in the Accompanying Agreement, including any provision thereof relating to order of precedence, conflicts, or "battle of the forms," in the event of any conflict, ambiguity, or inconsistency (any of the foregoing, a "Conflict") between any term, provision, requirement, request, specification, or other provision (any of the foregoing, a "Provision") of the Accompanying Agreement and any Provision of this Quote (including, for clarity, the Ts&Cs and/or any Additional Terms), this Quote shall prevail and control; Customer and Safe Fleet intend this Quote to be, and this Quote shall be deemed to be, an amendment to any Conflicting Provision of the

Accompanying Agreement. In the event of any Conflict between any Provision of any Additional Terms and any Provision of the Ts&Cs, the Additional Terms shall control.

Sole Warranties. The warranties applicable to the products, services, and other matters set forth herein are available at [https:// www.safefleet.net/product-and-service-warranties](https://www.safefleet.net/product-and-service-warranties) (the “Warranty Documentation”). Notwithstanding any other provision in this Agreement, the Warranty Documentation sets forth the sole warranties with respect to the products, services, and other matters set forth herein, and Safe Fleet hereby expressly disclaims all other representations and warranties, express or implied.

Invoicing and Purchase Orders. This Agreement authorizes Safe Fleet, regardless of whether or not Customer has issued an applicable Purchase Order, to invoice Customer annually in advance for Software Services. Customer agrees to pay all invoices within 30 days of receipt. Customer may issue Purchase Orders hereunder for its own record-keeping purposes, but (a) no Customer Purchase Order will be deemed to modify, alter, supersede, supplement, or amend this Agreement in any respect unless mutually agreed by the Parties in a written amendment executed by both Parties, and (b) for clarity, Customer’s issuance of any such Purchase Order, or failure to issue same, shall not affect in any manner Safe Fleet’s ability to invoice Customer (or Safe Fleet’s right to payment of such invoice) as provided herein.

Agency Responsibilities. Without limiting any provision of the Ts&Cs, Customer is solely responsible for the following: (a) Customer will ensure that Customer owns or has licensed all rights necessary to permit Safe Fleet to use all Customer-Provided Data as contemplated by this Agreement; (b) Customer will ensure that Customer’s, and all Customer End Users’, configuration and use of the Safe Fleet V&T Offerings, including the Software Services, and all Customer Data (and all use thereof by Customer and/or Customer End Users), complies with all applicable Laws and all rules, regulations, and standards applicable to Customer, and does not infringe, misappropriate, or violate any right, including any intellectual property, proprietary, privacy, contractual, statutory, constitutional, or any other right, of any third party; (c) Customer will maintain all necessary computer equipment and Internet connections for use of the Software Services; (d) If Customer becomes aware of any violation of this Agreement by any Customer End User, Customer will immediately terminate that Customer End User’s access to the Software Services and shall promptly notify Safe Fleet of same; (e) Customer will maintain the security of all user credentials, including all Customer End User user names and passwords, and security and access to the Software Services via Customer systems or facilities and/or to all Customer Data. Customer shall promptly notify Safe Fleet if Customer learns or believes that an unauthorized party may be using Customer’s account or Customer Data, or that account information may have been lost or stolen.

Customer Data After Termination – Applicable to Software Services Only. Safe Fleet will not delete Customer Data before the 90th day following expiration or earlier termination of the License Term. Safe Fleet will have no obligation to provide any Software Service functionality to Customer during this 90-day period other than the ability to retrieve Customer Data. Customer will not incur additional fees if Customer downloads Customer Data from the Software Services during this time. Safe Fleet has no obligation to maintain or provide Customer Data after this 90-day period and, except to the extent (and in such case only for so long as) prohibited by applicable law, Safe Fleet may thereafter delete any or all Customer Data. Upon written request, Safe Fleet will provide written notice that safe Fleet has successfully deleted and removed Customer Data from the Software Services.

Post-Termination Assistance – Applicable to Software Services Only. Safe Fleet will provide Customer with the same post-termination data retrieval assistance that Safe Fleet generally makes available to all customers. Requests for Safe Fleet to provide additional assistance in downloading or transferring Customer data, including requests for Safe Fleet’s data egress service, will result in additional fees, and Safe Fleet does not make any, and

hereby disclaims all, express and/or implied representations, warranties, and/or guaranties as to the integrity or readability of Customer Data in any non-Safe Fleet systems.

Customer Sharing of Customer Data – Applicable to Software Services Only. Without limiting any provision of the Ts&Cs: (a) Customer is solely responsible for granting permissions to Customer Data that may be shared via the Software Services, and Safe Fleet will have no responsibility or liability for sharing with, or disclosure to, third parties of Customer Data due to any error, typo, oversight, or other act or omission of Customer (including, for example, any error by Customer in entering a recipient’s email address); and (b) Customer is solely responsible for complying with all applicable Laws, standards, policies, and guidelines in connection with its use sharing of Customer Data with, or granting of access to Customer Data to, third parties via the Software Services, and Safe Fleet will have no responsibility or liability for any violation or breach of any of the foregoing due to any act or omission of Customer (including, for example, any violation of privacy laws or standards caused by Customer’s sharing of Customer Data with an inappropriate third party or Customer’s inappropriate sharing of protected Customer Data).

The warranties applicable to the products, services, and other matters set forth herein are available at <https://www.safefleet.net/product-and-service-warranties> (the “Warranty Documentation”). Notwithstanding any other provision in this Agreement, the Warranty Documentation sets forth the sole warranties with respect to the products, services, and other matters set forth herein, and Safe Fleet hereby expressly disclaims all other representations and warranties, express or implied.

Safe Fleet Nexus Customer Subscription Agreement Additional Terms and Conditions

1. Term. This subscription is a five-year commitment by Customer, as follows: The Initial Term of this Agreement shall begin on the Effective Date (as defined below) and, unless renewed or earlier terminated as provided in this Agreement, shall expire on the fifth anniversary of the Service Start Date (as defined below). “Effective Date” shall mean the earliest to occur of the following: (a) the date on which this Quote becomes fully executed by both Parties, (b) the effective date of the Accompanying Agreement (if any), (c) Safe Fleet’s acceptance of a Customer Purchase Order for any of the Software Services set forth in this Quote, or (d) the Service Start Date (as defined below). “Service Start Date” means the date Safe Fleet first makes available to Customer any of the Software Services set forth in this Quote. The Parties may renew this Agreement for additional years upon execution of a new quote or other written renewal executed by both Parties. New devices and services may require additional quotes and be subject to additional terms. Safe Fleet will not authorize, and will have no obligation to provide, any Services prior to the Effective Date.

2. Storage. Customer may store unlimited Customer Data in Customer’s cloud instance of the Software Services, provided that such Customer Data originates from a Safe Fleet in-car video system, Automated License Plate Reader (ALPR) solution, Safe Fleet body-worn camera, Safe Fleet Interview Room, or any other Safe Fleet authorized video/audio capture device (any of the foregoing, a “Safe Fleet Device”); and further provided that:

- (a) if this Quote sets forth per-GB (or other unit of storage) pricing for storage, then Safe Fleet may invoice Customer at such rate for all storage used;
- (b) if this Quote sets forth flat-fee pricing for storage, then Customer acknowledges and agrees that Safe Fleet’s ability to offer, and continue to offer during the Term, such pricing is conditioned on Customer transparently providing accurate and up-to-date information about Customer’s document retention policies and abiding by such policies during the Term; and, without limiting the foregoing:

- (i) Customer will provide Safe Fleet a copy of its then-current document retention policy prior to signing this Agreement (the “Initial Policy”), which copy shall be complete, accurate, and up-to-date;
- (ii) Customer will provide Safe Fleet a copy of any revised, updated, or otherwise modified version of its document retention policy (any of the foregoing, a “Revised Policy”) within 30 days of the effective date of such Revised Policy;
- (iii) Customer will comply with each policy described in clauses 2(b)(i) and 2(b)(ii) at all times same is in effect during the Term;
- (iv) If this Quote sets forth any storage cap or assumption, then Customer will not exceed same at any time during the Term;
- (v) Customer will pay all Adjusted Fees (as defined below) within 30 days of receipt of invoice;
- (vi) Customer will, within 10 business days of Safe Fleet’s request, provide all information and records reasonably requested by Safe Fleet from time to time during the Term in order to assess Customer’s compliance with any of the foregoing in clauses 2(b)(i) through 2(b)(v) inclusive;
- (vii) Safe Fleet may, in its sole discretion, adjust the Fees payable in connection with this Agreement (and immediately invoice Customer for the difference between the Fees stated in this Quote and such increased Fees)--in an amount mutually agreed by the Parties, or, if the Parties do not mutually agree on such an amount within 30 days of Safe Fleet’s initial proposal to increase fees, then at the rate set forth above in this Quote (or, if no such rate is stated, at Safe Fleet’s then-current rate)--if (x) Customer breaches any of the foregoing in clauses 2(b)(i) through 2(b)(vi) inclusive, or (y) Safe Fleet in good faith determines that any Revised Policy may increase Customer data usage assumed by Safe Fleet based on the Initial Policy (any Fees adjusted as provided in this paragraph, the “Adjusted Fees”); and
- (viii) Safe Fleet may suspend any or all Software Services (including, for clarity, Customer’s access thereto) if Safe Fleet in good faith determines that Customer has likely breached, or is likely to breach, any of the foregoing in clauses 2(b)(i) through 2(b)(vi) inclusive, until such time as Safe Fleet in good faith determines that Customer has remedied same, and, for clarity, Safe Fleet will have no liability for failing to provide Software Services during such time; and
- (ix) Safe Fleet may terminate this Agreement, in whole or in part, upon no less than five business days’ prior written (email being sufficient) notice if Customer breaches any of the foregoing in clauses 4(b)(i) through 4(b)(vi) inclusive.

(c) Safe Fleet may, in all cases, invoice Customer at the rate set forth above in this Quote (or, if no such rate is stated, Safe Fleet’s then-current rate) for storage of any Customer Data that (i) did not originate from a Safe Fleet Device, or (ii) results from any full-shift recording policy or practice. Full-shift recording is not supported and is not included in the pricing offered herein; and

(d) Safe Fleet may place any or all Customer Data that Customer has not viewed or accessed for six months into archival storage; Customer Data in archival storage may not be immediately available to Customer and may take up to 24 hours to access.

3. Applicable Terms and Conditions. In addition to the Ts&Cs (currently available at www.safefleet.net/v-and-t-general-terms) and Warranty Documentation (currently available at www.safefleet.net/product-and-service-warranties) referenced elsewhere in this Quote, this Quote is subject to and governed by, and hereby incorporates as if fully set forth herein, the following:

- (a) for all orders subject to these Additional Terms and Conditions, the Safe Fleet Law Enforcement Division Service Level, Support, and Maintenance Agreement (currently available at www.safefleet.net/support-and-maintenance-terms); and (b) to the extent this Quote sets forth any preventative maintenance services, the Safe Fleet Video & Telematics Preventative Maintenance Services Additional Terms & Conditions (currently available at www.safefleet.net/pmprogram-additional-terms). In addition, the Parties may by mutual written agreement enter into one or more Statements of Work hereunder setting forth further detail regarding Services to be provided pursuant to this Agreement; all such Statements of Work (if any) shall be subject to

the terms and conditions set forth in this Agreement. By signing this Quote (or, if this Quote is unsigned, the Accompanying Agreement), you represent that you are lawfully able to enter into contracts and have legal authority to bind the entity (including but not limited to company, municipality, or government agency) you represent.

IN WITNESS WHEREOF, the Parties have caused this Agreement to Purchase to be executed and delivered by their respective authorized representatives whose signatures appear below.

COBAN Technologies, Inc.

Madras Police Department (OR)

Signature:

Signature:

Printed Name:

Printed Name:

Title:

Title:

Dated:

Dated:

Purchase Order



DAY MANAGEMENT CORP DBA DAY WIRELESS SYSTEMS

(14)V700,VaaS molle

02/28/2024

02/28/2024

DAY MANAGEMENT CORP DBA DAY WIRELESS SYSTEMS
DAY MGT CORP DBA DAY WIRELESS SYSTEMS
PO BOX 220242
MILWAUKIE, OR 97269

RE: Motorola Quote for (14)V700,VaaS molle

Dear Garret Winter,

Motorola Solutions is pleased to present DAY MANAGEMENT CORP DBA DAY WIRELESS SYSTEMS with this quote for quality communications equipment and services. The development of this quote provided us the opportunity to evaluate your requirements and propose a solution to best fulfill your communications needs.

This information is provided to assist you in your evaluation process. Our goal is to provide DAY MANAGEMENT CORP DBA DAY WIRELESS SYSTEMS with the best products and services available in the communications industry. Please direct any questions to James Wylie at james.wylie@motorolasolutions.com.

We thank you for the opportunity to provide you with premier communications and look forward to your review and feedback regarding this quote.

Sincerely,

James Wylie
CES

Billing Address:
 DAY MGMT CORP DBA DAY
 WIRELESS SYSTEMS
 DAY MGT CORP DBA DAY
 WIRELESS SYSTEMS
 PO BOX 220242
 MILWAUKIE, OR 97269
 US

Shipping Address:
 DAY MANAGEMENT CORP DBA
 DAY WIRELESS SYSTEMS
 2311 3RD ST
 Tillamook, OR 97141
 US

Quote Date:02/28/2024
Expiration Date:05/28/2024
Quote Created By:
 James Wylie
 CES
 james.wylie@
 motorolasolutions.com
 972-837-0008

End Customer:
 MADRAS POLICE DEPT
 Garret Winter
 GWinter@daywireless.com
 541-321-3013

Payment Terms:3% 15, NET 30

Summary:

Any sales transaction resulting from Motorola's quote is based on and subject to the applicable Motorola Standard Terms and Conditions, notwithstanding terms and conditions on purchase orders or other Customer ordering documents. Motorola Standard Terms and Conditions are found at www.motorolasolutions.com/product-terms.

Summary:

This quote is made without knowing the agency's Internet upload/download speeds. To ensure satisfactory data transfer, the speeds should be at least 100Mbps/100Mbps. If Madras PD does not have, or can't get soon enough, satisfactory speeds, the items on this quote will need to be re-quoted.

Line #	Item Number	Description	Qty	Term	Sale Price	Ext. Sale Price	Refresh Duration
Video as a Service							
1	AAS-BWC-5YR-001	BODY WORN CAMERA AND VIDEO MANAGER EL CLOUD - 5 YEARS VIDEO-AS-A-SERVICE	14	5 YEAR	\$4,140.00	\$57,960.00	
2	WGC02001-VAAS	VIDEOMANAGER EL. CLOUD, ANNUAL UNLIMITED STORAGE PER BODY WORN CAMERA VAAS	14	5 YEAR	Included	Included	
3	WGB-0741A	V700 BODY WORN CAMERA FIRSTNET READY	14		Included	Included	3 YEAR



Line #	Item Number	Description	Qty	Term	Sale Price	Ext. Sale Price	Refresh Duration
4	LSV07S03512A	ESSENTIAL SERVICE WITH ACCIDENTAL DAMAGE AND ADVANCED REPLACEMENT	14	5 YEAR	Included	Included	
5	SWV07S03593A	SOFTWARE ENHANCEMENTS	14	5 YEAR	Included	Included	
6	WGA00668-KIT	V300/V700 LOCKING MOLLE MNT WITH BWC BOX	14		Included	Included	
7	PSV00S03897A	REMOTE DEPLOYMENT, CONFIGURATION AND PROJECT MANAGEMENT	1		Included	Included	
8	SSV00SQ1450B	LEARNER LXP SUBSCRIPTION	1	5 YEAR	\$0.00	\$0.00	
9	WGB-0138AAS	VIDEO EQUIPMENT, V300/ V700 TRANSFER STATION (\$30 PER MON)	1		Included	Included	

Grand Total
\$57,960.00(USD)

Pricing Summary

	Sale Price	
Upfront Costs for Hardware, Accessories and Implementation (if applicable), plus Subscription Fee	\$11,592.00	\$0.00
Year 2 Subscription Fee	\$11,592.00	\$0.00
Year 3 Subscription Fee	\$11,592.00	\$0.00
Year 4 Subscription Fee	\$11,592.00	\$0.00
Year 5 Subscription Fee	\$11,592.00	\$0.00
Grand Total System Price	\$57,960.00	\$0.00

Notes:

- Unless otherwise noted, this quote excludes sales tax or other applicable taxes (such as Goods and Services Tax, sales tax, Value Added Tax and other taxes of a similar nature). Any tax the customer is subject to will be added to Invoices.



Any sales transaction following Motorola's quote is based on and subject to the terms and conditions of the valid and executed written contract between Customer and Motorola (the "Underlying Agreement") that authorizes Customer to purchase equipment and/or services or license software (collectively "Products"). If no Underlying Agreement exists between Motorola and Customer, then Motorola's Standard Terms of Use and Motorola's Standard Terms and Conditions of Sales and Supply shall govern the purchase of the Products.

Motorola Solutions, Inc.: 500 West Monroe, United States - 60661 - #: 35-1115600

- Unless otherwise noted in this quote / order, installation of equipment is not included.



Video-as-a-Service (VaaS) is a subscription-based solution that provides agencies with Motorola's industry-leading evidence collection and management tools. VaaS includes access to high definition camera systems and the VideoManager EL Cloud evidence management platform.

VideoManager EL Cloud automates data maintenance and facilitates administration of your department's devices in a Government cloud-based storage solution. Agencies can capture, record, store, and efficiently manage all evidentiary data with VideoManager.

In addition, the VaaS solution can be expanded with CommandCentral Evidence to provide a single, streamlined workflow in the industry's only end-to-end digital evidence management ecosystem.



When combined into a single solution, these tools enable officers in the field to easily capture, record, and upload evidence, as well as efficiently manage and share that evidentiary data. Because Video-as-a-Service requires no up-front purchase of equipment or software, it provides a simple way to quickly deploy and begin using a complete camera and evidence management solution for a per device charge, billed quarterly.



Any sales transaction following Motorola's quote is based on and subject to the terms and conditions of the valid and executed written contract between Customer and Motorola (the "Underlying Agreement") that authorizes Customer to purchase equipment and/or services or license software (collectively "Products"). If no Underlying Agreement exists between Motorola and Customer, then Motorola's Standard Terms of Use and Motorola's Standard Terms and Conditions of Sales and Supply shall govern the purchase of the Products.

VideoManager EL Cloud simplifies evidence management, automates data maintenance, and facilitates management of your department's devices, all in a cloud-based, off-premises storage solution.

It is compatible with V300 and VISTA body-worn cameras, as well as M500 and 4RE in-car video systems, enabling you to upload video evidence quickly and securely. It also allows live-streaming capabilities through the optional SmartControl and SmartConnect applications.



VIDEO EVIDENCE MANAGEMENT

Using VideoManager EL Cloud delivers benefits to all aspects of video evidence management. From streamlining the evidence review process to automatically maintaining your stored data, VideoManager EL Cloud makes evidence management as efficient as possible. With VideoManager EL Cloud, you minimize the amount of time spent manually managing evidence, allowing your team to spend more time in the field.

Simplified Evidence Review

VideoManager EL Cloud makes evidence review easier by allowing users to upload evidence into cloud storage from their in-field devices. When evidence is uploaded, important information is sorted, which groups relevant evidence together. This information includes a recording's date and time, device used to capture, event ID, officer name, and event type. This allows you to view recordings of an incident that were taken from several devices simultaneously, eliminating the task of reviewing irrelevant footage during review.

Its built-in media player includes a visual display of incident data, allowing you to tag moments of interest, such as when lights, sirens, or brakes were activated during the event timeline.

Other relevant files, such as PDFs, spreadsheets, reports, third-party videos, audio recordings, pictures, and drawings, can also be grouped together and stored under a specific case entry, allowing all pertinent information to be stored together in VideoManager EL.

Easy Evidence Sharing

VideoManager EL Cloud allows you to easily share information in the evidence review or judiciary sharing process by exporting evidence data as MP4 files.

You can also find relevant evidence data using audit log filters, including criteria such as import, export, playback, download, share, and modify dates.

Automatic Data Maintenance

VideoManager EL Cloud lets you automatically organize the evidence data you store, allowing you to save time that would be spent manually managing it. It can schedule the automatic movement or purging of events on a daily, weekly, or monthly basis, based on how the user wants to configure the system.

Security groups and permissions are easily set-up in VideoManager EL Cloud, allowing you to grant individuals access to evidence on an as-needed basis.





Integration with In-Car and Body-Worn Cameras

Officers on the road are able to automatically upload encrypted video from in-car systems and body cameras. This eliminates the need for trips to and from the station solely for uploading data into the system.

Video and audio captured by the M500, V300, 4RE and VISTA camera systems are automatically linked in VideoManager EL Cloud based on time and location. You can then utilize synchronized playback and export of video and audio from multiple devices in the same recording group, where video and audio streams can be matched together.

Optional Live Video Streaming

VideoManager EL Cloud integrates with SmartControl, an optional mobile application for Android or iOS that allows officers to complete evidence review work normally completed at their desk from their smartphones.

SmartControl also allows officers to categorize recordings using event tags, stream live video from, and change camera settings, such as adjusting field of view, brightness, and audio levels.

SmartConnect, an optional smartphone application, provides VISTA body-worn camera users with immediate in-field access to their body cameras. SmartConnect includes the ability to pair with VISTA cameras, adjust officer preferences, categorize recordings with incident IDs and case numbers, and play back recordings.

DEVICE MANAGEMENT

Agencies using VideoManager EL Cloud are able to assign users to devices, track them, and streamline shift changes. You can easily manage, configure, update firmware, and deploy in-car and body-worn cameras. Individual preference settings can be configured based on user profiles, allowing quick device transactions within a pooled device system. VideoManager EL Cloud also tracks devices and enables them to be quickly exchanged between officers during shift changes. This minimizes the amount of devices needed for your fleet.

Device Tracking

You can easily manage, configure, and deploy their in-car and body-worn cameras in VideoManager EL Cloud. Devices can be assigned to personnel within VideoManager EL Cloud and tracked, helping agencies keep track of which users have specific devices.

Faster Shift Changes

VideoManager EL Cloud's Rapid Checkout Kiosk feature allows agencies to take advantage of a pooled camera system to utilize fewer cameras. Rapid Checkout Kiosk feature allows agencies using a pooled camera system to use fewer cameras. Cameras can be checked out at the start of a shift using an easy-to-use interface. At the end of the shift, the camera can be returned to its dock, where the video is automatically uploaded and the camera is made ready to be checked out and used for the next shift.

Devices can also be configured to remember individual preference settings for each user, including volume level, screen brightness and camera aim. These settings are applied whenever a device is assigned to a specific officer. A variety of settings within VideoManager EL Cloud also enable you to configure devices to operate in alignment with your agency's policies and procedures.



MOBILE VIDEO PRODUCTS NEW SYSTEM STATEMENT OF WORK

OVERVIEW

This Statement of Work (SOW) outlines the responsibilities of Motorola Solutions, Inc. (Motorola) and the Customer for the implementation of purchased body-worn camera(s) and/or in-car video system(s) and your digital evidence management solution. For the purpose of this SOW, the term "Motorola" may refer to our affiliates, subcontractors, and third-party partners. The third-party partner(s) will work on Motorola's behalf to install your in-car video system(s).

This SOW addresses the responsibilities of Motorola and the Customer that are relevant to the implementation of the hardware and software components listed in the Solution Description. Any changes or deviations from this SOW must be mutually agreed upon by Motorola and the Customer and will be addressed in accordance with the change provisions of the Agreement. The Customer acknowledges any changes or deviations from the SOW may incur additional cost.

Motorola and the Customer will work to complete their respective responsibilities in accordance with the Project Schedule. Any changes to the Project Schedule must be mutually agreed upon by both parties in accordance with the change provisions of the Contract.

Unless specifically stated, Motorola will perform the work remotely. The Customer will provide Motorola personnel with access to their network and facilities so Motorola is able to fulfill its obligations. All work will be performed during normal business hours (Monday through Friday from 8:00 a.m. to 5:00 p.m.).

The number and type of software subscription licenses, products, or services provided by Motorola and its subcontractors are specifically listed in the Contract and referenced in the SOW.

AWARD, ADMINISTRATION, AND PROJECT INITIATION

Project Initiation and Planning will begin following the Execution of the Contract between Motorola and the Customer. At the conclusion of Project Planning, the Motorola's Project Manager (PM) will begin status meetings and provide status reports on a regular cadence with the Customer's PM. The status report will provide a summary of activities completed, activities planned, project progress against the project schedule, items of concern requiring attention, as well as potential project risks and agreed upon mitigation actions.

Motorola utilizes Google Meet as its teleconference tool. If the Customer desires to use an alternative teleconferencing tool, any costs incurred for the use of the alternate teleconferencing tool will be the responsibility of the Customer.

CJIS INFORMATION

Motorola will provide state of residency and fingerprint cards for any employee requiring physical or logical access to unencrypted NCIC/III or CHRI data so Customer can conduct a criminal background investigation. A criminal background investigation is also required for Motorola employees who need access to Criminal Justice Information Systems (CJIS) containing unencrypted NCIC/III or CHRI data.

If the Customer requires a different method for a Motorola employee to access CJIS, Motorola will work with the Customer to complete this documentation in a timely manner.



COMPLETION CRITERIA

The project is considered complete once Motorola has completed all responsibilities listed in this SOW. Customer's task completion will occur based on the Project Schedule to ensure Motorola is able to complete all tasks without delays. Motorola will not be held liable for project delays due to incomplete Customer tasks.

The Customer must provide Motorola with written notification if they do not accept the completion of Motorola responsibilities. The written notification must be provided to Motorola within ten (10) business days of task completion.

SUBSCRIPTION SERVICE PERIOD

If the contracted system includes a subscription, the subscription service period will begin upon the Customer's receipt of credentials for access. In the absence of written notification for non-acceptance, beneficial use will occur thirty (30) days after functional demonstration of the system.

PROJECT ROLES AND RESPONSIBILITIES OVERVIEW

Motorola Project Roles and Responsibilities

The Motorola Project Team will be assigned to the project under the direction of the Motorola's PM. Each team member will be engaged in different phases of the project as necessary. Some team members will be multi-disciplinary and may fulfill more than one role.

In order to maximize effectiveness, the Motorola Project Team will provide various services remotely by teleconference, web-conference, or other remote method in order to fulfill our commitments as outlined in this SOW.

Our experience has shown customers who assume ownership of the system early and take an active role in the delivery and educational process realize user adoption sooner and achieve higher levels of success with system operation.

The subsections below provide an overview of the Project Team Members.

Project Manager (PM)

The PM will be the principal business representative and point of contact for Motorola. The PM's responsibilities may include but are not limited to:

- Manage Motorola responsibilities related to the delivery of the project.
- Maintain the Project Schedule, and manage assigned Motorola personnel, subcontractors, and suppliers as applicable.
- Coordinate schedules of assigned Motorola personnel, subcontractors, and suppliers as applicable.
- Conduct equipment inventory.
- Maintain project communications with the Customer.
- Identify and manage project risks.
- Coordinate collaboration of Customer resources to minimize project delays.
- Evaluate project status against Project Schedule.
- Conduct status meetings on mutually agreed upon dates to discuss project status.
- Provide timely responses to Customer inquiries and issues related to project progress.



- Conduct daily status calls with the Customer during Go-Live.

Post Sales Engineer

The Post Sales Engineer will work with the Customer's Project Team on:

- System provisioning.
- Contracted data migration between two disparate digital evidence management systems (if applicable).

System Technologist (ST)

The ST will work with the Customer's Project Team on:

- The installation and configuration of system devices.
- Provide instructions to the Customer on the installation and configuration of system devices.
- Review equipment setup with the Customer.
- Develop and submit a Trip Report to the Customer.

Professional Services Engineer (if applicable)

The Professional Services Engineer is engaged on projects that include integration between Motorola evidence management system and the Customer's third-party software application. Their responsibilities include:

- Delivery of the interface between Motorola evidence management system and the Customer's third-party software (e.g. CAD).
- Work with the Customer to access required systems/data.

Application Specialist (if applicable)

The Application Specialist will work with the Customer Project Team on system provisioning and education. The Application Specialist's responsibilities include but are not limited to:

- Deliver provisioning education and guidance to the Customer for operating and maintaining their system.
- Provide product education as defined by this SOW and described in the Education Plan.

Technical Trainer / Instructor

The Technical Trainer / Instructor provides training on-site or remote depending on the training topic and deployment services purchased.

Customer Support Services Team

The Customer Support Services Team will provide on-going support to the Customer following Go-Live and final acceptance of the project.

Customer Project Roles and Responsibilities

Motorola has defined key resources that are critical to this project and must participate in all the activities defined in this SOW. During the Project Planning phase, the Customer will be required to provide names and contact information for the roles listed below. It is critical that these resources are empowered to make decisions based on the Customer's operational and administration needs. The Customer Project Team will be engaged from Project Initiation through Beneficial Use of the system. In the event the Customer is unable to provide the resources identified in this section, Motorola may be able to supplement these resources at an additional cost.



Project Manager

The PM will act as the primary point of contact for the duration of the project. In the event the project involves multiple locations, Motorola will work exclusively with the Customer's primary PM. The PM's list of responsibilities include the following:

- Communicate and coordinate with other project participants.
- Manage the Customer Project Team including subcontractors and third-party vendors. This includes timely facilitation of tasks and activities.
- Maintain project communications with the Motorola PM.
- Identify the tasks required of Customer staff that are outlined in this SOW and the Project Schedule.
- Consolidate all project inquiries from Customer staff to present to the Motorola PM.
- Approve a deployment date offered by Motorola.
- Review the Project Schedule with the Motorola PM and finalize tasks, dates, and responsibilities.
- Measure and evaluate progress against the Project Schedule.
- Monitor the project to ensure resources are available as required.
- Attend status meetings.
- Provide timely responses to issues related to project progress.
- Liaise and coordinate with other agencies, Customer vendors, contractors, and common carriers.
- Review and administer change control procedures, hardware and software certification, and all related project tasks required to meet the deployment date.
- Ensure Customer vendors' readiness ahead of the deployment date.
- Assign one or more personnel to work with Motorola staff as needed for the duration of the project, including one or more representatives from the IT department.
- Identify a resource with authority to formally acknowledge and approve milestone recognition certificates, as well as, approve and release payments in a timely manner.
- Provide Motorola personnel with access to all Customer facilities where system equipment is to be installed. Temporary identification cards are to be issued to Motorola personnel, if required for access.
- Ensure remote network connectivity and access for Motorola resources.
- Assume the responsibility for all fees pertaining to licenses, inspections and any delays associated with inspections due to required permits as applicable to this project.
- Provide reasonable care to prevent equipment exposure from contaminants that may cause damage to the equipment or interruption of service.
- Ensure a safe work environment for Motorola personnel.
- Identify and manage project risks.
- Provide signature(s) of Motorola-provided milestone recognition certificate(s) within ten (10) business days of receipt.

IT Support

IT Support manages the technical efforts and ongoing activities of the Customer's system. IT Support will be responsible for managing Customer provisioning and providing Motorola with the required information for LAN, WAN, server and client infrastructure. IT Support must be familiar with connectivity to internal, external and third-party systems where the proposed system will interface.

The IT Support Team responsibilities include but are not limited to:

- Participate in delivery and training activities to understand the software, interfaces and functionality of the system.



- Participate along with Customer Subject Matter Experts (SMEs) during the provisioning process and associated training.
- Authorize global provisioning decisions and be the Point of Contact (POC) for reporting and verifying problems.
- Maintain provisioning.
- Implement changes to Customer infrastructure in support of the proposed system.

Video Management Point of Contact (POC)

The Video Manager POC will educate officers on digital media policy, participate in Discovery tasks, and complete the Video Management Administration training.

Subject Matter Experts (SMEs)

SMEs are a core group of users involved with the analysis, training and provisioning process, including making decisions on global provisioning. The SMEs should be experienced users in their own respective field (evidence, dispatch, patrol, etc.) and should be empowered by the Customer to make decisions based on provisioning, workflows, and department policies related to the proposed system.

Training POC

The Training POC will act as the course facilitator and is considered the Customer's educational monitor. The Training POC will work with the Motorola team when policy and procedural questions arise. They will be responsible for developing any agency specific training material(s) and configuring new users on the Motorola Learning eXperience Portal (LXP) system. This role will serve as the first line of support during Go-Live for the Customer's end users.

General Customer Responsibilities

In addition to the Customer responsibilities listed above, the Customer is responsible for the following (if applicable):

- All Customer-provided equipment, including third-party hardware and software needed for the proposed system but not listed as a Motorola deliverable. Examples include end user workstations, network equipment, etc.
- Configure, test, and maintain third-party system(s) the Customer will interface with the proposed system.
- Establish an Application Programming Interface (API) for applicable third-party system(s) and provide documentation that describes the integration to the Motorola system.
- Coordinate and facilitate communication between Motorola and Customer third-party vendor(s) as required.
- Third-party installers must be certified through Motorola LXP for remote or in person installation training. The Customer will be responsible for work performed by non-certified installers.
- Upgrades to Customer's existing system(s) in order to support the proposed system.
- Mitigate the impact of upgrading Customer third-party system(s) that will integrate with the proposed system. Motorola strongly recommends working with the Motorola Project Team to understand the impact of such upgrades prior to taking action.
- Active participation of Customer SMEs during the course of the project.
- Electronic versions of any documentation associated with business processes identified.
- Providing a facility with the required computer and audio-visual equipment for training and work sessions.
- Ability to participate in remote project meetings using Google Meet or a mutually agreed upon Customer-provided remote conferencing tool.

Motorola is not responsible for any delays that arise from Customer's failure to perform the responsibilities outlined in this SOW or delays caused by Customer's third-party vendor(s) or subcontractor(s).

NETWORK AND HARDWARE REQUIREMENTS

The following requirements must be met by the Customer prior to Motorola installing the proposed system:

- Provide network connectivity for the transfer and exchange of data for the proposed system.
- Provide Virtual Private Network (VPN) remote access for Motorola personnel to configure the system and conduct diagnostics.
- Provide Internet access to server(s).
- Provide devices such as workstations, tablets, and smartphones with Internet access for system usage. Chrome is the recommended browser for optimal performance. The workstations must support MS Windows 11 Enterprise.
- Provide and install antivirus software for workstation(s).
- Provide Motorola with administrative rights to Active Directory for the purpose of installation, configuration, and support.
- Provide all environmental conditions such as power, uninterruptible power sources (UPS), HVAC, firewall and network requirements.
- Ensure required traffic is routed through Customer's firewall.

PROJECT PLANNING

A clear understanding of the needs and expectations of Motorola and the Customer is critical to fostering a collaborative environment of trust and mutual respect. Project Planning requires the gathering of specific information to set clear project expectations and guidelines, as well as lay the foundation for a successful implementation.

PROJECT PLANNING SESSION

A Project Planning Session will be scheduled after the Contract has been executed. The Project Planning Session is an opportunity for the Motorola and Customer PM to meet prior to the Project Kickoff Meeting and review key elements of the project and expectations of each other. Dependent upon solutions purchased, the agenda will typically include:

- A high level review of the following project elements:
 - Contract documents.
 - A summary of contracted applications and equipment as purchased.
 - Customer's involvement in project activities to confirm understanding of scope and required time commitments.
 - A high level Project Schedule with milestones and dates.
- Confirm CJIS background investigations and fingerprint requirements for Motorola employees and/or subcontractors.
- Determine Customer location for Motorola to ship their equipment for installation.

Motorola Responsibilities

- Schedule the remote Project Planning Session.



- Request the assignment of Customer Project Team and any additional Customer resources that are instrumental to the project's success.
- Provide the initial Project Schedule.
- Baseline the Project Schedule.
- Review Motorola's delivery approach and its reliance on Customer-provided remote access.
- Document mutually agreed upon Project Kickoff Meeting Agenda.
- Request user information required to establish the Customer in the Motorola LXP.

Customer Responsibilities

- Identify Customer Project Team and any additional Customer resources that are instrumental to the project's success.
- Acknowledge the mutually agreed upon Project Kickoff Meeting Agenda.
- Provide approval to proceed with the Project Kickoff Meeting.

Motorola Deliverables

- Project Kickoff Meeting Agenda.

PROJECT KICKOFF

Motorola will work with the Customer to understand the impact of introducing a new solution and the preparedness needed for successful implementation of the solution.

Note – The IT Questionnaire is completed during the pre-sales process and prior to Contract award. The IT Questionnaire is given to Motorola at time of offer acceptance. Delay in completing the IT Questionnaire will delay shipment of equipment.

Motorola Responsibilities

- Review Contract documents including project delivery requirements as described in this SOW.
- Discuss the deployment start date and deliver the Deployment Checklist.
- Discuss vehicle equipment installation activities and responsibilities.
- Discuss equipment inventory process.
- Discuss project team participants and their role(s) in the project with fulfilling the obligations of this SOW.
- Review resource and scheduling requirements.
- Discuss Motorola remote system access requirements (24-hour access to a secured two-way Internet connection through the Customer's firewall for the purposes of deployment and maintenance).
- Discuss and deliver the Business Process Review (BPR) Workbook.
- Complete all necessary documentation (i.e. fingerprints, background checks, card keys, etc.) required for Motorola resources to gain access to Customer facilities.
- Discuss the LXP training approach.
- Provide designated Customer administrator with access to LXP.
- Review and agree on completion criteria and the process for transitioning to support.

Customer Responsibilities

- Provide feedback on project delivery requirements.
- Review the Deployment Checklist.
- Review the roles of project participants to identify decision-making authority.



- Provide VPN access to Motorola personnel to facilitate delivery of services described in this SOW.
- Validate non-disclosure agreements, approvals, and other related items are complete when applicable.
- Provide all documentation (i.e. fingerprints, background checks, card keys, etc.) required for Motorola resources to gain access to Customer facilities.
- Provide Motorola with names and contact information to the designated LXP Administrator(s).

Motorola Deliverables

- Project Kickoff Meeting Minutes.
- BPR Workbook.
- Deployment Checklist.

DISCOVERY TELECONFERENCE

During the Discovery Teleconference, Motorola will meet with the Customer to define system configuration, as well as, agency recording and retention policies. This information will be documented in the Business Process Review (BPR) Workbook, which is used as a guide for configuration and provisioning decisions.

Motorola Responsibilities

- Facilitate Discovery Teleconference(s).
- Review and complete BPR Workbook with the Customer.
- Confirm Customer-provided configuration inputs.

Customer Responsibilities

- Gather and review information required to complete the BPR Workbook during the Discovery Teleconference.
- Schedule Customer Project Team and SMEs to attend the Discovery Teleconference. SMEs should be present to weigh-in on hardware, software and network components. Customer attendees should be empowered to convey policies and make modifications to policies as necessary.
- Return completed BPR Workbook no more than five (5) business days after the conclusion of the Discovery Teleconference.

Motorola Deliverables

- Completed BPR Workbook.

PROJECT EXECUTION

EQUIPMENT PROCUREMENT AND INSTALLATION

Motorola will procure contracted equipment as part of the ordering process. The equipment will be configured with a basic profile in line with the information provided by the IT Questionnaire or Discovery Teleconference to enable installation and configuration of the system. The Customer is responsible for providing an installation environment that meets manufacturer's specifications for the equipment, which includes but is not limited to:

- Power
- Heating/Cooling
- Network Connectivity
- Access and Security
- Conduit and Cabling



If Motorola and/or its subcontractors are responsible for the installation, the responsibilities outlined below will apply to Motorola and the Customer.

Motorola Responsibilities

- Procure contracted equipment and ship to the Customer's designated location.
- Inventory equipment after arrival at Customer location.
- Install backend equipment (server) in the Customer's designated area.
- Conduct a power-on test to validate the installed hardware and software are ready for configuration.
- Verify remote connection to equipment.
- If applicable, for an on-site deployment, Motorola will be responsible for verifying the body-worn camera Transfer Stations are connected to the Customer's network. The Customer is responsible for ensuring Motorola has the correct IP address(es) for configuring the Transfer Stations, and the Customer's network is operational.
- If applicable, install Access Point(s) (APs).
- If applicable, verify APs are properly installed and connected to the network.
- Provide a Trip Report outlining the activities completed during installation.

Customer Responsibilities (if applicable)

- Procure Customer-provided equipment and make it available at the installation location.
- Confirm the server room complies with environmental requirements (i.e. power, uninterruptible power, surge protection, heating/cooling, etc.).
- Verify the server is connected to the Customer's network.
- Provide, install, and maintain antivirus software for server(s) and/or workstation(s).
- Enable outgoing network connection (external firewall) to the CommandCentral cloud by utilizing the Customer's Internet connection.
- If applicable, install Customer-supplied Access Point(s) (APs).
- If applicable, verify APs are properly installed and connected to the network.
- For remote deployments, the Customer is responsible for verifying the body-worn camera Transfer Stations are connected to their network.
- Confirm access to installed software on Customer-provided workstation(s).
- For body-worn cameras, the Customer will verify whether the Transfer Station(s) are connected to their network.

If the Customer and/or its subcontractors are responsible for the installation, the responsibilities outlined below will apply to Motorola and the Customer.

Motorola Deliverables

- Contracted Equipment.
- Equipment Inventory.

In-Car Video System (if applicable)

The Motorola-certified installer will complete the installation of the in-car video (ICV) system(s) in Customer-provided vehicle(s) per Motorola installation guidelines. The installer may also be responsible for installing cellular routers or WiFi radios inside the vehicle(s) for wireless upload of video to the Customer's evidence management system.



Note – The Pricing Page will reflect in-car video installation services by Motorola if Motorola is responsible for the vehicle installations.

Motorola Responsibilities

- Setup server for ICV digital video recorder (DVR) configuration.
- Create configuration USB used to complete ICV hardware installation.
- Travel to the Customer site to conduct on-site installation activities.
- Complete ICV configuration on a single vehicle and validate the configuration with the Customer.
- Receive Customer approval to proceed with remaining ICV configurations.
- Complete remaining contracted vehicle installations.
- Test a subset of completed ICV hardware installations.
- Complete installation of cellular modem and confirm placement of antenna mounting with Customer.
- Install Customer-provided SIM card into cellular modem and connect modem to ICV system.
- Install Car Detector Mobile MDC Software on Customer-provided mobile data terminal (MDT) within the vehicle.
- Configure MDC Network Card.

Customer Responsibilities

- Provide Motorola with remote connection and access credentials to complete ICV hardware installation.
- Notify Motorola of the vehicle installation location.
- Coordinate and schedule date and time for vehicle installation(s).
- Make ICV hardware available to Motorola for installation in accordance with the vehicle installation schedule.
- Provide cellular SIM Card for Internet connectivity to installer at time of vehicle installation.

Motorola Deliverables

- Complete Functional Validation Plan as it applies to the proposed solution.

NOTE - The Customer is responsible for having all vehicles and devices available for installation per the Project Schedule. All cellular data fees and Internet connectivity charges are the responsibility of the Customer. If applicable, for license plate recognition (LPR) installations, an MDT is required for all vehicles. Motorola is not responsible for any delays associated with the Customer fulfilling their obligations per this SOW.

Body Worn Camera Configuration (if applicable)

The Transfer Station will be utilized to configure each body-worn camera according to the Business Process Review. In order for this process to be successfully completed, the Transfer Station must be connected to the evidence management system.

Motorola Responsibilities

- Configure Transfer Station(s) for connectivity to the evidence management system.
- Verify the Transfer Station(s) is configured properly and connected to the network.
- Configure body-worn camera(s) within the evidence management system.
- Check out body-worn camera(s) and create a test recording.
- Verify completion of upload from body-worn camera(s) after it is docked back in a Transfer Station or USB dock.



- Install and provide a demonstration of client software as part of the same on-site engagement as Go-Live, unless otherwise outlined in this SOW.

Customer Responsibilities

- Select physical location(s) for Transfer Station(s).
- Provide and install workstation hardware.
- Complete installation of client software on remaining workstations and mobile devices.
- Validate functionality of components and solution utilizing the Deployment Checklist.
- Provide Motorola remote connection information and necessary credentials.

If the body-worn camera(s) and Transfer Station(s) are part of a remote deployment, the following responsibilities will apply to Motorola and the Customer.

License Plate Recognition Commissioning (if applicable)

This section highlights the responsibilities of Motorola and the Customer when an in-car video system interfaces with the Law Enforcement Archival Report Network (LEARN or PlateSearch) database.

Motorola Responsibilities

- Create a Customer account in the LEARN system with user(s) emails.
- Verify the Customer has installed and launched the Vigilant Car Detector Mobile Software per the Vigilant LEARN Quickstart Guide.
- Provide Mobile LPR - Officer Safety Basic and Advanced Pre-Installation Checklist.
- Provide Agency Manager with Training Materials and Car Detector Mobile MDC software installation guide.
- Advise Agency Manager of different options available to add new users.
- Confirm Agency Manager is aware of registration required for Hotlists.
- Confirm Agency Manager understands how to set up data-sharing.

Customer Responsibilities

- Identify the Agency Manager.
- Register to receive access to Hotlist.

SOFTWARE INSTALLATION AND CONFIGURATION

Motorola will install VideoManager Evidence Library (EL) software on a specified number of workstations dictated by the Contract. The Customer will be responsible for installing the software on the remaining workstations.

Provisioning of VideoManager EL software will be done in accordance with the information contained in the BPR Workbook.

Installation of VideoManager EL software consists of the following activities:

- If applicable, delivery and installation of server hardware.
- Network discovery.
- Operating system and software installation.
- Onboarding user / group identity set up.
- Provide access to the application.



VideoManager EL (if applicable)

The VideoManager EL software is an on-premise solution that requires an onsite server and supports both body worn cameras and in-car video systems.

Motorola Responsibilities

- Install software on a specified number of customer workstations / mobile devices.
- Use information provided in the BPR Workbook to configure VideoManager EL software.
- Test software using applicable portions of the Functional Validation Plan.
- Provide instruction on client software USB utility.

Customer Responsibilities

- Provide a network environment that conforms to the requirements presented in the Solution Description.
- Procure and install server and storage hardware at desired location in accordance with Solution Description requirements.
- Perform a power on test with Motorola.
- Provide assigned Motorola System Administrator with access to SQL database for installation purposes (Motorola's access will be revoked upon conclusion of the installation).
- If applicable, for Active Directory integration, provide domain user (service account), security group (for application administrators including service account), and domain read access.
- Provide workstation and/or mobile device hardware in accordance with specifications listed in the Solution Description.
- Complete online training.
- Complete installation of client software on remaining workstations and/or mobile devices.

VideoManager ELC (if applicable)

VideoManager ELC software is a cloud solution that does not require an onsite server and supports both body-worn cameras and in-car video systems.

Motorola Responsibilities

- Use information provided in BPR Workbook to configure VideoManager ELC software.
- Create users, groups, and setup permissions.
- Create event categories.
- Set retention policies.
- Test software using applicable portions of the Functional Validation Plan.
- Ensure training POC can access the system.

Customer Responsibilities

- Verify traffic can be routed through Customer's firewall and reaches end user workstations.

CloudConnect Installation and Configuration

Motorola Responsibilities

- Verify remote access capability.
- Remotely configure CloudConnect Virtual Machine within the Cloud Anchor Server.
- Configure network connectivity and test connection to the CloudConnect Virtual Machine.



- Provide Customer with the information for setting up the IPSEC tunnel.
- Create an IPSEC tunnel.

Customer Responsibilities

- Provide Motorola with two static IP addresses, corresponding subnet masks/default gateway, and available NTP and DNS IP to the components.
- Confirm with Motorola the network performance requirements are met.
- Configure firewall to allow traffic from IPSEC tunnel.

Completion Criteria

- CloudConnect Virtual Machine configuration is complete.

CommandCentral Evidence (if applicable)

Motorola will work with the Customer to determine best industry practices, current operations environment, and subsystem integration to ensure the optimal configuration of your CommandCentral Evidence solution.

Motorola Responsibilities

- Use the CommandCentral Admin Portal to provision users, groups, and rules based on Customer Active Directory data.
- Guide the Customer in the configuration of CommandCentral Evidence.

Customer Responsibilities

- Supply access and credentials to Customer's Active Directory for the purpose of Motorola conducting CommandCentral Evidence provisioning.
- Respond to Motorola's inquiries regarding users, groups and agency mapping to CommandCentral Evidence.
- Provision policies, procedures, and user permissions.
- Configure evidence as directed by Motorola.

DATA MIGRATION SERVICES (IF APPLICABLE)

The Customer is responsible for partitioning data to be converted from a legacy or on-prem evidence management system to an on-cloud solution as part of this offer. The Customer will have ten (10) business days to provide feedback after Motorola validates the migrated data. If feedback is not received on or before ten (10) business days, Motorola will assume the migration is complete.

Motorola Responsibilities

- Receive access to Customer video data.
- Perform contracted data migration and validation.

Customer Responsibilities

- Provide remote access to partitioned data to be migrated.
- Validate migrated dataset and provide Motorola with feedback within ten (10) business days.

Completion Criteria

- A migrated dataset as defined in the Contract.



DEMS INTEGRATIONS AND THIRD-PARTY INTERFACES (IF APPLICABLE)

The integration between Motorola's evidence management system and the Customer's third-party system may consist of an iterative series of activities depending upon the complexity with accessing the third-party system. Interfaces will be installed and configured in accordance with the Project Schedule. The Customer is responsible for engaging third-party vendors as required to facilitate connectivity and testing of the interface(s).

Motorola Responsibilities

- Develop interface(s) in accordance with the Solution Description.
- Establish and validate connectivity between Motorola and third-party systems.
- Configure interface(s) to support the functionality described in the Solution Description.
- Perform functional demonstration to confirm the interface(s) can transmit and receive data to the applicable system.

Customer Responsibilities

- Act as liaison between Motorola and third-party vendor(s) as required to establish connectivity to the evidence management system.
- Provide personnel authorized to make changes to the network and third-party systems to support Motorola's integration efforts.
- Provide network connectivity between evidence management system and the third-party system(s).
- Provide information on API, SDKs, data scheme, and any documentation necessary to establish interfaces with all local and remote systems. This information should be provided within 10 business days of the Interface Engagement Meeting.

NOTE - At the time of initial design, unknown circumstances, requirements or anomalies may present difficulties with interfacing Motorola products to a third-party application. These difficulties could result in a poorly performing or a non-functional interface. By providing Motorola with this information early in the deployment process, will put us in the best position to mitigate these potential issues. If the resolution requires additional third-party integration, application upgrades, APIs, and/or additional software licenses, the Customer is responsible for addressing these issues at their cost. Motorola is not responsible for any delays or costs associated with third-party applications or Customer-provided third-party hardware or software.

SYSTEM TRAINING

The objective of this section is to prepare for and deliver training. Motorola training consists of computer-based (online) and instructor-led (on-site or remote). Our training delivery methods will vary depending on course content. Training will be delivered in accordance with the Education Plan. As part of our training delivery, Motorola will provide user guides and training materials in an electronic format.

ONLINE TRAINING (IF APPLICABLE)

Online training is made available to the Customer through Motorola's LXP. This subscription service provides customers with unlimited access to our online training content and provides users with the flexibility of learning the content at their own pace. Training content is added and updated on a regular basis to keep information current.

Through LXP, a list of available online training courses, Motorola User Guides, and Training Material are accessible in electronic format.



Motorola Responsibilities

- Designate a LXP Administrator to work with the Customer.
- Establish an accessible instance of LXP for the Customer.
- Configure a Customer-specific portal view.
- Organize content to align with the Customer's selected technologies.
- Create initial Customer user accounts and a single Primary Administrator account.
- During on boarding, assist the Customer with LXP usage.
- Create and maintain user role Learning Paths defined by the Customer.
- Provide technical support for user account and access issues, LXP functionality, and Motorola managed content.
- Provide instruction to Customer LXP Administrator on building groups.

Customer Responsibilities

- Provide user information for the initial creation of accounts.
- Complete LXP Administrator training.
- Ensure network and Internet connectivity for Customer access to LXP.
- Customer's primary LXP Administrator is required to complete the following self-paced training: LXP Introduction (LXP0001), LXP Primary Site Administrator Overview (LXP0002), and LXP Group Administrator Overview (LXP0003).
- Advise users on the availability of training through LXP.
- Ensure users complete LXP training in accordance with the Project Schedule.
- Build groups as needed.
- Request additional subscriptions to access LXP by providing user credential information.

INSTRUCTOR-LED TRAINING (ON-SITE AND REMOTE, IF APPLICABLE)

Instructor-led courses are based on products purchased and the Customer's Education Plan.

Motorola Responsibilities

- Deliver User Guides and training materials in an electronic format.
- Perform training in accordance with the Education Plan.
- Provide the Customer with training attendance rosters and summarize any pertinent information that may impact end user training.

Customer Responsibilities

- Supply classroom(s) based on the requirements listed in the Education Plan.
- Designate training representatives who will work with the Motorola trainer(s) to deliver the training content.
- Facilitate training of all Customer end users in accordance with the Customer's Education Plan.

Motorola Deliverables

- Electronic versions of User Guides and training materials.
- Attendance rosters.



PROJECT GO-LIVE, CLOSURE, AND HANDOVER TO SUPPORT

Motorola will utilize the Deployment Checklist throughout the deployment process to verify features and functionality are in line with installation and configuration requirements. The Customer will witness the ST demonstrating the Deployment Checklist and provide feedback as features and functionality are demonstrated. The Customer is considered Live on the system after the equipment has been installed, configured, and made available for use and training has been delivered or made available to the Customer.

Upon the conclusion of Go-Live, the project is prepared for closure. Project closure is defined as the completion of tasks and the Customer's receipt of contracted components. The Deployment Checklist serves as the artifact that memorializes a project closure. A System Acceptance Certificate will be provided to the Customer for signature to formally close out the project. Upon project closure, the Customer will engage with Technical Support for on-going needs in accordance with the Customer's specific terms and conditions of support.

Motorola Responsibilities

- Provide the Customer with Motorola Technical Support engagement process and contact information.
- Provide Technical Support with the contact information of Customer users who are authorized to engage Technical Support.
- Ensure Deployment Checklist is complete.
- Obtain Customer signature on the System Acceptance Certificate.
- Provide Customer survey upon closure of the project.

Customer Responsibilities

- Provide signatory approval on the System Acceptance Certificate signifying project closure.
- Provide Motorola with the contact information of users who are authorized to engage Motorola's Technical Support.
- Engage Technical Support as needed.

Motorola Completion Criteria

Provide Customer with survey upon closure of the project.





Axon Enterprise, Inc.
 17800 N 85th St.
 Scottsdale, Arizona 85255
 United States
 VAT: 86-0741227
 Domestic: (800) 978-2737
 International: +1.800.978.2737

Q-583985-45447.648JR

Issued: 06/04/2024

Quote Expiration: 08/16/2024

Estimated Contract Start Date: 10/15/2024

Account Number: 108046

Payment Terms: N30

Delivery Method:

SHIP TO	BILL TO
Madras Police Dept. - OR 125 SW E St Madras, OR 97741-1346 USA	Madras Police Dept. - OR 125 SW E St Madras OR 97741-1346 USA Email:

SALES REPRESENTATIVE	PRIMARY CONTACT
Jared Romain Phone: (480) 847-1054 Email: jomain@axon.com Fax: (480) 847-1054	Tim Plummer Phone: (541) 475-2424 Email: tplummer@madraspd.us Fax: (541) 475-7061

Quote Summary

Program Length	60 Months
TOTAL COST	\$63,579.80
ESTIMATED TOTAL W/ TAX	\$63,579.80

Discount Summary

Average Savings Per Year	\$1,519.92
TOTAL SAVINGS	\$7,599.60

Payment Summary

Date	Subtotal	Tax	Total
Sep 2024	\$20,964.45	\$0.00	\$20,964.45
Oct 2024	\$2,000.00	\$0.00	\$2,000.00
Sep 2025	\$9,564.51	\$0.00	\$9,564.51
Sep 2026	\$9,947.09	\$0.00	\$9,947.09
Sep 2027	\$10,344.98	\$0.00	\$10,344.98
Sep 2028	\$10,758.77	\$0.00	\$10,758.77
Total	\$63,579.80	\$0.00	\$63,579.80

Quote Unbundled Price:	\$71,179.40
Quote List Price:	\$63,597.80
Quote Subtotal:	\$63,579.80

Pricing

All deliverables are detailed in Delivery Schedules section lower in proposal

Item	Description	Qty	Term	Unbundled	List Price	Net Price	Subtotal	Tax	Total
Program									
BWCamTAP	Body Worn Camera TAP Bundle	8	60	\$40.35	\$33.80	\$33.80	\$16,224.00	\$0.00	\$16,224.00
BWCamMBDTAP	Body Worn Camera Multi-Bay Dock TAP Bundle	2	60	\$73.05	\$36.07	\$36.07	\$4,328.40	\$0.00	\$4,328.40
A la Carte Hardware									
H00001	AB4 Camera Bundle	10			\$849.00	\$849.00	\$8,490.00	\$0.00	\$8,490.00
H00002	AB4 Multi Bay Dock Bundle	2			\$1,638.90	\$1,638.90	\$3,277.80	\$0.00	\$3,277.80
A la Carte Software									
73618	AXON COMMUNITY REQUEST	10	60		\$10.85	\$10.85	\$6,510.00	\$0.00	\$6,510.00
73683	AXON EVIDENCE - STORAGE - 10GB A LA CARTE	250	60		\$0.65	\$0.65	\$9,750.00	\$0.00	\$9,750.00
ProLicense	Pro License Bundle	2	60		\$43.40	\$43.33	\$5,199.60	\$0.00	\$5,199.60
BasicLicense	Basic License Bundle	8	60		\$16.27	\$16.25	\$7,800.00	\$0.00	\$7,800.00
A la Carte Services									
80146	AXON BODY - PSO - VIRTUAL STARTER	1			\$2,000.00	\$2,000.00	\$2,000.00	\$0.00	\$2,000.00
Total							\$63,579.80	\$0.00	\$63,579.80

Delivery Schedule

Hardware

Bundle	Item	Description	QTY	Shipping Location	Estimated Delivery Date
AB4 Camera Bundle	100147	AXON BODY 4 - CAMERA - NA US FIRST RESPONDER BLK RAPIDLOCK	10	1	09/15/2024
AB4 Camera Bundle	100466	USB-C to USB-C CABLE FOR AB4	11	1	09/15/2024
AB4 Camera Bundle	74028	AXON BODY - MOUNT - WING CLIP RAPIDLOCK	11	1	09/15/2024
AB4 Multi Bay Dock Bundle	100206	AXON BODY 4 - DOCK - EIGHT BAY	2	1	09/15/2024
AB4 Multi Bay Dock Bundle	70033	AXON - DOCK WALL MOUNT - BRACKET ASSY	2	1	09/15/2024
AB4 Multi Bay Dock Bundle	71019	AXON BODY - DOCK POWERCORD - NORTH AMERICA	2	1	09/15/2024
Body Worn Camera Multi-Bay Dock TAP Bundle	73689	AXON BODY - TAP REFRESH 1 - DOCK MULTI BAY	2	1	03/15/2027
Body Worn Camera TAP Bundle	73309	AXON BODY - TAP REFRESH 1 - CAMERA	8	1	03/15/2027
Body Worn Camera Multi-Bay Dock TAP Bundle	73688	AXON BODY - TAP REFRESH 2 - DOCK MULTI BAY	2	1	09/15/2029
Body Worn Camera TAP Bundle	73310	AXON BODY - TAP REFRESH 2 - CAMERA	8	1	09/15/2029

Software

Bundle	Item	Description	QTY	Estimated Start Date	Estimated End Date
Basic License Bundle	73683	AXON EVIDENCE - STORAGE - 10GB A LA CARTE	8	10/15/2024	10/14/2029
Basic License Bundle	73840	AXON EVIDENCE - ECOM LICENSE - BASIC	8	10/15/2024	10/14/2029
Pro License Bundle	73683	AXON EVIDENCE - STORAGE - 10GB A LA CARTE	6	10/15/2024	10/14/2029
Pro License Bundle	73746	AXON EVIDENCE - ECOM LICENSE - PRO	2	10/15/2024	10/14/2029
A la Carte	73618	AXON COMMUNITY REQUEST	10	10/15/2024	10/14/2029
A la Carte	73683	AXON EVIDENCE - STORAGE - 10GB A LA CARTE	250	10/15/2024	10/14/2029

Services

Bundle	Item	Description	QTY
A la Carte	80146	AXON BODY - PSO - VIRTUAL STARTER	1

Warranties

Bundle	Item	Description	QTY	Estimated Start Date	Estimated End Date
Body Worn Camera Multi-Bay Dock TAP Bundle	80465	AXON BODY - TAP WARRANTY - MULTI BAY DOCK	2	09/15/2025	10/14/2029
Body Worn Camera TAP Bundle	80464	AXON BODY - TAP WARRANTY - CAMERA	8	09/15/2025	10/14/2029

Shipping Locations

Location Number	Street	City	State	Zip	Country
1	125 SW E St	Madras	OR	97741-1346	USA

Payment Details

Sep 2024

Invoice Plan	Item	Description	Qty	Subtotal	Tax	Total
Upfront Hardware	H00001	AB4 Camera Bundle	10	\$8,490.00	\$0.00	\$8,490.00
Upfront Hardware	H00002	AB4 Multi Bay Dock Bundle	2	\$3,277.80	\$0.00	\$3,277.80
Year 1	73618	AXON COMMUNITY REQUEST	10	\$1,201.92	\$0.00	\$1,201.92
Year 1	73683	AXON EVIDENCE - STORAGE - 10GB A LA CARTE	250	\$1,800.12	\$0.00	\$1,800.12
Year 1	BasicLicense	Basic License Bundle	8	\$1,440.09	\$0.00	\$1,440.09
Year 1	BWCamMBDTAP	Body Worn Camera Multi-Bay Dock TAP Bundle	2	\$799.14	\$0.00	\$799.14
Year 1	BWCamTAP	Body Worn Camera TAP Bundle	8	\$2,995.39	\$0.00	\$2,995.39
Year 1	ProLicense	Pro License Bundle	2	\$959.99	\$0.00	\$959.99
Total				\$20,964.45	\$0.00	\$20,964.45

Oct 2024

Invoice Plan	Item	Description	Qty	Subtotal	Tax	Total
Invoice Upon Fulfillment	80146	AXON BODY - PSO - VIRTUAL STARTER	1	\$2,000.00	\$0.00	\$2,000.00
Total				\$2,000.00	\$0.00	\$2,000.00

Sep 2025

Invoice Plan	Item	Description	Qty	Subtotal	Tax	Total
Year 2	73618	AXON COMMUNITY REQUEST	10	\$1,250.00	\$0.00	\$1,250.00
Year 2	73683	AXON EVIDENCE - STORAGE - 10GB A LA CARTE	250	\$1,872.12	\$0.00	\$1,872.12
Year 2	BasicLicense	Basic License Bundle	8	\$1,497.70	\$0.00	\$1,497.70
Year 2	BWCamMBDTAP	Body Worn Camera Multi-Bay Dock TAP Bundle	2	\$831.10	\$0.00	\$831.10
Year 2	BWCamTAP	Body Worn Camera TAP Bundle	8	\$3,115.20	\$0.00	\$3,115.20
Year 2	ProLicense	Pro License Bundle	2	\$998.39	\$0.00	\$998.39
Total				\$9,564.51	\$0.00	\$9,564.51

Sep 2026

Invoice Plan	Item	Description	Qty	Subtotal	Tax	Total
Year 3	73618	AXON COMMUNITY REQUEST	10	\$1,300.00	\$0.00	\$1,300.00
Year 3	73683	AXON EVIDENCE - STORAGE - 10GB A LA CARTE	250	\$1,947.01	\$0.00	\$1,947.01
Year 3	BasicLicense	Basic License Bundle	8	\$1,557.60	\$0.00	\$1,557.60
Year 3	BWCamMBDTAP	Body Worn Camera Multi-Bay Dock TAP Bundle	2	\$864.35	\$0.00	\$864.35
Year 3	BWCamTAP	Body Worn Camera TAP Bundle	8	\$3,239.81	\$0.00	\$3,239.81
Year 3	ProLicense	Pro License Bundle	2	\$1,038.32	\$0.00	\$1,038.32
Total				\$9,947.09	\$0.00	\$9,947.09

Sep 2027

Invoice Plan	Item	Description	Qty	Subtotal	Tax	Total
Year 4	73618	AXON COMMUNITY REQUEST	10	\$1,352.00	\$0.00	\$1,352.00

Sep 2027						
Invoice Plan	Item	Description	Qty	Subtotal	Tax	Total
Year 4	73683	AXON EVIDENCE - STORAGE - 10GB A LA CARTE	250	\$2,024.90	\$0.00	\$2,024.90
Year 4	BasicLicense	Basic License Bundle	8	\$1,619.91	\$0.00	\$1,619.91
Year 4	BWCamMBDTAP	Body Worn Camera Multi-Bay Dock TAP Bundle	2	\$898.92	\$0.00	\$898.92
Year 4	BWCamTAP	Body Worn Camera TAP Bundle	8	\$3,369.40	\$0.00	\$3,369.40
Year 4	ProLicense	Pro License Bundle	2	\$1,079.85	\$0.00	\$1,079.85
Total				\$10,344.98	\$0.00	\$10,344.98

Sep 2028						
Invoice Plan	Item	Description	Qty	Subtotal	Tax	Total
Year 5	73618	AXON COMMUNITY REQUEST	10	\$1,406.08	\$0.00	\$1,406.08
Year 5	73683	AXON EVIDENCE - STORAGE - 10GB A LA CARTE	250	\$2,105.88	\$0.00	\$2,105.88
Year 5	BasicLicense	Basic License Bundle	8	\$1,684.70	\$0.00	\$1,684.70
Year 5	BWCamMBDTAP	Body Worn Camera Multi-Bay Dock TAP Bundle	2	\$934.88	\$0.00	\$934.88
Year 5	BWCamTAP	Body Worn Camera TAP Bundle	8	\$3,504.18	\$0.00	\$3,504.18
Year 5	ProLicense	Pro License Bundle	2	\$1,123.05	\$0.00	\$1,123.05
Total				\$10,758.77	\$0.00	\$10,758.77

Tax is estimated based on rates applicable at date of quote and subject to change at time of invoicing. If a tax exemption certificate should be applied, please submit prior to invoicing.

Standard Terms and Conditions

Axon Enterprise Inc. Sales Terms and Conditions

Axon Master Services and Purchasing Agreement:

This Quote is limited to and conditional upon your acceptance of the provisions set forth herein and Axon's Master Services and Purchasing Agreement (posted at <https://www.axon.com/sales-terms-and-conditions>), as well as the attached Statement of Work (SOW) for Axon Fleet and/or Axon Interview Room purchase, if applicable. In the event you and Axon have entered into a prior agreement to govern all future purchases, that agreement shall govern to the extent it includes the products and services being purchased and does not conflict with the Axon Customer Experience Improvement Program Appendix as described below.

ACEIP:

The Axon Customer Experience Improvement Program Appendix, which includes the sharing of de-identified segments of Agency Content with Axon to develop new products and improve your product experience (posted at www.axon.com/legal/sales-terms-and-conditions), is incorporated herein by reference. By signing below, you agree to the terms of the Axon Customer Experience Improvement Program.

Acceptance of Terms:

Any purchase order issued in response to this Quote is subject solely to the above referenced terms and conditions. By signing below, you represent that you are lawfully able to enter into contracts. If you are signing on behalf of an entity (including but not limited to the company, municipality, or government agency for whom you work), you represent to Axon that you have legal authority to bind that entity. If you do not have this authority, please do not sign this Quote.

Signature

Date Signed

6/4/2024



CITY OF MADRAS
Request for Council Action

Meeting Date: June 11, 2024

To: Mayor and City Council Members

From: Nicholas Snead, Community Development Director

Through: Will Ibershof, City Administrator

Subject: **Code Enforcement Compliance Policy and Procedures Manual.**

TYPE OF ACTION REQUESTED:

Discuss

MOTION(S) FOR CONSIDERATION:

No action requested. Council will be asked to approve a resolution to adopt the Manual at the June 25, 2024 City Council meeting.

OVERVIEW:

Code enforcement in the City of Madras is a priority of the Madras City Council. To further the City's code enforcement objectives, the City Council has assigned staff and resources toward code enforcement to establish a Code Compliance Program.

Staff and the City Attorney believe the policies and procedures in the City of Madras Code Compliance Program Policy and Procedures Manual will enhance compliance with the Madras Municipal Code, resolutions of the City Council, and permits and approvals issued by City and thereby the quality of life in the City.

At the June 11, 2024 Council meeting staff will present the Manual to the Council and answer any questions. Staff is not requesting Council approval of the Manual at the June 11, 2024 meeting. Instead, staff will ask the Council to consider approving a resolution to adopt the Manual at the June 25, 2024 meeting.

STAFF ANALYSIS:

The mission of the Code Compliance Program is to protect the health and safety of the City's residents and visitors, and the livability of the community, by effectively and equitably administering compliance with the City Code.

City will pursue City Code compliance both by encouraging voluntary compliance and by sanctioning violators who do not voluntarily comply.

The purpose of the Manual is to provide written guidelines for:

1. The prioritization of code enforcement cases;
2. Initiation and investigation of code violation complaints;
3. Enforcement of the City Code through voluntary compliance;
4. Prosecution of violators who do not comply;

5. Sanctioning of violators and the assessment of fines and penalties; and
6. Recovery of the City's investigation and enforcement costs.

This Manual is intended to increase consistency and predictability within the Code Compliance Program, and to educate the City's residents and property owners about code compliance and the consequences of violating the City Code.

-

FISCAL INFORMATION:

N/A

SUPPORTING DOCUMENTATION:

See attached.

STRATEGIC GOAL:

N/A

CITY OF MADRAS
Code Compliance Policy and
Procedures Manual

Adopted as of May _____, 2024

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PREFACE

Code enforcement in the City of Madras (“City”) is a priority of the Madras City Council (“City Council”). To further the City’s code enforcement objectives, the City Council has assigned staff and resources toward code enforcement (collectively, the “Code Compliance Program”). The City Council believes the policies and procedures in this City of Madras Code Compliance Program Policy and Procedures Manual (“Manual”) will enhance compliance with the Madras Municipal Code, resolutions of the City Council, and permits and approvals issued by City (collectively, the “City Code”) and thereby the quality of life in the City.

I. MISSION

The mission of the Code Compliance Program is to protect the health and safety of the City's residents and visitors, and the livability of the community, by effectively and equitably administering compliance with the City Code. City will pursue City Code compliance both by encouraging voluntary compliance and by sanctioning violators who do not voluntarily comply.

II. PURPOSE

The purpose of this Manual is to provide written guidelines for:

- A. The prioritization of code enforcement cases;
- B. Initiation and investigation of code violation complaints;
- C. Enforcement of the City Code through voluntary compliance;
- D. Prosecution of violators who do not comply;
- E. Sanctioning of violators and the assessment of fines and penalties; and
- F. Recovery of the City's investigation and enforcement costs.

This Manual is intended to increase consistency and predictability within the Code Compliance Program, and to educate the City's residents and property owners about code compliance and the consequences of violating the City Code.

III. INTERPRETATION

This Manual describes the standard policies and procedures for code compliance and should be interpreted so as to maximize both the efficiency of the Code Compliance Program as well as compliance with the City Code. This Manual should be followed unless otherwise directed by the City Council or City Administrator (all references to “City Administrator” in this Manual shall include any designee of the City Administrator).

IV. CODE COMPLIANCE PHILOSOPHY

Policy: The City's policy is to achieve compliance with the City Code in all cases of reported and verifiable code violations. However, the City may not always have sufficient resources to expeditiously address all cases. Consequently, the City has established, through this Manual, both

a priority ranking for code enforcement and procedures designed to maximize available code compliance resources. The Code Compliance Program should follow the priority ranking set forth in Section V of this Manual. It also should be flexible enough to allow the level of enforcement that best fits the type and circumstances of the code violation(s), consistent with the priorities and resources of City.

A. Enforcement Levels. The levels of enforcement available to the City are: Pre-Enforcement Notice (as further defined below);

2. Obtaining voluntary compliance with or without a Voluntary Compliance Agreement (as further defined below);
3. Enforcement Orders;
4. Citation and prosecution of violation in court or through administrative hearings;
5. Court actions for injunction and other relief such as receivership pursuant to the Oregon Housing Receivership Act (ORS 105.420 to 105.455);
6. Nuisance or derelict structure abatement;
7. Liens and recorded notices; and
8. Permit revocation.

B. Sequence of Enforcement. The levels of enforcement are not exclusive, or mutually exclusive, and may be used alone or in sequence or combination with other levels, other remedies available at law or equity, or remedies available to agency partners. However, in most code violation cases, City will use the code enforcement levels in the sequence they appear in Paragraph A. **Criteria for Choosing Level of Enforcement.** Some code violation cases may have aggravating or mitigating circumstances requiring a different sequence for enforcement activity than that set forth in Paragraph A. The City may choose a more aggressive sequence if one or more of the following circumstances is present (or a more lenient sequence if the circumstance is the opposite from that described below): The code violation is severe (e.g., deviates greatly from the City Code);

2. The violation poses a significant or imminent threat to public health and safety, or to the environment as determined by the City Administrator;
3. The violation may cause economic harm to residents or to the City as a whole;
4. The physical size or extent of the violation is significant as determined by the City Administrator;
5. The violation has existed uncorrected for a significant period as determined by the City Administrator;
6. There is a previous history of complaints and code enforcement on the subject property and/or with the alleged violator;
7. There is good potential for combining enforcement action on the violation with other violations; and/or

8. There is little likelihood of obtaining voluntary compliance.

V. PRIORITIES FOR CODE ENFORCEMENT

Policy: City staff shall attempt to investigate and resolve all code violations within budget and staffing resources of the Code Compliance Program. However, because of limited resources, there may be times when all code violations cannot be given the same level of attention, and some code violations may receive no attention at all for a period of time, as determined by the City Administrator.

In circumstances where not all code violations can be investigated, the most serious violations, as determined under the priorities set forth in this section and the criteria for enforcement in Section IV(C) of this Manual, shall be addressed before the less serious violations are addressed, regardless of the order in which the complaints are received. However, complaints alleging both priority and non-priority violations should be processed together to maximize efficiency.

A. Priority Cases. The City Council has established the following priorities for City Code violations:

1. Violations that present an imminent or significant threat to public life, health, and safety;
2. Violations that impact streams, floodplains, wetlands, and historic resources;
3. Violations that impact public property or the public's authorized usage thereof;
4. Violations that impact livability or commerce; and
5. Other violations.

B. Prioritizing Cases.

Policy: Complaints should be processed in the order set forth under Paragraph A above and complaints within the same priority ranking under Paragraph A above should be processed in the order in which the complaints are received. All complaints will be processed as code enforcement resources allow.

Exception: At the discretion of a code enforcement officer (as defined MMC 2.30.010, a "Code Enforcement Officer" and collectively, Code Enforcement Officers are referred to herein as "Code Compliance Program staff"), and in consultation with the City Administrator, complaints may be processed in any order that maximizes the efficiency of enforcement.

Procedure: All complaints concerning a particular type of code violation (e.g., noxious weeds), or all complaints of violations occurring in a particular geographic area, may be processed together, regardless of the order in which the complaints are received.

VI. APPLICABILITY

Policy: This Manual applies to all City Code compliance and all Code Enforcement Officers. Except as otherwise provided, the policies and procedures in this Manual apply to all alleged City Code violations, whether or not they existed or were known by the City on the effective date of this Manual. The policies and procedures in this Manual supersede any conflicting City policies and procedures. In the event of any conflict between the City Code and this Manual, the City Code

shall prevail.

Non-Applicability to Covenants, Conditions and Restrictions. Many subdivisions and planned communities are subject to private, recorded covenants, conditions, and restrictions (“CCRs”). The City does not enforce CCRs, because CCRs are private arrangements between property owners, unless City is a property owner subject to CCRs or otherwise a party to CCRs (and even then, prosecutions of CCRs by City are only to protect City’s interests).

Non-Applicability to Private Legal Action. In some instances, residents, tenants, or property owners may have a private cause of action against a party in violation of the City Code. The City does not prosecute private causes of action and does not provide legal advice with respect to private causes of action.

VII. INITIATION OF CODE ENFORCEMENT

Code enforcement may be initiated by any of the following methods:

A. Complaints. Any person may make a complaint to the City alleging one or more violations of City Code.**Form.** Complaints must be submitted on City’s approved forms, which will be available at City Hall and on City’s website. If the City receives a complaint other than the City- approved complaint form, staff shall direct the complainant to complete the approved complaint form and provide a copy or a link to such form. To be investigated, a resident complaint must contain all information required on the complaint form.

2. Anonymous Complaints

Policy: The City’s policy is to not accept anonymous City Code violation complaints. The City believes that anonymous complaints are not as reliable as those made by complainants who are willing to identify themselves. In addition, in many cases, the complainant’s identification and testimony may be necessary for successful prosecution. A complainant’s unwillingness to participate in prosecution of the complaint may result in the City electing not to further investigate or prosecute the complaint.

Exceptions: The City recognizes there may be cases justifying an exception to this policy. These are cases where the nature of an anonymous complaint reliably suggests the existence of code violations presenting an imminent threat to public life, health, and safety, or to the environment, which threat may be easily verified by City staff. In such cases, as determined by the City Administrator, City staff may further investigate the anonymous complaint.

3. Confidentiality

Policy: The City’s policy is to maintain the confidentiality of code enforcement complaint files and computer records, including the identity of the complainant, to the extent legally possible. The City believes it is important to maintain this confidentiality to assure effective investigation and prosecution of City Code violations. In addition, the City recognizes that some complainants do not want their names disclosed to the alleged violator for fear of retaliation. However, public records laws may require disclosure, and, in some cases, it may be necessary for successful prosecution for the complainant to be

identified and to participate in the prosecution of the complaint.

Exceptions: In cases where the City chooses to cooperate with, or defer to, federal or state agencies for code enforcement, the contents of the file may be disclosed, as necessary, to the other agency.

Procedure: In order to maintain the confidentiality of code enforcement complaints and the identity of the complainants, while assuring effective prosecution and enforcement and compliance with state law, the following procedures apply:

1. To the extent legally permissible, City Code enforcement files will be maintained as confidential files until the file is closed.
2. The contents of City Code enforcement files will not be disclosed to anyone other than City staff who have a reason to know about and who are involved in the investigation, or to similar staff of an agency with which the City is cooperating. The contents of the file will not be disclosed to any other person absent court order or otherwise as required by the public records law, until: 1) the investigation is complete and a discovery request is made; or 2) the file is closed and disclosure is made pursuant to the public records law.

B. Observation by City Staff. City staff often observe potential City Code violations while performing City business (e.g. processing land use applications, performing inspections of the subject or an adjacent property, etc.) or discover additional violations as part of investigating a previously reported violation. Such observations may form the basis for either initial or additional investigation and enforcement action.**Policy:** If in the course of performing City business, City staff obtain probable cause to believe a violation of City Code exists, City staff should document such violations on a City Code complaint form and forward such documentation to a Code Enforcement Officer. Additional violations discovered by Code Enforcement Officers as part of an investigation should be made part of the case file for the property and/or violator under investigation. Code Compliance Program staff shall investigate documented violations in accordance with the priority ranking and otherwise as Code Compliance Program resources allow.

C. Proactive Code Enforcement. Within available Code Compliance Program resources, the City may undertake a number of City-initiated procedures for proactive code enforcement. These procedures may include: Investigations and prosecutions of City Code violations in particular geographic areas;

2. Investigations and prosecutions of City Code violations of a particular type throughout the City (e.g. fire hazard vegetation management during periods of heightened fire hazard risk);
3. Timely and regular follow-up by City staff for compliance with conditions and requirements for permits, approvals, and agreements;
4. Examination and comparison of City files for evidence of City Code violations;

5. Revocation of permits and approvals for failure to comply with requirements or conditions;
6. Cooperation with code compliance by other regulatory and licensing agencies; and
7. Cooperation with utility companies to terminate service, to the extent authorized by law, to non-permitted uses on property.

D. Permit/Approval Condition Monitoring by City Staff. The City routinely issues land use, construction, and other permits, approvals, and agreements with a variety of requirements, conditions, and deadlines. For example, a land use approval may require landscaping the site by a certain date, and approvals may expire if progress milestones are not met. City Code violations occur when these permit and approval conditions are not followed. Moreover, an agreement of the City may provide for a breach of the agreement to constitute a violation of the City Code or, where applicable, the condition of approval that required such agreement.**Policy:** The City's policy is that City staff may conduct timely and regular monitoring of conditions of approval and similar compliance evaluations for all permits, approvals, and agreements.

Procedure:

1. If any permits, approvals, or agreements are found not to be in compliance with conditions of approval or other permit requirements, assigned staff shall undertake appropriate action to obtain compliance.
2. If the assigned staff are unable to obtain compliance within a reasonable time established for that purpose, they shall report the violation and any enforcement action already taken to Code Compliance Program staff for further code enforcement action.

E. Report by City Councilor. A City Councilor may report a potential City Code violation by submitting a complaint form.

F. Information from Official City Records. Potential City Code violations may be discovered by examining the City's own official records. For example, cross-referencing between the Assessor's records and City records may reveal construction or land use activity without necessary permits or approvals. City staff may also discover code violations by comparing the City's own land use, environmental health, and construction permit records with each other.

Policy: City staff may regularly compare all pertinent City records to identify potential City Code violations.

Procedure: City Code violations discovered through comparison of information in City files shall be reported to the Code Compliance Program on a City complaint form.

VIII. RECORDING COMPLAINTS

All complaints received by the Code Compliance Program shall be recorded. The "Complaint Record" is the official record of the complaint and its investigation and resolution. The Complaint Record shall include, at a minimum, the following information:

1. An assigned complaint number;
2. Assessor's information on the subject property (e.g. address, tax lot number, etc.);
3. The complaint form;
4. Which Code Enforcement Officer is assigned to the case;
5. Documentation of investigation or non-investigation; and
6. Documentation of disposition of complaint.

IX. NOTICE OF INVESTIGATION

When Code Compliance Program staff initiates an investigation, they may provide notice to any City department or federal, state, or local agency that may have an interest in the alleged violation.

X. INVESTIGATION

- A. Preliminary Matters.** At the beginning of each investigation, the following shall be established:
- 1. Jurisdiction.** The property upon which the alleged City Code violation exists must be in the City's code enforcement jurisdiction.
 - 2. Property Ownership.** All persons with a recorded legal interest in the subject property should be identified. These persons should include the owners, contract purchasers, lessees and lienholders or other security interest holders.
 - 3. Responsible Persons.** In addition to the persons listed in subparagraph 2, any other Responsible Person (as defined in MMC 2.30.010) for the alleged City Code violation(s) should be identified. These persons could include tenants, contractors, or other occupants.
 - 4. Identification of Applicable Code Provisions.** Code Compliance Program staff, with the assistance of other staff, shall identify the pertinent provisions of the City Code, or conditions of approval from applicable permits, approvals, or agreements, that may have been violated according to the complaint.
 - 5. Prior Complaint History.** Code Compliance Program staff shall examine City records to determine the existence and status of any prior or existing City Code violation complaints on the subject property or concerning the alleged violator.
- B. Establishing Elements of a Violation.** Before a Pre-Enforcement Notice is sent, or any further enforcement action is taken, it must be determined whether the complaint establishes a violation of City Code. If it does not, the case will be resolved by file closure as provided in Section XII of this Manual. Code Compliance Program staff, after any necessary field or other investigations, shall determine if the following elements have been established.
- 1. Responsible Person.** The person or persons who are reasonably believed to have committed the violation, or who are or may be legally responsible for the alleged City Code violation, have been identified.

- 2. Alleged Violation Occurred or is Occurring.** A complaint may allege a City Code violation that occurred in the past (e.g., construction without a permit) or that occurs only intermittently (e.g., periodic non-permitted commercial activity in a residential zone). Code Compliance Program staff shall determine whether there are reasonable grounds to find the alleged violation occurred or is occurring (e.g. the circumstances described in the complaint, if true, are a violation of City Code and there is substantial evidence to support the existence of the circumstances described in the complaint). Such grounds may be established either by personal observation by Code Compliance Program staff or by reliable evidence provided by a complainant or public records. If Code Compliance Program staff determines that reasonable grounds do not exist, no enforcement action will be taken until the complainant or the Code Compliance Program staff has had a reasonable opportunity to develop such grounds. If no reasonable grounds are developed within a reasonable period, the case will be resolved by file closure as provided in Section XII of this Manual.
- 3. Relevance of Statute.** In some instances, a complaint may allege a City Code violation on property subject to other protections. A common example is the State’s restriction on local laws governing forest and farm practices (ORS 30.934 and 30.935). Code Compliance Program staff shall, with the assistance of other CDD staff and City legal counsel as necessary, consider the relevance of statutes in substantiating a City Code violation. If Code Compliance Program staff verifies conflicting relevance under the law, the case should be resolved by file closure as provided in Section XII of this Manual.

C. Assignment of Investigation and Enforcement Responsibility.

Policy: The responsibility for field investigation and code enforcement should be assigned to City staff most able and qualified to conduct the investigation and undertake appropriate enforcement action even if not a Code Enforcement Officer. For example, alleged violations of transient room tax reporting requirements may be best handled by staff in the City’s Finance Department. However, all code enforcement activity should be coordinated with Code Compliance Program staff to avoid duplication of efforts.

Procedure:

- 1. Assignment.** Assignment of field investigation and code enforcement responsibility shall be made by the City Administrator, or applicable department head, on a case-by-case basis or pursuant to standing policies in this Manual or elsewhere. The following criteria shall be used for assignment of responsibility:
 - a.** The nature of the code violation(s) alleged in the complaint;
 - b.** The knowledge and expertise needed to investigate the alleged violation;
 - c.** The history of prior code enforcement on the subject property or with the alleged violator;
 - d.** The status of permits and approvals on the subject property; and
 - e.** The workload of the relevant staff and the projected timeline for investigation and

resolution of the complaint.

2. **Coordination.** Whenever responsibility for code enforcement activity is assigned to City staff other than Code Compliance Program staff, such staff shall consult with Code Compliance Program staff and keep them advised of their activities. When City staff other than Code Compliance Program staff are assigned to investigate a complaint for which a Complaint Record has been created, such staff shall enter into the record a report of any action undertaken to investigate or to obtain compliance.

D. Field Investigation

1. **Purpose.** The purposes of code enforcement field investigations are to:
 - a. Verify the existence and severity of City Code violations;
 - b. Document City Code violations by means of written notes, photographs, witness interviews, etc.; and
 - c. Obtain supporting evidence such as photographs, measurements, names, and statements of potential witnesses, etc.
2. **Coordination.** Whenever responsibility for field investigation is assigned to City staff other than Code Compliance Program staff, the coordination and notification described in Paragraph C(2) of this section shall occur.

3. Preparations and Precautions

Policy: Code Compliance Program staff and other assigned City staff, as well as members of the public, should not be exposed to unreasonable risks of violent confrontation or injury during the course of field investigations. City staff shall take whatever actions are reasonable and necessary to minimize the known risk of violent confrontation or injury to themselves or others in conducting their field investigations.

Procedure:

- a. **Law Enforcement Assistance.** When appropriate, Code Compliance Program staff or other assigned staff should contact the Madras Police Department and/or Jefferson County Sheriff's Office to determine if there have been previous criminal complaints or investigations concerning the subject property or alleged violator, and whether, in the opinion of the Madras Police Department and/or Jefferson County Sheriff's Office, a field investigation would present any threat to the safety of staff, the alleged code violator, or other persons present during a field investigation. Code Compliance Program staff or another assigned City staff person may request law enforcement assistance in conducting the field investigation and may postpone such investigation until law enforcement assistance is available.
- b. **Announced/Unannounced Field Visits.** At the discretion of Code Compliance Program staff or other assigned City staff, a field visit to the vicinity of the subject property may be conducted with or without prior notice to the property owner, occupant, or alleged code violator. The determination of whether or not to give prior notice shall be made on the basis of the following criteria:

- i. The nature of the alleged violation;
- ii. Whether or not prior notice will make detection and documentation of the alleged violation more difficult; and
- iii. Whether or not prior notice will unnecessarily increase the known risk of violent confrontation or injury to Code Compliance Program staff or other assigned City staff.

c. Entering Upon Property or Premises

Policy: It is the City's policy that Code Compliance Program staff and other assigned City staff not enter upon private property or premises to conduct a field investigation without authority to enter.

Procedure: Code Compliance Program staff may enter unposted property to seek permission to investigate on the premises. Unless permission is granted, the investigation shall be conducted from public roads or adjacent property where permission to enter has been granted. If Code Compliance Program staff or other assigned staff do not have permission or other authority to enter upon property or premises, and entry upon the property or premises is necessary to conduct the investigation, Code Compliance Program staff or other assigned City staff shall consult with City legal counsel about obtaining a search warrant.

E. Report of Investigation

Report. Upon completion of the initial investigation, Code Compliance Program staff or other assigned staff shall complete a report of investigation in the Case Record referred to herein as a "Field Investigation Report". The Field Investigation Report should be completed as soon as reasonably possible after the date and time of the field visit to ensure a complete and accurate report.

1. The report shall include at least the following information:

- a. Name of investigator;
- b. Date, time, and place of field visit;
- c. Code violation(s) observed;
- d. If no code violation(s) are observed, an explanation;
- e. Witnesses, if any, interviewed and other persons present, if known, on site at the time of the investigation;
- f. Evidence, if any, obtained (e.g., photographs);
- g. Discussion, if any, of violation with owner, occupant, or other Responsible Person;
- h. Action necessary, if known, to correct violation; and
- i. Recommended enforcement action.

2. Complainant Notification. Upon completion of the initial investigation, Code Compliance

Program staff shall notify the complainant of the status of complaint investigation. This notification should include information on whether a case will be opened, the reason a case will or will not be opened, and name and contact information of the staff member assigned to the code enforcement case.

XI. ENFORCEMENT PROCEDURES

A. Voluntary Compliance

Policy: The primary objective of the Code Compliance Program is voluntary compliance. Staff encourage voluntary compliance by providing violators and other Responsible Persons with information about the City Code and an opportunity to comply with the City Code within reasonable timeframes and with little or no penalty. The City believes that voluntary compliance generally is less expensive for all parties and of a more satisfactory and lasting nature than involuntary compliance.

Notwithstanding this objective, the City believes that allowing City Code violators the opportunity to voluntarily comply any time during code enforcement, or outside reasonable time limits for such compliance, may actually result in abuse of this opportunity in order to delay compliance. Therefore, it is the City's policy to limit the time frame during which City Code violators may come into voluntary compliance with little or no penalty.

Procedure:

The following procedure shall apply for achieving voluntary compliance:

- 1. Limited Time Frames.** Opportunities for voluntary compliance without consequences, where provided, shall be of limited duration. The facts in each case differ. Therefore, Code Compliance Program staff shall consider the appropriate time frame for compliance on a case-by-case basis. Generally, a Pre-Enforcement Notice should provide between (10) and thirty (30) days from the date of the Pre-Enforcement Notice for the violator to either cure the violation or enter into a Voluntary Compliance Agreement depending on the nature of the violation at issue. However, circumstances may dictate a different response period.
- 2. Time Extended by Voluntary Compliance Agreement.** Following the issuance of a Pre-Enforcement Notice, if the alleged violator admits the violation(s) and requests extended time for voluntary compliance, the alleged violator shall sign a "Voluntary Compliance Agreement" in a form acceptable to City's legal counsel. A Voluntary Compliance Agreement shall provide, at a minimum, that, in exchange for the extended time for voluntary compliance, the alleged violator (i) admits to the City Code violation and waives any right to a hearing on the violations or contest the violation in court; (ii) agrees to cure the violation(s) by a specified time; (iii) stipulates to monetary and other penalties, as well as City cost recovery, for non-compliance with the Voluntary Compliance Agreement; (iv) consents to entry of judgment; and (v) consents to City entry onto the subject property to monitor compliance with the Voluntary Compliance Agreement and/or to abate the violations by City upon default by the violator.

B. Pre-Enforcement Notice

1. **Timing.** When Code Compliance Program staff or other assigned City staff determine there are reasonable grounds to find a violation did or does occur, based upon the information in the complaint and any field investigation, a Pre-Enforcement Notice may be sent on a standard form approved by City legal counsel.
2. **To Whom Sent.** A Pre-Enforcement Notice should be sent to all known Responsible Persons or, at the very least, the owner of the subject property. A property owner is ultimately responsible for City Code violations occurring on such owner's property.
3. **How Sent.** Pre-Enforcement Notices should be sent by the method, or combination of methods, most likely to reach Responsible Persons. Potential methods include:
 - a. By personal service;
 - b. By first class, certified, or registered mail (if sent certified or registered also send a copy by first class as a violator may refuse to sign for or accept certified or registered mail) to the last known address of the responsible party (use Assessor or Secretary of State records);
 - c. Posting to the subject property; and/or
 - d. By any method authorized by the Oregon Rules of Civil Procedure for the service of summons (e.g. publication in newspaper of general circulation).
4. **Follow Up.** If, within the voluntary compliance time frame set forth in the Pre-Enforcement Notice, a Responsible Person has not contacted Code Compliance Program staff, staff shall determine the next step in the code enforcement process, including the issuance of an Enforcement Order (as defined in MMC 2.30.010 and as discussed below), Notice of Civil Penalty (as discussed below) and/or citation.
5. **Compliance.** If the Code Compliance Program staff determines that the required corrections have been made or a Responsible Person has provided evidence that no violation exists, the date and method of compliance shall be noted in the Complaint Record and the case shall be resolved by file closure pursuant to Section XII of this Manual.
6. **Corrective Action.** In some cases, corrective action may consist of both applying for and obtaining necessary permits or approvals. In such cases, the permit or approval application alone will not be sufficient to assure compliance. A Responsible Person must complete the application process, including all appeals, within a reasonable time and not allow the application to expire. Once the necessary permit or approval is obtained, a Responsible Person must complete all permit conditions prior to the expiration of any permit approval.

Policy: All City Code violation cases shall remain open until all permit conditions and other required corrective measures are completed.

Procedure:

1. Where the required corrective action consists of both applying for and obtaining permits or approvals, Code Compliance Program staff, in consultation with other appropriate City staff, shall determine a reasonable time frame for applying for and obtaining the

necessary permits or approvals.

2. If at any time during the process for obtaining necessary permits or approvals the alleged violator fails to meet the reasonable timelines established by Code Compliance Program staff and such failure does not result from the actions of others, Code Compliance Program staff may pursue further code enforcement measures.
3. If the alleged code violator is not granted the necessary permits or approvals, Code Compliance Program staff shall pursue further code enforcement measures unless (a) the alleged code violator enters into a Voluntary Compliance Agreement within a time frame established by Code Compliance Program staff, or (b) a lender has begun foreclosure proceedings and, in the opinion of Code Compliance Program staff, is likely to address the violation within a reasonable time after the foreclosure.

C. Enforcement Orders and Notices of Civil Penalty.

1. **Non-Compliance.** Where voluntary compliance cannot be obtained pursuant to a Pre-Enforcement Note or Voluntary Compliance Agreement, Code Compliance Program staff may issue an “Enforcement Order” in accordance with MMC 2.30.10 to 2.30.210 and, either in conjunction with the Enforcement Order or subsequent to the Enforcement Order, a “Notice of Civil Penalty” in accordance with MMC 2.30.240 to 2.30.250.
2. **Investigation Required.** No Enforcement Order or Notice of Civil Penalty shall be issued unless and until an investigation has verified the existence of a City Code violation.
3. **Form.**
 - a. **Enforcement Orders.** An Enforcement Order will be on a standard form approved by City legal counsel and should, at a minimum, contain the following:
 - i. The person and/or premises subject to the Enforcement Order;
 - ii. Reference to the particular City Code provision that is alleged to have been violated;
 - iii. A short and plain statement of the matters asserted or charged;
 - iv. A statement of the action required to remedy the violation;
 - v. The date on which the Enforcement Order was issued and the date and time by which the violation must be corrected;
 - vi. If a civil penalty is authorized, a statement that a civil penalty may be, will be, or has been assessed, and the maximum amount of the penalty per day;
 - vii. A statement of the right to appeal the Enforcement Order to the Hearings Officer;
 - viii. A short and plain statement of the appeal procedure; and
 - ix. A statement that if a notice of appeal is not filed within the time allowed, the respondent will have waived the right to review of the Enforcement Order.

b. Notice of Civil Penalty. A Notice of Civil Penalty will be on a standard form approved by City legal counsel and should, at a minimum, contain the following:

- i. A statement of the amount of the penalty;
- ii. A statement of the party's right to appeal the civil penalty to the Hearings Officer;
- iii. A short and plain statement of the appeal procedure; and
- iv. A statement that if a notice of appeal is not filed within the time allowed, the respondent will have waived the right to review of the imposition or amount of the civil penalty.

4. Service. All Enforcement Orders should be sent to all known Responsible Parties in the same manner as a Pre-Enforcement Notice. A Notice of Civil Penalty should be sent to the specific Responsible Persons subject to the civil penalty in the same manner as a Pre-Enforcement Notice.

5. Appeal Hearings. An Enforcement Order and/or Notice of Civil Penalty can be appealed by any person subject to the Enforcement Order and/or Notice of Civil Penalty pursuant to MMC 2.30.220 or 2.30.280, which requires the person to submit an appeal within 15 business days from the date the Enforcement Order is received by such person (i.e. account for mail delivery delay of 3 business days for in state mailing and 7 days for out of state mailings). Timely and properly filing an appeal triggers the administrative hearing procedures discussed below. Before forwarding an appeal to the Hearings Officer for scheduling, be sure to evaluate whether there are any jurisdictional defects in the appeal (e.g. failing to timely submit, omitting required information, or failing to post the appeal fee) that warrant dismissal of the appeal. If an Enforcement Order without a Notice of Civil Penalty is issued, City will generally issue the Notice of Civil Penalty not as a retaliatory act, but to allow for concurrent resolution of both the substance of the matter and penalty imposed.

a. Purposes. The purposes of appeal hearings are to:

- i. Allow the respondent to challenge the Enforcement Order or Notice of Civil Penalty; and
- ii. Resolve any jurisdictional or procedural issues with the Enforcement Order or Notice of Civil Penalty.

b. Hearings Officer. The Hearings Officer is an independent contractor of the City tasked to resolve appeals and other matters brought before the Hearings Officer and to provide due process for involved parties.

c. Scheduling. Upon receipt of a properly filed appeal, the Code Enforcement Officer charged with prosecuting the violation will engage the Hearings Officer. The Hearings Officer ultimately determines scheduling of the hearing consistent with the hearing procedures set out in Chapter 2.30 of the City Code.

d. Hearing.

- i. **Burden of Proof.** The City has the burden of proving at the hearing, by a preponderance of the evidence, the allegations in the Enforcement Order and/or the Notice of Civil Penalty.
 - ii. **Responsibility of Code Compliance Program Staff.** At the hearing, the responsibility of Code Compliance Program staff is to prosecute the case by presenting evidence, calling witnesses, and offering any relevant documents and other exhibits in support of the Enforcement Order and/or Notice of Civil Penalty.
 - iii. **Appearance by City Legal Counsel.** City legal counsel shall not represent the City at the hearing unless the defendant is represented by legal counsel at the hearing.
 - iv. **Failure to Appear.** If the respondent fails to appear at hearing, Code Compliance Program staff may request that the Hearings Officer enter a default judgment in favor of the City and impose penalties and other relief against the defendant in accordance with the Notice of Civil Penalty or as otherwise provided by the City Code.
6. **Follow Up.** If an Enforcement Order, Notice of Civil Penalty, or an Appeal Hearing does not result in compliance, Code Compliance Program staff shall consult with City legal counsel to determine the next step in the code enforcement process including, without limitation, issuance of a citation, abatement procedures, or court action.

D. Citation

- 1. **Non-Compliance.** The City’s preferred method of prosecuting violations not resolved through voluntary compliance is through Enforcement Orders, Notices of Civil Penalties, and appeals to the Hearings Officer. However, in some circumstances, City may determine that circuit court is a better forum for particular violations. Circuit Court will be the forum of choice whenever violations are subject to criminal sanctions.
- 2. **Investigation Required.** No citation shall be prepared unless and until an investigation has verified the existence of a City Code violation.
- 3. **Form.** All citations to state court shall be on a uniform citation which conforms to ORS 153.045 through ORS 153.051.
- 4. **Issuance of Citation.** After consulting City legal counsel, a Peace Officer (as defined in ORS 2.30.010) may issue a citation.
- 5. **Service.** All citations to state court shall be served in accordance with ORS 153.154.
- 6. **Setting Arraignment.** For citations to state court, the Peace Officer serving the citation shall set the date for arraignment.
- 7. **Arraignment in State Court**
 - a. **Purposes.** The purposes of arraignment are to:
 - i. Allow the defendant to enter a plea to the citation;

- ii. Resolve any jurisdictional issues;
 - iii. Set a trial date if the plea is not guilty; and
 - iv. If the plea is guilty, allow the defendant, the Peace Officer, and other City Code Compliance Program staff the opportunity to provide information to the court regarding penalties and related matters.
- b. Appearance by City Legal Counsel.** City legal counsel shall not represent the City at arraignment unless the defendant has legal counsel at arraignment.
- 8. Failure to Appear at Arraignment in State Court.** If the defendant fails to appear at arraignment, Code Compliance Program staff may request that the court enter a default judgment in favor of the City and impose penalties against the defendant and award such other relief to City as permitted under applicable law.
- 9. Trial.** If the defendant pleads not guilty to the allegations in the citation, Code Compliance Program staff shall request that the court set the matter for trial at the earliest available date.
- a. Burden of Proof.** The City has the burden of proving at trial, by a preponderance of the evidence, the allegations in the citation.
 - b. Responsibility of Code Compliance Program Staff.** At trial, the responsibility of Code Compliance Program staff is to prosecute the case by presenting evidence, calling witnesses, and offering any relevant documents and other exhibits in support of the citation.
 - c. Appearance by City Legal Counsel.** City legal counsel shall not represent the City at trial unless the defendant is represented by legal counsel at trial.

E. Injunctions and Other Court Relief

Policy: Code Compliance Program staff may seek injunctions or other relief from a court in cases where other methods of code enforcement may be inadequate or have been unsuccessful.

Procedure:

- 1. When Sought.** Code Compliance Program staff may request City legal counsel to obtain/coordinate injunctions or other court action in any case in which:
 - a. A violation(s) presents an imminent threat to the public life, health, and safety or to the environment;
 - b. A violation, or continuation thereof, will result in irreparable harm to City property or the public; or
 - c. A violation has not been corrected within a reasonable time after a defendant was found by the court or Hearings Officer to be guilty of a code violation.
 - d. Court action will present a better or more expedient remedy to City or is otherwise better suited to address the subject City Code violation.
- 2. By Whom.** Court actions for injunctions or other relief should be pursued by City legal counsel.

3. How Enforced. After issuance of an injunction or other relief, if the violator fails to comply within the time period specified by the Court, the City legal counsel may initiate civil contempt proceedings against the violator.

F. Permit Revocation. Certain City Codes authorize the revocation of permits or approvals for failure to comply with their requirements or conditions.

Policy: To maximize code compliance, the City may revoke permits and approvals to the extent authorized by law in appropriate cases. Revocation of permits is particularly appropriate in cases in which corrective action may not be effective in achieving compliance due to the nature of the violation and/or the deliberateness of the violator's actions.

Procedure:

1. Report to Code Compliance Program Staff. If City staff responsible for monitoring and/or reviewing a particular type of permit determine that the conditions or requirements of a permit or approval have not been met, that staff member shall inform Code Compliance Program staff of such violation, and Code Compliance Program staff shall enter the information in the code enforcement electronic files.

2. Factors for Revocation. City staff responsible for monitoring and/or reviewing a particular type of permit shall determine whether to undertake permit revocation proceedings as authorized under the applicable City Code provisions. The following factors shall be considered:

- a. Whether the criteria for permit revocation set forth in the applicable City Code provisions exist;
- b. The severity of the deviation from the permit or approval requirements or conditions;
- c. The deliberateness of the deviation from the permit or approval requirements or conditions; and
- d. Whether compliance can be achieved more effectively through other code enforcement methods.

3. Procedures. The City Code specifies procedures for revocation of certain types of permits and approvals. Code Compliance Program staff should consult with City legal counsel on proper procedures.

G. Nuisance Abatement. Chapter 8.15 of the MMC authorizes the abatement of City Code violations that are defined as “nuisances.” Note that other sections of the City Code may describe violations of such sections as a nuisance, which allows for abatement of such violations through the nuisance abatement procedures.

Policy: City Code violations constituting nuisances may be abated pursuant to MMC Chapter 8.15 and within available resources.

Procedure: MMC 8.15.110 and .120 set out the procedures for ordering and compelling abatement. City will not enter private property to proceed with abatement without permission or a warrant. Code Compliance Program staff will consult with City legal counsel for procurement

of a warrant.

H. Derelict Structure Abatement. MMC 8.15.100 authorizes the abatement of “derelict structures” as defined in the City Code.

Policy: Derelict structures should be identified, vacated, and otherwise restricted from use, and where resources are available, abated if a Responsible Party does not correct the conditions resulting in the derelict structure status.

Procedure: MMC 8.15.100 through 8.15.120 sets out the procedures for identifying and abating derelict structures. City will not enter private property to proceed with abatement without permission or a warrant. Code Compliance Program staff will consult with City legal counsel for procurement of a warrant.

I. Assisting Enforcement by Other Regulatory/Licensing Agencies. In some cases, City Code violations also may constitute violations of applicable law promulgated by other jurisdictions (e.g. federal, state, or other local governments).

Policy: To maximize code enforcement and the incentives for compliance, City staff shall promptly advise the appropriate agencies and jurisdictions of City Code violations reported or discovered that may also violate the statutes or administrative rules of that agency or jurisdiction.

The City shall also cooperate with agencies and jurisdictions, to the extent authorized or required by law or by intergovernmental agreement, to obtain voluntary compliance or to punish violations. The City may defer investigation and prosecution to the appropriate agency or jurisdiction in cases in which, as determined by the City Administrator, the agency or jurisdiction enforcement procedure will result in more effective correction of the violation(s).

Procedure:

- 1. Reporting.** Whenever City staff discovers or receives a verified complaint regarding a City Code violation that may also constitute a violation of federal, state, or other local laws and regulations, City staff shall advise the appropriate federal or state agency.
- 2. Cooperation.** To the extent authorized or required by law or by intergovernmental agreement, City staff shall cooperate with the federal, state, or local agency to obtain voluntary compliance or to prosecute and punish violations. That cooperation may include sharing information, conducting joint investigations, appearing as witnesses and/or providing evidence in enforcement proceedings, and coordinating the timing of investigations and/or enforcement proceedings to maximize their effectiveness.
- 3. Deferral to Other Agency.** The City may defer some or all code enforcement to a federal, state, or local agency, and forego City Code enforcement, where the City Administrator determines that the federal, state, or local enforcement activity will be more effective than City Code enforcement. In making the determination to defer to other agencies, the following factors shall be considered:
 - a.** The nature of the violation and necessary corrective action;

- b. The comparative severity of the penalties available to the federal or state agency and to the City; and
- c. The comparative time frames required for enforcement by the federal or state agency and by the City.

J. Fines and City Cost Recovery. The City incurs costs investigating, prosecuting, and abating violations of the City Code including, without limitation, the cost of personnel and equipment, legal advice and representation, Hearings Officer fees, service of citations, and administrative expenses.

Policy: It is the policy of the City to maximize code enforcement and to increase the incentives for code compliance by recovering fines and code enforcement costs from code violators.

Procedure:

1. Fines

a. Applicable Fines. Most sections of the City Code specify applicable fines for particular violations of City Code. If a fine is not specified, MCC 1.05.070 sets forth a general penalty of an amount not to exceed \$2,500.00.

b. Amount. Upon conviction, Code Compliance Program staff shall request that the court or Hearings Officer impose a fine in an amount consistent with the City Code. Note that most City Code violations are subject to a separate penalty for each violation and each day that a violation persists.

2. Imposition and Suspension of Fines. A Hearings Officer or court has authority to set or suspend the imposition of a fine (or a portion thereof). In some cases, the Hearings Officer or court may wish to suspend imposition of a fine, or a part thereof, on the condition that the defendant comply with the City Code within a specified time period. Where a violator has entered into a Voluntary Compliance Agreement, City will have discretion in its pursuit of remedies for defaults under the Voluntary Compliance Agreement.

a. Policy: It is the City's policy to increase the effectiveness of code enforcement activity and the incentives for code compliance by seeking fines proportionate to City costs and discouraging any suspension of fines in City Code violation cases.

b. Procedure: If a defendant is convicted, Code Compliance Program staff and/or City legal counsel shall advise the court of the City's policy against fine suspension and shall ask the court not to suspend imposition of fines.

3. Collection and Distribution of Fines. Fines imposed by the state court for City Code violations are collected by the State Court Administrator and are remitted in part to the City. Fines or damages imposed by a Hearings Officer or a Voluntary Compliance Agreement are usually directly collected by the City.

a. Policy: It is the City's policy that all fines imposed for City Code violations and remitted to the City should be used to pay the costs of the Code Compliance Program.

b. Procedure: All fines imposed by the court or a Hearings Officer for City Code violations,

or collected through a Voluntary Compliance Agreement, and remitted to the City shall be deposited in accounts for budgeting and expenditure in the Code Compliance Program.

- 4. Voluntary Compliance.** Notwithstanding City’s policy to recover costs of code enforcement, City balances such policy with the competing policy of promoting voluntary compliance. Accordingly, the City may elect to forego fines and other cost recovery dependent upon when voluntary compliance is achieved. The table below sets out City’s general balancing of these policies but City reserves the right to deviate depending on the circumstances, particularly in the case of a repeat violator.

Timing of Compliance	Disposition
Before Notice of Civil Penalty or citation/Before deadline in Voluntary Compliance Agreement.	File closed. No fines, penalties, or cost recovery sought.
After Notice of Civil Penalty or citation but before trial or hearing before Hearings Officer/After deadline in Voluntary Compliance Agreement but before City action to enforce Voluntary Compliance Agreement	City recommends or seeks fines or other remedies that provide for full cost recovery to date and will dismiss any pending court actions or hearings.
At time of trial or hearing before Hearings Officer/After City action to enforce Voluntary Compliance Agreement	City recommends or seeks fines or other remedies that (i) provides for full cost recovery and (ii) will deter future violations, but does not seek maximum fines, penalties, and relief.
After judgment	City recommends or seeks maximum fines and penalties, maximum cost recovery, and maximum other relief available to City.

- K. Liens and Recorded Notices.** In many cases, the most effective way for the City to achieve compliance, recover its code enforcement costs, and/or collect any civil penalties or other amounts owed, is to record a notice of violation and/or file a legal claim for those costs or penalties against the property subject to code enforcement, or against other property owned by the code violator. Recording a notice of violation also avoids procedural issues of a change of ownership of the subject property during the pendency of a court enforcement proceeding or otherwise prior to the violation being cured. **Policy:** It is the City's policy to recover its costs, and collect on judgment and other amounts owed to City, by recording liens on property subject to code enforcement, or upon other property owned by code violators.

Procedure: In the appropriate cases, the City staff will work with City legal counsel on recording notices, liens, and judgements.

XII. RESOLUTION OF CODE COMPLAINTS

Policy: It is the City's policy to attempt to reach final, satisfactory resolution of all City Code violation complaints. However, City recognizes that not all complaints may be resolved successfully, due to factors outside the City's control. These factors can include the indigence of the code violator, the lack of City or other resources to assist the violator, statutory limitations on potential fines or other penalties for violations, and the large number of complaints to be resolved.

Therefore, the City shall focus its code enforcement resources on the code violations that meet the priorities set forth in Section V of this Manual, and attempt to resolve those violations within a reasonable period. It is the City's policy not to close a case until it is resolved.

Procedure:

- 1. File Closure.** A code violation complaint will be resolved by file closure in the following cases:
 - a.** When no code violation is found after investigation;
 - b.** After there is voluntary compliance;
 - c.** After the property owner and/or other Responsible Person has been found guilty of a violation and has corrected the violation(s);
 - d.** After an injunction has been issued and the property owner or other Responsible Person has corrected the violation(s);
 - e.** After investigation and prosecution of the violation(s) have been completed by another agency or jurisdiction to which the City deferred code enforcement; or
 - f.** When the property on which the violation exists is sold or transferred and a new Code Enforcement case is opened in the name of the new owner.
- 2. Notice of Resolution.** The City shall notify complainant when the complaint is resolved, describing the resolution.
- 3. Alternate Methods of Resolution.** The City may explore alternate methods to resolve Code violations, such as mediation, as Code Compliance Program resources allow.

XIII. AMENDMENTS AND PROTOCOLS

This Manual may be amended when deemed necessary by the City Administrator or the City Council. Amendments may be proposed by City staff, City Councilors and, subject to applicable application fees, any other interested person.

The City Administrator may adopt additional protocols to implement this Manual and/or enforcement of the City Code.

CITY OF MADRAS
Request for Council Action

Meeting Date: June 11, 2024

To: Mayor and City Council Members

From: Will Ibershof, City Administrator

Through: Will Ibershof, City Administrator

Subject: **DISCUSSION ON STRATEGIC GOALS FOR FISCAL YEAR 2024-2025**

TYPE OF ACTION REQUESTED:

Discuss

MOTION(S) FOR CONSIDERATION:

OVERVIEW:

Each year the city council meets to establish their strategic goals for the next fiscal year. This year was a bit different. The Mayor and Council hired a new Administrator who hosted a couple of retreats. Between the two retreats, I drafted a strategic plan for the Mayor and Council to review.

STAFF ANALYSIS:

The draft plan will look a bit different from years past for a couple of reasons. First, I included the results of the SWOT analysis. Secondly, there are a few new goals. To assist the Mayor and Council with the differences, I have included a report card on the FY23-24 goals and a draft of the recommended goals.

The FY 23-24 goals were:

- Public Safety.
- Redefine the Mission Statement, Values and Strategic Planning.
- Increase the livability/beautification of Madras.
- Organizational Development.

The recommended goals with the strategic plan for FY24-25 are:

- Public Safety.
- Communication and Engagement.
- Livability.
- Economic Development.
- Infrastructure.

It is my belief that these goals reflect the comments, concerns and objectives of the Mayor and City Council. It is my recommendation that the Mayor and Council discuss the goals and determine if they meet your objectives for the next fiscal year. If they do not, then recommend

changes. Following the discussion and any changes, I will bring forward the goals for adoption at a future meeting.

FISCAL INFORMATION:

None

SUPPORTING DOCUMENTATION:

Draft Strategic Goals

STRATEGIC GOAL:



THE CITY OF **MADRAS**

Annual Strategic Plan FY 2023-24

Madras Mayor & City Council Members

The Madras City Council is a Mayor-Council form of government. The mayor is a two-year term, directly elected office and does not vote except to break tie votes. The six council positions are elected at large on staggered four-year terms. All elected positions are uncompensated volunteers.

Mayor Mike Lepin	Term Expires: 12/31/2024	Email: mlepin@cityofmadras.us
Council President Jennifer Townsend	Term Expires: 12/31/2024	Email: jholcomb@cityofmadras.us
Councilor Michael Seibold	Term Expires: 12/31/2026	Email: mseibold@cityofmadras.us
Councilor Gabriel Soliz	Term Expires: 12/31/2024	Email: gsoliz@cityofmadras.us
Councilor Patricia Spencer	Term Expires: 12/31/2026	Email: pspencer@cityofmadras.us
Councilor Gary Walker	Term Expires: 12/31/2024	Email: gwalker@cityofmadras.us
Councilor Lamar Yoder	Term Expires: 12/31/2026	Email: lyoder@cityofmadras.us

City Administrator & Department Head Team

City Administrator	Will Ibershof	Email: wibershof@cityofmadras.us
HR & Administrative Director	Vacant	Email:
Interim Finance Director	Rose Vanderschaegen	Email: rvandershaegen@cityofmadras.us
Public Works Director	Jeff Hurd	Email: Jhurd@cityofmadras.us
Community Development Director	Nicholas Snead	Email: nsnead@cityofmadras.us
Police Chief	Tim Plummer	Email: tplummer@madraspd.us
City Recorder / Communications	Keli Pollock	Email: kpollock@cityofmadras.us

Mission Statement

“A vibrant, responsive community where you can thrive and grow.”

City of Madras 2023 - 2024 Council Goals

1. Public Safety
2. Redefine Mission Statement, Values, and Strategic Planning
3. Increase Livability/Beautification of Madras
4. Organizational Development

Goal #1 – Public Safety

Improve our ability to provide public safety services to our community.

- A. Recruit and Hire Chief of Police - **Completed**
- B. Recruit and Hire Evidence Room Technician - **In process.**
- C. Continue Recruitment Efforts for Police Officers – **Hired 3, 2 in background.**
- D. Partner with County to Hire a Central Oregon Drug Enforcement Officer – **Jeff CO fully funded the position and filled the position.**
- E. Re-establish a School Resource Officer – **The PD is continuing to maintain our relationships with the schools and support their safety plans with the goal of having an MPD SRO next school year.**
- F. Purchase, Install, Upgrade Needed Equipment
 1. Body Cams – **Working on contacts and proposals from vendors. The biggest hurdle is the budget.**
 2. Mobile Data Terminals - **Completed**
 3. Radios – **Completed**
- G. Update Department Policies – **This is a living document. We use Lexipol, who regularly send updated policies for approval.**
- H. Establish Sources of Mental Health for Officers – **Have been working with LE Chaplin's, EAP through HR.**
- I. Create Succession Plan – **Providing ongoing opportunities for leadership development through training and duty assignments.**
- J. Increase Community Engagement/Involvement
 1. Events – **MPD officers volunteer or assigned to attend events and community sponsored activities regularly. CDD has engaged community for 2 Open Houses for South Madras Concept Area Refinement Plan**
 2. Schools – **Officers make visits on regular school days and sporting events providing a visible deterrent.**
 3. Social Media – **Our staff is engaged in media / press releases through several media outlets.**
 - 4.
- K. Partner with Jefferson County Fire to Hire a Code Enforcement Position – **Completed**
- L. Explore Opportunity to Create Public Safety Advisory Committee with Neighborhood District Associations – **There have been a couple of meetings to start the conversations, however other pressing issues are competing for resources currently.**

M.

Goal #2 – Redefine Mission Statement, Values, and Strategic Planning

Review the mission and vision for Madras and redesign the Strategic Planning process to better reflect our community.

These are some of the items that will be discussed at a future council retreat. The remaining items will be addressed a future work session.

- A. Determine Core Values**
- B. Identify Key Stakeholders**
- C. Perform SWOT Analysis**
- D. Evaluate Council’s Vision for Madras**
- E. Engage Community Input for Mission Statement**
- F. Redesign Strategic Planning Process to Better Incorporate into Budget**
- G. Explore Opportunities to Revise City Charter**
- H. Identify Opportunities to Establish Greener and More Energy-Efficient Practices**

Goal #3 – Increase livability/beautification of Madras

Promote a community that is filled with beauty and provides the amenities our community desires.

A. Community Development

1. Develop Strategy for Combatting Homelessness **Council established Homeless Advisory Committee in (Res. 13-2019). City and DLCD funding Housing Production Strategy (Goal 10 in City Comp. Plan) which will include provisions for addressing Homeless needs.**
2. Improve Rural Broadband **CDD working with County to contract for additional consultant services to pursue State BEAD funding for Broadband infrastructure.**
3. Promote Multi-Unit Code Change **No efforts made on this. Need guidance from Administrator or Councilor about promotion intentions and means.**
4. Review Housing Strategy (Fixed-Income, ADA Opportunities) **This will largely be completed in the Housing Production Strategy that will be started in FY 23-24 and completed in FY 24-25.**
5. Evaluate VRBO/Temporary Vacation Rental Code **No efforts made on this project.**
6. Increase Community Involvement in MRC **Working with City Recorder to advertise vacancies on Commission. Madras Pioneer reported on additional funding awarded to Initiative Brewing. CDD & City Recorder will issue press release on updated Business Assistance programs.**
7. Perform Floodplain Update **City contractor has submitted LOMAR application to FEMA. City reviewing what additional information is needed and additional actions of the City needed to establish the new Flood Rate Insurance Map.**

B. Public Works—Parks

1. Establish Dog Park(s) **-Have obtained a grant from Oregon Parks and Rec for Hoffman Park which will include a Dog Park. The grant agreement is expected later this winter with design to occur in the spring of 2024 and construction in summer/fall of 2024**
2. Ensure Appropriate Restroom Facilities Established at All Parks **- The new hoffman park will have bathrooms.**
3. Increase Safety & Usability of Trails **– Not sure what were looking for on this. Need more direction.**
4. Increase Amount of Public Bikeways **– Not completed. Need more direction on what this means.**
5. Increase Covered Seating Areas in Parks **– Is there a qty we are looking for? Need direction.**
6. Increase Number of Trees in Parks **– Is there a qty that Council is wanting. I need more direction.**
7. Develop Anti-Vandalism Strategies for Public Spaces **– clean up the graffiti as soon as we know about it and fix the damage to the parks when it's brought to our attention.**
8. Increase Community Involvement in Cleanup & Beautification Projects **– I don't have an update for this.**
9. Explore Public & Private Funding Partnership Opportunities
10. Evaluate Willow Creek for Better Wildlife Viability & Community Use

C. Public Works—Streets

1. Address Traffic Planning (JCTEP, “J” Street, etc.) **– The JCTEP project is going to be cancelled due to lack of funding. We will break out each project as it's own and prioritize pieces. J Street signals cost \$2,000,000 and we will need to raise the funds for it.**
2. Identify Funding to Pave 100% of Unpaved City Streets **– Have not started this yet. We are going to pave 10th Street.**
3. Increase Crack Sealing and Pothole Projects **– Completed.**
4. Repaint Crosswalks **– In process.**

5. Revisit Code for Developer Requirements for Sidewalks – **Not started. Need direction on what Council is looking for.**
6. Begin Strategy for Transportation Improvements Funding Measure – **will start up again later this year. I don't have a date yet, still doing research on cost of what we need. Have to start over with reports again.**

D. Public Works—Utilities

1. Upgrade Sewage Treatment Blowers with Energy-Efficient, Cost-Effective Equipment – **Step one is to talk with Energy Trust to see if we can get a grant first to upgrade our blowers. This will be done in the next 2 or 3 months. If that doesn't work we will start budgeting for blower replacement.**
2. Review Long-Term Sewer Plant Strategies – **This is in process and will be defined in our WW Master plan updated.**
3. Review Water/Sewer Plans and Infrastructure Needs – **Have not started yet.**
4. Complete RV Dump Site Project - **We have money budgeted to give to the County for the County to upgrade their system. Waiting on County to request money.**
5. Improve Partnership with Deschutes Valley Water District **plan to meet with DVWD in November to start discussions.**

Goal #4 – Organizational Development

Improve internal functions, communication, and transparency.

A. Council

1. Recruit City Administrator **Completed. Council hired an amazing individual.**
2. Support Departments Current Goals and Projects **On-going and continues to develop.**
As Madras enters a new post-COVID era and plans a procedural redesign of strategic goals, Council will present new ideas and vision for the future. However, Council will provide continued support for departments with their current projects and goals.
3. Establish Councilor Department Liaisons **Future discussion item with the councilors.**
Council wishes to become more informed and knowledgeable about each department within the City. As such, Council wishes to assign Councilor Liaisons to each department and rotate through the City to be educated about the various functions.
4. Increase Councilor Presence at City Hall **Future discussion item with the councilors.**
Council recognizes that establishing relationships with Department Staff is key and increasing communication requires a greater presence. Councilors wish to regularly spend time at City Hall in a setting that allows staff to approach or see them often and get to know each other.

B. City Administrator

1. Establish a Succession and Retention Plan **This is in process.**
2. Improve Communications and Partnership with County **This is going well. The CA is meeting bi-monthly with the County Administrator.**
3. Improve Inter-Departmental Communications **All department heads meet weekly. CA will hold all-city staff meetings 3X a year. The First one was on October 26, 2023.**
4. Ensure Leases, Franchise Agreements, and other Contracts are Tracked/Current **The CA needs to work on this one.**
5. Evaluate Urban Growth Boundary Expansion/UGAMA **This project is being advanced as capacity exists within the City and County Community Development Departments. To date, EcoNorthwest has provided a memo to Snead for which needs to be reviewed. Thereafter, a**

meeting with City & County CD Directors and EcoNorthwest needs to be scheduled to further discuss changes to the UGAMA and other policy and regulatory changes.

6. **Explore Opportunities to Increase Airport Revenues** CDD is working with two potential developments that are confidential. City Administrator Ibershof has been briefed and is engaged on both projects.
7. **Evaluate Opportunity to Establish a Grant Writer Position** City has issued a RFQ for grant writing services. Statement of Qualifications are due 11.20.23. Staff anticipates selection, and Council approval, if appropriate, at the 12/12/23 Council meeting.

C. Finance

1. **Align Budget with Council's Strategic Goals** There will be a new process for the 24-25 FY budget process. It will start with a workshop with council on their goals. Followed by staff assigning funding requests to each goal.
2. **Develop Asset Management Report for Council (Airport, Golf Course, City Owned Properties, etc.)** Staff is starting with the MRC.
3. **Maximize City's Credit Rating** This will be part of a future discussion, following a review of the MRC, and budget goals.
4. **Ensure Fiscally Responsible Management of City Funds** On-going process within the department.

D. Community Development

1. **Revise MRC Data Analysis and Reporting** Finance & CDD have prepared two reports to the Commission. It is staff's understanding that revised reports are responsive to Commissioner's needs based on feedback from the Commission at the 10/24/23 MRC meeting. Reports will be provided quarterly.
2. **Perform MRC Portfolio Evaluation** Complete. Staff presented an overview, requested preliminary guidance, and approval of the proposed changes to the programs at their 8/8/23, 9/26/23, & 10/10/23 meetings, respectively.

E. Human Resources

1. **Recruit for City Administrator** Completed.
2. **Recruit Police Department Positions**
 - i. **Chief of Police** Completed.
 - ii. **Evidence Room Technician** Final interviews of the top 3 candidates will occur on November 6, 2023. An offer will follow shortly after that.
 - iii. **Officers (Entry and Lateral)** There is one remaining position to fill. Two candidates are in background process.
3. **Onboard Airport Manager** Interviews for a new Airport Manager are scheduled on November 8, 2023. Second interviews will be the week of November 13, 2023.
4. **Finalize Processing of Fixed Base Operator Request for Proposals** Staff has released an RFP on October 25, 2023. Proposals are due December 8, 2023. Staff is meeting with the Bend and Redmond FBO to see if they are interested in submitting a proposal.
5. **Create and Recruit for Communications Position** Nothing has been done on this position. It will be a discussion item for the 2024-2025 FY budget planning session.
6. **Review Leave Time Benefits for Alignment with Industry Standard** This has been done and staff is working internally to finalize the recommended plan for council consideration.



THE CITY OF **MADRAS**

Annual Strategic Plan FY 2024-2025 DRAFT

Madras Mayor & City Council Members

The Madras City Council is a Mayor-Council form of government. The mayor is a two-year term, directly elected office and does not vote except to break tie votes. The six council positions are elected at large on staggered four-year terms. All elected positions are uncompensated volunteers.

Mayor Mike Lepin	Term Expires: 12/31/2024	Email: mlepin@cityofmadras.us
Council President Jennifer Townsend	Term Expires: 12/31/2024	Email: jtownsend@cityofmadras.us
Councilor Michael Seibold	Term Expires: 12/31/2026	Email: mseibold@cityofmadras.us
Councilor Gabriel Soliz	Term Expires: 12/31/2024	Email: gsoliz@cityofmadras.us
Councilor Patricia Spencer	Term Expires: 12/31/2026	Email: pspencer@cityofmadras.us
Councilor Gary Walker	Term Expires: 12/31/2024	Email: gwalker@cityofmadras.us
Councilor Lamar Yoder	Term Expires: 12/31/2026	Email: lyoder@cityofmadras.us

City Administrator & Department Head Team

City Administrator	Will Ibershof	Email: wibershof@cityofmadras.us
Human Resources Director	Rebecca Mock	Email: rmock@cityofmadras.us
Finance Director	Kate Knop	Email: kknop@cityofmadras.us
Public Works Director	Jeff Hurd	Email: Jhurd@cityofmadras.us
Community Development Director	Nicholas Snead	Email: nsnead@cityofmadras.us
Police Chief	Tim Plummer	Email: tplummer@madraspd.us
City Recorder / Communications	Keli Pollock	Email: kpollock@cityofmadras.us

Mission Statement

“A vibrant, responsive community where you can thrive and grow.”

City of Madras SWOT Analysis

1. Community Strengths

2. Community Weaknesses or Challenges

3. Opportunities within the Community

4. Threats to the Community

The City Council completed an analysis of Strengths, Weaknesses, Opportunities, and Threats (SWOT) to begin developing the annual goals for FY 2024-25. Below are the major themes that came out of the SWOT analysis.

A. Community Strengths

1. Quality of Life
2. The Airport
3. Outdoor lifestyle
4. Decent existing infrastructure

B. Community Weaknesses or Challenges

1. Lack of identity
2. Negative perception and or reputation
3. Poor strategic planning by City
4. K-12 public school education needs improvement
5. Lack of diverse housing stock
6. Crime and houselessness

C. Opportunities within the Community

- a. Airport and industrial growth opportunities
- b. Relationships, community partnerships, collaboration opportunities
 - i. Fire District
 - ii. School District
 - iii. Community College
 - iv. Chamber of Commerce
- c. Industry recruitment, asking businesses how the city can help
- d. Land and capacity for expansion

D. Threats to the community

- a. Lack of engagement from the Department of Transportation
- b. Perception and reputation of the community
- c. Lack of financial resources available for community investments
- d. Houselessness and drug addiction

City of Madras 2024 - 2025 Council Goals (DRAFT)

1. Enhance public safety services for the community.
2. Increase communication for improved community perception.
3. Improve community livability and beautification of Madras.
4. Develop a strategy for economic development that highlights community strengths for current and future residents and businesses.
5. Maintain and enhance infrastructure to meet community needs and standards.

Goal #1 – Public Safety

Enhance public safety services for the community.

Desired Outcomes:

- 24/7 police coverage for the Madras community
- A department that has the basics tools and equipment to provide public safety services
- Build trust with the community and increase engagement

OBJECTIVE:

- A. Increase department's workforce so that there are two officers on duty 24 hours per day, 7 days a week.

Action Steps:

1. Develop a police officer staffing plan that aligns the community's public safety needs and policing best practices. Evaluate that plan on a yearly basis.

OBJECTIVE:

- B. Develop a financing plan to purchase needed equipment for the department.

Action Steps:

1. Meet each budget year with the council to evaluate the financial needs of the department.

OBJECTIVE:

- C. Provide training and leadership opportunities for public safety staff over the next five years.

Action Steps:

1. Each year the Police Chief and City Administrator presents the council with a budgetary request for police department's needs on succession planning and development of the team members.

OBJECTIVE:

- D. Coordinate with community development department and Jefferson County Fire to improve the aesthetics of the community.

Action Steps:

1. Coordinate with the Code Enforcement Officer on the houselessness community.
2. Support the efforts to enforce the camping ordinance.

Goal #2 – Communication + Engagement

Increase communication and engagement with the community and its partners.

Desired outcomes:

- Improve community perception
- Increase the amount of information being shared by the City about City projects, services, and successes
- A community engagement network in Madras that is reflective of our population

OBJECTIVE:

- A. Align the resources to support increased communication and engagement with the Madras community.**

Action Steps:

- 1. Continue efforts to improve the City's website.**
 - a. Update the content.
 - b. Provide information on community events.
 - c. Use website to support community engagement through open houses and other means.
 - d. Share information and resources on website.
- 2. Use social media and video content of important matters and events concerning the City and the community.**
 - a. Establish weekly posts on social media.
 - b. Release 6 videos of key community members, locations, and events.

OBJECTIVE:

- B. Improve and develop key partnerships within the community and region to coordinate resources on key projects and initiatives**

Action Steps:

- 1. Partner with the 509J School District and COCC on an event that highlights positive impacts of our public educational system on our students and families.**
 - a. School district.
 - b. Community College.
- 2. Collaborate with Jefferson County on one key event that promotes the city and county.**

OBJECTIVE:

- C. Collaborate with community partners on key initiatives and emphasize Madras' hometown livability and desires for community growth.**

Action Steps:

- 1. Partner with the Chamber of Commerce and Downtown Association on 2 events.**
- 2. Partner on new community events.**
 1. Ice skating rink.
 2. Additional events that highlight the great aspects of the Madras community.

Goal #3 – Livability

Improve community livability and beautification of Madras

Desired outcomes:

- **Reduced impacts of houselessness in the community**
- **Connect the houseless population with community resources and non-profit service providers**
- **Improved and expanded park facilities that are maintained to desired community standards**

OBJECTIVE:

A. Address housing and homelessness needs. FY2024-25

Action Steps:

- 1. Implement strategy to enforce the camping regulations.**
 - a. Continue the efforts of code enforcement to collaborate with community partners.**
 - i. Convene and coordinate efforts from City, Public Health, Fire & EMS, & Faith Based Network to ensure homeless are safe and have resources to address challenges.**
 - ii. Consistent visits to the homeless camp.**
- 2. Promote affordable housing strategies.**
 - a. Reevaluate HURD area and strengthen the incentives for affordable housing.**
 - b. Update Housing Action Plan and prepare Homelessness Report to develop an effective affordable housing strategy.**
 - a. Review available annexations to better connect the city.**

OBJECTIVE:

B. Maintain and improve parks to meet community needs.

Action Steps:

- 1. Improve the infrastructure within the city. FY2024-29.**
 - a. Establish Dog Park(s).**
 - b. Establish appropriate restroom facilities at all City parks.**
 - c. Increase safety and accessibility of public trails.**
 - i. Provide lighting along trail entrances.**
 - ii. Provide parking lot lighting.**
 - d. Increase covered seating areas in parks.**
 - i. Provide bleachers for baseball and soccer games.**
 - e. Develop anti-vandalism strategies for public spaces.**
 - i. Paint restrooms.**
 - ii. Install security cameras on the outside of restrooms.**
 - iii. Install security cameras in key parking areas.**
 - f. Host summer events with a focus on park cleanup projects.**
 - g. Explore public & private partnerships for park funding.**
 - i. Find private parks and trails sponsorships.**

OBJECTIVE:

C. Evaluate services to determine a better value for the community. FY2024-25.

Action Steps:

1. In FY 2024-25, finalize the evaluation of Deschutes Valley Water taking over the water system for the city.

Goal #4 – Economic Development

Develop a strategy for economic development that highlights community strengths for current and future residents and businesses.

Desired outcomes:

- Enhance understanding of our local economic development landscape and identify opportunities for job growth.
- Attract new industries that bring higher and living wage jobs to the community.
- Marketing tools for economic development aligned with our growth strategies.
- Identify and prioritize infrastructure investments that align with targeted growth industries.

OBJECTIVE:

- A. Align city resources with economic development strategies related to promoting vacant property and increasing the number of jobs.

Action Steps:

1. Partner with Jefferson County on an EDCO person. FY2024-2029.
 - a. Host the EDCO person in City Hall.
 - b. Develop a workforce strategy for industrial lands.
 - c. Work with Community Development Department on an industrial land survey.
 - d. Knowing what we have and what businesses will be supported within Madras.
 - e. Help develop a marketing strategy for the city.
 - f. Continue to improve the website and social media messaging.

OBJECTIVE:

- B. Promote city owned parcels and the zoning of different properties. FY2024-26.

Action Steps:

1. Create web pages within the city's website to promote city owned parcels for sale or lease. FY 2024-26.
 - a. Focus on the industrial and residential zones.
 - i. Traded sector jobs.
 - ii. Affordable housing.

OBJECTIVE:

- C. Support and or host business and community networking events. FY 2024-29.

Action Steps:

1. Work with the Chamber of Commerce and downtown association on a mentorship program for new businesses.
2. Support networking within the community and region.
 - a. Host industry leaders and elected officials open forums on Madras, what works and what we need to improve.

- b. Host events at the airport to showcase leasing opportunities.
 - c. Host meetings with State and Federal elected and staff on the challenges and opportunities with Madras.
3. Work with developers to establish an events center for key events and conferences. FY 2024-26.

Goal #5 – Infrastructure

Maintain and enhance infrastructure to meet community needs and standards.

Desired outcomes:

- Develop a plan that aligns prioritized infrastructure improvements with city resources/funding.
- Complete pavement plan to bring streets to modern standards.
- Identify opportunities to improve broadband infrastructure and service for the community.

OBJECTIVE:

- A. Establish a long-term funding plan that will align council goals with key resources.

Action Steps:

1. Work with the elected body and staff to determine a 5-year plan for key infrastructure improvements.
2. Create a bond committee to recommend to council a funding strategy for improving the roads.
 - a. Roads.
 - b. Utilities.
 - c. Parks.

OBJECTIVE:

- B. Pave streets
- a. Develop a plan to pave the remaining gravel streets.
 - b. Develop a repaving plan for the older streets.

OBJECTIVE:

- C. Collaborate with Jefferson County to improve broadband service.

Action Steps:

1. Community Development staff collaborate with Jefferson County and agency partners to plan, design, and fund broadband improvements using federal or state funding.

CITY OF MADRAS
Request for Council Action

Meeting Date: June 11, 2024

To: Mayor and City Council Members

From: Jeff Hurd, Public Works Director

Through: Will Ibershof, City Administrator

Subject: **Signing Authority for Airport T-Hangars, North Hangar, Tie Downs, and Courtesy Car**
Authority for Airport Manager, Public Works Director, or City Administrator

TYPE OF ACTION REQUESTED:

Approve

MOTION(S) FOR CONSIDERATION:

Council approves (pick one or combination thereof) Airport Manager, Public Works Director, City Administrator the authority to execute City T-Hangar Leases, North Hangar Leases, Aircraft Tie-Down Agreements, and Courtesy Car Agreements for the Madras Municipal Airport

OVERVIEW:

The staff has several lease agreement templates that are used at the Airport for the following items:

- T-Hangar Lease Agreement - The City owns a 9 unit T - Hangar that each space is 915 SF. Per the new lease template, the City will be charging \$250 a month for new leases along with a lighting and access fee of \$13.60 a month. Lease rates increase 3% per year on July 1 of each year. Lease terms can be anywhere from 1 month up to 5 years.
- North Hangar Lease Space - The City owns the North Hangar and will be leasing up to 10 parking spaces within the Hangar. The existing FBO charged \$100 per space. We are proposing to charge the same for existing single engine customers until Jan 1, 2025, from which rent will increase to \$150 per month and by July 1, 2025, rent will increase again to \$200 per month. New tenants will be assessed per the attached rate sheet. Rates will be increased from time to time as the market allows.
- Aircraft Tie-Downs - The City owns 26 aircraft-tie-downs on the apron. Rents will be assessed per the attached rate sheet. Rates will be increased from time to time as the market allows.
- Courtesy Car Agreement - The City owns two courtesy cars that are available to pilots for use free of charge. However, we need them to sign an agreement transferring liability to the user during their use of the car.

The staff is requesting to have either the Airport Manager, Public Works Director, or City Administer (or combination thereof) the ability to execute the agreements.

STAFF ANALYSIS:

The City will be managing the FBO come July 1, which includes providing service for pilots, including aircraft fueling, as well as managing the North Hangar, Tie Downs, and Courtesy Car. The Tie Down spots will offer daily, monthly, and yearly tie down rates and the North Hangar will offer monthly and yearly storage space. Courtesy car rental occurs anytime for a short period of time. We are anticipating that the tenants will change frequently, and from a customer service perspective, we would like the ability to respond quickly to their needs. Since the Council only meets twice a month and once a month during July, August, November and December, it could make it difficult to get the agreements in the packet in time to meet tenants' expectations. The logic is, since the agreements are templates and don't change (other than rent amounts), the Council would be amenable to this request.

FISCAL INFORMATION:

Tie-Down Rentals (no charge for the day if fuel is purchased that day)

- Single Engine - \$10 per day or \$50 per month
- Twin Engine - \$15 per day or \$75 per month
- Turbo Prop and Small Jet - \$30 per day or \$150 per month
- Small Helicopter - \$10 per day or \$50 per month
- Medium Helicopter - \$20 per day or \$75 per month
- Large Helicopter - \$30 per day or \$150 per month

T-Hangars

- July 1 through June 30, 2024 - \$250 per month plus \$13.60 per month lighting and access fee. It increases 3% per year with a reset every 5 years from appraisal and market analysis.

North Hangar (modified rent for transitions of existing single engine customers)

- July 1 through December 31, 2024 - \$100 per month plus \$13.60 per month lighting and access fee.
- January 1 through June 30, 2025 - \$150 per month plus \$13.60 per month lighting and access fee.
- July 1, 2025, through June 30, 2026 - \$200 per month plus \$14.00 per month lighting and access fee.

North Hangar (new tenants)

- Single Engine - \$20 per day or \$200 per month
- Twin - \$30 per day or \$300 per month
- Turboprop and Small Jet - \$60 per day or \$400 per month
- Small Helicopter - \$20 per day or \$200 per month
- Medium Helicopter - \$40 per day or \$350 per month
- Large Helicopter - \$60 per day or \$450 per month

Courtesy Car

- No charge unless damage to vehicle or lost key.

SUPPORTING DOCUMENTATION:

- T-Hangar Lease Template with Rate Sheet
- North Hangar Lease Template
- Aircraft Tie-down Lease Agreement
- Rate Sheet for Tie Downs and North Hangar
- Courtesy Car Use Agreement

STRATEGIC GOAL:

AIRPORT T-HANGAR LEASE AGREEMENT

This Airport T-Hangar Lease Agreement (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 T-Hangar Building commonly known as City T-Hangars located at _____, Madras, Oregon 97741 (the "Building").

B. Tenant desires to lease T-hangar # _____ located in the Building commonly known as City T-Hangars consisting of approximately 915 square feet (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 _____, 20____ (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 common T-hangar 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 common T-hangar 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 \$250.00 (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. Commencing on July 1, 2025, and continuing on the same day each year thereafter during the Lease Term, (a) Base Rent will increase (escalate) in July of each year by three percent (3%) over Base Rent for the preceding June, and (b) commencing on July 1, 2024 and continuing on the same day each year thereafter during the Lease Term, the L/A Fee (as defined below) will increase (escalate) in July of each year by three percent (3%) over L/A Fee for the preceding June.

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 \$13.60 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. The Aircraft must be stored in a neat and orderly manner. 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 other than those tools and equipment necessary for Tenant's operation of the Aircraft; provided, however, Tenant may temporarily park his or her privately owned automobile (and/or his or her passenger's automobile) inside the Premises during a flight that originated from the Airport. Tenant may not perform any repairs and/or maintenance activities in the Premises other than those necessary for Tenant's operation of the Aircraft. 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. Tenant will obtain all necessary permits, licenses, reviews, studies, inspections, reports (including, without limitation, environmental reports), and approvals required under the Laws to lease, occupy, and use the Premises for the Permitted Use, including, without limitation, all reviews, studies, and approvals required under Landlord's leasing policies and regulations. 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 Tenant will store all aircraft, vehicles (if any), equipment, tools, and/or supplies on the Premises in a safe, neat, clean, and orderly manner. Tenant will store all aircraft, vehicles (if any), equipment, tools, and/or supplies wholly within the Premises. Tenant will not store any non-aeronautical related vehicles, equipment, tools, and/or supplies on or about the Premises including but not limited to recreational vehicles, boats, motorcycles, atvs, etc. 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 and operate the Permitted Use and all activities at the Airport in a safe, prudent, professional, and lawful manner. Tenant will not change, alter, and/or modify Landlord’s locks for the Premises without first obtaining Landlord’s prior written consent (if Landlord’s consent is provided, Tenant will pay for all costs and expenses related to or concerning the lock change, alteration, and/or modification).

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. Without otherwise limiting the generality of the immediately preceding sentence, Tenant may use, store, and/or otherwise handle on or in the Premises only those Hazardous Substances typically used, stored, sold, and/or handled in the prudent and safe operation of the Permitted Use; provided, however, Tenant will use, store, and/or otherwise handle on or in the Premises the Hazardous Substances in a safe, neat, clean, and orderly manner consistent with applicable Laws. 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. MAINTENANCE; ALTERATIONS.

4.1 Landlord Maintenance and Repairs. Subject to the terms and conditions contained in this Lease, Landlord will perform, at Landlord's cost and expense, structural and exterior repairs and maintenance concerning the Building (including, without limitation, the Premises), including painting the exterior of the Premises when Landlord determines necessary or appropriate, provided such structural and exterior repairs and maintenance are not caused or necessitated, directly or indirectly, by Tenant's acts or omissions. Landlord will perform any required snow removal within 20 feet of the building. Tenant will be responsible for clearing of snow and ice from the building to the area cleared by Landlord. Tenant will have no right to an abatement of Rent or any claim against Landlord for any inconvenience or disturbance resulting from Landlord's repair and/or maintenance activities. Landlord may enter and inspect the Premises to determine the necessity of any repairs and/or maintenance and/or to otherwise determine the condition of the Premises and/or Building. Except in the case of an emergency, Landlord will endeavor to provide Tenant no less than twenty-four (24) hours' prior written notice before entering the Premises. Whether or not such inspection is made, Landlord's obligation to perform any maintenance and/or repairs will not mature until a reasonable time (i.e., no less than twenty (20) days) after Landlord has received written notice from Tenant of the required maintenance and/or repairs.

4.2 Tenant Maintenance and Repairs. Tenant will maintain, at Tenant's cost and expense, the Premises in good condition, repair, working order, and appearance, and will preserve the Premises, normal wear and tear excepted, and will not commit or permit waste. Without otherwise limiting the generality of the immediately preceding sentence, Tenant will perform, at Tenant's cost and expense, the following maintenance

and repairs: (a) any sweeping, mopping, trash collection and removal, and washing required to keep the Premises clean and orderly; (b) any repairs or maintenance necessitated by the negligence of Tenant and/or Tenant's Agents, including repairs and maintenance that would otherwise be Landlord's responsibility under Section 4.1; (c) any repairs, maintenance, and/or improvements required under Tenant's obligation to comply with the Laws; and/or (d) all maintenance and repairs which Landlord is not expressly required to perform under this Lease. If Tenant fails or refuses to complete or perform any repairs and/or maintenance that is required under this Section 4.2, Landlord may make the repair or perform the maintenance and charge the actual costs of repair or maintenance to Tenant. Tenant will reimburse such expenditures on demand, together with interest at the rate of twelve percent (12%) per annum from the date of expenditure until paid in full.

4.3 Alterations. Tenant will make no interior and/or exterior additions, improvements, modifications, and/or alterations in or to the Premises of any kind or nature whatsoever, including, without limitation, the installation of any improvements, fixtures, devices, telecommunications wiring, cables, and/or conduit (individually and collectively, "Alteration(s)"), without obtaining Landlord's prior written consent. Any Alterations approved by Landlord will be made in a good and workmanlike manner, in compliance with applicable Laws, at Tenant's cost and expense, and consistent with the general appearance, quality, and décor of the Building. Alterations performed in or to the Premises by either Landlord or Tenant will be the property of Landlord; provided, however, Landlord may require, in Landlord's discretion, that Tenant remove any Alterations, at Tenant's cost and expense, and the Premises restored to its original condition as of the Effective Date upon the earlier termination or expiration of this Lease.

4.4 Signage; Encumbrances. Tenant will not be permitted to erect or maintain any signage on or about the Premises without Landlord's prior written consent. Any signage authorized by Landlord will be erected and maintained at Tenant's cost and expense. Signage installed by Tenant will be removed by Tenant, at Tenant's cost and expense, upon the expiration or earlier termination of this Lease and the sign location restored to its former state unless Landlord elects to retain all or any portion of the signage. Tenant will pay as and when due all claims for work done on and for services rendered or material furnished to the Premises and will keep the Building free from all liens and encumbrances. If Tenant fails to pay any such claims or to discharge any lien, Landlord may do so and collect the costs as Rent. Any amount so added will bear interest at the rate of twelve percent (12%) per annum from the date expended by Landlord and will be payable on demand. Landlord's payment of Tenant's claims or discharge of any Tenant lien will not constitute a waiver of any other right or remedy which Landlord may have on account of Tenant's default. If a lien is filed as a result of nonpayment, Tenant will, within ten (10) days after knowledge of the filing, secure the discharge of the lien or deposit with Landlord cash or sufficient corporate surety bond or other surety satisfactory to Landlord in an amount sufficient to discharge the lien plus any costs, attorney fees, and other charges that could accrue as a result of a foreclosure or sale under the lien. Tenant will indemnify, defend, and hold Landlord harmless for, from, and against any claim, loss, and/or liability arising out of Tenant's failure to comply with this Section 4.4.

5. ASSIGNMENT; INSURANCE; INDEMNIFICATION

5.1 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.

5.2 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. Tenant will maintain, at Tenant's cost and expense, a policy of fire, extended coverage, vandalism, and malicious mischief insurance insuring the personal property, furniture, furnishings, and fixtures belonging to Tenant located in or on

the Premises, including, without limitation, the Aircraft. Landlord will not be responsible for any loss or damage to Tenant's personal property, whether or not insured.

5.3 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.

5.4 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.

5.5 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.

5.6 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.

5.7 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.

6. TERMINATION; DEFAULT; REMEDIES

6.1 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.

6.2 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.

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

6.3.1 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.

6.3.2 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.

6.3.3 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.

6.4 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.

6.5 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.

7. SURRENDER; HOLDOVER

7.1 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.

7.2 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.

7.3 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.

8. MISCELLANEOUS

8.1 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.

8.2 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:

8.3 Entry for Inspection; Late Fees; Interest. Landlord may enter the Premises for the purpose of investigating compliance with the terms of this Lease, general safety inspections, and/or for any other reasonable purposes (as determined by Landlord), including, without limitation, to show the Premises to a prospective tenant. Except in the case of an emergency, Landlord will endeavor to provide Tenant not less than twenty-four (24) hours' prior written notice before entering the Premises. In addition, Landlord will have the right, at any time during the last six months of the term of this Lease, to place and maintain upon the Premises notices for leasing the Premises. 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.

8.4 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.

8.5 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).

8.6 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.

8.7 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]

EXHIBIT A



City's T Hangars Rent Spreadsheet
Year

Year	Square Footage	Base Rent per Month	L/A Fee per SF	Total L/A per month	Monthly Payment	Per Year
Jan 1 2023- June 30 2024	915	\$ 225.00	\$ 0.0149	\$ 13.60	\$ 238.60	\$ 1,431.60
July 1 2024- June 30 2025	915	\$ 250.00	\$ 0.0153	\$ 14.00	\$ 264.00	\$ 1,584.00
July 1 2025- June 30 2026	915	\$ 258.00	\$ 0.0158	\$ 14.40	\$ 272.40	\$ 3,268.80
July 1 2026- June 30 2027	915	\$ 266.00	\$ 0.0163	\$ 14.80	\$ 280.80	\$ 3,369.60
July 1 2027- June 30 2028	915	\$ 274.00	\$ 0.0168	\$ 15.30	\$ 289.30	\$ 3,471.60
July 1 2028- June 30 2029	915	\$ 282.00	\$ 0.0173	\$ 15.80	\$ 297.80	\$ 3,573.66
July 1 2029- June 30 2030	915	\$ 290.00	\$ 0.0178	\$ 16.30	\$ 306.30	\$ 3,675.60
July 1 2030- June 30 2031	915	\$ 299.00	\$ 0.0183	\$ 16.80	\$ 315.80	\$ 3,789.60
July 1 2031- June 30 2032	915	\$ 308.00	\$ 0.0189	\$ 17.30	\$ 325.30	\$ 3,903.60
July 1 2032- June 30 2033	915	\$ 317.00	\$ 0.0194	\$ 17.80	\$ 334.80	\$ 4,017.60
July 1 2033- June 30 2034	915	\$ 327.00	\$ 0.0200	\$ 18.30	\$ 345.30	\$ 4,143.60
July 1 2034- June 30 2035	915	\$ 337.00	\$ 0.0206	\$ 18.90	\$ 355.90	\$ 4,270.80
July 1 2035- June 30 2036	915	\$ 347.00	\$ 0.0212	\$ 19.40	\$ 366.40	\$ 4,396.80
July 1 2036- June 30 2037	915	\$ 357.00	\$ 0.0219	\$ 20.00	\$ 377.00	\$ 4,524.00
July 1 2037- June 30 2038	915	\$ 368.00	\$ 0.0225	\$ 20.60	\$ 388.60	\$ 4,663.20
July 1 2038- June 30 2039	915	\$ 379.00	\$ 0.0232	\$ 21.20	\$ 400.20	\$ 4,802.40
July 1 2039- June 30 2040	915	\$ 390.00	\$ 0.0239	\$ 21.90	\$ 411.90	\$ 4,942.80
July 1 2040- June 30 2041	915	\$ 402.00	\$ 0.0246	\$ 22.50	\$ 424.50	\$ 5,094.00
July 1 2041- June 30 2042	915	\$ 414.00	\$ 0.0254	\$ 23.20	\$ 437.20	\$ 5,246.40
July 1 2042- June 30 2043	915	\$ 426.00	\$ 0.0261	\$ 23.91	\$ 449.91	\$ 5,398.92
July 1 2043- June 30 2044	915	\$ 439.00	\$ 0.0269	\$ 24.60	\$ 463.60	\$ 5,563.20
July 1 2044- June 30 2045	915	\$ 452.00	\$ 0.0277	\$ 25.30	\$ 477.30	\$ 5,727.60

Hopefully I'm retired. :)

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 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]

MADRAS MUNICIPAL AIRPORT AIRCRAFT TIE DOWN RENTAL AGREEMENT

Effective Date: _____

Rental Rate: _____ per _____

Tie Down #: _____

Aircraft "N" Number: _____

Aircraft Manufacturer/Model: _____

Registered Aircraft Owner(s): _____

Tenant Name ("Tenant"): _____

Tenant Address: _____

Address No. 2: _____

City/Town: _____

State/Province: _____

Zip/Postal Code: _____

Phone: _____

Email: _____

1. LEASE; 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 is from _____, _____, 20__ to _____, _____, 20__.

1.2 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 and Premises. Tenant accepts the Airport and Premises in their "AS-IS" and "WITH ALL FAULTS AND DEFECTS" condition. 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 and/or Premises. Landlord has made no promise or agreement to repair, alter, construct, and/or improve all or any part of the Airport and/or Premises.

2. RENT. Subject to the terms and conditions contained in this Lease, Tenant will pay Landlord \$_____ ("Rent") due and payable on the date the lease is signed. Tenant will pay all other payments of Rent monthly in advance on the first day of each month. Rent will be payable to the order of Landlord at 2028 NW Berg Drive, Madras, OR 97741.

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. The Aircraft must be stored in a neat and orderly manner. 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. Tenant may not perform any repairs and/or maintenance activities in the Premises other than those necessary for Tenant's operation of the Aircraft.

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 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 Tenant will store all aircraft on the Premises in a safe, neat, clean, and orderly manner. Tenant will not store any non-aeronautical related vehicles, equipment, tools, and/or supplies on or about the Premises. 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 and operate the Permitted Use and 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. 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.

3.3 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, 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. 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. 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.

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. MAINTENANCE; ALTERATIONS.

4.1 Landlord Maintenance and Repairs. Subject to the terms and conditions contained in this Lease, Landlord will perform, at Landlord's cost and expense, repairs and maintenance concerning the Premises. Landlord will perform any required snow removal within 20 feet of the Premises. Tenant will be responsible for clearing of snow and ice from the Premises to the area cleared by Landlord. Tenant will have no right to an abatement of Rent or any claim against Landlord for any inconvenience or disturbance resulting from Landlord's repair and/or maintenance activities. Landlord may inspect the Premises to determine the necessity of any repairs and/or maintenance and/or to otherwise determine the condition of the Premises. Except in the case of an emergency, Landlord will endeavor to provide Tenant no less than twenty-four (24) hours' prior written notice before entering the Premises. Whether or not such inspection is made, Landlord's obligation to perform any maintenance and/or repairs will not mature until a reasonable time (i.e., no less than twenty (20) days) after Landlord has received written notice from Tenant of the required maintenance and/or repairs.

4.2 Alterations. Tenant will make no additions, improvements, modifications, and/or alterations in or to the Premises of any kind or nature whatsoever without obtaining Landlord's prior written consent. Any Alterations approved by Landlord will be made in a good and workmanlike manner, in compliance with applicable Laws, at Tenant's cost and expense.

5. INSURANCE; INDEMNIFICATION

5.1 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 5.2 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 the City of Madras its 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.

5.3 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 5.3 will survive the expiration or earlier termination of this Lease.

5.4 Reconstruction After Damage. If Tenant and/or Tenant's Agents damage or destroy the Premises during the Lease Term, whether or not covered by insurance, Tenant will promptly repair the damage and restore the Premises. 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.

5.5 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.

5.6 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.

6. TERMINATION; DEFAULT; REMEDIES

6.1 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.

6.2 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.

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

6.3.1 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.

6.3.2 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.

6.3.3 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.

6.4 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.

6.5 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.

7. SURRENDER; HOLDOVER

7.1 Condition of Premises. Upon the earlier termination or expiration of this Lease, Tenant 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.

7.2 Personal Property. Prior to the earlier termination or expiration of this Lease, Tenant will remove from the Premises the Aircraft. 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.

7.3 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.

8. MISCELLANEOUS

8.1 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.

8.2 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:

8.3 Entry for Inspection; Late Fees; Interest. Landlord may enter the Premises for the purpose of investigating compliance with the terms of this Lease, general safety inspections, and/or for any other reasonable purposes (as determined by Landlord), including, without limitation, to show the Premises to a prospective tenant. Except in the case of an emergency, Landlord will endeavor to provide Tenant not less than twenty-four (24) hours' prior written notice before entering the Premises. In addition, Landlord will have the right, at any time during the last six months of the term of this Lease, to place and maintain upon the Premises notices for leasing the Premises. 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.

8.4 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.

8.5 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).

8.6 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.

8.7 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.

LANDLORD:
City of Madras,
an Oregon municipal corporation

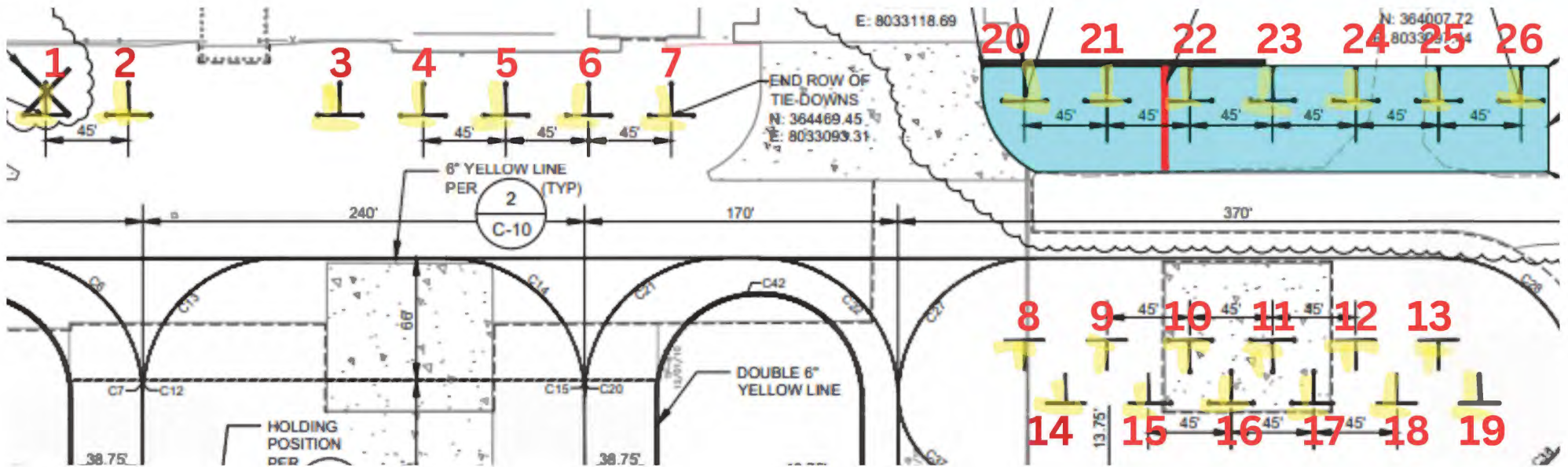
TENANT:

By: _____

By: _____

Exhibit A
Premises – Depiction

Madras Municipal Airport (S33) Tie-Down Diagram Exhibit "A"



Madras Municipal Airport
Aircraft Hangar and Tie Down Rates
2024

Tie Downs (26 spaces)

	Daily	Monthly
Single Engine	\$ 10.00	\$ 50.00
Twin	\$ 15.00	\$ 75.00
Turbo Prop and Small Jet	\$ 30.00	\$ 150.00
Small Helicopter	\$ 10.00	\$ 50.00
Medium Helicopter	\$ 20.00	\$ 75.00
Large Helicopter	\$ 30.00	\$ 150.00

*Free tie down for the day with purchase of fuel

North Hangar Space (10 spaces)

	Daily	Monthly
Single Engine	\$ 20.00	\$ 200.00
Twin	\$ 30.00	\$ 300.00
Turboprop and Small Jet	\$ 60.00	\$ 400.00
Small Helicopter	\$ 20.00	\$ 200.00
Medium Helicopter	\$ 40.00	\$ 350.00
Large Helicopter	\$ 60.00	\$ 450.00

*Existing tenants prior to July 1 2024 will be charged \$100 per month until December 31, 2024.
Then \$150 per month until June 30, 2025

Aircraft N Number: _____

AIRPORT COURTESY VEHICLE AGREEMENT

The City of Madras, an Oregon municipal corporation, provides Airport Courtesy Cars for use by pilots from out of town. In exchange for use of this car, I agree to the following terms and conditions:

- Ford Taurus Grey..... License Number E274173 _____
- Ford Taurus Grey..... License Number 936BJJ _____

1. The undersigned, hereinafter referred to as "DRIVER", agrees to indemnify and hold harmless the City of Madras, Oregon – Madras Municipal Airport, its elected official, directors, managers, officers, employees, and agents, from and against any and all damages, loss, theft, or destruction of the Courtesy Vehicle (Vehicle) being provided to DRIVER by the City and against all losses, liabilities, damages, injuries, claims, demands, proceedings, costs, and expenses of every kind and nature, including reasonable attorney’s fees and disbursements arising out of and in connection with the DRIVER’s use and operation of the Vehicle.
2. It is further agreed by the DRIVER that the City shall not be responsible or accountable for any of the following:
 - a) property damage
 - b) personal injury(ies)
 - c) loss of business
3. The DRIVER is the only person authorized to drive the Vehicle and agrees to operate the Vehicle with reasonable care and diligence, and to follow all applicable laws of the State of Oregon and the City.
4. Driver also agrees to all requirements and restrictions detailed in the Airport Courtesy Vehicle Policy. A violation of any of the foregoing is a breach of this Agreement.
5. Every effort is made to keep the Vehicle maintained and in good operating condition; however, the City does not guarantee the condition of the Vehicle. The City has no obligation to provide an alternate vehicle or make alternate transportation available. Please report any maintenance or operational issues to Airport staff.
6. Use of the Vehicle without a properly executed Airport Courtesy Vehicle Use Agreement will constitute "unauthorized use of a motor vehicle" and could be prosecuted as such.

CAUTION: I ACKNOWLEDGE THAT MADRAS MUNICIPAL AIRPORT PROVIDES NO INSURANCE COVERAGE OF ANY KIND WHATSOEVER FOR ME OR ANYONE, EXCEPT THE CITY OF MADRAS, WHILE MADRAS MUNICIPAL AIRPORT’S VEHICLE IS ENTRUSTED TO ME.

Signing this form certifies that he/she has a valid driver’s license and will comply with any restrictions to which that license is subject. This agreement remains in force for any and all subsequent use of any Madras Municipal Airport Courtesy Car or loaned vehicle by the below signed.

_____ Dated: _____ Phone Number(s) _____
Signature

_____ My Insurance Carrier: _____
Printed Name

_____ City/State/ZIP
Address

My Driver’s License: _____
Number State

AIRPORT COURTESY VEHICLE USE

The Courtesy Vehicle (Vehicle) can be utilized by any fly-in visitor to The Madras Municipal Airport, provided:

- The driver has a valid driver’s license issued in the United States.
- The driver has a valid automobile insurance policy.
- The driver signs the ***Airport Courtesy Vehicle Agreement*** which indemnifies and holds the City harmless from all liability during the use of the Vehicle.
- The driver is over the age of 21.

Use of the Vehicle is restricted by the following:

- Only the individual providing driver’s license is allowed to operate the Vehicle.
- While using the Vehicle, the driver is required to follow all applicable laws of the State of Oregon and the City.
- The driver must not operate the Vehicle while under the influence of alcohol or any other substance(s) that may impair driving ability.
- The driver must refrain from the use of a cellular phone while operating the Vehicle.
- No Smoking is allowed in the Vehicle.
- Occupants of the Vehicle are required to wear seatbelts at any time the Vehicle is in use. The number of passengers may not exceed the number of seatbelts.

Additional Responsibility:

- **In case of an accident during use of the Vehicle where there are injuries, user should dial 911.**
- In case of an accident or any Vehicle damage during use of the Vehicle, and where there are no injuries, the driver must notify the **City of Madras Police Department at 541-475-2424 or Dispatch at 541-475-2201**. Please advise law enforcement that you are operating a City owned vehicle and they will dispatch an officer to complete an *Accident Report*.
- Immediately after notifying law enforcement, you must notify the **Airport Manager at 530-567-5987** as to the nature of the accident or damage that has occurred to the Vehicle.
- Drivers are solely responsible for any legal action which relates to their use of the Vehicle, including moving violations, parking tickets, lawsuits, and repair costs for any damages.
- Users are solely responsible for any damage to the Vehicle during the time that they are in possession of the Vehicle.
- **Driver is responsible for returning Vehicle key to Madras Municipal Airport. If Madras Municipal Airport does not receive Vehicle key from Driver an \$200 replacement key charge will be invoiced to Driver, and Driver will be responsible for paying replacement key charge within 15 days of invoice receipt.**

Car Checked Out: ____/____/____ Time: ____ a.m./p.m. Mileage: _____

Car to be Returned by: ____/____/____ Time: ____ a.m./p.m.

Car Returned: ____/____/____ Time: ____ a.m./p.m. Mileage: _____

CITY OF MADRAS
Request for Council Action

Meeting Date: June 11, 2024

To: Mayor and City Council Members

From: Jeff Hurd, Public Works Director

Through: Will Ibershof, City Administrator

Subject: **AMENDMENT NO. 1 HANGAR LEASE SOUTH HANGAR**
New Moon Lease Extension

TYPE OF ACTION REQUESTED:

Approve

MOTION(S) FOR CONSIDERATION:

Council approves Amendment No. 1 to the Airport Lease for Aeronautical Use Improvements between the City of Madras and New Moon Aviation to extend the lease for 5 additional years.

OVERVIEW:

New Moon Aviation has a hangar lease with the City for the South Hangar. It expires June 30, 2024. New Moon wishes to extend the lease for 5 years. The attached amendment extends the lease until June 30, 2029. All other terms of the lease agreement remain.

STAFF ANALYSIS:

New Moon has been operating out of the South Hangar with an airplane repair and maintenance business. The current lease was due to expire in June 2024 as we did not know at the time whether we would have a new FBO or not. Since the City has decided to take on the FBO responsibilities and does not need the South Hangar, New Moon has asked for a 5-year extension. The attached amendment to the lease grants an lease extension until June 30, 2029.

FISCAL INFORMATION:

Extends lease for 5 years at \$2,000 a month/\$24,000 a year in rent.

SUPPORTING DOCUMENTATION:

Amendment No. 1 to the Airport Lease for Aeronautical Use Improvements between the City and New Moon.

STRATEGIC GOAL:

**AMENDMENT NO. 1
TO AIRPORT LEASE FOR AERONAUTICAL USE IMPROVEMENTS
(City-Owned Hangar)**

This Amendment No. 1 to Airport Lease for Aeronautical Use Improvements (City-Owned Hangar) (this "Amendment") is dated May 29, 2024, but made effective for all purposes as of the Effective Date (as defined below), and is entered into between City of Madras ("Landlord"), an Oregon municipal corporation, whose address is 125 SW E Street, Madras, Oregon 97741, and New Moon Aviation LLC ("Tenant"), an Oregon limited liability company, whose address is 2028 NW Berg Drive, Madras, Oregon 97741.

RECITALS:

A. Tenant and Landlord are parties to a certain Airport Lease for Aeronautical Use Improvements (City-Owned Hangar) dated effective July 1, 2023 (the "Lease"). Pursuant to the Lease, Landlord leased to Tenant a certain WWII airplane hangar located at the Madras Municipal Airport consisting of approximately 11,500 square feet commonly known as the South WWII Military Hanger (the "Hangar"). The Hangar Lease is attached hereto as Exhibit A.

B. Pursuant to Section 1.1 of the Lease, the term of the Lease will expire on June 30, 2024. Tenant and Landlord are entering into this Amendment to extend the Lease Term for one additional term of five years, commencing on July 1, 2024 and ending on June 30, 2029.

AGREEMENT:

NOW, THEREFORE, in consideration of the parties' obligations under the Lease, and for other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the parties hereto hereby agree as follows.

1. Lease Term Extension. Subject to the terms and conditions contained in the Lease and this Amendment, the Lease Term is extended for one additional term of five years, commencing on July 1, 2024 and ending on June 30, 2029 (the "Extension Period"), unless sooner terminated as provided in the Lease. Subject to the terms and conditions contained in this Amendment, the Extension Period will be on the same terms and conditions contained in the Lease, including, without limitation, annual escalation of Base Rent and L/A Fee. For the avoidance of doubt, the term "Lease Term" under the Lease will mean to include the Extension Period.

2. No Further Extended Terms. Notwithstanding anything contained in the Lease and/or this Amendment to the contrary, Tenant acknowledges and agrees that (a) Landlord is granting Tenant the Extension Period in lieu of the one-year extension(s) provided under Section 1.3 of the Lease, and (b) Tenant will not have any option to extend the Lease Term under Section 1.3 and/or otherwise (unless the parties' mutual agree in writing otherwise).

3. Miscellaneous.

3.1 Unless defined elsewhere in this Amendment, capitalized terms contained in this Amendment have the meanings assigned to them in the Lease. This Amendment is hereby expressly made part of the Lease. The terms and conditions of the Lease that are not amended or otherwise modified by this Amendment remain unchanged and in full force and effect. This Amendment may be executed in counterparts. If any term or provision contained in this Amendment is declared by a court of competent jurisdiction to be illegal or in conflict with any law, the validity of the remaining terms and provisions will not be affected, and the rights and obligations of the parties will be construed and enforced as if this Amendment did not contain the particular term or provision held invalid.

3.2 This Amendment represents the complete, exclusive, and final understanding of the parties with respect to the subject matter of this Amendment. All prior and contemporaneous agreements, discussions, understandings, and negotiations, whether written or oral, express or implied, are merged herein, and to the extent inconsistent herewith, are of no further force and effect. No addition, modification, amendment, and/or alteration to this Amendment will be effective against the parties unless specifically agreed upon in writing and signed by the parties. This Amendment will be deemed effective for all purposes as of the date this Amendment is fully executed by the parties (the "Effective Date").

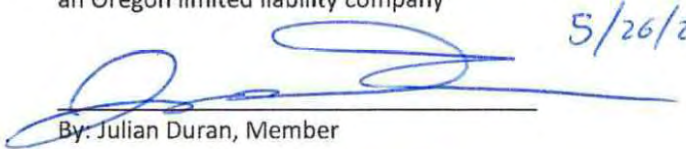
3.3 Tenant represents and warrants that Landlord has performed all Landlord's obligations arising out of or under the Lease. Tenant has no existing claims, defenses (personal or otherwise), and/or rights of setoff against Landlord. Tenant affirms and reaffirms to Landlord each of Tenant's representations, warranties, covenants, and agreements set forth in the Lease, except as modified by this Amendment. This Amendment will not be construed as an actual or implied waiver or release of any Tenant obligation and/or liability arising out of or under the Lease.

IN WITNESS WHEREOF, the parties have caused this Amendment to be binding and effective for all purposes as of the Effective Date.

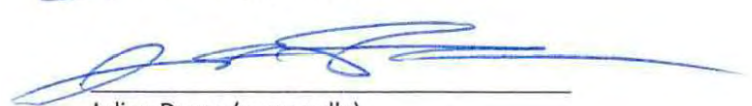
LANDLORD:
City of Madras,
an Oregon municipal corporation

By: Mike Lepin, Mayor

TENANT:
New Moon Aviation LLC,
an Oregon limited liability company



By: Julian Duran, Member



Julian Duran (personally)

5/26/2024

Exhibit A
Hangar Lease

[attached]

AIRPORT LEASE FOR AERONAUTICAL USE IMPROVEMENTS
(City-Owned Hangar)

This Airport Lease for Aeronautical Use Improvements (City-Owned Hangar) (this "Lease") is dated December 12, 2023, but made effective for all purposes as of July 1, 2023 (the "Effective Date"), and is entered into between City of Madras ("Landlord"), an Oregon municipal corporation, whose address is 125 SW "E" Street, Madras, Oregon 97741, and New Moon Aviation LLC ("Tenant"), an Oregon limited liability company, whose address is 2028 NW Berg Drive, Madras, Oregon 97741.

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 a certain WWII airplane hangar located at Airport consisting of approximately 11,500 square feet commonly known as the South WWII Military Hangar (the "Hangar"), which Hangar is more particularly described and depicted on the attached Exhibit A. The Hangar has been constructed on certain Landlord-owned Airport real property consisting of approximately 23,472 square feet, commonly known as 2128 NW Berg Drive, South Hangar (the "Property"), which Property is more particularly described and/or depicted on the attached Exhibit B.

B. Subject to the terms and conditions contained in this Lease, Tenant will lease the Hangar from Landlord, and Landlord will lease the Hangar to Tenant, for the Permitted Use (as defined below).

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 hereto hereby agree as follows:

1. LEASE; OCCUPANCY

1.1 Lease Term. Subject to the terms and conditions contained in this Lease, Landlord leases the Hangar to Tenant and Tenant leases the Hangar from Landlord. The term of this Lease, Tenant's right to possession of the Hangar, 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 June 30, 2024 (the "Initial Term"), unless sooner terminated or extended as provided in this Lease. For purposes of this Lease, the term "Lease Term" means the Initial Term and each Extended Term (as defined below), if applicable; unless the text clearly provides otherwise, the term "Hangar" means the Hangar and Property.

1.2 Airport Facilities. Subject to the terms and conditions contained in this Lease, during the Lease Term Landlord grants Tenant a limited, revocable, non-exclusive license to use the Airport's common hangar related facilities (if any) and that portion of the Airport's approach areas, runways, ramps, taxiways, and aprons reasonably necessary to facilitate the expeditious movements of aircraft to and from the runway and takeoff areas. Tenant's use of the Airport's approach areas, runways, ramps, taxiways, and aprons will be for the sole purpose of the landing, takeoff, flying, taxiing, and towing of aircraft in connection with Tenant's use of the Hangar for the Permitted Use. Tenant's use of the Airport facilities (and all flight and ground operations on and at the Airport or otherwise) will be made subject to and in accordance with the Laws (as defined below).

1.3 Extended Term

1.3.1 Subject to the terms and conditions contained in this Section 1.3, if Tenant is not then in default under this Lease, the Initial Term may be extended for one or more additional terms (each an "Extension") of one year each (each an "Extended Term"). Tenant will request (subject to Landlord's prior written approval as provided below) each Extension by providing Landlord written notice (the "Extension Request") no less than one

hundred twenty (120) days prior to the last day of the Initial Term or applicable Extended Term (as the case may be). Upon receipt of the Extension Request, Landlord will review the Extension Request and determine whether to approve Tenant's Extension Request for the applicable Extended Term. Landlord may condition its approval of an Extension Request on any terms and conditions which Landlord may reasonably require and/or impose. Notwithstanding anything contained in this Lease to the contrary, Landlord has no obligation to approve an Extension Request. Landlord's approval of any Extension Request will not be deemed approval of any further Extension Request and/or a waiver of Landlord's right to withhold approval of any Extension Request.

1.3.2 If Landlord approves any Extension Request(s), the subject Extended Term will commence on the day immediately following the expiration of the Initial Term or Extended Term (as the case may be). The terms and conditions for each Extended Term will be identical with the Initial Term except for (a) Base Rent (as defined below) and L/A Fee (as defined below) (which are subject to annual escalation as provided below), and (b) Additional Rent (as defined below).

1.4 **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 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. Tenant represents, warrants, and covenants that as of the Effective Date (y) Julian Duran ("Guarantor") is Tenant's sole member and manager, owning 100% of Tenant's ownership interest, and (z) Guarantor has full power and authority to sign and deliver this Lease on behalf of Tenant.

1.5 **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 and Hangar. Tenant accepts the Airport and Hangar 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 and/or Hangar. Landlord has made no promise or agreement to repair, alter, construct, and/or improve all or any part of the Airport and/or Hangar.

1.6 **Personal Guaranty.** Guarantor will personally guaranty Tenant's timely payment and performance of Tenant's obligations under this Lease. Guarantor will sign the personal guaranty where indicated on the signature page of this Lease.

1.7 **Lighting Regulators.** Tenant acknowledges and agrees that the Airport's lighting regulators are located in the southeastern portion of the Hangar (covering an area of approximately 500 square feet) (the "Regulator Location"). Tenant will not interfere, damage, disturb, and/or disrupt Landlord's use of the regulators and/or Regulator Location. Tenant will not operate and/or adjust the lighting regulators without first obtaining Landlord's prior consent.

1.8 **Personal Property Removal.** Landlord will remove those items of personal property located on the Property which have been abandoned by Tenant's predecessor. Landlord will complete the removal of personal property no later than January 31, 2024. Tenant will provide Landlord access to the Property for the purpose of removing the personal property.

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 annual base rent, without offset, in the amount of \$24,000.00 (\$2,000.00 per month) (\$0.174 per square foot) ("Base Rent"). Base Rent is payable in twelve (12) equal monthly installments on or before the first day of each month without invoice from Landlord. Tenant's first payment of Rent is due and

payable on the Effective Date. Base Rent will be prorated with respect to any partial month or year in which the Lease Term commences and/or 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. Tenant acknowledges and agrees that Tenant's base rental rate has been reduced in consideration of the limited use of the Regulator Location and Tenant's compliance and cooperation with Section 1.7.

2.2 **Base Rent Escalation.** Commencing on the first-year anniversary of the Effective Date, and continuing annually thereafter during the Lease Term upon the anniversary of the Effective Date, Base Rent will escalate (increase) by three percent (3.0%) over Base Rent for the immediately preceding twelve-month period. Commencing on the fifth-year anniversary of the Effective Date, and continuing on the anniversary of the Effective Date every five years immediately thereafter, Base Rent will be equal to the Hangar's fair market rental rate (which fair market rental rate is subject to annual escalation thereafter in accordance with this Lease), which amount will be mutually and reasonably determined by Landlord and Tenant. If Tenant and Landlord are unable to agree on the fair market rental rate no less than ninety (90) days prior to the then-applicable anniversary of the Effective Date, Tenant and Landlord will each employ a commercial real estate appraiser familiar with aeronautical airport properties in Central Oregon to assist in the determination; in which case the commercial real estate appraiser will be employed no less than sixty (60) days prior to the then-applicable anniversary of the Effective Date. Tenant will choose the commercial real estate appraiser from a list of no fewer than three qualified commercial real estate appraisers provided by Landlord. If Tenant fails to choose a commercial real estate appraiser from the list within five days after Tenant's receipt of the list, Landlord may name any commercial real estate appraiser from Landlord's list. Within thirty (30) days after his or her appointment, the commercial real estate appraiser will return his or her decision as to the Hangar's fair market rental rate, together with a discussion of the facts, considerations, and opinions on which the determination is based. Subject to the terms and conditions contained in this Lease, the commercial real estate appraiser's determination as to the Hangar's fair market rental rate will be binding on Tenant and Landlord. The cost and expense of the commercial real estate appraiser will be borne by the parties equally.

2.3 **Additional Rent.**

2.3.1 Tenant will timely pay in full the following charges, costs, and expenses related to or concerning (whether directly or indirectly) the Hangar (collectively, "Additional Rent"): (a) all taxes (real property and personal property, if any), insurance costs, telephone charges, licenses, utility charges, fuel, and all costs, expenses, and/or charges identified under Sections 2.3.2 and 2.3.3, below; (b) all costs and expenses incurred in connection with Tenant's use, occupancy, improvement, maintenance, and/or repair of the Hangar; (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 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 or due to Tenant's use, occupancy, maintenance, and/or repair of the Hangar 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.

2.3.2 Without otherwise limiting Section 2.3.1, 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 Hangar, including, without limitation, charges and expenses for fuel, water, gas, electricity, sewage disposal, power, refrigeration, air conditioning, telephone, internet, and janitorial services (including, without limitation, all connection fees, costs, and expenses related thereto). Commencing on the Effective Date, in addition to all other fees, charges, and/or expenses provided under this Lease, Tenant will pay Landlord a right-of-way, lighting, and access fee of \$159.00 per month/\$1,914.00 per year (\$0.0145 per square foot) (the "L/A Fee"). Commencing on the first-year anniversary of the Effective Date, and continuing on the same day each year thereafter during the Lease Term, the L/A Fee will increase (escalate) by three percent (3%) over the L/A Fee for the last month of the immediately preceding twelve-month period.

2.3.3 Tenant will pay before delinquency all real and personal property taxes, general and special assessments, system development charges, and all other charges of every description levied on and/or assessed against the Hangar (which includes the Property), any improvements located on or about the Hangar, and/or personal property and/or fixtures located on or about the Hangar. 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.

2.4 Security Deposit. Upon Tenant's execution of this Lease, Tenant will deposit with Landlord the sum of \$2,000.00 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 Hangar to Landlord in compliance with this Lease.

3. HANGAR USE

3.1 Permitted Use. Tenant will use the Hangar for the operation of Tenant's aircraft repair and maintenance business (and limited aircraft storage for those aircraft receiving repair and/or maintenance services) from Tenant (the "Permitted Use"). Tenant will not use the Hangar for any purpose other than the Permitted Use. Tenant will, at its cost and expense, obtain and maintain all licenses, permits, and authorizations required under the Laws and/or otherwise necessary for Tenant to provide and perform aircraft repair and maintenance services from the Hangar, including, without limitation, all necessary permits, licenses, and approvals from the FAA (as defined below) and Landlord. Tenant will perform and provide aircraft repair and maintenance services subject to and in accordance with the Laws.

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 Hangar and/or Airport:

3.2.1 Tenant will conform and comply with the Laws. 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 Hangar 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 Hangar and/or Airport. Prior to the Effective Date, Tenant had the opportunity to review (and ask questions concerning) the Laws and understands the 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 Hangar, 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), any rules or regulations promulgated by the 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 and/or non-aeronautical activities,

the Airshow Regulations (as defined below), and the 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 Tenant will store all aircraft, vehicles (if any), equipment, tools, and/or supplies within the Hangar walls in a safe, neat, clean, and orderly manner; Tenant will not permit any aircraft, vehicles, equipment, tools, and/or supplies to remain unattended on Airport property outside the Hangar. Tenant parking is only permitted in designated areas. Overnight parking must receive the prior written consent of Landlord's Airport manager or administrator (or their respective designees). Tenant will refrain from any activity which would make it impossible to insure the Hangar 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 Hangar and/or Airport, all as determined by Landlord. Tenant will conduct and operate the Permitted Use and 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 Hangar. Without otherwise limiting the generality of the immediately preceding sentence, Tenant may use, store, and/or otherwise handle on or in the Hangar only those Hazardous Substances typically used, stored, sold, and/or handled in the prudent and safe operation of the Permitted Use; provided, however, Tenant will use, store, and/or otherwise handle on or about the Hangar the Hazardous Substances in a safe, neat, clean, and orderly manner consistent with applicable Laws. Upon the earlier termination or expiration of this Lease, Tenant will properly remove and dispose of all Hazardous Substances from the Hangar. 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 Hangar, 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.

3.3 Aviation Easement; Aeronautical Uses. Tenant's use of the Hangar is secondary and subordinate to 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 Hangar together with the right to cause noise, vibration, dust, fumes, smoke, vapor, and other effects inherent in the navigation or flight 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 and will not interfere or impede Airport operations and/or use of Airport property for aeronautical and related uses. Tenant 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 are 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 Hangar and/or Airport. Tenant is responsible for securing and safeguarding the Hangar and all personal property located therein. Landlord will not be liable for any loss and/or damage to Tenant's property due to theft, vandalism, and/or any other causes, including forces of nature.

3.5 Construction Activities. Tenant's use of the Hangar 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 Hangar 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 Hangar 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 or in the Hangar; and (c) in the construction of any improvements on, over, and/or under the Hangar and the furnishing of services thereon, no person will, on the grounds of race, color, national origin, and/or other protected classification, 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 Hangar 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 Hangar. Tenant will provide Landlord copies of any written documentation related to the foregoing.

3.8 Aircraft Identification. All aircraft based at the Airport must be registered with the Oregon Department of Aviation in accordance with ORS 837.040 (to the extent registration is required under such statute and related regulations). Based aircraft is defined as those aircraft based at the Airport for more than thirty (30) consecutive days. All aircraft located on or in the Hangar and/or Airport, including, without limitation, those aircraft under repair and/or inoperable aircraft, will be stored in a neat and orderly manner.

3.9 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).

3.10 Airshow of the Cascades. Tenant's use of the Property 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, (a) Tenant will modify or alter its use and operations on and from the Property and Airport during the Airshow Days (which modifications or alterations must be approved by Landlord) to accommodate Airshow activities and/or operations, and (b) Landlord will not be in default (and Tenant will not receive any Rent abatements and/or other concessions) under this Lease due to Tenant's modifications or alterations in its use and operation on and from the Property and/or Airport. Landlord will endeavor to (y) provide Tenant no less than ninety (90) days' advance written notice of the five consecutive days a calendar year that the Airshow will be held (the "Airshow Days") during the applicable year, and (z) consult with Tenant concerning any potential

commercially 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 Property and/or Airport during the Airshow Days.

3.11 Airshow Regulations. Tenant will comply with all reasonable rules and regulations concerning the Airport and/or Property 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. ALTERATIONS

Excepting any ordinary and necessary Hangar maintenance and/or repairs performed (or caused to be performed) by Tenant to the Hangar's interior, Tenant will make no additions, improvements, modifications, and/or alterations in or to the Hangar of any kind or nature whatsoever, including, without limitation, the installation of any improvements, fixtures, and/or devices (individually and collectively, "Alteration(s)"), without Landlord's prior written consent. Any Alterations approved by Landlord will be made in a good and workmanlike manner, in compliance with applicable Laws, at Tenant's cost and expense, and consistent with the general appearance, quality, and décor of the Hangar. Subject to Section 8.4, Alterations performed in or to the Hangar by either Landlord or Tenant will be the property of Landlord. Construction of any exterior Alterations must be approved (i.e., must receive a "no objection" determination) by the FAA through the notice of proposed construction review process, submittal of FAA Form 7460-1, and will be subject to all applicable Laws. Tenant will timely file FAA Form 7460-2 Supplemental Notice concerning the Alterations (Landlord will, at no cost and expense to Landlord, reasonably cooperate with Tenant's filing of the FAA Form 7460-2 Supplemental Notice).

5. MAINTENANCE AND REPAIRS

5.1 Landlord Maintenance and Repairs. Landlord has no obligation to make or perform any repairs, maintenance, replacements, alterations, and/or improvements in or to the Property (and/or the Hangar), including, without limitation, snow removal. All repairs, maintenance, replacements, alterations, and/or improvements in or to the Property and/or Hangar will be made by Tenant at Tenant's cost and expense.

5.2 Tenant Maintenance and Repairs. Tenant will maintain, at Tenant's cost and expense, the Hangar (interior and exterior) in good condition, repair, working order, and appearance, and will preserve the Hangar, normal wear and tear excepted, and will not commit or permit waste. Without otherwise limiting the generality of the immediately preceding sentence, Tenant will perform, at Tenant's cost and expense, the following maintenance and repairs: (a) any sweeping, mopping, trash collection and removal, and washing required to keep the Hangar clean and orderly, including, without limitation, snow removal concerning the Hangar and immediately surrounding areas; (b) ordinary Hangar maintenance, including, without limitation, replacing light bulbs, air filters, and repairing broken windows; (c) any repairs or maintenance necessitated by the acts or omissions of Tenant and/or Tenant's Agents (as defined below); and (d) any repairs, maintenance, and/or improvements required under Tenant's obligation to comply with the Laws. If, after Landlord provides Tenant ten (10) days' prior written notice, Tenant fails or refuses to perform a Tenant obligation under this Section 5.2, Landlord may make the repair or improvement or perform the maintenance and charge the actual costs and expenses of repair, improvement, or maintenance to Tenant. Tenant will reimburse such expenditures on Landlord's demand, together with interest at the rate of twelve percent (12%) per annum from the date of expenditure until paid in full. Landlord may enter and inspect the Hangar from time to time to determine the condition of the Hangar and identify the necessity of repairs and/or maintenance.

5.3 Signage; Encumbrances.

5.3.1 Tenant will not be permitted to erect or maintain any signage on or about the Hangar without Landlord's prior written consent. Any signage authorized by Landlord will be erected and maintained at Tenant's cost and expense. Signage installed by Tenant will be removed by Tenant, at Tenant's cost and expense, upon the expiration or earlier termination of this Lease and the sign location restored to its former state unless Landlord elects to retain all or any portion of the signage.

5.3.2 Tenant will keep the Hangar free from all Encumbrances (as defined below). Tenant will pay as and when due all claims for work done on and for services rendered or material furnished to the Hangar and will keep the Hangar free from all Encumbrances. If Tenant fails to pay any such claims to discharge any Encumbrance, Landlord may do so and collect the costs as Rent. Any amount so added will bear interest at the rate of twelve percent (12%) per annum from the date expended by Landlord and will be payable on Landlord's demand. Landlord's payment of Tenant's claims or discharge of any Tenant Encumbrance will not constitute a waiver of any other right or remedy which Landlord may have on account of Tenant's default. If an Encumbrance is filed as a result of nonpayment, Tenant will, within ten (10) days after knowledge of the filing, secure the discharge of the lien or deposit with Landlord cash or sufficient corporate surety bond or other surety satisfactory to Landlord in an amount sufficient to discharge the Encumbrance plus any costs, attorney fees, and other charges that could accrue as a result of a foreclosure or sale under the Encumbrance. Tenant will indemnify, defend, and hold Landlord harmless for, from, and against all claims, losses, and/or liabilities arising out of Tenant's failure to comply with this Section 5.3.2. For purposes of this Lease, the term "Encumbrance(s)" means any liens, mortgages, pledges, security interests, reservations, restrictions, adverse claims, and/or other encumbrances.

6. ASSIGNMENT; INSURANCE; INDEMNIFICATION

6.1 No Transfer. Tenant will not sell, assign, mortgage, sublet, lien, convey, encumber, and/or otherwise transfer (whether directly, indirectly, voluntarily, involuntarily, and/or by operation of law) all or any part of Tenant's rights and/or interests in or to this Lease and/or the Hangar (including, without limitation, any Alterations) (collectively, "Transfer") without Landlord's prior written consent, which consent Landlord will not unreasonably withhold, condition, and/or delay. For purposes of this Lease, a "Transfer" includes the sale, assignment, encumbrance, and/or transfer - or series of related sales, assignments, encumbrances, and/or transfers - of fifty-one percent (51%) or more of the shares, membership, and/or other ownership interests of Tenant, regardless of whether the sale, assignment, encumbrance, and/or transfer occurs voluntarily or involuntarily, by operation of law, or because of any act or occurrence.

6.2 Transfer Notice. Tenant will provide Landlord no less than sixty (60) days' prior written notice of a proposed Transfer (the "Transfer Notice"), which Transfer Notice will include the name and address of the proposed transferee and a true and complete copy of the proposed Transfer documentation and/or instruments. Landlord's consent to any proposed Transfer is conditioned on the following: (a) Tenant demonstrating (to Landlord's reasonable satisfaction) that the proposed transferee's condition (financial and otherwise), style of operation, business reputation, and use of the Hangar is consistent with the terms of this Lease and that Landlord's interests in the Hangar and Airport will not be adversely affected in any material respect; (b) Tenant reimbursing Landlord for the costs and expenses incurred by Landlord in connection with its review of all Transfer documentation and/or instruments (and otherwise related to Landlord's determination as to whether to consent to the proposed Transfer); (c) the transferee agreeing in writing to comply with and be bound by all the terms, covenants, conditions, provisions, and agreements of this Lease; and (d) any other conditions that Landlord may reasonable impose under the particular circumstances surrounding the proposed Transfer. Tenant acknowledges and agrees that Landlord's conditioning of its consent to any proposed Transfer on Tenant's satisfaction of the conditions contained in this Section 6.2 is reasonable under this Lease.

6.3 Transfer Conditions. If Landlord consents to a Transfer, the following will apply: (a) the terms and conditions of this Lease will in no way be deemed waived or modified; (b) consent will not be deemed consent to any further Transfer by Tenant or any transferee; (c) the acceptance of Rent by Landlord from any other person will not be deemed a waiver by Landlord of any provision of this Lease; and (d) no Transfer relating to this Lease and/or the Hangar, whether with or without Landlord's consent, will modify, relieve, and/or eliminate any

liabilities and/or obligations Tenant and/or any guarantor of this Lease may have under this Lease. Landlord may consent to subsequent assignments, subletting, and/or amendments or modifications to this Lease with assignees of Tenant without notifying Tenant, or any successor of Tenant, and without obtaining its or their consent thereto and such action will not relieve Tenant of any liability under this Lease.

6.4 Tenant Insurance. Tenant will keep the Hangar insured against fire and other risks covered under a standard fire insurance policy with an endorsement for extended coverage. Tenant will maintain, at Tenant's cost and expense, a policy of fire, extended coverage, vandalism, and malicious mischief insurance insuring the personal property, furniture, furnishings, and fixtures belonging to Tenant located in or on the Hangar. The amount of the insurance will be no less than one hundred percent (100%) of the replacement cost of the Hangar and will also be sufficient to prevent Tenant from becoming a coinsurer under the provisions of the policies. Landlord will not be responsible for any loss or damage to Tenant's personal property, whether or not insured.

6.5 General 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 Hangar, 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 6.5 will have a general aggregate limit of no less than \$4,000,000.00, a per occurrence limit of no less than 2,000,000.00; the aircraft liability and pollution exposure insurance will have a general aggregate and per occurrence limit of no 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.

6.6 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 Hangar provided such damage, loss, and/or injury to person or property is not caused by Landlord's gross negligence or willful misconduct; (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 and/or Hangar; (c) Tenant's use of the Hangar and/or Airport; (d) Tenant's maintenance, repair, use, and/or occupancy of the Hangar and/or any condition of the Hangar; (e) the use, storage, treatment, transportation, presence, release, and/or disposal of Hazardous Substances in, on, under, and/or about the Hangar; and/or (f) 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 6.6 will survive the expiration or earlier termination of this Lease.

6.7 Reconstruction After Damage. If the Hangar is damaged or destroyed by fire or any other cause at any time during the Lease Term due to Tenant's acts or omissions (and/or the acts or omissions of Tenant's

Agents), whether or not covered by insurance, Tenant will promptly repair the damage and restore the Hangar. To the fullest extent possible, the completed repair, restoration, and/or replacement hangar will be equal in value, quality, and use and will be restored to the condition of the Hangar immediately before the damage or destruction. Tenant will pay all costs and expenses of repairing and restoring the Hangar. Tenant will promptly and without delay commence all repairs and restorations after the date of the fire or other cause of damage. Repairs and restoration must be completed expeditiously and no later than twelve (12) months after the date of the fire or other cause of damage; provided, however, if the repairs and/or restoration work are of such a nature that they cannot be completed within the twelve-month period, Landlord may provide Tenant such additional time as Landlord reasonably determines necessary or appropriate to complete the repairs and restoration. Once repairs and/or restoration have commenced, Tenant will prosecute such work expeditiously and with diligence. Tenant will not be entitled to any abatement of Rent on account of any damage to or destruction of the Hangar, nor will any other obligations of Tenant under this Lease be altered or terminated except as specifically provided in this Lease.

6.8 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 obtain such an agreement from its insurer if the policy does not expressly permit a waiver of subrogation.

6.9 Estoppel Certificates. Each party will, within thirty (30) days after notice from the other party, execute and deliver to the other party 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 the other party. 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 the party from whom the certificate was requested that this Lease is in full force and effect and has not been modified except as represented in the notice requesting the certificate.

7. DEFAULT; REMEDIES

7.1 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 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 7.1(a)) within ten (10) days after written notice from Landlord specifying the nature of the breach and/or failure to perform with reasonable particularity; provided, however, if Tenant's breach and/or failure to perform causes or threatens loss of life, injury, significant damage, and/or destruction to person or property, human suffering, and/or significant financial loss, Tenant must cure or remedy such breach and/or failure to perform immediately upon receipt of written notice from Landlord; (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 dies, dissolves, 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 (e) Tenant's failure for thirty (30) days or more to occupy the Hangar for the Permitted Use.

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

7.2.1 Landlord may terminate this Lease by 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 Hangar, and remove any persons or property by legal action or by self-help with the use of reasonable force and without liability for damages.

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

7.2.3 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 Rent set forth in this Lease from the date of the Event 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 demolition, construction, clean-up, refurbishing, removal of Tenant's property and fixtures, or any other expense occasioned by Tenant's failure to quit the Hangar upon termination and leave the Hangar 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 Hangar for the period commencing on the earlier of the date of trial or the date the Hangar are relet and continuing through the end of the Lease Term.

7.3 Cumulative Remedies; Right to Cure. 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 6.6, will survive the termination. 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.

7.4 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 6.6, 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 7.4.

8. SURRENDER; HOLDOVER

8.1 Hangar and Alterations. In addition to all other Tenant obligations required under this Lease, upon the earlier termination or expiration of this Lease, Tenant will, at Tenant's cost and expense, pay and perform the following: (a) perform all Hangar maintenance and repairs for which Tenant is responsible under this Lease; and (b) surrender the Hangar (subject to Section 8.4) to Landlord in good condition, repair, working order, and appearance, free of waste and debris, normal wear and tear excepted. If Tenant fails to timely surrender the Hangar in accordance with this Section 8.1, the following will apply: (x) by written notice given to Tenant within ten (10) days after Tenant's surrender obligations were required to be performed, Landlord may elect to hold Tenant to its surrender obligations under this Section 8.1; (y) Landlord may cause Tenant's surrender obligations to be performed in accordance with this Section 8.1, at Tenant's cost and expense; and/or (z) Landlord may treat Tenant as a holdover tenant under Section 8.3. Tenant is liable to Landlord for all reasonable out-of-pocket costs and expenses Landlord actually incurs to cause the Hangar to be surrendered in accordance with this Section 8.1 with interest at twelve percent (12%) per annum from the date of expenditure by Landlord until paid in full.

8.2 Tenant Personal Property Removal Obligations. Prior to the earlier termination or expiration of this Lease, Tenant will remove from the Hangar all aircraft, vehicles, furnishings, furniture, equipment, tools, trade fixtures, and personal property which remain its property, including all resulting waste and/or debris. If Tenant fails to timely remove the aircraft, vehicles, furnishings, furniture, equipment, tools, trade fixtures, personal property, and all resulting waste and/or debris, the following will apply: (a) at Landlord's election, Tenant will be deemed to have abandoned the property, and Landlord may retain the property and all rights of Tenant with respect to the property will cease; (b) by written notice given to Tenant within ten (10) days after removal was required, Landlord may elect to hold Tenant to its removal obligations (provided, however, if Landlord elects to require Tenant to remove, Landlord may effect a removal and place the property in storage for Tenant's account); (c) Landlord may cause the property to be removed in accordance with this Section 8.2, at Tenant's cost and expense; and/or (d) Landlord may treat Tenant as a holdover tenant under Section 8.3. Tenant is liable to Landlord for all reasonable out-of-pocket costs and expenses Landlord actually incurs to cause the property's removal and/or storage with interest at twelve percent (12%) per annum on all such expenses from the date of expenditure by Landlord until paid in full.

8.3 Holdover. If Tenant does not vacate and surrender the Hangar in accordance with Sections 8.1 and 8.2 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, if any), except that Base Rent will be equal to one hundred fifty percent (150%) of the then applicable Base Rent. Failure of Tenant to timely surrender the Hangar and remove its trade fixtures, furniture, furnishings, equipment, tools, and/or any other personal property in accordance with this Lease will constitute a failure to vacate to which this Section 8.3 will apply. If a month-to-month tenancy results from a holdover by Tenant under this Section 8.3, 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.

8.4 Alterations Removal and Ownership. Notwithstanding anything contained in this Lease to the contrary, upon the earlier termination or expiration of this Lease, Landlord may (a) require Tenant to remove the Alterations from the Hangar (and surrender the Hangar to Landlord in good condition, repair, working order, and appearance, free of waste and debris), at Tenant's cost and expense, prior to the earlier termination or expiration of this Lease, or (b) accept ownership of the Alterations (without payment of any consideration) then located on the Hangar free from all claims, rights, encumbrances, and/or interests of Tenant and/or any third party (if Landlord accepts ownership of the Alterations under this Section 8.4, no additional conveyance document will be needed to effectuate the transfer of ownership unless requested by Landlord, in which case Tenant will execute any Landlord requested documents). If Tenant fails to timely remove the Alterations from the Hangar under this Section 8.4 to Landlord's reasonable satisfaction (including all resulting waste or debris), Landlord may, in addition to any other Landlord rights and remedies, (a) cause the Alterations to be removed at Tenant's cost and expense, and/or (b) treat Tenant as a holdover tenant under Section 8.3. Tenant is liable to Landlord for all costs and expenses Landlord incurs to cause the removal of the Alterations and Hangar's restoration with interest at twelve percent (12%) per annum on all such expenses from the date of expenditure by Landlord until paid in full.

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).

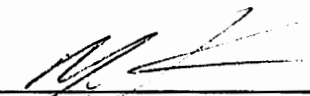
9.6 Discretion; Landlord Default. When a party is exercising any consent, approval, determination, and/or similar discretionary action under this Lease, the standard will be the party's commercially reasonable discretion, which discretion will not be unreasonably withheld, conditioned, and/or delayed. 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.

9.7 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.

IN WITNESS WHEREOF, the undersigned have caused this Lease to be binding and effective for all purposes as of the Effective Date.

LANDLORD:
City of Madras,
an Oregon municipal corporation

TENANT:
New Moon Aviation LLC
an Oregon limited liability company



By: Mike Lepin, Mayor

By: _____

Personal Guaranty

Guarantor irrevocably and unconditionally guarantees to Landlord the full and prompt payment and performance of all present and future obligations of any kind or nature owed by Tenant to Landlord under this Lease (the "Obligations"), including, without limitation, Tenant's obligation to pay Rent. Upon Landlord's demand, Guarantor will immediately pay and perform the then-due Obligations. Guarantor is Tenant's only manager and member and owns 100% of Tenant's membership/ownership interests. In view of the business relationship between Guarantor and Tenant, the consideration from Landlord to Tenant under this Lease will inure to the benefit of Guarantor.

Julian Duran

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9.6 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.

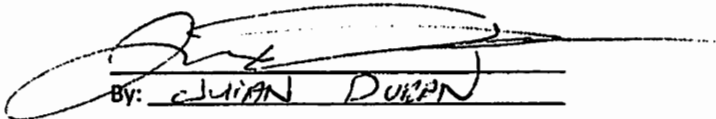
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By: JULIAN DURAN

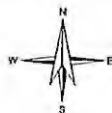
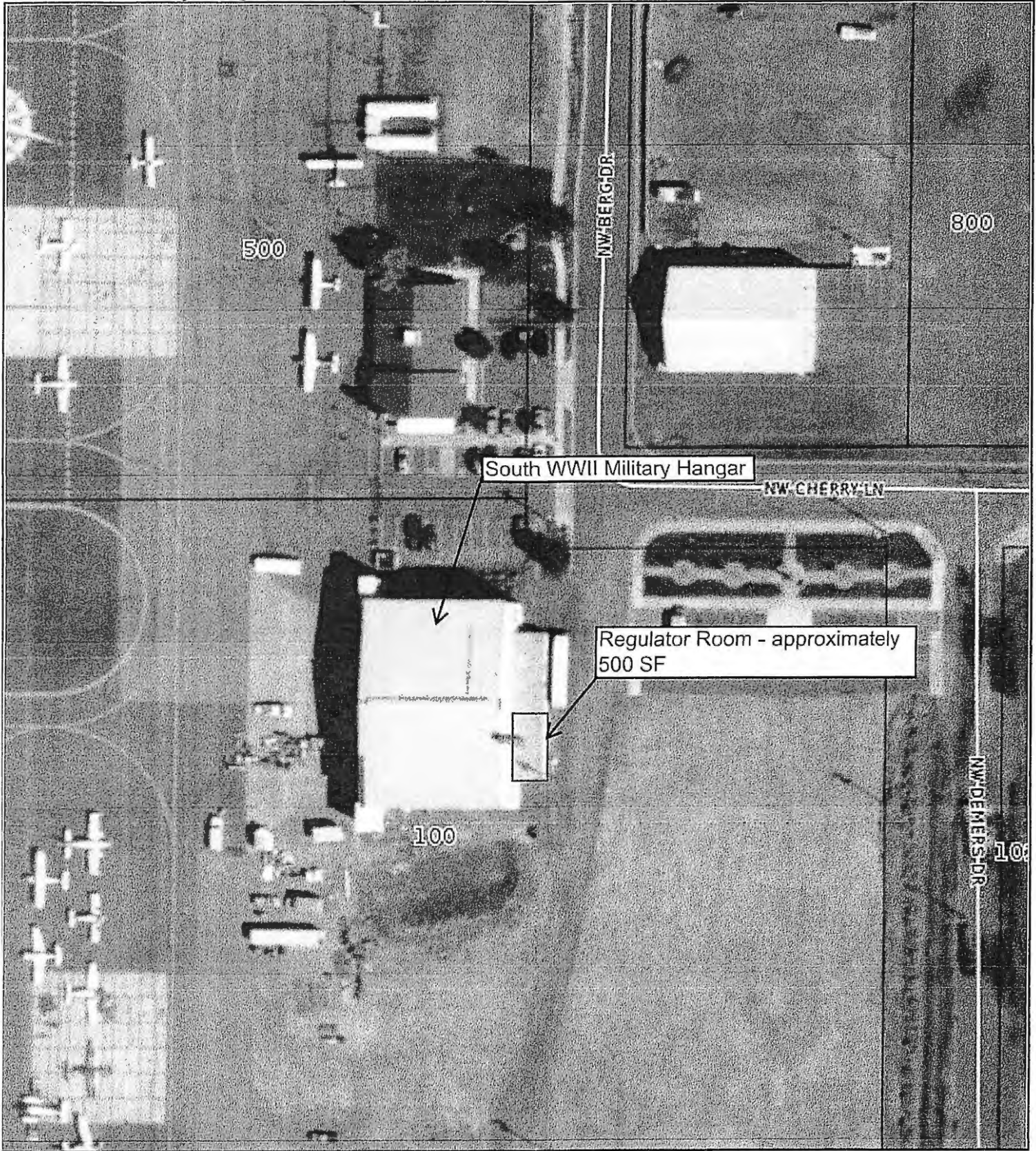
Personal Guaranty

Guarantor irrevocably and unconditionally guarantees to Landlord the full and prompt payment and performance of all present and future obligations of any kind or nature owed by Tenant to Landlord under this Lease (the "Obligations"), including, without limitation, Tenant's obligation to pay Rent. Upon Landlord's demand, Guarantor will immediately pay and perform the then-due Obligations. Guarantor is Tenant's only manager and member and owns 100% of Tenant's membership/ownership interests. In view of the business relationship between Guarantor and Tenant, the consideration from Landlord to Tenant under this Lease will inure to the benefit of Guarantor.


Julian Duran

Exhibit A
Hangar Depiction and Description

[attached]



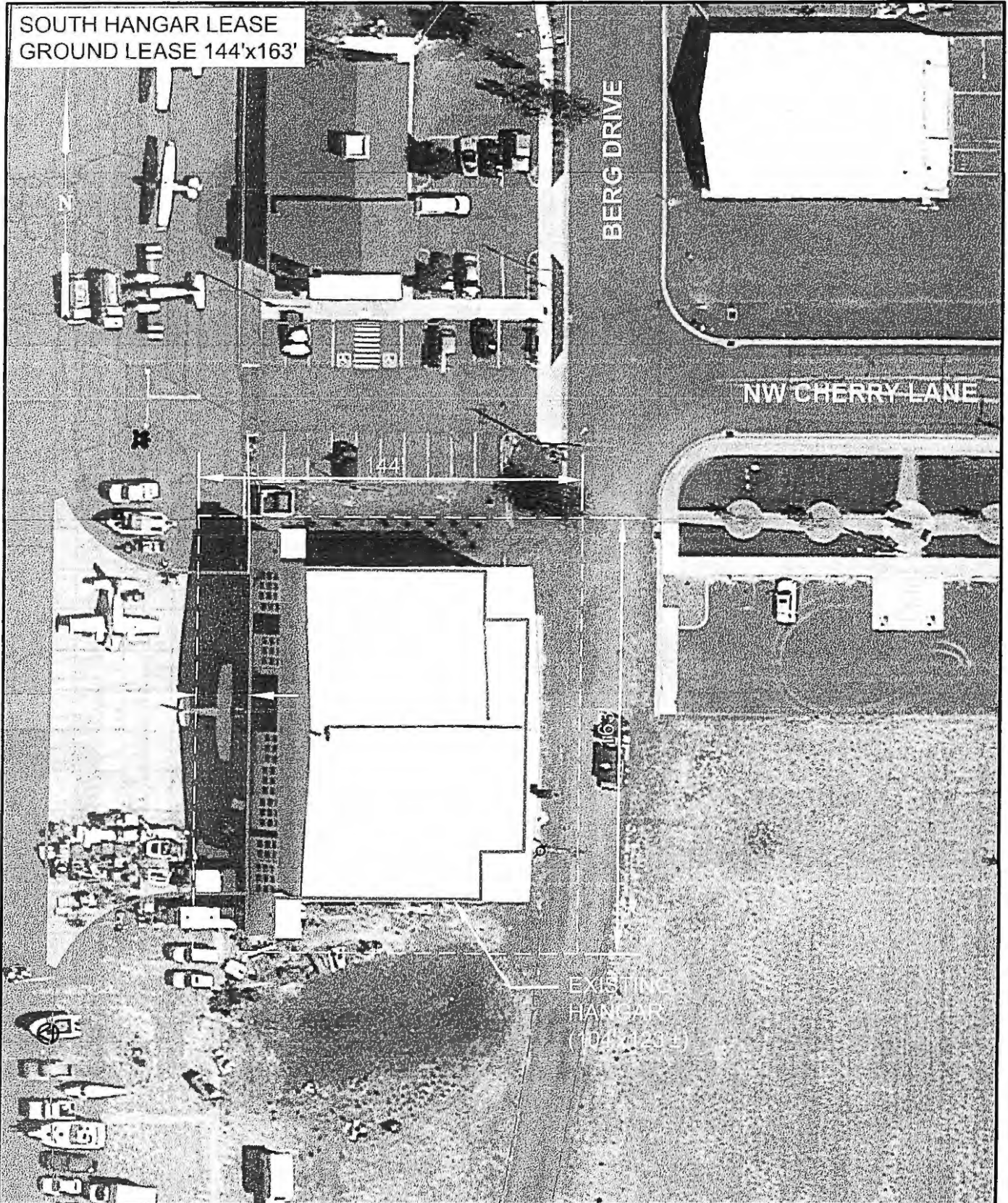
Jefferson County uses GIS data in support of its internal business functions and the public services it provides. This GIS data, which Jefferson County distributes, may not be suitable for other purposes or uses. It is the requestor's responsibility to verify any information derived from the GIS data before making any decisions or taking any actions based on the information. Jefferson County shall not be held liable for any errors in the GIS data. This includes errors of omission, commission, errors concerning the content of the data, and relative and positional accuracy of the data. Jefferson County assumes no legal responsibility for this information.

Jefferson County GIS

Exhibit B
Property Description

[attached]

SOUTH HANGAR LEASE
GROUND LEASE 144'x163'



DESIGNED BY: - CHECKED BY: WHB

DRAWN BY: WHB SCALE: 1"=50'

PROJECT NO.: 10149.038.01



BEND OFFICE
1020 SW EMKAY DRIVE
BEND, OR 97702
541.322.8962
541.382.2423 FAX

S. HANGAR LEASE

EXHIBIT B

CITY OF MADRAS
Request for Council Action

Meeting Date: June 11, 2024

To: Mayor and City Council Members

From: Jeff Hurd, Public Works Director

Through: Will Ibershof, City Administrator

Subject: Purchase of a SL Sewer Rat

TYPE OF ACTION REQUESTED:

Approve

MOTION(S) FOR CONSIDERATION:

Council approves the Utility Department to purchase an SL Sewer Rat for the amount of \$30,140.00

OVERVIEW:

The SL Sewer Rat is an acoustic system that inspects sewer lines for the city. Currently, we utilize a camera to run up the lines to perform inspection. The staff solicited quotes for the SL Sewer Rat and Infosense is the sole supplier. No other supplier could quote the product.

STAFF ANALYSIS:

The Utility Department would like to purchase an SL-RAT acoustic sewer inspection system. This system sends acoustic signals from manhole to manhole through the sewer mainline. The strength of the signal gives an indication of the condition of the pipe and any blockages. This will save substantial time and money by allowing the Utility Department to concentrate on pipes that need to be cleaned and not on pipes that are good. The current procedure the Utility Department used is to jet all the lines even if they are not needed due to the fact that we have no way to inspect our lines.

We have estimated that a team of two operators can run this acoustic system through the entire system in approximately 3 weeks. For the Utility department to inspect and clean the wastewater system it would take years to complete. The Utility department completed a demo on this equipment and was able to inspect four different lines that total about 991 feet in about 10 minutes. This equipment also gives coordinates and GIS of all the inspected pipe. This information can be uploaded to a map for the operators to examine. The benefit of this is that it shows the Utility Department what sewer lines require attention and cleaning. The SL-RAT is also recognized as an improved inspection system by DEQ. This means that we can use this system to satisfy our 5-year maintenance plan of inspecting all sewer lines in the city system.

FISCAL INFORMATION:

Budgeted under equipment purchases fiscal year 2023/2024

SUPPORTING DOCUMENTATION:

Quotes
Report samples

STRATEGIC GOAL:

NA





INFORMAL QUOTES

PROJECT / EQUIPMENT: SL Sewer Rat

TIME	DATE	COMPANY CONTACTED ADDRESS & PHONE NUMBER	QUOTE
	3-6-2024	InfoSense Gene Hallum 360-929-7627	30,140
	4-1-2024	Dukes Sam Watson 800-447-6687	No longer sell
	4-3-2024	RHBorden info@rhborden.com 385-510-3223	Sent quote request to InfoSense
	4-26-2024	US BlueBook 800-548-1234	Does not sell

Employee Signature: _____

Scott Ough



InfoSense, Inc[®]
Innovating Acoustic Inspection Technology

877-PIPECHK (877-747-3245)
www.infosense.com

8116 South Tryon Street
Suite B3-203
Charlotte, NC 28273 USA

August 28, 2023

To Whom It May Concern:

InfoSense, Incorporated in Charlotte, North Carolina is the sole supplier manufacturer, and distributor of the Sewer Line Rapid Assessment Tool or SL-RAT[®] and its supporting software the Sewer Line Data Organizer or SL-DOG[®].

The SL-RAT line of acoustic pipe inspection equipment is patent-protected under U.S. Patent #8220484 and other pending patents. InfoSense manufactures the only product that uses Active Acoustic transmission between a transmitter and a receiver in adjacent manholes to provide an aggregate pipe blockage assessment.

The SL-RAT makes use of the fact that water and air flow similarly within a pipe. Our proprietary algorithms exploit this fact to assess blockage within a pipe segment – typically within 3 minutes or less and with no flow contact.

Sincerely,

Alex Churchill
CEO
InfoSense, Inc.
Past Winner WEF Innovative Technology Award



Sales Quote

Date: 05/20/24
Quote #: 2024-0520P1-GH

Billing and Payment Address: 8116 South Tryon St, Suite B3-203, Charlotte, NC 28273

Prepared for: City of Madras	State OR	Contact Dan Hall	Phone # (541) 475-7529	Fax #	Email dhall@cityofmadras.us
Price List:	US Price List				
InfoSense Contacts Gene Hallum	Job Title Northwest Territory Sales Manager	Phone # (360) 929-7627	Fax # (704) 930-0145	Email ghallum@infosense.com	
Terms and Conditions		<p>Shipment Terms: FOB Your Dock Credit Terms: Net 30 Effective From: 05/20/24 Valid Through: 07/19/24</p>			
		<p>All shipments are ARO, and subject to final verification upon receipt of order. All items will be shipped UPS ground unless otherwise specified. Please indicate whether partial shipment is acceptable. Shipping charges are Pre-Paid. An electronic copy of this quote may be provided for your convenience. InfoSense retains an original copy of all quotes and will consider the original to be the governing document.</p>			

Line#	Part Number	Description	Qty.	Unit of Measure	Price	Net Price	Extended	Price
1		SL-RAT Standard Package*	1	ea	\$ 28,000.00	\$ 28,000.00	\$	28,000.00
2		2nd Battery Charger (Optional)	1	ea	\$ 195.00	\$ 195.00	\$	195.00
3		Safety Yellow Foam Frame Cushion (Optional)	1	set	\$ 230.00	\$ 230.00	\$	230.00
4		1/2 Day Training (Optional)****	1	ea	\$ 1,250.00	\$ 1,250.00	\$	1,250.00
5		Shipping & Handling**	1	ea	\$ 465.00	\$ 465.00	\$	465.00

*Price includes storage bag, one battery charger, one-year limited warranty, and license for the SL-DOG** web portal software valid for one year from the date of purchase. Annual subscription to the SL-DOG software can be renewed at \$995 for the first year for one SL-RAT and \$675 more for each additional unit thereafter.

**Shipping & Handling/Insurance via UPS Ground Service. Excludes any additional applicable taxes, duties, or other government charges.

****As an alternative to an in-person training, we have a virtual training option for \$675.

InfoSense is currently an approved vendor on BuyBoard, COSTARS, and TAUD. Please email crupe@infosense.com for more information.

SL-DOG software consists of three components:

- (1) A local client runs on a PC. It downloads the SL-RAT data from the device and is provided at no charge.
- (2) A cloud-based web portal set up for each customer that can assist with the management of SL-RAT data. It includes the ability to edit measurement data, add manhole ID's, add comments, manage data quality, review productivity and export the SL-RAT data in a variety of formats including Google Earth "kml", ArcGIS "SHP", Acrobat "pdf", and Excel or "csv".
- (3) A mobile APP for iOS and Android that can integrate with enterprise systems as well as enable entering notes and asset ID's in the field while conducting acoustic assessments.

Comments: (All returned or exchanged items are subject to 25% restocking fee.)

Visit our website: www.infosense.com	PAST WINNER WEF INNOVATIVE TECHNOLOGY AWARD	Grand Total <u> </u> \$30,140.00
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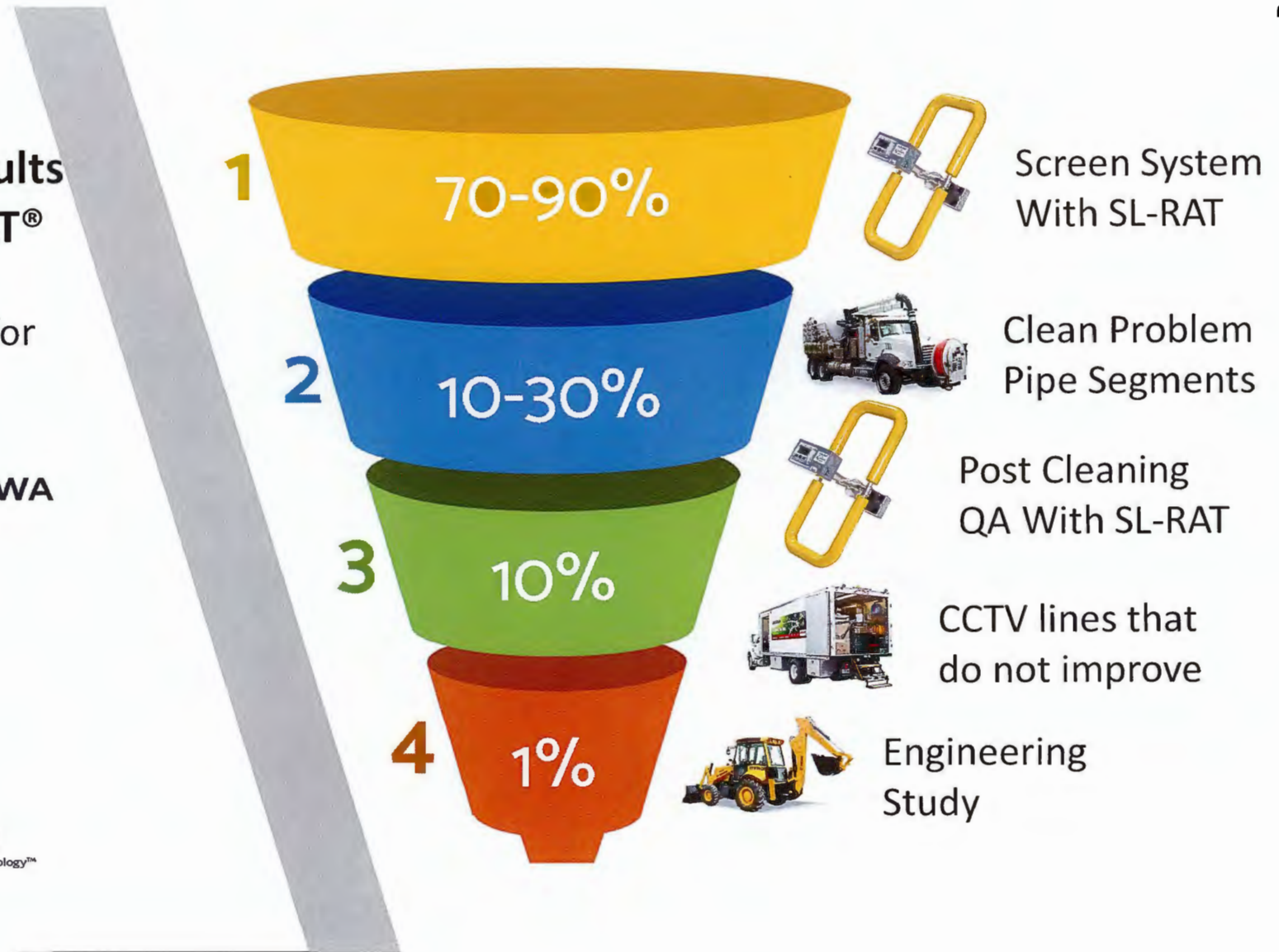
Form Revision Date 01.18.24

Overview of Results Using the SL-RAT®

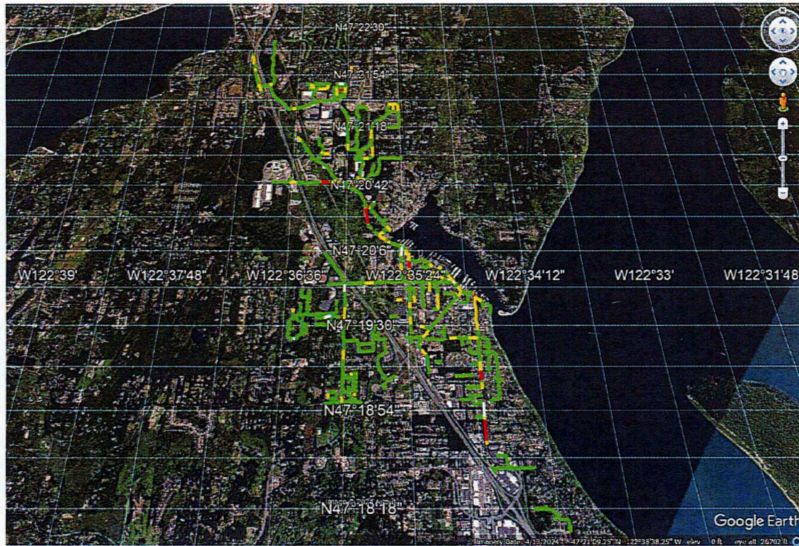
Summary Report for



May 8, 2024



Screened 22 Miles of Sewer in 44 Hours – Savings > 10x Investment



Project Details
<ul style="list-style-type: none"> • Screened approximately 22 miles of sewer – Blocked/Poor/Fair/Good • Averaged approximately 2,614 ft/hour* • Spent approximately 44 hours screening lines with 2 crew members • Data captured 3/25/24 to 5/4/24
Anticipated Outcome
<ul style="list-style-type: none"> • Cost savings versus rotational cleaning: ~\$97-117k • Redeploy: ~142 cleaning man days** • Flushing water savings: ~426-639 thousand gallons**
Estimated Investment
<ul style="list-style-type: none"> • Equipment rental - \$8,895 • Labor (44 hours X 2 crew at \$25/hour) - \$2,200 • 2 Vehicles/Transportation assume 110 miles driven at \$.63/mile - \$70 • Total cost to inspect 22 miles - \$11,165 • SL-RAT INSPECTION COST PER FOOT \$0.097

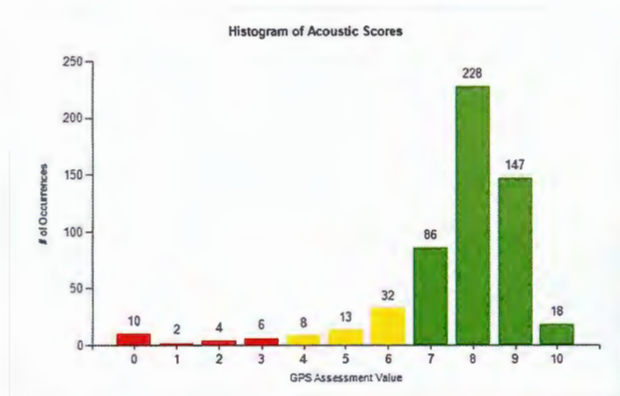
* Average ft/hour for experienced crews is 1,500-2,000

** Assume cleaning 1,500 ft/day and 5 gal/ft to clean

4% of Pipes Inspected Are Recommended For Additional Work

Measurement Totals
554 total measurements

2% BLOCKED
 2% POOR
 10% FAIR
 86% GOOD



Anticipated Benefit Summary

Total Feet Assessed	Estimated Cost to Clean All Pipe @ \$1.00-\$2.00/ft	After Assessment Feet Requiring Cleaning	Estimated Cost to Clean low score pipe (<=4) Pipe @ \$1.50/ft	Anticipated Cost Saved After Assessment
115k	\$115-230k	8.5k	\$13k	\$102-217k

SL Sewer Rat Demo Map

Write a description for your map.

Legend

- Feature 1
- Feature 2
- Meas. ID:
- Meas. ID: 4282
- Sewer



RecordNum	RxOperator	RxDeviceN	TxOperator	TxDeviceN	Measurem	TestDuratic	PipeLength	EvalPipeLe
4282	1	244	245	245	#####	79	450	384
4281	1	244	245	245	#####	80	250	240
4280	1	244	245	245	#####	79	450	367

Measurement	Measurement	Assessment	Assessment	GPS Asses:	GPS Asses:	Pipe Status	RxID	Current RxL
1 Valid		5 FAIR		5 FAIR		Fair		44.62054
1 Valid		9 GOOD		9 GOOD		Good		44.62159
1 Valid		10 GOOD		9 GOOD		Good		44.62257

CurrentRxL TxID	CurrentTxL	CurrentTxL Notes	UserField1	UserField2	UserField3	UserField4
-121.133	44.62158	-121.133				
-121.134	44.62154	-121.133				
-121.133	44.62157	-121.133				

UserField5 GPSCoordinatesEdited

FALSE

FALSE

FALSE

CITY OF MADRAS
Request for Council Action

Meeting Date: June 11, 2024

To: Mayor and City Council Members

From: Jeff Hurd, Public Works Director

Through: Will Ibershof, City Administrator

Subject: **HOFFMAN PARK MASTER PLAN**

TYPE OF ACTION REQUESTED:

Discuss

MOTION(S) FOR CONSIDERATION:

N/A

OVERVIEW:

Greenworks PC is the landscape architect for the City of the Hoffman Park Project. They have put together a conceptual master plan and are looking for feedback from the City. The public works department is presenting the concept plan to Urban Forestry Commission on June 5th for their input on the master plan. The staff is looking for feedback from City Council as well. Once determined, Greenworks PC will design phase 1 for us to construct beginning the fall of 2024.

Items we are requesting input on are:

- Ammenties (anything to add or delete?)
- Location of the Ammenties (one side versus the other)
- General layout.
- Anything else we may be missing?

No motion is required.

STAFF ANALYSIS:

FISCAL INFORMATION:

SUPPORTING DOCUMENTATION:

Master Plan Concept

STRATEGIC GOAL:



LEGEND

- | | | |
|------------------------|------------------------------|--------------------|
| ① PARKING, TYP. | ⑥ OPEN LAWN | ⑪ UTILITY EASEMENT |
| ② RESTROOM | ⑦ FENCED DOG PARK | ⑫ PLAYGROUND |
| ③ PICNIC SHELTER, TYP. | ⑧ PEDESTRIAN PATH, TYP. | ⑬ CROSSWALK, TYP. |
| ④ PUMP TRACK | ⑨ 10' MAINTENANCE PATH, TYP. | |
| ⑤ MULTI-SPORTS COURT | ⑩ NATURE TRAILS AREA | |



CITY OF MADRAS
Request for Council Action

Meeting Date: June 11, 2024

To: Mayor and City Council Members

From: Jeff Hurd, Public Works Director

Through: Will Ibershof, City Administrator

Subject: [Airport T Hangar Lease Agreement](#)
David Heintz - Unit 9

TYPE OF ACTION REQUESTED:

Approve

MOTION(S) FOR CONSIDERATION:

Council approves the T Hangar Lease between the City of Madras and David Heintz

OVERVIEW:

The attached T Hangar Lease rents Unit #9 of the City's T Hangar to David Heintz. The lease term is for one year and rent is \$225 a month until July 1, 2024 where it will increase to \$250 a month. Rent is consistent with the other T-Hangars

STAFF ANALYSIS:

Galvin Gee rented Unit #9 in the City T-Hangars and gave notice at the beginning of May that he no longer wished to rent the Unit. The airport manager has a wait list of folks needing a T-Hangar. David Heintz was at the top of the list and was contacted to see if he was interested in renting Unit #9. David Heintz wants to rent Unit #9 and has signed the City's standard lease agreement for T Hangars.

FISCAL INFORMATION:

Rent for June of 2024 = \$225.
Rent starting July 1, 2024 = \$250 a month.

SUPPORTING DOCUMENTATION:

Airport T-Hangar Lease Agreement with David Heintz

STRATEGIC GOAL:

AIRPORT T-HANGAR LEASE AGREEMENT

This Airport T-Hangar Lease Agreement (this "Lease") is dated May 28, 2024, but made effective for all purposes as of June 1, 2024 (the "Effective Date"), between City of Madras ("Landlord"), an Oregon municipal corporation, whose address is 125 SW E Street, Madras, Oregon 97741, and David Heintz ("Tenant"), whose address is 4697 SW Quarry Lane, Culver OR 97734.

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 T-Hangar Building commonly known as City T-Hangars located at 2260 NW Berg Drive, Unit #9, Madras, Oregon 97741 (the "Building").

B. Tenant desires to lease T-hangar #9 located in the Building commonly known as City T-Hangars consisting of approximately 915 square feet (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 May 31, 2025 (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 common T-hangar 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 common T-hanger 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 \$225.00 (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. Commencing on July 1, 2024, Base Rent will increase to \$250.00 per month. Commencing on July 1, 2025, and continuing on the same day each year thereafter during the Lease Term, (a) Base Rent will increase (escalate) in July of each year by three percent (3%) over Base Rent for the preceding June, and (b) commencing on July 1, 2024 and continuing on the same day each year thereafter during the Lease Term, the L/A Fee (as defined below) will increase (escalate) in July of each year by three percent (3%) over L/A Fee for the preceding June.

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 \$13.60 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. The Aircraft must be stored in a neat and orderly manner. 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 other than those tools and equipment necessary for Tenant’s operation of the Aircraft; provided, however, Tenant may temporarily park his or her privately owned automobile (and/or his or her passenger’s automobile) inside the Premises during a flight that originated from the Airport. Tenant may not perform any repairs and/or maintenance activities in the Premises other than those necessary for Tenant’s operation of the Aircraft. For purposes of this Lease, the term “Aircraft” means the following airplane or other aeronautical equipment:

Aircraft Make and Model:	Cessna 182 P
Aircraft Year:	1974
Aircraft Registration No.:	N52853
Owner (Name and Pilot License No.):	David Heintz, student pilot
Owner’s Address:	4697 SW Quarry Lane, Culver OR 97734
Owner’s Telephone Number:	541-815-8461
Owner’s Email Address:	dacondigs4u@msn.com

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. Tenant will obtain all necessary permits, licenses, reviews, studies, inspections, reports (including, without limitation, environmental reports), and approvals required under the Laws to lease, occupy, and use the Premises for the Permitted Use, including, without limitation, all reviews, studies, and approvals required under Landlord's leasing policies and regulations. 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 Tenant will store all aircraft, vehicles (if any), equipment, tools, and/or supplies on the Premises in a safe, neat, clean, and orderly manner. Tenant will store all aircraft, vehicles (if any), equipment, tools, and/or supplies wholly within the Premises. Tenant will not store any non-aeronautical related vehicles, equipment, tools, and/or supplies on or about the Premises including but not limited to recreational vehicles, boats, motorcycles, atvs, etc. 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 and operate the Permitted Use and all activities at the Airport in a safe, prudent, professional, and lawful manner. Tenant will not change, alter, and/or modify Landlord's locks for the Premises without first obtaining Landlord's prior written consent (if Landlord's consent is provided, Tenant will pay for all costs and expenses related to or concerning the lock change, alteration, and/or modification).

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. Without otherwise limiting the generality of the immediately preceding sentence, Tenant may use, store, and/or otherwise handle on or in the Premises only those Hazardous Substances typically used, stored, sold, and/or handled in the prudent and safe operation of the Permitted Use; provided, however, Tenant will use, store, and/or otherwise handle on or in the Premises the Hazardous Substances in a safe, neat, clean, and orderly manner consistent with applicable Laws. 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. **MAINTENANCE; ALTERATIONS.**

4.1 **Landlord Maintenance and Repairs.** Subject to the terms and conditions contained in this Lease, Landlord will perform, at Landlord's cost and expense, structural and exterior repairs and maintenance concerning the Building (including, without limitation, the Premises), including painting the exterior of the Premises when Landlord determines necessary or appropriate, provided such structural and exterior repairs and maintenance are not caused or necessitated, directly or indirectly, by Tenant's acts or omissions. Landlord will perform any required snow removal within 20 feet of the building. Tenant will be responsible for clearing of snow and ice from the building to the area cleared by Landlord. Tenant will have no right to an abatement of Rent or any claim against Landlord for any inconvenience or disturbance resulting from Landlord's repair and/or maintenance activities. Landlord may enter and inspect the Premises to

determine the necessity of any repairs and/or maintenance and/or to otherwise determine the condition of the Premises and/or Building. Except in the case of an emergency, Landlord will endeavor to provide Tenant no less than twenty-four (24) hours' prior written notice before entering the Premises. Whether or not such inspection is made, Landlord's obligation to perform any maintenance and/or repairs will not mature until a reasonable time (i.e., no less than twenty (20) days) after Landlord has received written notice from Tenant of the required maintenance and/or repairs.

4.2 **Tenant Maintenance and Repairs.** Tenant will maintain, at Tenant's cost and expense, the Premises in good condition, repair, working order, and appearance, and will preserve the Premises, normal wear and tear excepted, and will not commit or permit waste. Without otherwise limiting the generality of the immediately preceding sentence, Tenant will perform, at Tenant's cost and expense, the following maintenance and repairs: (a) any sweeping, mopping, trash collection and removal, and washing required to keep the Premises clean and orderly; (b) any repairs or maintenance necessitated by the negligence of Tenant and/or Tenant's Agents, including repairs and maintenance that would otherwise be Landlord's responsibility under Section 4.1; (c) any repairs, maintenance, and/or improvements required under Tenant's obligation to comply with the Laws; and/or (d) all maintenance and repairs which Landlord is not expressly required to perform under this Lease. If Tenant fails or refuses to complete or perform any repairs and/or maintenance that is required under this Section 4.2, Landlord may make the repair or perform the maintenance and charge the actual costs of repair or maintenance to Tenant. Tenant will reimburse such expenditures on demand, together with interest at the rate of twelve percent (12%) per annum from the date of expenditure until paid in full.

4.3 **Alterations.** Tenant will make no interior and/or exterior additions, improvements, modifications, and/or alterations in or to the Premises of any kind or nature whatsoever, including, without limitation, the installation of any improvements, fixtures, devices, telecommunications wiring, cables, and/or conduit (individually and collectively, "Alteration(s)"), without obtaining Landlord's prior written consent. Any Alterations approved by Landlord will be made in a good and workmanlike manner, in compliance with applicable Laws, at Tenant's cost and expense, and consistent with the general appearance, quality, and décor of the Building. Alterations performed in or to the Premises by either Landlord or Tenant will be the property of Landlord; provided, however, Landlord may require, in Landlord's discretion, that Tenant remove any Alterations, at Tenant's cost and expense, and the Premises restored to its original condition as of the Effective Date upon the earlier termination or expiration of this Lease.

4.4 **Signage; Encumbrances.** Tenant will not be permitted to erect or maintain any signage on or about the Premises without Landlord's prior written consent. Any signage authorized by Landlord will be erected and maintained at Tenant's cost and expense. Signage installed by Tenant will be removed by Tenant, at Tenant's cost and expense, upon the expiration or earlier termination of this Lease and the sign location restored to its former state unless Landlord elects to retain all or any portion of the signage. Tenant will pay as and when due all claims for work done on and for services rendered or material furnished to the Premises and will keep the Building free from all liens and encumbrances. If Tenant fails to pay any such claims or to discharge any lien, Landlord may do so and collect the costs as Rent. Any amount so added will bear interest at the rate of twelve percent (12%) per annum from the date expended by Landlord and will be payable on demand. Landlord's payment of Tenant's claims or discharge of any Tenant lien will not constitute a waiver of any other right or remedy which Landlord may have on account of Tenant's default. If a lien is filed as a result of nonpayment, Tenant will, within ten (10) days after knowledge of the filing, secure the discharge of the lien or deposit with Landlord cash or sufficient corporate surety bond or other surety satisfactory to Landlord in an amount sufficient to discharge the lien plus any costs, attorney fees, and other charges that could accrue as a result of a foreclosure or sale under the lien. Tenant will indemnify, defend, and hold Landlord harmless for, from, and against any claim, loss, and/or liability arising out of Tenant's failure to comply with this Section 4.4.

5. ASSIGNMENT; INSURANCE; INDEMNIFICATION

5.1 **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.

5.2 **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. Tenant will maintain, at Tenant's cost and expense, a policy of fire, extended coverage, vandalism, and malicious mischief insurance insuring the personal property, furniture, furnishings, and fixtures belonging to Tenant located in or on the Premises, including, without limitation, the Aircraft. Landlord will not be responsible for any loss or damage to Tenant's personal property, whether or not insured.

5.3 **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.

5.4 **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.

5.5 **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.

5.6 **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.

5.7 **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.

6. **TERMINATION; DEFAULT; REMEDIES**

6.1 **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.

6.2 **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.

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

6.3.1 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.

6.3.2 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.

6.3.3 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.

6.4 **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.

6.5 **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.

7. SURRENDER; HOLDOVER

7.1 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.

7.2 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.

7.3 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.

8. MISCELLANEOUS

8.1 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.

8.2 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:
Dave Heintz
4697 SW Quarry Lane
Culver OR 97734

8.3 Entry for Inspection; Late Fees; Interest. Landlord may enter the Premises for the purpose of investigating compliance with the terms of this Lease, general safety inspections, and/or for any other reasonable purposes (as determined by Landlord), including, without limitation, to show the Premises to a prospective tenant. Except in the case of an emergency, Landlord will endeavor to provide Tenant not less than twenty-four (24) hours' prior written notice before entering the Premises. In addition, Landlord will have the right, at any time during the last six months of the term of this Lease, to place and maintain upon the Premises notices for leasing the Premises. 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.

8.4 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.

8.5 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).

8.6 **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.

8.7 **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

By: Mike Lepin, Mayor

TENANT:

David Heintz
Print: **David Heintz**

05/29/2024

Exhibit A
2260 NW Berg Dr, Hangar #9, Madras OR 97741



CITY OF MADRAS
Request for Council Action

Meeting Date: June 11, 2024

To: Mayor and City Council Members

From: Jeff Hurd, Public Works Director

Through: Will Ibershof, City Administrator

Subject: **Refueler Lease Agreement**
5000 Gallon Jet A Refueler Lease with World Fuel

TYPE OF ACTION REQUESTED:

Approve

MOTION(S) FOR CONSIDERATION:

Council approves the Refueler Lease Agreement between the City of Madras and World Fuel to lease a 5,000 gallon Jet A refueler for the Madras Municipal Airport in the amount of \$1,250 per month

OVERVIEW:

The attached refueler lease agreement leases a 2011 5,000 gallon Jet A refueler to the City of Madras at a cost of \$1,250 per month over a 5-year period from July 1, 2025, until June 30, 2029. A total cost of \$75,000.

Staff publicly advertised aviation fuel supply and received 3 bids:

- World Fuel
- AvFuel
- City Services Valcon

Staff convened a 3-person panel per the RFP to independently score each proposer and World Fuel was the selected supplier. World Fuel received the highest score and therefore the best choice for the City to provide aviation fuel supply.

STAFF ANALYSIS:

The primary basis for choosing World Fuel over the other two proposals was World Fuel is the current fuel provider for the City, World Fuel is giving the City the Isuzu AvGas refueler, is able to provide the City with a 5,000 gallon refueler, and is able to provide the technological point of sale services the City is looking for. For all those reasons, the staff recommends continuing utilizing World Fuel as their source of aviation fuel.

At the June 25 meeting, the staff will be presenting a five-year contract for aviation fuel but do not have it ready yet for this meeting. However, in order to be up and fully functional by July 1, 2025, the refueler needs to be delivered by June 15, hence the reason for presenting the refueler agreement prior to the fuel agreement. For reference, the draft fuel agreement is attached for review but does not have comments from World Fuel. We are looking forward to having World Fuels comments by the week of June 10th.

FISCAL INFORMATION:

Cost of Refueler

- \$1,250 per month
- \$15,000 per year.
- Budgeted in Materials and Services for FY 24-25.

SUPPORTING DOCUMENTATION:

- Refueler Lease Agreement
- Fuel RFP
- World Fuel Proposal
- AvFuel Proposal
- City Service Valcon Proposal
- Scoring Matrix
- Draft Fuel Agreement

STRATEGIC GOAL:

REFUELER LEASE AGREEMENT

This Refueler Lease Agreement (this “Lease Agreement”) outlines the terms and conditions under which **Ascent Aviation Group, Inc.**, both for itself and its Affiliates (collectively “Lessor”) agrees to lease a refueler (hereinafter the “Refueler”) to **City of Madras** (“Lessee”). The terms and conditions shall continue until modified as provided herein by either of the parties hereto.

Lessor: **Ascent Aviation Group, Inc.**
One Mill Street
Parish, NY 13131
800-272-3681

Lessee: **City of Madras**
2028 NW Berg Drive
Madras Municipal Airport
Madras, OR 97741

Refueler: See Attached Exhibit “A”.

1. **Term** – This Lease Agreement and all obligations herein shall begin on **July 1, 2024** and shall continue for a period of at least **(5) five** years or until terminated as provided for herein. After this the initial lease term has expired, this Lease Agreement will renew automatically on a month-to-month basis until terminated by either party giving ninety (90) days advance, written notice to the other.
2. **Payments** – Lessee shall pay Lessor the total sum of, **see Attached Exhibit “A”**, US Dollars per month plus any applicable taxes for the lease of said Refueler. This sum is payable and due on the first of each month, and any such payment not received by the 10th of each month shall be subject to additional late charges.
3. **Delivery and Return of Refueler** – Lessor will arrange to have the Refueler(s) delivered to Lessee. At the termination of this Lease Agreement, Lessee shall be responsible for return costs of said Refueler(s), not to exceed \$3500.00 for each, in the same good order and condition in which it was received by Lessee, reasonable wear and tear accepted. **Lessee is responsible for all costs associated with the application and removal of any customer and/or site-specific decals and imaging.** Upon non-compliance of said Lease by Lessee, Lessor shall have the right to take possession of said Refueler at any time.

Pre-surrender Inspection – At least 30 days prior to surrender of the Refueler, but in no event earlier than 60 days prior to such surrender, an in-depth physical inspection will be conducted by an appropriate service representative on behalf of, and selected by **Lessor, and paid for by Lessor.** Any part, component, or function found not to be within the manufacturer’s tolerances and operational specifications will be replaced or brought within those tolerances and specifications to the satisfaction of Lessor, at the sole cost and expense of Lessee. The cost of physical damage, both internal and external, will be the responsibility of the Lessee, and there shall be no broken glass. Pumping system will be fully operational with no missing or damaged parts. Tires shall be of matched generic type and tread design and have a minimum of 10/32^{nds} remaining tread. Batteries shall be fully operational, hold a **charge, and perform with the manufacturer’s standards, with no dead cells or cracked cases.** Brake drums shall not be cracked, and have an average of 50% remaining wear, and brake linings shall have no less than 50% remaining lining. Paint and/or body damage must not exceed \$500.00 per unit including but not limited to, body, fenders, bumpers, grill, fuel tanks, rust damage etc. Interior must be in good condition. Dash panels and interior trim pieces must not be missing and be free of any holes, cracks, or breaks. No rips, tears or burn holes in the seats will be accepted. All gauges and knobs must be in working condition and not missing. Interior damage must not exceed \$150.00. There shall be no fluid leaks on the engine, engine components and drivetrain. Leaks are defined as A) normal build up, B) wet accumulation, C) drips. A is acceptable, where B & C are not acceptable and must be repaired/replaced prior to turning back in. Engines must be free of all engine warning and error lights and active codes. All trucks 2008 and newer must have an operational diesel particulate filter capable of regeneration. All emissions components and systems, including but not limited to DPF, EGR, EGR cooler, SCR and DEF systems must be operational and pass industry test and inspection.

Product hoses shall be less than 5 years old, and free from abrasions, cuts, soft spots, carcass separation, worn covers, blisters, exposed reinforcement, cracks, twists, and sharp bends that give the appearance of pending failure. Product hose life will be based on available hose life left in hose and costs prorated, with 10-year new hoses being 100%, 5 years remaining 50% etc. Hose certificates must be available.

4. **Condition of Refueler** – It is understood and agreed that the Refueler provided hereunder will be well-maintained and operable when delivered; but Lessor makes no warranties, express or implied, concerning same. Without making itself a party to any warranties, and without becoming liable thereon, Lessor agrees to make available for the benefit of Lessee any warranties, which Lessor has or may obtain from manufacturers, dealers or sellers of said Refueler. **Lessee or Lessee’s agent will inspect the Refueler at the point of delivery, prior to accepting it, and represents that it is qualified to do so.** A Bill of Lading, signed by Lessee or **Lessee’s agent, shall be proof that Lessee has inspected and accepted the Refueler in satisfactory condition.**

5. **Maintenance of Refueler** -- Lessee is responsible for all maintenance except that Lessor shall provide major repairs and/or replacements, as set forth in Exhibit "B" attached hereto and made a part hereof, for the vehicle drive train (engine, transmission, differential) and product delivery system (pumps, power take-off) which, in Lessor's sole but reasonable judgment, are not necessitated by Lessee's neglect, abuse, accident or failure to perform maintenance as provided in this Lease Agreement for a period of six (6) months from original delivery date. Lessee shall provide, at Lessor's request, documentation that all Preventive Maintenance and Inspections, as required by the manufacturer of the Refueler and this Lease Agreement, have been completed as set forth in Exhibit "D".

All other repairs and replacements of the Refueler which the Lessor deems necessary or desirable shall be made by and at the expense of the Lessee. Approved changes in maintenance responsibilities will require this Lease Agreement to be modified accordingly by written amendments executed by Lessor and Lessee. If Lessee fails to perform any maintenance or repair for which Lessee is obligated hereunder within ten (10) days after notification and request by the Lessor, the Lessor may (without prejudice to its other rights on account of such breach of this Lease Agreement) perform such maintenance or repair and shall be reimbursed by Lessee on demand for all reasonable, necessary, and documented costs incurred by the Lessor relating to the necessary maintenance or repair.

6. **Refueler Inspections-** Lessee agrees to perform all State, Federal, Provincial and Commercial inspections as required by specific location.
7. **Operation of Refueler** – Refueler shall be used only for dispensing fuel purchased from Lessor unless otherwise agreed to in writing. Lessee shall exercise direct control over all persons who operate the Refueler and shall insure that such persons operate the Refueler safely and in accordance with all laws, ordinances, rules and regulations, which apply to the use of refueler on airports. Lessee agrees to use the Refueler only for the purpose for which it is intended. The Refueler may not be driven on public streets and highways nor used by a third party without the express written consent of Lessor.
8. **Fuel Requirements:** For any vehicle that requires ULSD (Ultra Low Sulfur Diesel) containing 15 ppm sulfur or less. Failure to use ULSD in the equipment may cause damage to the engine and other components, including the Diesel Particulate Filter (DPF). Lessee will be responsible for any and all costs to repair damage to World Fuel Services' equipment caused by failure to use ULSD including, but not limited to, transportation, lost rental and repairs. Repairs will be made by a service provider chosen by Lessor.
9. **Inspection of Refueler** – Upon forty-eight (48) hours' notice, Lessee shall afford Lessor and/or its designated representatives access to the premises where the Refueler is located for the purpose of inspecting the Refueler and all applicable maintenance or other records relating thereto at any reasonable time during normal business hours and at Lessor's sole cost and expense; provided, however, if Lessee defaults as to its obligation hereunder, no prior notice or other limitation shall apply to Lessor's inspection rights and any such inspection shall be at Lessee's expense. Lessee shall, whenever reasonably requested by Lessor, advise Lessor of the exact location of any and all items of the Refueler.
10. **Indemnification** – To the fullest extent permitted by applicable law, Lessee shall indemnify, defend and hold harmless Lessor and agents, employees, and successors of any of them or any other entity as required by this Lease Agreement from and against claims, suits, penalties, damages, losses, response costs, administrative order, notice letter, or enforcement action and expenses, including but not limited to attorney's fees, arising out of or resulting from performance of this Lease Agreement provided that such claim, damage, loss or expense is attributable to bodily injury, sickness, disease or death, or to injury to or destruction of the tangible property including clean up or remediation costs due to threat of release, discharge, escape of hazardous substance or waste, including aviation gasoline, jet fuel, pre-blended jet fuel, motor gasoline, diesel fuel and biodiesel fuel but only to the extent caused by the negligent acts or omissions of Lessee or anyone directly or indirectly employed by them or anyone for whose acts they may be liable. Such obligation shall not be construed to negate, abridge, or reduce other rights or obligations of indemnity which would otherwise exist as to a party or person.

Lessee shall pay or reimburse Lessor, and indemnify, defend and hold Lessor harmless from, on an after-tax basis, all taxes, assessments, fees and other governmental charges paid or required to be paid by Lessor or Lessee in any way arising out of or related to the Refueler or any Lease Agreement before or during the term or after the term in the event Lessee defaults, including but not limited to, foreign, US, state, county and municipal fees, taxes and assessments, and property, value-added, sales, use, gross receipts, excise, stamp and documentary taxes, and all related penalties, fines, additions to tax and interest charges ("Impositions"), excluding only taxes based on or measured by Lessor's net income unless such taxes are in lieu of any Imposition Lessee would otherwise be required to pay hereunder. Lessee shall timely pay any Imposition for which Lessee is primarily responsible under law and any other Imposition not payable or not paid by Lessor, but Lessee shall have no obligation to pay any Imposition being contested in good faith and by appropriate legal proceedings, the nonpayment of which does not, in the opinion of Lessor, result in a material risk of adverse effect on the title, property, use, disposition or other rights of Lessor with respect to the Refueler. Upon Lessor's request, Lessee shall furnish proof of its payment of any Imposition.

11. **Insurance** - At all times during this agreement, Lessee at its own expense shall maintain the following insurance coverage prior to delivery:
- a) Aviation General Liability insurance with limits not less than \$1,000,000 each occurrence and \$2,000,000 annual aggregate as respects Products and Completed Operations Liability. Lessor and its affiliates, subsidiaries, and the directors, officers, agents and employees shall be named as additional insured.
 - b) **Workers Compensation with statutory limits required by all applicable state and Federal Worker's compensation laws.**
 - c) Pollution liability insurance with limits at least \$1,000,000 that includes coverage for bodily injury, property and cleanup costs.
 - d) Physical damage coverage covering the value of any leased equipment. Lessor shall be named as Loss Payee as its interests appear.
 - i. It is agreed that the coverage maintained by Lessee is primary and must not require nor contemplate contribution by any insurance maintained by the Lessor.
 - ii. **All Lessee's insurance policies shall provide to Lessor least 30 days advance notice of cancellation of any of Lessee's policies.**
 - iii. **All Lessee's insurance shall be underwritten by insurers with an AM Best rating of A- or better.**
 - e) A Certificate of Insurance as proof of the aforementioned insurance policies shall be provided prior to delivery:

Ascent Aviation Group
Attn: Equipment Group
Email: equipmentgroup@wfscorp.com
1 Mill Street
Parish, NY 13131

12. **Title to Refueler** – Title to the Refueler remains with Lessor and or third party throughout the term of this Lease Agreement. Lessee shall not encumber the Refueler in any way. Lessee does not have any ownership interest in the Refueler and may not assign the Refueler or this Lease Agreement to anyone without the express written consent of Lessor, which shall not be unreasonably withheld or delayed. During the term of this Lease Agreement, Lessor shall have the option of substituting the Refueler identified above with the Refueler of substantially similar specifications. Substituted Refueler shall be subject to this Lease Agreement. Substitutions will not cause increases in the amount of the payments due under this Lease Agreement.
13. **Default** – If Lessee defaults in any of its obligations of this Lease Agreement, Lessor shall give notice to Lessee concerning the nature of the default. If such default is not corrected within ten (10) days of such notice (other than a payment default for which no cure period is applicable), Lessor shall have the right to terminate this Lease Agreement. Should this Lease Agreement be terminated for this or for any other reason whatsoever, Lessor shall have the right to take immediate possession of the Refueler without demand or legal process and free of all rights of Lessee. Lessee specifically waives any right of action it might otherwise have arising out of such entry and repossession, whereupon all rights of Lessee in the Refueler or its contents shall terminate immediately. In the event of any action, legal or equitable, by either party to enforce this Lease Agreement or any of its provisions, the prevailing party shall be allowed a reasonable attorney's fee to be set by the court and taxed as costs in the action.
14. **Acceleration** - Lessor reserves the right, in addition to all other rights and remedies available to it under the law, in equity or otherwise, to accelerate and demand payment of all amounts due, if Lessee fails to make any payment or otherwise comply with the terms as herein provided, if Lessee is in breach of any other agreement with Lessor, or if Lessor, in its sole discretion, at any time deems itself insecure with regard to the creditworthiness or financial condition of Lessee.
15. **Notices** – All notices required to be given, shall be in writing and posted or hand delivered to the addresses shown above.
16. **Governing Law; Venue; Waiver of Jury Trial.** This Lease Agreement, including all exhibits attached hereto, is governed by, and construed in accordance with, the laws of the State of New York, without regard to the conflict of law's provisions. Each party irrevocably and unconditionally agrees that it will not commence any action, litigation, or proceeding of any kind whatsoever against the other party arising from or relating to this Lease Agreement in any forum other than, **at Lessor's option**, either 1) the courts sitting in Oswego County, New York, or 2) the courts sitting in the county (or its equivalent) where the Refueler are physically located. EACH PARTY IRREVOCABLY AND UNCONDITIONALLY WAIVES, TO THE FULLEST EXTENT PERMITTED BY APPLICABLE LAW, ANY RIGHT IT MAY HAVE TO A TRIAL BY JURY IN ANY LEGAL ACTION, PROCEEDING, CAUSE OF ACTION, OR COUNTERCLAIM ARISING OUT OF OR RELATING TO THIS LEASE AGREEMENT, INCLUDING ALL EXHIBITS ATTACHED HERETO, OR THE TRANSACTIONS CONTEMPLATED HEREBY.

17. **Assignment and Waiver-** Lessee shall not assign this Lease Agreement without the written consent of Lessor. The Refueler may be owned by a third party and leased by Lessor, and this Lease Agreement may be subordinate to such Lease. In the event that such third party becomes entitled to possession of the Refueler, Lessee agrees to abide by such Lease or enter into a new lease with such third party. As used herein, an "Affiliate" of Lessor is any corporation, partnership, joint venture or other entity in which World Fuel Services Corporation, a Florida corporation, owns, directly or indirectly, an equity interest of fifty percent (50%) or more. The waiver by either party of the breach of any provision hereof shall not constitute a waiver of any subsequent or continuing breach of such provision or provisions.

18. **Entire Agreement** – The terms and conditions of this Lease Agreement constitute the entire agreement among the parties with respect to the Refueler and supersede all previous negotiations, representations, or agreements between the parties, whether written or oral. If any part of this Lease Agreement is deemed to be unenforceable, the remainder of this Lease Agreement shall remain in full force and effect. Only a written instrument executed by Lessor and Lessee may amend this Lease Agreement.

19. **No Conflict** - Each of Customer and Seller represents and warrants to the other that neither the execution and delivery of this Agreement by it, nor the consummation of the transactions contemplated hereby, will: (a) violate or conflict with, or result in a breach of any provision of, or constitute a default under any existing agreement or other instrument or obligation to which it is a party; (b) violate any applicable law, regulation, ordinance, or rule with which it must comply; (c) violate any of its respective internal policies, procedures, or guidelines; or (d) require any action, or consent or approval of, or review by, any other party, except as shall have been duly obtained and effective as of the date of this Agreement.

In Witness Whereof, the parties have hereby agreed to all of the above terms and conditions as of the date last indicated below.

Lessor: **ASCENT AVIATION GROUP, INC.**

Lessee: **CITY OF MADRAS**

By: _____

By: _____

Christine S. Coombs
Sr. Director of Finance, Business Aviation

Printed Name and Title

Date: _____

Date: _____

**EXHIBIT "A" ATTACHED TO
REFUELER LEASE AGREEMENT**

Lessor: **Ascent Aviation Group, Inc.**
One Mill Street
Parish, NY 13131
800-272-3681

Lessee: **City of Madras**
2028 NW Berg Drive
Madras Municipal Airport
Madras, OR 97741

REFUELER DESCRIPTIONS:

Asset # 55249
2011 International 5000 Gallon Jet Refueler
VIN: 1HTWCAAR8BJ269786
Physical Damage Value: \$174,862.00
Lease Rate: \$1,250.00/month.
Term: July 1, 2024 – June 30, 2029

Note: Lessee Insurance Responsibilities begin from date of delivery to Madras Municipal Airport (S33)

Example of Data Transfer Costs:

TCS Hub Site Software License Fee: \$4500.00
TCS Hub Monthly Fee for Data Transfer: \$300/month per location
Cell Modem Service: \$35.00/month per truck

In Witness Whereof, the parties have hereby agreed to all of the above terms and conditions stated in **Exhibit "A"**, as of the date last indicated below.

Lessor: **ASCENT AVIATION GROUP, INC.**

Lessee: **CITY OF MADRAS**

By: _____

By: _____

Christine S. Coombs
Sr. Director of Finance, Business Aviation

Printed Name and Title

Date: _____

Date: _____

**EXHIBIT "B" ATTACHED TO
REFUELER LEASE AGREEMENT**

Repairs provided by the Lessor to said Refueler, as stated in Paragraph 5 of this Lease Agreement, are further defined as follows. If any repairs are caused by the Lessee failing to perform **maintenance required in Exhibit "D"**, Lessee shall be responsible for all such repairs.

1. ENGINE
 - (a) Block and internal components
 - (b) Cylinder heads, head gaskets and valves
 - (c) Blower or turbo charger assembly
 - (d) Timing chain and gear assembly, gasket, and seal
 - (e) Flywheel and ring gear
 - (f) Front and rear crankshaft seal
 - (g) Oil pump and shaft

2. TRANSMISSION
 - (a) Housing and internal components
 - (b) Torque converter
 - (c) Input and output shaft bearings and seals

3. DIFFERENTIAL
 - (a) Housing and internal components (ring gear and pinion assembly)
 - (b) Pinion bearing and seal

4. FRAME, AXLES, WHEELS, AND SUSPENSION
 - (a) Chassis frame rails and cross members
 - (b) Springs, load cushions and airbags
 - (c) Walking beams and torsion bars
 - (d) Wheel hubs
 - (e) Axles, king pins and spindles
 - (f) Steering box internal components including bearings and seals

5. BRAKE SYSTEM
 - (a) Air compressor internal components
 - (b) Master cylinder and vacuum booster

6. PRODUCT PUMP, PTO, AND TRANSFER CASE
 - (a) Housing and internal components
 - (b) Input and output shaft bearings and seals

EXHIBIT "D"
REFUELER LEASE AGREEMENT
PREVENTATIVE MAINTENANCE SCHEDULE



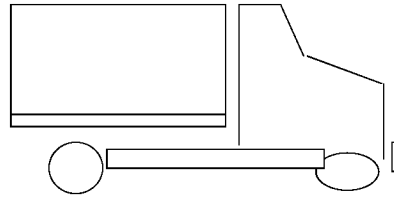
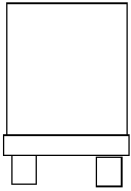
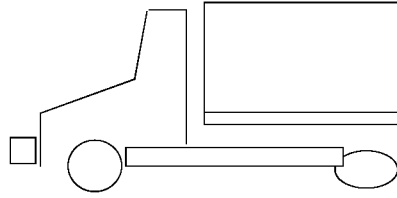
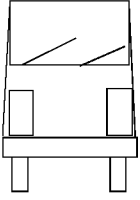
World Fuel Services PM Checklist

FBO		UNIT #	VIN#				
MILES		DATE	TECHNICIAN:				
HOURS		CUSTOMERS SIGNATURE					
UNDER THE HOOD		Description of Inspection		Repair	OK	Date, Condition or Replacement	Initials
1	AIR FILTER	Record Condition and Change Date - Should be changed at least annually or every 1000 hours					
2	ENGINE OIL	Record Condition and Change Date - Should be changed at least every 6 months or 500 hours					
3	ENGINE OIL SAMPLES	Annually, take an oil sample and send out for analysis					
4	OIL FILTER	Record Condition and Change Date - Should be changed at least every 6 months or 500 hours					
5	AUTOMATIC TRANSMISSION	Record Condition and level - check for burnt smell or discoloration. Fluid and filters should be changed annually with manufacturers recommended fluid					
6	FUEL LINE & FILTERS	Record Condition and Change Date - Filters should be changed at least annually					
7	ANTIFREEZE	Top off as needed, protection should be between -25 and -30					
8	COOLANT SYSTEM	Check for hose and radiator leaks - Confirm overfill bottle in good condition					
9	BELTS	Check for cracking or glazing, replace as necessary					
10	BATTERY TERMINALS & CABLES	Check for loose or corroded terminals, clean and repair as needed					
CAB		monthly		Repair	OK		
1	CLEANLINESS	Is the inside of the cab clean and free of clutter					
2	WINDSHIELD CAB GLASS	Do windows roll up and down, are there any cracks or chips in the windshield? What is the condition of the mirrors?					
3	WIPER BLADES, ARMS, & HOSES	Repair or replace as needed					
4	STARTING SYSTEM	Does the key turn freely, does the engine turn over slow					
5	ENGINE OPERATION	Start engine to build up air pressure, check all gauges					
5a	ENGINE OPERATION	Is there excessive rattling in the engine during operation, does it smoke excessively during start up?					
5b	ENGINE OPERATION	Check low air warning buzzer and light.					
6	ELECTRICAL CHARGING SYSTEM	Record voltage or does the gauge read +/- 12 volts					
7	LIGHTING SYSTEM	Do the dash and dome lights work?					
8	EXTERIOR LIGHTS	Do all of the exterior lights work properly?					
9	STEERING - Condition	Does the steering wheel have excessive play when turning?					
10	PARKING - BRAKE SYSTEM	Does the brake hold the truck when in gear?					
11	CLUTCH / TRANSMISSION	Check for excessive play in the linkage - should be greased at least once per year					
12	AIR COMPRESSOR	Does the compressor pump up the system in a timely manner?					

CHASSIS		Semi- Annual	Repair	OK	
1	TANK AND SILLS	Check the tightness of the tank to the chassis & condition of sill boards/monthly for 1st 6 months/then every 6 months			
2	TIRE & WHEELS	Check for loose or missing lugs & slippage on spoke style wheels/record tread depth.			
3	EXHAUST SYSTEM	Check for cracks or holes in pipe & muffler. Check condition of hangers			
4	SUSPENSION	Check over all condition looking for broken or cracked parts			
5	CHASSIS LUBE	Check zirks for evidence of grease, should be done at least every 6 months			
5a	KING PINS	Raise front axle to grease King Pins, turn wheels lock to lock to distribute lube.			
6	TRANSMISSION LUBE	Check and fill as necessary			
7	DIFFERENTIAL LUBE	Check and fill as necessary			
8	UNIVERSAL JOINTS	Check zirks for evidence of grease, should be done at least every 6 months. Does the PTO have safety wire?			
9	AIR RESERVOIR	Check drains and cables			
10	BRAKES - ADJUSTMENT	Drive truck in an open space away from obstructions. Adjust brakes only if you are certified to do so, if not call a contractor			
11	PARKING BRAKE	Check parking brake, check parking brake pop out valve to release at 35 lbs.			
PUMPING SYSTEM		Semi- Annual	Repair	OK	Date, Condition or Replacement
1	PUMP GEAR BOX LUBE	after first 100 hrs of ops then every 500 hrs or semi annual			
2	ELECTRICAL	Check all of the boots on the micro switches, look at LED's on proximity switches			
3	BRAKE INTERLOCK	Test all interlocks and brake over ride switch (Replace seal on over ride switch after checking)			
4	NOZZLES & SCREENS	Check screens for debris, proper gasket / o-ring , broken parts or leaks			
5	PRODUCT HOSE	Extend out completely checking all surfaces			
6	HOSE REEL	Check sprocket for broken teeth & alignment of chain. Remove zirks from swivels, replace with plug			
7	GROUND REEL	Extend out completely checking for cracks of rays, note over all condition and brand, perform continuity test and note results			
8	DISPENSING SYSTEM - LEAKS	General condition of plumbing including pipes and flanges			
9	WATER SUMP VALVES & DRAIN	Ensure they are operating and do not leak, check that Morrison valves closes			
10	AIR CONTROLS	With the engine off listen for escaping air from the system.			
11	METER - SEAL	Does the meter have the proper seal			
12	METER - TOTALIZER	Record totalizer reading			
13	METER	Record date of calibration			
14	PRODUCT FILTER SPECS	Model - Element - Gasket Numbers			
15	PRODUCT FILTER DATE OF CHANGE	If not replaced by you, what was the last date of change			
TANK		Semi- Annual	Repair	OK	Date, Condition or Replacement
1	MAN WAY GASKETS	Look for cracked or missing o-ring			
2	TANK INTERIOR - Condition	Check inside of tank looking for rust and debris. Clean as required.			
3	CATWALK DRAINS CLEAR	Check condition of drain tubes, should free of cracks and not discolored. Check for obstructions that may be blocking drain tubes			
MISCELLANEOUS		Monthly	Repair	OK	Date, Condition or Replacement
1	PRODUCT ID / DECALS	Check for missing decals inside cab & over all condition of exterior			
2	FIRE EXTINGUISHERS	Check for seal or missing pin, note date of inspection, must be B/C units			
3	AIR SYSTEM LEAKS	Inspect for leaks and note locations of leaks			
4	PRIST INJECTOR	Test for proper operation and verify injection rate			

Body/Chassis

NOTE ANY DAMAGE



NOTES



REQUEST FOR PROPOSALS

AVIATION FUEL SUPPLIER
MADRAS MUNICIPAL AIRPORT S33
MADRAS, OREGON

ISSUE DATE: March 27, 2024

PROPOSAL DEADLINE: 2:00 PM, Tuesday April 30, 2024

**CITY OF MADRAS
MADRAS MUNICIPAL AIRPORT
Request for Proposals
Aviation Fuel Supplier**

I. OBJECTIVE

The City of Madras, Oregon (“City”) owns and operates the Madras Municipal Airport (“S33” or the “Airport”), located in Madras, Oregon. The City invites proposals from qualified producers and suppliers of aviation fuels and lubricants (“Proposers”) to supply the Airport with aviation fuel and related goods and services as further described in this Request for Proposals (“RFP”). The City intends to enter into a multi-year agreement (“Fuel Supply Agreement”) with the successful proposer.

II. THE AIRPORT

S33 is an important regional general aviation Airport that serves Jefferson County, Oregon and surrounding communities. The Airport is home to New Moon Aviation, BC Air, Cat-Ag Aviation, Erickson Aero Air Tanker, and Tillamook Naval Air Museum. There are presently 76 aircraft permanently based at the Airport [fifty-seven (57) single-engine planes; ten (10) multi-engine planes; eight (8) jets; and one (1) helicopter]. The Airport has two runways, associated taxiways, runway safety areas and runway protection zones. Runway 16-34 is 5,091 feet long and 75 feet wide and runway 4-22 is 2,701 feet long and 50 feet wide.

The City intends to operate the Airport as a Proprietary Exclusive Fixed Base Operation (FBO) as defined by the FAA for fueling, hangaring, tie down, and parking.

The Airport has one (1) general aviation terminal/administrative building, used to provide terminal and flight line services to general aviation pilots, owners and passengers. It has one (1) separate corporate-style hangar buildings, two (2) WWII B-17 Bomber hangars, one (1) of which houses New Moon Aviation, the fixed wing firefighting hangar leased by Erickson Aero Tanker, Tillamook Naval Air Museum which is privately owned, and forty-eight (23) T-Hangars. The apron has twenty-four (24) tiedowns. There is a fuel tank farm with a capacity of 12,000 gallons of Jet A fuel; a Jet A refueler with a 2,150-gallon capacity; and a 12,000-gallon AvGas tank; a AvGas refueler with 1,500-gallon capacity. The tank farm includes a self-service M4000 QTPod card lock system, accessible to the public twenty-four (24) hours a day for Jet A and AvGas.

Table I provides historic fuel sales at the Airport.

III. FUEL SUPPLY AGREEMENT AND REFUELER LEASING/SERVICES

The City currently sells fuel under a 5-year contract with a fuel supplier that expires June 30, 2024. Through this RFP, City seeks to enter into a Fuel Supply Agreement with a supplier (“Fuel Supplier”) for a three-year initial term, with an option to renew the contract for up to two additional one-year terms at the City’s discretion.

Although City presently owns its refuelers, City may surplus or retire its refuelers. Accordingly, in addition to purchasing fuel and related goods, City is interested in opportunities to lease refuelers or otherwise receive refueler services from the successful Proposer.

IV. FUEL SPECIFICATIONS

The aviation fuel delivered pursuant to the Fuel Supply Agreement must meet or exceed the following minimum specifications:

- A. Jet Fuel: Jet A fuel shall conform to ASTM D-1655 specifications, latest revision. Jet fuel must be supplied without anti-icing additive.
- B. Aviation Gasoline (AVGAS): AVGAS fuel shall conform to ASTM D-910 specifications, latest revision, and shall be of the Aviation Gasoline type, AVGAS 100LL or future replacement.
- C. The selected Proposer will provide a certificate of analysis on all aviation fuel shipments and documentation to allow for traceability on all shipments back to the refinery.

V. PROPOSAL CONTENTS AND SUBMISSION REQUIREMENTS

Proposals in response to this RFP (“Proposals”) must be actually received by City no later than **2:00 PM, Tuesday April 30, 2024**. Late submissions will not be accepted and Proposers bear all risk of late or mis-delivery. Proposals must be hand delivered or mailed to:

**Jeff Hurd
Public Works Director
City of Madras
125 SW E Street
Madras, OR 97741**

Proposals sent by fax or email will not be accepted.

Each submitted Proposal must be in a sealed envelope, with the outside clearly labeled with the name of the Proposer and marked “PROPOSAL ENCLOSED: S33 FUEL SUPPLIER PROPOSAL.” The submitted Proposal must be no longer than 12 pages (8.5” x 11”), inclusive of the cover letter and mandatory form but exclusive of any sample contracts or leases, and include and/or address all of the following:

- A. A cover letter with basic information concerning the firm including, without limitation, the name of the firm, RFP contact person, email address, mailing address, telephone number, background of the firm, acknowledgement that Proposer has reviewed the RFP and all addenda (if any), and must be signed by the person authorized to bind the firm
- B. Description of products to be supplied, including available quantities and guarantees of quantity and quality.
- C. Quality control procedures,

- D. Delivery schedules based on normal (non-urgent) fuel order lead times.
- E. Emergency procedures, including back-up supplier if applicable.
- F. Ordering procedures, including order minimums, if any.
- G. Price information in substantially the form attached hereto as Exhibit A for *delivered* prices of both 100LL AvGas and Jet A, broken out separately and itemized to include freight, state and federal taxes and fees, and any other applicable costs and charges. Fuel pricing shall be based on the Portland Rack Price plus any differential (please specify). For illustrative/comparison purposes the price information must include certified fuel prices charged by the Proposer under the foregoing methodology for the week of April 15 to April 21, 2024 (averaged in the event of fluctuation during such week).
- H. Certification that payment terms will be net thirty (30) days.
- I. Methods of payments accepted, including fees or discounts for different forms of payment, if applicable.
- J. Description of point of sale credit card system and supplies. Must include a wireless, point-of-sale terminal for the refueler.
- K. Statement that the Proposer can provide a lease Jet A refueler with a minimum 5,000-gallon capacity and an AvGas refueler with a minimum 1,000-gallon capacity. Detail costs of maintenance programs required for the vehicle, both those provided by the Airport and those provided by the Proposer. Include specifications on truck make, model, year of manufacture, and photograph(s) of fueler expected to provide fuel to the City. Provide proposed lease terms and a sample lease.
- L. Describe promotional, advertising, uniform, and any/all co-op programs available that may benefit the City.
- M. Description of Line and Customer Service training programs, including training materials used, if any.
- N. Conversion/transition plan: provide a timetable for delivery of refuelers, signage, logos, uniform replacement, forms, software conversion, et cetera.
- O. Marketing support and incentive programs including available contract fuel program services and/or assistance. With each item identify any associated costs.
- P. At least three examples of fuel supply services similar to those sought by the City provided by the Proposer within the last five (5) years, including customer names and contact information. By supplying this information, the Proposer consents to have the City contact the named former customers to obtain reference information about the Proposer's performance.
- Q. Signed and completed copy of Oregon statutory certifications on the form attached hereto as Exhibit B.
- R. Acknowledgement of acceptance of terms in the sample contract attached as Exhibit C or list of requested changes. Proposers may respond this provision by including a redline of the sample contract without such pages applying to the page limit.

Costs for developing Proposals in response to this RFP are entirely the obligation of the Proposer and shall not be charged in any manner to the City. All Proposals and other information submitted pursuant to this RFP will become part of the public record and are subject to the public disclosure laws of State of Oregon. If the Proposer seeks to keep any part of its Proposal confidential, the Proposer shall clearly indicate in its Proposal the specific sections for which confidentiality is sought. The City will make reasonable efforts to maintain confidentiality as requested but

makes no guaranty that submitted information will not be disclosed if required by law or if doing so is in the best interests of the public or the City.

VI. EVALUATION OF PROPOSALS; FUEL SUPPLIER SELECTION CRITERIA

Proposals will be opened publicly immediately following the Proposal deadline. Proposals will be evaluated and scored based upon the information provided in the Proposal. The Fuel Supply Contract, if one is awarded, will be awarded to the Proposer that, in the City’s discretion, best meets the City’s needs considering the following criteria. Each criterion will be scored as follows:

<u>Criterion</u>	<u>Possible Points</u>
Qualifications	15 points
Experience	15 points
Reputation for reliable performance	10 points
Cost information	30 points
Available equipment and materials	20 points
Contract/lease terms	10 points
Interviews (if held)	25 points

City reserves the right to ask questions or request clarifying information on any submitted Proposals. City may use information gained for purposes of scoring and evaluation. City reserves the right to conduct interviews. If conducted, interviews will be evaluating using the same evaluation criteria applied to Proposals, but result in an aggregate interview score of 25 points.

Unless otherwise negotiated by the parties, the terms of the Proposal will be incorporated by reference into the Fuel Supply Agreement. If the City and the highest-ranked Proposer are unable to agree on contract terms, or if the selected Proposer fails to promptly execute the Fuel Supply Agreement, the City may upon written or electronic notice terminate discussions with the selected Proposer and begin negotiations with a lower-ranked Proposer.

The City shall not discriminate against any Proposer on the basis of race, color, national origin, ethnicity, age, disability, sex, pregnancy, religion, military or veteran status, sexual orientation, or gender identity or expression.

VII. PRE-PROPOSAL MEETING; QUESTIONS AND CLARIFICATION; ADDENDA

City will hold a non-mandatory pre-proposal meeting on April 12, 2024, at 2:00 PM at the Madras Municipal Airport 2028 NW Berg Drive, Madras, OR 97741. Proposers unable to attend in person may attend remotely by Microsoft Teams:

<https://www.microsoft.com/en-us/microsoft-teams/join-a-meeting?rtc=1>.

Meeting ID = 289 713 725 224

Passcode = jKRYNW

Or call in (audio only)

+1 971-203-2980,,632026204# United States, Portland

Phone Conference ID: 632 026 204#

The purpose of the pre-proposal meeting is to provide a forum for prospective Proposers to ask questions about this RFP.

Questions and requests for clarification about this RFP may otherwise be submitted by email to Jeff Hurd Public Works Director, at: jhurd@ci.madras.or.us, no later than 5 p.m. on Monday April 20, 2024. Emails should include the subject line, "Aviation Fuel Supplier RFP Question." The question must be specific and must cite the specific part of the RFP being inquired about.

Required responses will be in writing and made part of this RFP as an addendum. No information, instruction, or advice provided orally or informally by any City personnel, whether at a meeting or made in response to question or otherwise concerning this RFP, shall be considered authoritative or binding. Proposers shall rely only on written material contained in an Addendum to this RFP.

All materials concerning this RFP, including all addenda to this RFP, will be posted to City's website at <https://www.ci.madras.or.us/rfps>. City will not mail notice of the issuance of any addenda but will publish notice of any addenda issued on its website. It is the obligation of each Proposer to regularly review City's website for issuance of any addenda.

VIII. RFP PROPOSED TIMELINE

City reserves the right to make adjustments but proposes to process this RFP pursuant to the schedule set forth below. Any adjustments to firm dates will be made by written addenda.

<u>Event</u>	<u>Date</u>
RFP Issued	March 26, 2024
Pre-Proposal Meeting	April 12, 2024
Requests for Clarification/RFP Protest Deadline	April 20, 2024
Deadline for RFP Submission	April 29, 2024
Evaluation of Proposals (apprx.)	May 6, 2024
Proposer Interviews (if held)	May 15, 2024
Selection Notice (apprx.)	May 20, 2024
Selection Protest Deadline (apprx.)	May 27, 2024
Execution of Contract (apprx.) and Service Begins	July 1, 2024

IX. PROTEST PROCEDURES

Proposers may submit to the issuing officer a written protest of the RFP, contractual terms or specifications, or notice of intent to award. To be considered, a protest must (a) identify the Proposer's name and reference to this RFP, (b) contain evidence that supports the grounds on which the protest is based and specify the relief sought, including, without limitation, a statement of the proposed changes to the process or RFP provisions, requirements or terms, and/or conditions that the Proposers believes will remedy the conditions upon which the protest is based, (c) be signed by the Proposer's authorized representative, (d) be received by City on or before the applicable deadline, and (e) otherwise comply with OAR 137-047-0730 or OAR 137-047-0740 as applicable. A timely submitted protest will be resolved within a

reasonable time following City's receipt of the protest.

X. CITY'S RESERVATION OF RIGHTS

Notwithstanding anything contained in this RFP to the contrary, and in addition to any other rights reserved by City in this RFP, if in City's best interest, City reserves the right to (a) amend and/or revise this RFP in whole or in part, (b) cancel this RFP, (c) extend the submittal deadline for responses to this RFP, (d) waive minor informalities and errors in such Proposals, and/or (e) reject any or all Proposals for any reason and/or without indicating reasons for rejection. City reserves the right to hold the Proposals for sixty (60) days before rendering a decision. This RFP does not obligate City to award a contract and/or to procure the Services (or any portion thereof). City reserves the right to enter into one or more contracts concerning the Services.

XI. MISCELLANEOUS

The City reserves the right to make such investigations as it deems necessary or appropriate to determine the ability of a Proposer to furnish the required goods and services, and each Proposer will furnish all such information for this purpose as the City may reasonably request.

Any Proposal may be modified or withdrawn at any time prior to the proposal submittal deadline, provided that a written request is actually received by City prior to such deadline. The withdrawal of a proposal will not prejudice the right of a Proposer to submit a new proposal.

The Proposer awarded the contract will be required to obtain a City business license.

Information contained in this RFP (e.g. airport data, historic fuel sales, etc.) is provided as a courtesy and does not constitute a representation or warranty on behalf of City and does not excuse a Proposer from conducting its own due diligence.

- a) "The City promotes equal opportunity for all individuals without regard to age, color, disability, marital status, national origin, race, religion or creed, sex or gender, sexual orientation, or veteran status."
- b) Encouragement of minority and woman-owned businesses to apply just like I did for the advertisement notice.
- c) "If any Proposers requires special assistance or auxiliary aids during the proposal, evaluation or award process, please contact City at least two (2) business days prior to the required assistance."

TABLE I: Historic Fuel Sales

Total Gallons sold by Year		
FY	100 LL Gal.	Jet A Gal.
2018-2019	37,336.07	38,444.72
2019-2020	44,011.18	64,822.14
2020-2021	31,879.54	112,072.23
2021-2022	39,165.33	116,816.57
2022-2023	32,994.63	94,297.28

Jet A				
	Retail General Aviation	Private Contracts	Government Contracts	Flowage Only
FY				
2018-2019	26,438.92	11,930.80	75.00	166,573.10
2019-2020	23,007.23	41,716.91	98.00	50.00
2020-2021	64,073.80	35,504.00	12,497.43	29,899.83
2021-2022	43,593.89	71,423.23	1,799.45	124.00
2022-2023	21,394.97	68,382.31	4,520.00	201.70

AVGas				
	Retail General Aviation	Private Contracts	Government Contracts	Flowage only
FY			-	
2018-2019	23,853.81	13,482.26	-	N/A
2019-2020	30,247.60	13,763.58	-	N/A
2020-2021	26,120.31	5,759.23	-	N/A
2021-2022	30,122.62	9,042.71	-	N/A
2022-2023	21,532.76	11,461.87	-	N/A

**EXHIBIT A
Fuel Pricing Methodology**

Primary Terminal	Product	Price Basis
	Jet-A	Portland Rack Price
	Avgas 100LL	Portland Rack Price

The following shall be applied to the base price (Portland Rack Price) using the dates April 15 through April 21, 2024.

Avgas	
Weekly Market Rack Price for Portland, OR	
Mark Up (fixed) per Gallon (in cents)	
Oregon Load Fee	
Oregon Avgas Tax	
Federal Oil Spill Liability	
Federal Excise Tax	
Other Taxes or Fees	
Fixed Freight Cost per Gallon	
Total Cost Per Gallon	
Detention Fee (per hour)	\$

Jet-A	
Weekly Market Rack Price for Portland, OR	
Mark Up (fixed) per Gallon (in cents)	
Oregon Jet Tax	
Federal Oil Spill Liability	
Federal Excise Tax	
Federal LUST Tax	
Other Taxes or Fees	
Fixed Freight Cost per Gallon	
Total Cost Per Gallon	
Detention Fee (per hour)	

Percent Discount for early invoice payment: ____

Any Additional Costs (if applicable): _____

We hereby certify that the foregoing price information is true and accurate:

Proposer _____ Date _____

(Authorized Official)

EXHIBIT B

Oregon Statutory (ORS) Certifications

We Hereby Certify to comply with Title VI of the Civil Rights Act of 1964, with Section V of the Rehabilitation Act of 1973, and with all applicable requirements of federal and state civil rights and rehabilitation statues, rules and regulations. We Certify also that we shall comply with the Americans with Disabilities Act of 1990, as amended by the ADA Amendments Act (ADAAA) of 2008 and any subsequent amendments (42 U.S.C. § 12101, et seq.) (Pub L No. 101-336), ORS 659A, and all regulations and administrative rules established pursuant to those laws. We Certify, in the performance of any contract issued from any proposal related to these documents, we will in all respects adhere to City of Madras’ policy of non-discrimination.

We Certify that we have not and shall not discriminate against a subcontractor in awarding a subcontract because the subcontractor is a minority, women or emerging small business enterprise certified under ORS 200.055 or a business enterprise that is owned or controlled by or that employs a disabled veteran, as defined in ORS 408.225.

We Certify that we, and our subcontractors, if any, and all employers working under this agreement are subject employers under the Oregon Workers' Compensation Law, and shall comply with ORS 656.017, which requires them to provide Workers’ Compensation coverage for all of their subject workers, unless such employers are exempt under the law.

We Certify that we accept all the terms and conditions contained herein and in the event of a forthcoming contract containing these same terms and conditions we would agree without exception. Any exception to these terms and conditions will be made a minimum of five (5) working days before the proposal deadline.

We Certify that we _____ARE _____ARE NOT (mark one) a “Resident Bidder” as defined by ORS 279A.120. As defined in ORS 279A.120, “Resident Bidder” means a bidder that has paid unemployment taxes or income taxes in this state in the twelve calendar months immediately preceding submission of the bid, has a business address in this state, and has stated in the bid whether the bidder is a “Resident Bidder”.

If not a Resident Bidder as defined in ORS 279A.120, please indicate state of residence:

Proposer _____ Date _____
(Authorized Official)

Exceptions to the above Certifications. Proposer will cross out those items they cannot certify to and then list the reasons for the exception (use additional pages if necessary):

EXHIBIT C
Key Contract Term

- A. The Agreement is made under and shall be governed and construed in accordance with the laws of the State of Oregon. The place of the Agreement or purchase order, its situs and forum, shall be Madras, Oregon, where all matters, whether sounding in contract or in tort, relating to its validity, construction, interpretation, and enforcement shall be determined. Vendor agrees and submits, solely for matters relating to the Agreement, to the jurisdiction of the courts of the State of Oregon and stipulates that Jefferson County shall be the proper venue for all matters.

- B. Except to the extent the provisions of this Agreement are clearly inconsistent therewith, the applicable provisions of the Uniform Commercial Code as modified and adopted in Madras, Oregon shall govern the Agreement. To the extent the Agreement entails both the supply of "goods" and "Services," such shall be deemed "goods" within the meaning of the Uniform Commercial Code, except when deeming such Services as "goods" would result in a clearly unreasonable interpretation.

- C. Vendor shall comply with all applicable federal, state, and local laws and regulations, including but not limited to rules and regulations of the City of Madras, and the Oregon Public Contracting Code, ORS chapters 279A and 279B.

- D. Vendor is responsible for obtaining and maintaining all required licenses and permits necessary to perform work under this Agreement.

- E. Vendor releases and will defend, indemnify, and hold City and City's present and future elected officials, officers, employees, contractors (other than Vendor), tenants, members, volunteers, representatives, and agents (collectively, "City'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 the following: (a) Vendor's and/or Vendor's directors, officers, employees, agents, representatives, invitees, volunteers, and/or contractors (collectively, "Vendor's Agents") acts and/or omissions, including, without limitation, Vendor's and/or Vendor's Agents operations at the Property; (b) Vendor's use of the Property and/or Equipment; (c) Vendor's maintenance, repair, use, and/or operation of the Shelter Services Center and/or Program; (d) Vendor's and/or Vendor's Agents use, storage, treatment, transportation, presence, release, and/or disposal of Hazardous Substances in, on, under, and/or about the Property; and/or (e) Vendor's breach and/or failure to perform any Vendor representation, warranty, covenant, and/or obligation under this Lease. Vendor's indemnification obligations under this Section _____ will survive the expiration or earlier termination of this Lease. Any indemnification obligation on the part of the City to Vendor and to third parties shall be subject to the protections and limitations of the Oregon Tort Claims Act, ORS 30.260 to 30.300.

- F. During the term of this Agreement, Vendor (and Vendor's carrier(s)) will obtain and

maintain, in addition to any other insurance required under this Agreement, the following minimum levels of insurance: (a) general liability insurance for all losses or claims arising out of or related to Vendor's performance of its obligations under this Agreement (including, without limitation, damages as a result of death or injury to any person or destruction or damage to any property) with limits of not less than \$2,000,000 per occurrence, \$3,000,000 in the aggregate; (b) pollution liability insurance with limits of not less than \$2,000,000 per occurrence, \$3,000,000 in the aggregate; (c) comprehensive automobile liability insurance for all owned, non-owned, and hired vehicles that are or may be used by Vendor in connection with Vendor's performance of its obligations under this Agreement with limits of not less than \$1,000,000 per occurrence, \$2,000,000 in the aggregate; and (d) Workers' Compensation and Employment Liability Insurance as prescribed by applicable law. Each liability insurance policy required under this Agreement will be in form and content satisfactory to City, will contain a severability of interest clause, and will contain a provision that the insurance policy may not be cancelled without thirty (30) days' prior written notice to City. Vendor's insurance will be primary and any insurance carried by City will be excess and noncontributing. Vendor will furnish City with appropriate documentation evidencing the insurance coverage (and provisions) Vendor is required to obtain under this Agreement upon Vendor's execution of this Agreement and at any other time requested by City. If Vendor fails to maintain insurance as required under this Agreement, City will have the option, but not the obligation, to obtain such coverage with costs to be reimbursed by Vendor upon City's demand or, at City's election, deducted from amounts owed to Vendor. During the term of this Agreement, Vendor will require each carrier utilized by Vendor to deliver the fuel to City to obtain and maintain such levels of insurance as required under this Section _____, and such insurance will insure against all claims arising out of any environmental contamination caused by Vendor and/or such carrier at City's place of business caused by spills that occur during the delivery of fuel.

G. City does not discriminate in the administration of any of its programs or activities. Vendor will be required to ensure that no person shall be denied employment or fair treatment, or in any way discriminated against, on the grounds of or because of the basis of race, sex, religion, age, national origin, or disability. Vendor, for itself, its personal representatives, successors in interest, and assigns as part of the consideration hereof, does hereby covenant and agree:

- that no person on the grounds of race, color, creed, sex, age or national origin or handicap shall be excluded from participation, denied the benefits of or be otherwise subjected to discrimination in the use of its facilities.
- that, in the construction of any improvements on behalf of Fuel Supplier and the furnishing of services, no person shall be excluded from participation in, denied the benefits of or otherwise be subjected to discrimination on the grounds of race, creed, color, sex, age, national origin or handicap; and
- that Vendor shall use the Airport facilities in compliance with all other

requirements imposed by or pursuant to Title 49, Code of Federal Regulations, Department of Transportation, Subtitle A, Office of the Secretary, Part 21, Nondiscrimination- Effectuation of Title VI of the Civil Rights Act of 1964, as amended; and that in the event of breach of any of these on discrimination covenants, the Municipality shall have the right to terminate this Agreement.



April 24, 2024

Mr. Jeff Hurd
Public Works Director
City of Madras
125 SW E Street
Madras, OR 97741

RE: RFP for S33 Aviation Fuel Supplier
Opening Date and Time: April 30, 2024 –2:00 PM PST

Dear Mr. Hurd:

World Fuel Services, Inc. is pleased to submit a sealed competitive proposal to become the aviation fuel supplier for Madras Municipal Airport. Review of the contract terms included with this proposal

Ascent Aviation Group, Inc., the legal entity submitting this bid, is located at One Mill Street, Parish, NY and was incorporated in the state of New York in 1989 and became part of World Fuel in 2011 as the premier bulk distributor of branded and unbranded aviation fuel for US domestic FBO operations. We support quality aviation service operations and focus on business growth for the FBOs in our network.

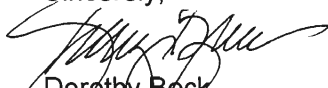
Over the past thirteen years, World Fuel has grown into the largest single network of FBOs in the United States and around the globe. World Fuel currently supplies nearly 2,000 FBO locations with 587 locations branded with the World Fuel Services network which encompasses our World Fuel Services and Phillips 66 branded FBOs.

Our unique strengths give you **the competitive edge to drive your business**. You can harness our aviation expertise and reliable fuel supply to enhance your core operations. Our ongoing investments in technology, payment processing solutions, and loyalty programs not only provide operational efficiency, but when combined with World Fuel's network strength, you become pilot preferred.

Headquartered in Miami, Florida, World Kinect Corporation is a publicly traded corporation (NYSE: WKC) and a global leader in fuel logistics, specializing in the marketing, sale, and distribution of aviation, marine, and land fuel products and related services. Our aviation division offers airports, fixed base operators ("FBOs"), commercial airlines, flight departments, and aircraft operators a single-supplier convenience: competitive pricing, trade credit availability, state-of-the-art equipment, logistical support, fuel quality control, fuel procurement outsourcing, and business development opportunities.

Mark Myers will be the account representative dedicated to your account and can be reached at (614) 205-6590 or by email at mmyers@wfscorp.com. Mark is conveniently located in Bellingham, WA. On behalf of World Fuel and the entire business aviation team, I would like to thank you for the opportunity to submit this proposal to become the fuel supplier for Madras Municipal Airport.

Sincerely,



Dorothy Beck
Vice President, Customer Experience

**EXHIBIT A
Fuel Pricing Methodology**

Primary Terminal	Product	Price Basis
Portland, OR	Jet-A	Portland Rack Price
Portland, OR	Avgas 100LL	Portland Rack Price

The following shall be applied to the base price (Portland Rack Price) using the dates April 15 through April 21, 2024.

Avgas	
Weekly Market Rack Price for Portland, OR	4.61060
Mark Up (fixed) per Gallon (in cents)	0.15000
Oregon Load Fee	0.00111 (\$10.00 per load)
Oregon Avgas Tax	0.11000
Federal Oil Spill Liability	0.00214
Federal Excise Tax	0.19400
Other Taxes or Fees	0.00405 Superfund
Fixed Freight Cost per Gallon	0.190113
Total Cost Per Gallon	
Detention Fee (per hour)	\$5.262014

Jet-A	
Weekly Market Rack Price for Portland, OR	2.75514
Mark Up (fixed) per Gallon (in cents)	0.02000
Oregon Jet Tax	0.03000
Federal Oil Spill Liability	0.00214
Federal Excise Tax	0.24300
Federal LUST Tax	0.00100
Other Taxes or Fees	0.00405 Superfund
Fixed Freight Cost per Gallon	0.146258
Total Cost Per Gallon	\$3.201588
Detention Fee (per hour)	

*Prices are based on full 9000 gallon loads

Percent Discount for early invoice payment: 0%

Any Additional Costs (if applicable): N/A

We hereby certify that the foregoing price information is true and accurate:


Proposer  Date 4.24.2024
(Authorized Official)

EXHIBIT B
Oregon Statutory (ORS) Certifications

We Hereby Certify to comply with Title VI of the Civil Rights Act of 1964, with Section V of the Rehabilitation Act of 1973, and with all applicable requirements of federal and state civil rights and rehabilitation statutes, rules and regulations. We Certify also that we shall comply with the Americans with Disabilities Act of 1990, as amended by the ADA Amendments Act (ADAAA) of 2008 and any subsequent amendments (42 U.S.C. § 12101, et seq.) (Pub L No. 101-336), ORS 659A, and all regulations and administrative rules established pursuant to those laws. We Certify, in the performance of any contract issued from any proposal related to these documents, we will in all respects adhere to City of Madras' policy of non-discrimination.


We Certify that we have not and shall not discriminate against a subcontractor in awarding a subcontract because the subcontractor is a minority, women or emerging small business enterprise certified under ORS 200.055 or a business enterprise that is owned or controlled by or that employs a disabled veteran, as defined in ORS 408.225.

We Certify that we, and our subcontractors, if any, and all employers working under this agreement are subject employers under the Oregon Workers' Compensation Law, and shall comply with ORS 656.017, which requires them to provide Workers' Compensation coverage for all of their subject workers, unless such employers are exempt under the law.

We Certify that we accept all the terms and conditions contained herein and in the event of a forthcoming contract containing these same terms and conditions we would agree without exception. Any exception to these terms and conditions will be made a minimum of five (5) working days before the proposal deadline.

We Certify that we _____ ARE _____ ARE NOT (mark one) a "Resident Bidder" as defined by ORS 279A.120. As defined in ORS 279A.120, "Resident Bidder" means a bidder that has paid unemployment taxes or income taxes in this state in the twelve calendar months immediately preceding submission of the bid, has a business address in this state, and has stated in the bid whether the bidder is a "Resident Bidder".

If not a Resident Bidder as defined in ORS 279A.120, please indicate state of residence:
New York

Proposer  Date 4/24/24
(Authorized Official)

Exceptions to the above Certifications. Proposer will cross out those items they cannot certify to and then list the reasons for the exception (use additional pages if necessary):

RELIABLE FUEL SUPPLY



COMBINED
STRENGTH



We are pleased to offer the Phillips 66® Brand.

Phillips 66 remains an industry leader, providing forward-thinking programs and quality fuel for both the flying community and their vast network of high-quality FBOs.

Our affiliation with Phillips 66 further insures supply reliability. As the largest refiner/producer of avgas in North America, Phillips 66 and World Fuel have access to more supply points than our competitors who are nearly completely reliant on third party independent refiners for their avgas supply.

World Fuel is a proud distributor of Phillips 66 and is the largest marketer of the Phillips 66 brand.

Specifications

Jet A meets ASTM D-1655 latest edition

Jet A pre-blended with anti-icing additives conforms to MIL-DTL-85408

Avgas, 100LL, meets ASTM D-910 latest edition

Dedicated Equipment

We subcontract with transport carriers who use aviation dedicated tankers for deliveries.

Traceability

World Fuel Services (WFS) obtains aviation fuels (e.g. Jet A and Avgas 100LL) from manufacturers and then transports the aviation fuel through common carrier pipelines, ships/barges to pre-airfield distribution terminals and then by road transport or pipelines to airports in the USA/Canada and Europe. WFS assesses the handling of aviation fuels through a series of assessment and onsite inspection processes and contract requirements so clean and dry on specification aviation fuels are delivered to our customers. The pre-airfield storage terminals immediately up stream of the airport are monitored by routine inspections to EI-1595 performed by the Shared Inspection Group, which WFS is a member of. Road transports are required contractually to be grade dedicated or steam cleaned prior to loading aviation fuels for WFS. There is also a training program for all drivers to perform which is given to each road transport contractor which describes industry practices in the routine inspection of road transport both before and after loading of aviation fuel.

Delivery Checklist

A delivery checklist is provided to our common carrier delivery drivers. This checklist is provided to remind and ensure that proper quality control procedures are followed with each delivery. After the delivery is made, these checklists are faxed to our Dispatch/Supply Team where they are reviewed for thoroughness and accuracy.

Fuel Supply

World Fuel is able to supply the quantities of jet and avgas referenced in this RFP.

QUALITY CONTROL & FUEL DELIVERIES

Quality Control

The Best of Both Worlds –

World Fuel Services' Quality Assurance (QA) Expertise and the Phillips 66 technical offering.

We supply our branded FBOs with a range of resources so each and every employee can access the latest information regarding line safety, fuel quality and regulatory compliance. We understand that handling aviation fuel can be complex, and we want to make the process of delivering top-quality fuel and service to your customers as simple and safe as possible.

As a Phillips 66 branded dealer, City of Madras will be inspected virtually on a bi-annual basis, which includes fixed and mobile equipment inspections of fuel testing procedures, proper use of fuel testing equipment, fuel farm operation, maintenance and record keeping.

World Fuel Services product integrity personnel are available 24/7 to assist via phone for any quality control issues or questions.

Fuel Supply Terminals

Jet – Primary Supply - Portland, OR -- Secondary Supply – Tacoma, WA
Avgas – Primary Supply - Portland, OR -- Secondary Supply – Tacoma, WA

Emergency Procedures

- All Phillips 66® emergency protocol material including forms, posters and reporting process will be provided to FBO.
- All reported incidents will be coordinated by Phillips and a report of findings will be provided using the Phillips 66 ® inspection process.
- Everything possible is done to insure delivery of clean, dry, and on-spec product. Very rarely there are situations where product is delivered or comes off spec while in storage.
- In those cases, a call to our office starts a process where product is tested at a certified lab.
- If found to be off-spec it is removed and disposed of safely. We then work with a qualified contractor to insure all equipment is suitable for product storage and can be safely returned to service. In the event that it is found that off-spec product is delivered to the facility, all costs are covered by Phillips 66® and/or World Fuel.

Dispatch and Customer Service

Fuel deliveries will be handled by our Parish, NY office and can be ordered by telephone at 800-272-3681 or by email at BGA-Parish-Dispatch@wfsCorp.com. Back up will be from our Tampa, FL, office.

24/7 dispatch and customer support network with Coast-to-Coast coverage allows us to respond to any emergency delivery that may be required. All fuel deliveries will be carefully scheduled and tracked by our logistics team.

Transport carriers who use aviation dedicated tankers for deliveries are contracted

FUEL PRICING AND CREDIT CARD PROCESSING

Fuel Pricing Methodology

Pricing for jet fuel will follow the Platts West Coast LA Jet Mid and Avgas will follow the Platts West Coast LA Premium Unleaded. World Fuel, a publicly traded company, provides a transparency pledge to our customers. World Fuel works with numerous governmental and municipality agencies to ensure compliance is met for the auditing purposes for our customer.

Prices change on Tuesday of each week and price notifications are sent each Monday by email.

Payment terms are approved at Net 30 Days.

Credit Card Processing

Payment Type	Processing Rates
Phillips 66 Proprietary Consumer Card	0%
Phillips 66 Wings AVCARD (Red Card)	0%
World Fuel Contract Fuel	0%
AVCARD® by World Fuel (Blue Card)	1.95%
VISA / Mastercard (Qualified)	2.35%
VISA / MasterCard (Non-Qualified)*	3.35%
American Express	3.45%
Discover	3.50%
MultiService	3.50%
AIR Card (Non-Contract)	4.00%



- > A comprehensive program designed to provide FBOs with tailored payment solutions & new business opportunities
- > A truly global contract fuel program connecting your FBO to a network of over 4,200 locations
- > Training and technical support will be provided at no charge with a simple phone call - Customer Service 24/7 – 800-272-3681
- > System provides daily settlement and receipts with detailed reporting
- > Payment Processed Within 72 Hours – EFT if preferred

Point of Sale Software:

avPOS to be provided at no charge to City of Madras. avPOS is the next generation of FBO Point of Sale payment processing offering a web-based desktop POS and available mobile payment solutions. An iPad will be provided at no charge.



avPOS

REFUELER LEASING

World Fuel brings **expertise** and **industry best practices** to provide technical solutions tailored to your operation's specific needs. From the provision of vehicles and equipment to access to industry-standard training and quality assurance support, we leverage the knowledge and resources of our global team to help your operation run safely and efficiently.

World Fuel Services would like propose that City of Madras obtain title of the existing 1,500 gallon Avgas refueler free of charge, asset number 44136, and offer a 2010 or newer 5,000 gallon Jet A refueler with a reduced lease rate lease rate in exchange for a new 5yr Fuel Supply Agreement.



Year	Product & Size	Basic Specs	Lease Rate
2012	5,000 gal Jet A Refueler	International Chassis, 6 Cylinder Diesel, Automatic Transmission, Aluminum Tank, 300 GPM, 3 Hose Reels	\$1,250/mo.
2000	1,500 gal Avgas Refueler	Existing refueler based at Madras Municipal Airport	Turn over title to Madras Municipal Airport in exchange for five-year FSA

Jet Refueler listed above show sample specs, refuelers are based on availability at time of start date.

Equipment department available at 800-272-3681 for **technical support** and parts and filter orders. This team is conveniently located at our Parish, NY office.

Sample lease agreement is included.

COOPERATIVE ADVERTISING PROGRAM

- This program is optional.
- Co-op funds are accumulated at an agreed upon rate for all retail and business aviation contract fuel gallons on an annual basis.
- Accrual based on the previous year's volumes. World Fuel would offer to advance Madras Municipal Airport's first year of co-op.
- Claims are processed upon receipt and we can advance the anticipated first year's co-op to assist in covering transitional costs such as uniform changes, business card changes, etc.
- Branding guidelines and an approved branding logo will be provided and must be used for all advertising, uniforms, marketing and printed materials.

Items that Qualify for Co-Op Marketing with approved logos
Advertising development, design and execution with World Fuel or other related logos
Credit Card Processing Equipment and Software
NATA Safety 1 st Training Expenses
Fuel Testing Equipment
Line Service Training
NATA and State Aviation Dues
Premium Items for FBO Promotions
Printed Materials
Trade Shows & Industry Exhibition (plus travel)
Uniforms
Website
Personnel Training Conference (plus travel) to improve service delivery
Aviation Related Website/Software Fees
Promotional Mailings, Communications Tools and Up-selling Programs
Airport/FBO Specific Events
Industry Specific Dues and Subscriptions
World Fuel Rewards Purchases
Flight Tracking Subscriptions
FBO Facility Improvements

LINE SERVICE AND CUSTOMER SERVICE TRAINING

Trusted Fuel.com

An online toolkit **exclusively for Phillips 66 branded dealers**. This proprietary website was built by Phillips 66 Aviation fuel quality professionals. TrustedFuel.com is a free resource that gives the airport staff instant access to a world of information on fuel-related subjects, including the latest Aviation Fuel Handling Guides & Manuals, Health, Safety & Environmental information, technical data and specifications, training tools, and links to additional industry free publications and regulations.

NATA Professional Line Service Online Training

In support of our Phillips 66 branded FBOs, we are pleased to provide access to the NATA (National Air Transportation Association) Safety 1st Professional Line Service Training (PLST Online) program. This program will be available through proprietary NATA PLST websites.

This industry recognized training program consists of comprehensive line service curriculum including fuel quality assurance testing, refueler operations, fueling operation details, mis-fueling prevention, fuel farm management and customer service training. The course also includes PLST Online fire safety training and certification meeting 14 CFR Part 139 Section 321 fire training requirements. Your employees will also learn in-depth best practices for safety on the ramp and detailed towing practices and security procedures. Upon successful completion of the PLST program, students receive a Safety 1st Certificate and uniform patch.

Regional Product Integrity and Fuel Handling Workshops

In addition to the NATA online training above, World Fuel Services periodically hosts regional Product Integrity workshops with a live trainer in a classroom environment to discuss topics related to aviation fuel handling, quality control and product integrity. The cost of the workshop is free to Phillips 66 branded FBO's as part of the World Fuel Services Network.

World Fuel Aviation Academy

The eLearning tool is a unique, online training program which was established for World Fuel Services Network Members in order to strengthen the knowledge base of their FBO personnel. This tool is now available to Madras staff at absolutely **no charge**. The program includes the following training modules:

- Aviation 101 - A training module for a new employee to introduce them to the Aviation industry which covers terminology and basic FBO information.
- Customer Service Standards - A training module detailing the customer service standards that every FBO should have in place at their operation and specifics on communication and protocol in all FBOs.
- Content Library - A resource library for your easy access and retrieval of forms, guidelines and communications when you need them.
- Around the World with AVCARD - A training module that provides suggestions on how best to ask for your preferred credit card & promote the advantages to pilots and flight crews with our World Fuel Rewards.



CONVERSION PLAN

Our new customers tell us that what differentiates World Fuel from the previous supplier is that we follow through on executing the programs that we offer. We schedule meetings with your team and coach / work with your team to use the tools we provide to help you grow your business, more profitably and more safely.

Set Up: Pre-Supply Agreement and First 30 Days

Signage requirements and plan for installation plan.

Leased refueler delivery and certification and training.

Supply & Processing Setup

Back Office & Accounting Review

System & IT Review

Branded Program Toolkit Review and Activation

Training Plan – Enrollment & Credentials

Develop Marketing Plan: 30-60 + Days

Establish Events on World Fuel Promotions Calendar – Trade shows, regional events and FBO specific events

Complete Online Training Modules on World Fuel Aviation Academy

Develop World Fuel Rewards Promotions – Loyalty Program

Review Opportunities to leverage the World Fuel Services Marketing team

Quarterly Progress Reviews – Evaluate Plan & Modify

Execution of Business Development Plan: 30-60 + Days

FASST Evaluation and Strategy Discussion

World Fuel Contract Implementation – Enlist Flight Department Sales Teams

Develop Payment Method Plan for Contract & AVCARD Migration for Processing Cost Reduction

Develop Marketing Plan & Schedule Campaigns

Customer Targeting – On Airport/Nearby Airports

Evaluate Business Development Plan & Modify

MARKETING, CONTRACT FUEL & REWARDS PROGRAMS

Our **Marketing as a Service** program is designed to support your marketing growth and achieve business objectives.

- Support your marketing goals through the discovery and execution of graphics, advertising, web analysis, metrics, and access to the customers you seek
- Gain access to platforms and data, events, tradeshow, and professional representation of your FBO in the aviation industry
- Marketing efforts are focused on growing your brand
- Industry event presence with a focus on your business
- World Fuel Rewards promotions designed and emailed to strategic customer contacts



World Fuel has the largest contract fuel program in the world

As a global company and fuel supplier, World Fuel Services serves 94% of all business aviation aircraft operating in the global market today. This includes supply agreements with both international and domestic aircraft customers, Part 121 commercial airlines, Part 91, Part 135, and fractional operators. World Fuel Contract Fuel Program meets their needs with trade credit terms, credit risk, pricing, and supply requirements, more than 4,200 locations accept World Fuel Contract Fuel.

Highlights of the Contract Fuel Program include:

- Seamless processing with preferred software.
- Only fuel supplier with Digital Card Program providing Contract Fuel & Retail Aviation Cards accessible for cardholders through Apple iOS and Android.
- Process any aviation fuel product through the program with a 0% processing fee.
- Set your own into-plane fees and volume tiers to meet sales and profitability objectives.
- Electronic payment deposits via EFT in 72 business hours, same as credit cards are.
- World Fuel awards customers with World Fuel Rewards on every World Fuel Contract gallon purchased at your FBO.

World Fuel & Phillips 66 Loyalty Programs

World Fuel Services Rewards Loyalty Program is accepted worldwide.

Bank of Points - World Fuel

- 1 point per 5 USG Contract Fuel sold
- 1 point per \$50 USD AVCARD® transactions
- 1 point per 100 USG Bulk fuel purchased

Your FBO awards points directly to your customers

Minimum purchase 5,000 points (\$100) to unlock the complimentary bank of points

Points expire at the end of each calendar year

Eligibility (U.S. Only):

- Pilots
- Schedulers & Dispatchers
- Flight Crew Members
- Flight Departments

Phillips 66 Aviation Loyalty Program at over 500 locations in the U.S.

WingPoints members earn points instantly by providing their card at the participating locations, and bonus points for using the Wings card (card must be present)

Eligibility (U.S. Only):



- Pilots
- Schedulers & Dispatchers
- Flight Crew Members
- Flight Departments

Free Membership

REFERENCES

The following are references where World Fuel has successfully handled supply relationships, for accounts similar in size to KS33.

REFERENCES
<p>Union County Airport (KLGD) 60175 Pierce Road, LaGrande, OR 97850</p> <p>Mr. Doug Wright, Airport Director PH# 541-963-6615 Email: dwright@union-county.org</p>
<p>Silverhawk Aviation Academy Caldwell Industrial Airport (KEUL) 4505 Aviation Way, Caldwell, ID 83605</p> <p>Ms. Catherine Weber, Owner PH# 208-453-8577 Email: catherine@silverhawkaviation.net</p>
<p>Fuel Parking & Transportation Olympia Regional Airport (KOLM) 7825 Old Highway 99 SE, Olympia, WA 98501</p> <p>Mr. Shawn Pratt, Airport Manager PH# 253-840-5758 Email: spratt@simflightcenter.com</p>

Thank you

Degree of Compliance

This proposal will define the commercial terms under which we will offer World Fuel Services branded aviation fuels and related programs and services for Madras Municipal Airport. Notwithstanding anything to the contrary contained in the Ascent Aviation Group Commercial Bid enclosed herewith, please note that our bid is non-binding, indicative only, and remains subject to Ascent Aviation Group, Inc. and City of Madras duly executing and delivering definitive documentation, such documentation to be negotiated by the parties.



Aviation Fuel Supplier Request for Proposal

The City of Madras
April 2024



THE CITY OF
MADRAS

Prepared by: Nate Thompson, Area Manager
NTHOMPSON@Avfuel.com

Submitted by: Avfuel Corporation | 47 West Ellsworth
Rd. Ann Arbor, MI 48108 | 734-663-6466

Important: This comprehensive proposal is submitted for approval within 90 days and is subject to the execution of the contract documents satisfactory to both parties, which will incorporate the proposal terms and, when executed, become binding to both parties.

April 2024

Jeff Hurd
City of Madras
125 SW E Street
Madras, OR 97741

Dear Jeff,

Thank you for taking the time to learn how Avfuel Corporation's competitive support systems can continue to help contribute to the growth of your unique operation. The following branding proposal outlines Avfuel's ability to supply aviation fuels and services—including marketing and branding support The City of Madras, and Madras Airport. Backed by proven solutions and high-touch, dedicated employees, I am confident our partnership can help you grow your business and increase your market share in a competitive landscape. Building a partnership requires trust and transparency. As we build our relationship with The City of Madras, we will continue to show our value with Transparency and built trust over time.

Avfuel's robust supply network, proprietary training and operational systems make it the industry's most reliable and capable fuel provider. **Working as a team, our goal is to achieve the following objectives for your operation:**

- Uninterrupted fuel supply
- Increased fuel sales
- Greater connectivity and visibility with targeted customers and prospects
- Streamlined operations to optimize efficiency
- Improved loyalty among existing customers
- Effective short-term and long-term growth strategies

Avfuel exclusively focuses on aviation. With that dedication across 50 years, we've become much more than a fuel supplier; we're an all round aviation facilitator, delivering "fuel ... and so much more." Our diverse business lines and competitive programs propelled us to the forefront of the aviation industry and gained us a loyal following among pilots and flight departments. And we look forward to putting these same programs—along with our reputation and aviation commitment—to work for you.

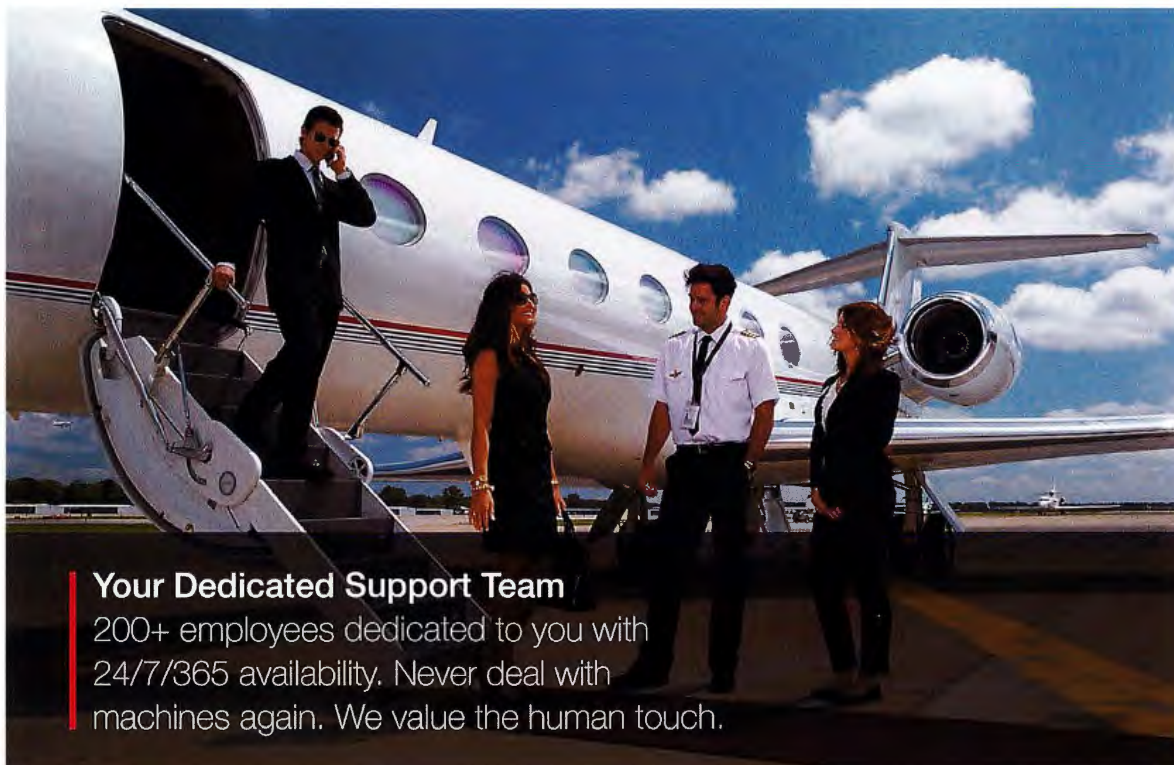
This comprehensive proposal is submitted for approval within 90 days and is subject to the execution of the contract documents satisfactory to both parties, which will incorporate the proposal terms and, when executed, become binding to both parties.

Best regards,

AVFUEL CORPORATION

Meet Avfuel: Your everything fuel supplier

As a global supplier of aviation fuel and services, our operational expertise in every sector of the aviation value chain supports a diverse market of customers around the world: FBOs, flight departments, military aircraft, commercial airlines and everyone in-between. Our industry involvement facilitates our goal of driving traffic to the Avfuel Network, connecting you with more customers, more markets and more opportunities.



Your Dedicated Support Team

200+ employees dedicated to you with 24/7/365 availability. Never deal with machines again. We value the human touch.



Differentiators

- Aviation-only focus
- Robust contract fuel program proven to attract customers and enhance fuel sales
- Consistent, stable growth across 45 years
- A full sales and marketing team dedicated to you
- Avfuel-provided training resources
- Portfolio of in-house solutions proven to grow your business
- Industry's most popular loyalty program
- Industry's only referral & rewards program for FBO staff



At-A-Glance

- Founded in 1973
- 100% dedicated to aviation
- 23% FBO market share in the U.S.
- Touch 1 in every 3 U.S. business flights
- 650+ Avfuel-branded locations
- 3,000 fueling locations around the world

Supply & Pricing

Avfuel will work with the Madras Airport on delivery scheduling. Full Loads are based on 10,000 gallons for both Jet A and Avgas. Fuel can usually be delivered 24-48 hours after scheduling a fuel load. Exhibit A pricing is on next page



Jet A: pricing is a weekly delivered price for fuel supplied from the primary supply terminal (Portland OR) on a Full Load of Fuel (10,000 gallons). In the event fuel is delivered from a secondary supply terminal, additional charges may apply.

- **Primary Terminal: Marathon, Portland OR**
- **Secondary Terminal: BP, Portland OR**



Avgas (100LL) pricing is a delivered posted price for fuel supplied from the primary supply terminal on a full load of fuel (10,000 gallons). In the event fuel is delivered from a secondary supply terminal, additional charges may apply.

- **Primary Terminal: Chevron, Portland OR**
- **Secondary Terminal: Shell, Seattle WA**



Supply and logistics are essential to your operation. Avfuel's expertise ensures that nothing comes between you and your fuel. We are the definitive experts at transporting product from thousands of supply points via pipeline, barge, rail and truck. Avfuel is proactive, making sure the fuel you need is available when and where you need it, even during market fluctuations and emergencies.

- Core-competent in the movement, scheduling and safe handling of aviation fuel
- Global agreements with 90+ refiners and 300+ supply terminals for uninterrupted supply
- Large network of 100+ over-the-road transport carriers
- 24/7/365 availability
- Connection to an in-house logistics team, not a machine



Fuel ordering: Avfuel dispatch is available 24/7/365. All calls are promptly received and handled by Avfuel's dispatch professionals.

- Avfuel dispatchers are logistics experts with years of experience handling all types of fuel deliveries under special circumstances
- Fuel deliveries typically on 48-hour notice for Jet A and 72-hour notice for Avgas
- Special events and emergency orders handled by experts on an individual basis

**EXHIBIT A
Fuel Pricing Methodology**

Primary Terminal	Product	Price Basis
Marathon – Portland	Jet-A	Portland Rack Price
Chevron-Portland	Avgas 100LL	Portland Rack Price

The following shall be applied to the base price (Portland Rack Price) using the dates April 15 through April 21, 2024.

Avgas	
Weekly Market Rack Price for Portland, OR	\$4.45011
Mark Up (fixed) per Gallon (in cents)	.05
Oregon Load Fee	\$10.00 Flat Rate Per Load
Oregon Avgas Tax	\$0.11
Federal Oil Spill Liability	\$0.00619
Federal Excise Tax	\$.194
Other Taxes or Fees	\$0.00
Fixed Freight Cost per Gallon	\$.1342
Total Cost Per Gallon	\$4.9445
Detention Fee (per hour)	\$

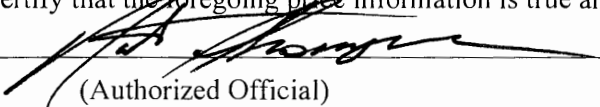
Jet-A	
Weekly Market Rack Price for Portland, OR	\$2.70265
Mark Up (fixed) per Gallon (in cents)	\$.025
Oregon Jet Tax	\$.03
Federal Oil Spill Liability	\$0.00619
Federal Excise Tax	\$.244
Federal LUST Tax	\$0.00
Other Taxes or Fees	\$0.00
Fixed Freight Cost per Gallon	.1342
Total Cost Per Gallon	\$3.14204
Detention Fee (per hour)	

Percent Discount for early invoice payment: **Net 30 Day Terms**

Any Additional Costs (if applicable): **Fuel Freight Surcharge is not included in the fixed freight price. The freight surcharge changes based on the price of diesel fuel.*

**If loading takes longer than one hour demurrage charges may apply. If a pump is required to offload additional charges may apply.*

We hereby certify that the foregoing price information is true and accurate:

Proposer  Date 7/26/24
(Authorized Official)

Refueling Equipment & Rates

Avfuel will work with The City of Madras and the Airport to identify a truck(s) that will meet the Airport’s needs, below are some options available. With over 900 trucks in our fleet, we can work to find one that meets the airports needs.

Sample truck and sample lease agreement are on the next pages.

Year	Make	Type	Capacity	Lease rate	Notes
2010-2015	International	Jet A	5000 gallons	\$1200.00 per month	Avfuel will waive the first 12 months of lease payments.
2016-2020	International	Jet A	5000 gallons	\$2000.00 per month	Avfuel will waive the first 12 months of lease payments.
2023	Isuzu	Avgas	1200 gallon	\$2000.00	Avfuel will waive the first 6 months of lease payments



Avfuel will provide decals to rebrand current refueling equipment if needed.

Refueling equipment is a critical component of your FBO’s daily business. Our refuelers feature advanced, but proven, technologies designed to get the job done. The design allows for optimum operational efficiency and is backed by a professional team of specialists who realize you can’t afford to have a fuel truck down.

- State-of-the-art, 33,000 square foot dedicated facility
- Largest refueler fleet in the U.S.—more than 900 vehicles
- Extensive, personalized support
- Maintenance guidelines
- Large inventory of parts and supplies
- Advanced meter systems available

Refueler Truck Specification Sheet

Avfuel ID# 5373

Year: 2022 Make: International HV



(Photo may not be exact unit as described)

Engine: DIESEL-ULSD

Transmission type: A

Tank capacity: 5000 gallons

Tank material: AL

Fuel type: J

Rated GPM: 300

Number of hose reels: 3

Bottom load type: STD JET

Number of meters: 2

Ticket printer? available

Additive injector? Y

Fuel/Defuel? N

Insurance value: \$290,000.00

All refuelers meet FAA and NFPA 407 standards

AVFUEL CORPORATION
AVIATION REFUELER LEASE AGREEMENT
Summary of Terms and Conditions

Avfuel Number/Description

Vin Number

Monthly Rental

Replacement value:

Customer:

Airport Location:

**Note: Meters are not calibrated or certified prior to delivery.
Meter calibration is the responsibility of the Customer.**

The terms and conditions governing this Agreement are set forth above and on the following page(s), which are made a part of this Agreement.

AVFUEL CORPORATION

CUSTOMER

By: _____
Signature

By: _____
Signature

William B. Light, Vice President of Administration
Print name/Title

Print name Title

Date: _____

Date: _____

The reference date of this Agreement is, xx/xx/xxxx effective date is such date or _____

TERMS AND CONDITIONS

1. **EQUIPMENT.** Avfuel agrees to deliver and **Lease** the foregoing **Equipment** to Customer for its sole use, subject to the following terms and conditions.
2. **RENTAL.** Customer hereby agrees to pay Avfuel in **advance the monthly rentals** shown above, prorated for any partial month. Avfuel may increase the rent during the term of the **Lease upon 30 days written notice.**
3. **TERM:** This lease is for the term of one (1) year commencing on the **effective date set forth above**, and shall thereafter automatically renew month-to-month unless either party shall give notice of **intention** to terminate. Notice to terminate shall be given in writing not less than thirty (30) days prior to the termination **date**, which shall be specified in the notice. The foregoing notwithstanding, if there is in effect between the parties an **Aviation Fuel Supply Agreement ("AFSA")**, this Lease shall terminate, without notice, as of the date the AFSA expires or **is terminated** in accordance **with** its terms unless a new or renewal AFSA shall have taken effect between the parties. If **Avfuel** increases the rent **as allowed** in section 2, Customer may notify Avfuel no less than 15 days before the increase is to **take** effect that it **no longer wishes** to rent the equipment if the rate increase goes into effect. If Avfuel rescinds the rate increase, the lease **continues in effect at** the then in effect rates, if it does not rescind the increase, the lease expires on the date the **increase goes into effect.**
4. **RETURN OF EQUIPMENT.** Upon termination of this Agreement Customer shall deliver and **return the Equipment** to Avfuel's place of business in Ann Arbor, Michigan (or Abilene, Texas) in as good condition as **when** Customer received it, normal wear and tear accepted. Failure to return the Equipment shall be deemed a breach of this **Lease.** Notwithstanding such breach, Avfuel may, without foregoing any other remedies available to it, treat the Agreement **as continuing** from month to month under the same terms and conditions as were in effect at the end of the lease term. **Nothing** herein shall require that Customer perform the repair or maintenance obligations of Avfuel under the provisions of Section 7 below
5. **TITLE TO: EQUIPMENT.** Avfuel warrants that it has all necessary rights to lease said Equipment to Customer. Further, the parties agree that as between themselves, Avfuel has title to the Equipment and Customer shall **keep the Equipment free** of liens and shall not do or permit anything to be done that will prejudice the title of Avfuel, or its rights in the Equipment. Each item of Equipment shall bear a legend denoting it as the property of Avfuel and Customer shall not remove or deface that legend under any circumstances.

6. **USE.** The Equipment shall be used solely by Customer or its representatives at the above airport, solely for handling aviation fuels supplied to Customer by Avfuel and shall not be moved from said airport nor operated on any public road without the prior written consent of Avfuel. No fuel delivered by any other supplier shall be introduced into the Equipment. Customer will comply with all laws, ordinances and regulations applicable to the possession, operation or use of the Equipment and will demonstrate compliance upon request.
7. **MAINTENANCE.**
- 7.1 Except as noted in 7.3 below, the Customer will maintain the Equipment in a condition equivalent to that as of the day of this Lease Agreement, normal wear and tear excepted, and, to that end, will, at the Customer's sole expense, provide all preventative maintenance (including but not limited to lubrication, oil and filter changes, etc.), repairs, and replacement parts as are necessary to preserve the Equipment in good operating condition and in compliance and in conformity with all laws, rules, regulation (including meter calibrations, meters are not calibrated or certified prior to delivery), and industry standards which are applicable to the operation of refuelers. Customer shall keep complete and accurate maintenance records and AVFUEL shall be entitled to inspect the Equipment and the maintenance records at any time during regular business hours. At AVFUEL'S option, any item of repair or maintenance which would be the responsibility of Customer may be performed by AVFUEL and billed back to Customer as additional rent.
- 7.2 Customer shall be responsible for all tire maintenance, repair, and replacement. CHANGING A TIRE ON A REFUELER IS VERY DANGEROUS AND MUST NOT BE ATTEMPTED BY UNTRAINED PERSONNEL. CUSTOMER AGREES THAT IT WILL PERMIT TIRES TO BE CHANGED ONLY BY AN OUTSIDE CONTRACTOR WHO IS PROFESSIONALLY TRAINED TO DO SUCH WORK.
- 7.3 Except as noted in 7.5 below, Avfuel shall be responsible for the following repairs when, in its opinion, repair is necessary: overhauls or replacement of the engine, transmission, differential, or belly valve. Avfuel shall be permitted access to the Equipment at any reasonable time in order to perform the repairs and modifications, which are its obligation hereunder. Repairs and maintenance to be performed by Avfuel shall be completed within a reasonable time after notice. Avfuel assumes no responsibility for loss of use or any other items of ancillary damage which may be caused by or result to customer by reason of the fact that the equipment becomes inoperable.
- 7.4 Customer shall not make any alterations or modifications to the Equipment of any kind including but not limited to painting, mounting of radios or antennas, applying decals or lettering without the express written consent of Avfuel.
- 7.5 Customer shall promptly notify of the need for any repair or maintenance which is required and which is not the Customer's responsibility. If such repair or maintenance is required as the result of intentional conduct, negligence, or failure to perform repair or maintenance on the part of Customer or any of Customer's agents or employees, Customer shall be liable for all costs associated with performing such repairs and/or maintenance.
8. **WARRANTIES.** AVFUEL MAKES NO WARRANTY, EXPRESS OR IMPLIED, REGARDING DEFECTS IN MATERIAL, WORKMANSHIP, DESIGN, CAPACITY, OR FITNESS OF THE EQUIPMENT FOR ANY PURPOSE, NOR WHICH EXTEND BEYOND THE DESCRIPTION OF THE EQUIPMENT WHICH APPEARS AT THE BEGINNING HEREOF.
9. **"TAXES AND OTHER CHARGES".** The Customer shall pay all taxes, assessments, fees and similar charges (the "Taxes") which are imposed by any federal, state or local governmental agency or by any airport authority (the "Taxing Authorities") based upon leasing, delivery, use or sale of the Equipment (including, without limitation, sales taxes, use taxes, registration fees, transfer taxes or similar charges), excepting only taxes which are imposed upon AVFUEL based upon its net income or revenues. If the Taxing Authority collects the Taxes directly from the Customer, then the Customer shall pay all such Taxes on or before their due dates. If the Taxing Authority requires that the lessor or seller collect the Taxes from the lessee or purchaser at the time of lease or sale, then AVFUEL will attempt in good faith to include all such Taxes in its invoices to the Customer and the Customer shall pay all such invoices on or before their due dates. (In its invoices, AVFUEL will identify those Taxes as separate items.) If the Customer is entitled to an exemption from any Taxes which the Taxing Authority requires to be collected by the lessor or seller, then, in order to permit AVFUEL to not collect those Taxes, the Customer shall obtain and provide to AVFUEL current and valid exemption certificates with respect to those Taxes. The Customer acknowledges that it remains solely responsible for all such Taxes even if AVFUEL, through inadvertence, error or otherwise, fails to include any such Taxes in its invoices to the Customer.

Customer Initial _____

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Accordingly, if, subsequent to the issuance of any invoice, the Taxing Authority or AVFUEL advises the Customer of additional Taxes payable with respect to that invoice, then the Customer shall promptly pay such additional Taxes. The Customer shall indemnify AVFUEL from any liability for any Taxes payable by the Customer and, except as provided below, for any interest, penalties or other charges assessed with respect to those Taxes. The Customer's indemnity shall extend to any Taxes which should have been collected by AVFUEL but were not included by AVFUEL in its invoice to the Customer and any Taxes which are assessable against the Customer as a result of any subsequent change or reinterpretation of the laws relating to those Taxes or any exemptions from those Taxes. The Customer's indemnity shall also extend to any Taxes for which an exemption had been claimed but which are subsequently assessed by a Taxing Authority based upon its rejection of the claimed exemption for the Equipment or the Customer. AVFUEL will indemnify and hold the Customer harmless from any interest, penalties or similar charges which are assessed against the Customer as a result of the **late** payment of any Taxes if AVFUEL is required under applicable law to collect such Taxes from the Customer but, **as a result of** the negligence or willful misconduct of its employees, AVFUEL failed to include such Taxes in its invoice to the Customer.

10. **EVENTS OF DEFAULT.** The following are Events of Default: Failure to pay when due any rental or other sum for which Customer is obligated hereunder; the failure of Customer to observe or perform any other obligations or covenants contained herein or in the AFSA currently in force between the parties hereto; Customer's use of leased equipment for dispensing petroleum products purchased from any one other than Avfuel; the voluntary filing by Customer seeking protection from creditors under the United States Bankruptcy Code or under state laws designed for the protection of debtors; the adjudication of a court or tribunal that Customer is insolvent; the assignment of Customer's assets for the benefit of creditors; the appointment of a trustee, receiver, or other representative to control or operate all or a substantial part of Customer's property; the occurrence of any event or events which, in the sole opinion of Avfuel, would have a material adverse effect upon the ability of Customer to meet its future obligations hereunder.
11. **RIGHTS ON DEFAULT.** IN THE EVENT OF DEFAULT, AVFUEL MAY, UPON ORAL OR WRITTEN NOTICE TO CUSTOMER, DECLARE THIS AGREEMENT TERMINATED AND CANCELED AS OF THE DATE OF SUCH DEFAULT OR AS OF A SUBSEQUENT DATE SPECIFIED IN AVFUEL'S NOTICE OF TERMINATION TO CUSTOMER. In such event, Avfuel or its agents or employees may, without further notice and without legal process enter onto any facility of Customer for the purpose of repossessing any item of Equipment or any personal property of any description owned by Avfuel, and Customer shall use its best efforts to assist Avfuel in such repossession. Pursuit of the foregoing shall not preclude pursuit of any other remedies provided by law, nor constitute a waiver of any amount due by Customer hereunder or of any damages accruing by reason of the breach of any of the terms or conditions contained herein. No waiver of any breach hereof shall be deemed to constitute a waiver of any other breach hereof, and forbearance to enforce a remedy herein provided upon an event of default shall not be deemed or construed to constitute a waiver of such default. Aviation fuels on board repossessed Equipment will become the property of Avfuel, and credited against any amount owed Avfuel by Customer at that day's market price.
12. **INSURANCE.** Prior to the effectiveness of this Agreement, Customer shall secure at its cost, the following insurance and furnish Avfuel a Certificate of Insurance, evidencing: (1) commercial general liability insurance, including aircraft products liability, with limits not less than \$1,000,000 combined single limit for bodily injury and property damage; and (2) automobile liability insurance with limits not less than \$1,000,000 combined single limit for bodily injury and property damage; and (3) workers compensation covering all employees of Customer; and (4) physical damage coverage covering the value of the leased equipment. Insurance policies shall be issued by insurance companies acceptable to Avfuel, shall name Avfuel as additional insured, or loss payee as the case may be, and shall provide for at least thirty (30) day's written notice to Avfuel prior to cancellation or modification. Customer shall maintain such policies in full force and effect throughout the term of this lease and until all of its obligations hereunder have been released by Avfuel.
13. **INDEMNIFICATION. CUSTOMER AGREES TO INDEMNIFY AND HOLD AVFUEL AND/OR THE OWNER OF THE EQUIPMENT HARMLESS FROM AND AGAINST ANY AND ALL CLAIMS, LIABILITIES, LOSSES, EXPENSES (INCLUDING ATTORNEY'S FEES), OBLIGATIONS AND CAUSES OF ACTION FOR INJURY TO OR DEATH OF ANY AND ALL PERSONS, OR FOR DAMAGE TO OR DESTRUCTION OF ANY OR ALL PROPERTY ARISING OUT OF OR RESULTING FROM THE CONDITION, EXISTENCE, USE OR MAINTENANCE OF THE EQUIPMENT.**
14. The Standard Provisions of Contract of the AFSA, current edition, are incorporated herein by reference and are a part of this Agreement.

Customer Initial _____

Form R1

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The Avfuel Hub

Avfuel will provide your operation with the Avfuel Hub, Avfuel's proprietary web-based **point-of-sale and processing system**, which centralizes and streamlines the sale of fuel, products and services at your FBO. Designed with the user in mind, the Avfuel Hub increases transaction efficiency and allows for a more customer-focused experience.

The Avfuel HUB is capable of transacting from any location that has internet connection.



Core features

- Electronic processing of all transactions (sales, voids, credits, post-authorizations)
- Integrated with Avfuel Contract Fuel and AVTRIP rewards
- Easy customer look-up by name, tail number, city or card type
- Minimal steps and pre-populated data for quick processing
- Avfuel Contract Fuel Pre-Authorizations are sent directly to the Avfuel Hub
- Print and email receipt options
- Create on-demand reports
- Manage customer data
- International processing capabilities
- PCI (Payment Card Industry) compliant, improving credit card security
- A variety of reports are available for download and import into various accounting software

Credit Card Rates & Processing

Benefit from zero percent processing with the Avfuel Pro Card.

Card Type	Rate	Card Type	Rate
Avfuel Pro Card	0.0% Contract Fuel 2.25% Retail- & Non-Fuel	Discover	3.27%
Avfuel Contract Fuel	0.0% Fuel 2.1% Non-Fuel items	American Express	3.54%
Avfuel Retail Card	0.0% Avgas 2.1% Jet & Non-Fuel	MultiService	3.2%
Cessna Contract Fuel	0.0% Fuel 2.1% Non-Fuel	Avcard	2.25%
MasterCard & Visa	2.5% Qualified	Government AIRCard	0.0% Contracted 4.55% Non-Contracted \$0/month software
MasterCard & Visa	3.24% Non-Qualified	The Avfuel Hub	\$0/month optional printer

All transaction data is accessible via the Avfuel Hub. All payments are electronically processed | Credit card funds are remitted to FBO twice per week | Compatible with current versions of Total Aviation Software, Total FBO, X-1 FBO, essintaWINGS, AVMAN, QT and FuelMaster

Branding Package

Leverage the power of a global brand, recognized by thousands of operators worldwide.



Outdoor Signage

Avfuel will provide or reface an existing pole sign and/or wall sign using existing electric connections and foundation at no cost to your FBO.



Bonus Branding

Upon request, Avfuel can also provide your facility with the following Avfuel-branded items:

- Windsocks
- Welcome mats
- Uniform patches
- Hats
- Point-of-purchase displays & interior signage



Refueler Truck Branding

Avfuel will provide decals to rebrand current refueling equipment.



Co-op Advertising

Avfuel sets aside funds from your retail purchases that can be used for additional marketing of your FBO.

- Can be used for virtually any advertising medium (web, print, direct-mail, uniforms, etc.)
- \$0.005 on all general aviation gallons sold (excludes military, airline and contract fuel gallons sold)

Avfuel Marketing Overview

The power of personalized strategy.



As a member of our network, our marketing team works for you, providing creative strategies customized to meet your specific needs.

Avfuel marketing combines proven communication platforms with innovative technologies to help you attract business, earn customer loyalty and increase sales. Additionally, Avfuel provides a number of training and support solutions to facilitate the implementation of our marketing efforts and support our commitment to your FBO.

The Avfuel Marketing System taps into the power of the entire Avfuel Network, giving your individual FBO the reach of a widely-recognized global brand and putting you squarely in front of Avfuel's wide variety of aviation customers.

Your customized marketing campaign often begins with an initial discovery phase, after which our team develops a personalized marketing plan specific to your location. This plan may include items such as standard Avfuel communication platforms (e.g., email and web advertising for specialized customer retention campaigns), and sales and prospecting strategies. For a comprehensive list of integrated solutions, see the next page.



Avfuel Contract Fuel

Our sales team works as an extension of your FBO, reaching out to 5,500 customers.

Targeted Sales Strategy for Effective Growth

Avfuel Contract Fuel Sales collaborates with you to develop a targeted list of prospects to communicate with on your behalf; established relationships with thousands of flight departments instantly injects you into this rich market.



Beneficial for Business



5,500+ Customers



20,000+ Turbine Aircraft



3,000+ Locations Worldwide

0%

ZERO processing fees for fuel on Avfuel Contract Fuel transactions

- Transacted with the Avfuel Pro Card; can be used for contract fuel, retail fuel and non-fuel flight expenses. Cardholders enjoy zero fees
- Improve margins with custom into-plane rates
- Approved direct-bill format for fractional operators—NetJets, Flight Options, Flexjet
- All third-party (reseller) transactions are processed through your POS to streamline billing and reduce receivables
- Leverage market data (TRAQPak/AMSTAT, FAA, etc.), flight patterns and buying history for a targeted approach to prospecting
- No need to split transactions. Fuel and non-fuel items can be on the same invoice

Avfuel Marketing Capabilities

Slash your marketing budget—our team delivers on your needs for free.



Brand/Image

- Launch or rebrand
- Strategies to build brand value
- Brand audits
- Concept, graphic design and content support
- Media buying and planning
- Interior/exterior facility design
- Uniforms



Print

- Magazines, trade publications, directories, brochures
- Newsletters, business cards, letterhead and other collateral
- Posters, billboards, custom interior lobby artwork
- Custom mailers



Public Relations

- Communications/PR strategies
- Social media strategies
- Press releases
- Internal and external communications



Sales and Training Support

- AVTRIP—utilization and how to use as a sales tool
- Customer Service
- Rampside Training
- Contract Fuel
- Leveraging Card Processing



Digital

- All web advertising
- Email communications
- Custom corporate videos
- Newsletters
- Website design and development



Special Event Assistance

Concept, creative and content support for all events, industry conferences and meetings



Marketing Campaigns

Conceptualize, develop and help distribute custom marketing campaigns

Avfuel Training and Quality Control

Avfuel offers its branded FBOs access to the online Avfuel Training System (ATS), **which includes FAA-Approved Line Service Fuel Safety Training and Supervisory Fuel Safety Training to satisfy 14 CFR 139.321.** Upon completion, employees receive a Line Service Fuel Safety Training Certification or Supervisory Certification equivalent to NATA. Please see the below for a breakdown of this system's programs and lessons:

FAA-Approved Line Service Fuel Safety Training & FAA-Approved Supervisory Fuel Safety Training

- Fuel Handling and Fire Safety
- Aviation Fuels and Additives
- Fuel System Icing Inhibitor (FSII)
- Contaminants and Fuel Testing Methods
- Procedures for Receiving a Load of Aviation Fuel
- Aviation Fueling Components
- Fuel Storage Systems
- Mobile Refueling Equipment
- Aircraft Fueling and General Operations
- Record Keeping Best Practices
- Supervisor Specific: Effective training techniques

Avfuel Customer Service Training

- Culture and Brand
- Service Essentials
- Amaze and Wow

Avfuel Front Counter Training

- Avfuel Contract Fuel
- AVTRIP
- Avfuel Network Referrals & Rewards

Online ATS Cost

All subscriptions include unlimited seats for the year, and training on customer service, front counter and ramp safety.

- With FAA-Approved Line Service Training*
\$0.00 For Madras Airport
- General Fuel Safety Lesson Free to Avfuel- branded FBOs

Ramp Safety

- Aircraft Marshalling
- Aircraft Towing Equipment
- Aircraft Towing Procedures
- De-icing and Anti-icing Introduction
- De-icing and Anti-icing Fluid Handling Procedures
- De-icing and Anti-icing Fluid Application
- General Aviation Security

In Person:

Supervisory Fuel Safety Training Seminar

Avfuel offers free 14 CFR FAA-approved Part 139 Fire Safety and Fuel Quality Assurance Training Seminars for Supervisors.

Avfuel's QA team is available 24/7/365

Our fuel quality assurance team is a group of recognized experts that work with FBOs, transport companies, terminals and handlers on the proper handling of aviation products.

Additional Considerations

- **Avfuel will provide a \$15,000 cash stipend/grant in conjunction with a 5-year fuel supply agreement.**
- **Sample contract Exhibit C : Avfuel proposes to use as a template for contractual language its Aviation Fuel Supply Agreement, the standard terms and conditions of which are contained is attached on the next page of this Proposal. If Avfuel is selected as the vendor of choice, the Aviation Fuel Supply Agreement would serve as the foundational document to govern the relationship between Avfuel Corporation and the City of Madras. Modifications to the terms and conditions of the Aviation Fuel Supply Agreement, as agreed upon by both parties, will become binding once jointly executed. Sample**
- **Avfuel will offer The city of Madras: 30-day payment terms.**
 - The City can pay via EFT, Check or ACH .
- **Avfuel will offer the Avfuel HUB Point of Sale System at \$0.00 per month for the length of the Five(5) Fuel Supply Agreement.**
- **Avfuel will offer \$500.00 for employee uniforms, and Personal Protective equipment annually each year for the next 5 years.**
- **Avfuel will provide annual on-site annual training for but not limited too:**
 - Customer Service training
 - Point of Sale Training
 - Aviation industry updates
 - Marketing support for events
- **Avfuel will provide the online Avfuel Training System at no cost to Madras Airport for the length of the Fuel supply Agreement**
- **Avfuel has a 24-hour parts department that can help with any Fueling equipment parts needed. Including Fuel filters, hoses, spare meters, etc.**
- **Avfuel will provide a Quality Assurance Welcome kit that includes:**
 - Hydrometer
 - White Bucket for receiving fuel loads
 - Ground handling /aircraft service book

References

Flightways Columbus

Address: 3250 W. Britt David Road, Columbus, GA 31909

Contact Name: Amber Clark **Phone number:** 706-324-2453 **Email:**
aclarck@flycolumbusga.com

Chelan Douglas Regional Port Authority

Address: 3764 Airport Way, East Wenatchee, WA

Contact Name: Trent Moyers **Phone Number:** 509-884-2494 **Email:**
Trent@cdrpa.org

Livingston County Airport

Address: 3399 County Airport DR, Howell, MI 48843

Contact Name: Mark Johnson **Phone Number:** 517-546-6656 **Email:**
mjohnson@livgov.com

Customer Code: _____



**AVFUEL CORPORATION
FIXED BASE OPERATOR
AVIATION FUEL SUPPLY AGREEMENT**

Reference Date: <<DATE>>

Effective Date: <<NAME>>

SUMMARY

This Agreement is between Avfuel Corporation and its affiliates and subsidiaries all of which have principal offices at 47 West Ellsworth Road, Ann Arbor, MI 48108 USA, hereinafter referred to, individually or collectively as "Avfuel" and <<NAME>> having its principal office at (Street address only) "<<STREET ADDRESS, CITY, STATE, ZIPCODE>>", hereinafter called "Customer", collectively called "the Parties", and is effective on the Effective Date or, if no Effective Date is specified then on the Reference Date noted above.

THIS IS AN INTEGRATED AGREEMENT CONSISTING OF SEVERAL PARTS, ALL OF WHICH SHALL BE READ TOGETHER AND INTERPRETED AS ONE AGREEMENT. The parts shall include this Summary, the Special Terms and Conditions, and the General Terms and Conditions. In the event of any inconsistencies between the Special Terms and Conditions and the General Terms and Conditions, the Special Terms and Conditions shall govern. Avfuel offers other Programs that it believes are of benefit to Customer. Customer chooses to participate in those Programs that are checked below and agrees that the applicable provisions of the Special and General Terms and Conditions govern those Programs. Additions or deletions to this agreement are governed by the Changes Provision set forth in Section 21 of the General Terms and Conditions. If customer should avail itself of any of the Programs not checked below then Customer specifically agrees to be bound by the Special and General Terms and Conditions that govern those Programs.

Applicable Certificates of Insurance are attached hereto, Insurance Company Name _____

- | | |
|--|---|
| <input type="checkbox"/> Customer Credit Program | <input type="checkbox"/> Addenda |
| <input type="checkbox"/> Brand Program | <input type="checkbox"/> AVTRIP Program |
| <input type="checkbox"/> Equipment Lease Agreement | <input type="checkbox"/> Contract Fuel Dealer Program |

CUSTOMER FEIN: _____

TYPE OF BUSINESS: _____
(i.e. C-corp, S-corp, Partnership, LLC, Sole Prop, or other)

STATE ID NUMBER: _____

STATE OF INCORPORATION: _____

FOR: AVFUEL CORPORATION

FOR: "<<COMPANY NAME>>"

By: _____
William B. Light
Title: **Vice President, Administration**

By: _____
(Signature)
Name: _____
(Print Name)
Title: _____
(Print Title)

The undersigned hereby guarantee(s) payment and performance of this Agreement by Customer.

By: _____
Signature Name Printed Social Security Number

By: _____
Signature Name Printed Social Security Number

**FIXED BASE OPERATOR
AVIATION FUEL SUPPLY AGREEMENT**

SPECIAL TERMS AND CONDITIONS

CUSTOMER NAME: "<<COMPANY NAME>>"

BILLING ADDRESS: SAME or "<<ADDRESS 1>>"
(if different than street address) "<<ADDRESS 2>>"
 "<<CITY, STATE ZIPCODE>>"

DELIVERY ADDRESS: SAME or "<<ADDRESS 1>>"
(if different than street address) "<<ADDRESS 2>>"
 "<<CITY, STATE ZIPCODE>>"

AIRPORT ID (IATA CODE): "<<IATA CODE, AIRPORT NAME>>"

PRODUCT(s):
 Jet-A Jet-A with Anti-ice Avgas/100LL Other: _____

PAYMENT TERMS: WIRE TRANSFER IN ADVANCE UNTIL DETERMINED DIFFERENTLY BY AVFUEL CORPORATION UPON RECEIPT OF A COMPLETED BUSINESS APPLICATION AND SUPPORTING DOCUMENTS.

CREDIT LIMIT: _____

EQUIPMENT LEASED:

Description**	S/N or VIN	Lease Rate	Replacement* Cost (Current)

*Hazard insurance, **Meters, if so equipped, have NOT been Certified or Calibrated, this is the responsibility of Customer.

CONTRACT FUEL DEALER:

Flight Operation Type (select one):
 Corporate Configured Accepted
 Non-Corporate Ops Only
 DC-9 and Larger, Non-Corporate Ops Only

Airport Flowage Fee: YES NO _____ \$/g (i.e. \$0.0300)

Storage Fee: YES NO _____ \$/g (i.e. \$0.0300)

Into wing Fee:

Jet Into-Plane Rate Schedule	Gallons from/to	Rate/gallon
Example	1-1000 gallons	\$X.XXXX

OTHER SPECIAL TERMS AND CONDITIONS: _____

AVIATION FUEL SUPPLY AGREEMENT**GENERAL TERMS AND CONDITIONS**

1. PURCHASE AND SALE: Subject to the terms and conditions contained herein, throughout the entire term of this Agreement, Avfuel agrees to sell and deliver, and Customer agrees to purchase from Avfuel and pay for, the Customer's entire requirements for all aviation fuel products, including, without limitation, SAF, G100UL, and hydrogen based fuel (the "Products") and other aviation electricity and energy products, including, without limitation, aircraft charging services, charging stations, and charging equipment (the "Alternative Products") to be handled, stored, used, distributed or sold by Customer or its affiliates at each airport (each an "Airport") listed in the Special Terms and Conditions, including without limitation those Products and Alternative Products that the Customer is presently using that are identified in the Special Terms and Conditions. If, at any time during the term of this Agreement the Customer, or any entity controlled by or in common control with Customer, operates any other facility that sells aviation fuels or Alternative Products at a listed Airport (each a "Supplemental FBO"), then Customer shall or shall cause such other entity to enter into a new AVIATION FUEL SUPPLY AGREEMENT with Avfuel (on the same terms and for the same duration as this Agreement) for the supply of 100% of the requirements of the Supplemental FBO for aviation fuel and, to the extent made available at such location by Avfuel, the supply of 100% of the requirements of the Supplemental FBO for Alternative Products. If Customer requests and Avfuel agrees to deliver to any location not listed in the Special Terms and Conditions (each an "Alternate Location") and, to the extent that the terms of delivery to such Alternate Location is not governed by a separate agreement between Avfuel and Customer, delivery to such Alternate Location shall be governed by the terms of this Agreement; provided, however, that applicable pricing and taxes for each Alternate Location shall be determined by the market price of Products and Alternate Products and applicable taxes at the delivery address of the Alternate Location. Customer represents and warrants that all products and services purchased hereunder will be for commercial purposes and Avfuel has relied on this representation in entering into this Agreement. Avfuel has entered this Agreement with the Customer on the expectation and condition that (a) the Customer's deliveries of Products and Alternative Products at the Delivery Addresses will be limited to deliveries to end users pursuant to direct sales by the Customer to those end users and deliveries to purchasers listed as Contract Fuel Customers (a "CFC") to facilitate direct sales by Avfuel to those CFCs pursuant to Avfuel's Contract Fuel Program (the "CFD Program"), (b) the Customer will make deliveries of aviation fuel at the Delivery Addresses to purchasers listed as CFCs only pursuant to the CFD Program and will not make direct sales to those CFCs and (c) except for sales pursuant to the CFD Program to purchasers listed as CFCs for brokered resale by those CFCs to end users or resale otherwise brokered through Avfuel, the Customer will not make any deliveries (or hold inventories) of aviation fuel at the Delivery Addresses pursuant to brokered sales (i.e. sales to end users in which a third party receives a brokerage margin or commission or other fee from the Customer or the end user or sales to third parties who resell the fuel to end users). The Customer acknowledges that these conditions are necessary to preserve Avfuel's continuing investment in developing and maintaining Avfuel's network and that Customer's failure to comply with these conditions will result in Avfuel's exercise of the rights pursuant to Article 11 of the General Terms and Conditions.

2. TERM: The initial term of this Agreement is seven (7) years, beginning on the Effective Date specified in the Summary. The term shall be automatically renewed for successive five (5) year terms until one Party delivers a Notice to the other Party of its intent to terminate at the end of the then current term. Such Notice shall be delivered at least ninety (90) but not more than one hundred twenty (120) days prior to the expiration of the current term.

3. PRICE AND PAYMENT:

3.1. Unless otherwise agreed in writing by the Parties, the price per gallon for Products delivered to Customer shall be as established by Avfuel from time to time in its discretion based upon market and other conditions that it deems pertinent based on the date and time that Avfuel loads the Products into delivery trucks. Prices shall be F.O.B. the Customer's facilities at the Airports (each a "Delivery Address") and shall be exclusive of all taxes, fees, surcharges and other charges.

3.2. Unless otherwise agreed in writing or otherwise required by the state law where the Product is delivered, the standard unit of measurement of quantities of Products purchased and delivered shall be the Net Gallon. The term "Net Gallon" shall mean the volumetric measurement, in U.S. gallons, of a Product actually loaded and measured at the point of shipment, adjusted to the number of U.S. gallons that would have been loaded at a temperature of sixty degrees Fahrenheit (60°F). The conversion ratio shall be from the current American Society for Testing and Materials ("ASTM") IP Petroleum Measurement Tables.

3.3. Unless otherwise agreed in writing by the Parties, Customer agrees to pay in advance by bank wire transfer for all Products purchased hereunder. Failure to pay in advance shall be construed as a credit transaction and shall be subject to the Terms and Conditions of the Customer Credit Program set forth below.

4. TAXES AND OTHER CHARGES:

4.1. Customer shall pay all taxes, assessments, fees and other charges (the "Taxes") which are imposed by any federal, state or local governmental agency or by any airport authority (collectively, the "Taxing Authorities") based upon the delivery, sale, importation, inspection, storage or use of the Products purchased by Customer, excepting Taxes which are imposed upon Avfuel based upon its net income or revenues.

4.2. If the Taxing Authorities collect the Taxes directly from Customer, then Customer shall pay all such Taxes on or before their due dates. If the Taxing Authorities require that Avfuel collect the Taxes from Customer at the time of sale, Avfuel will use its best efforts to include all such Taxes in its invoices to Customer and Customer shall pay all such invoices on or before their due dates. (In its invoices, Avfuel will identify those Taxes as separate items.) If Customer is entitled to an exemption from any Taxes which the Taxing Authorities require to be collected by Avfuel, then, in order to permit Avfuel not to collect those Taxes, Customer shall obtain and provide to Avfuel current and valid exemption certificates relating to those Taxes. If, subsequent to the issuance of any invoice, the Taxing Authorities or Avfuel advise Customer of additional Taxes payable with respect to the Products covered by that invoice, then Customer shall promptly pay such additional Taxes.

4.3. CUSTOMER ACKNOWLEDGES THAT IT REMAINS SOLELY RESPONSIBLE FOR ALL SUCH TAXES, AND WILL INDEMNIFY AVFUEL AGAINST ANY LIABILITY FOR SUCH TAXES EVEN IF AVFUEL FAILS FOR ANY REASON TO INCLUDE ANY SUCH TAXES IN ITS INVOICES TO CUSTOMER. HOWEVER, AVFUEL WILL INDEMNIFY CUSTOMER AGAINST ANY LATE CHARGES, PENALTIES OR OTHER CHARGES THAT CUSTOMER INCURS IF AVFUEL'S FAILURE TO INCLUDE ANY TAXES IN ITS INVOICE IS DUE TO GROSS NEGLIGENCE OR WILLFUL MISCONDUCT.

4.4. Customer's obligation to indemnify Avfuel shall extend to any Taxes which are assessable against Customer as a result of any subsequent change or reinterpretation of the laws relating to those Taxes or any exemptions from those Taxes and to any Taxes for which an exemption had been claimed but which are subsequently assessed by Taxing Authorities based upon its rejection of the claimed exemption for the Products or Customer.

5. DELIVERY:

5.1. Deliveries shall be made to the Delivery Address(es) listed in the Special Terms and Conditions. Avfuel or its authorized shipping agent ("Shipping Agent") shall be provided access to Customer's storage facilities during normal business hours, or at such other times as may be approved by Customer's authorized representative, for the purpose of unloading the Products. Unless otherwise agreed in writing, the minimum delivery of Jet A or Avgas fuel will be a full standard transport tanker load as determined by the maximum allowable Gross Vehicle Weight between the supply point and the delivery address. Avfuel reserves the right to impose a surcharge for deliveries of less than a full tanker load.

5.2. Delivery shall be into tanks designated by Customer. Such designation shall be construed as a warranty that the designated tanks and containment areas have been inspected and approved by the appropriate regulatory agencies. Customer shall be responsible for all unloading operations including the placement of hoses into the proper storage tanks. Customer shall specifically designate and gauge the available capacity of the tanks into which the Product shall be unloaded, and shall bear all responsibility of spillage or contamination of the Product after it leaves the end of any properly operating hose provided by Avfuel or its Shipping Agent. Access to Customer's tanks shall be furnished in such a manner that Avfuel or its Shipping Agent can safely and conveniently reach Customer's storage facility with the hoses available, and Avfuel or its Shipping Agent may refuse to complete any delivery which Avfuel or the Shipping Agent determines, in its sole discretion, cannot be made safely.

5.3. Customer shall be responsible for all demurrage charges assessed by the Shipping Agent for additional time spent at the Delivery Address(es) or any Alternative Location.

5.4. Any claim by Customer of any discrepancy in the quantity of the Product delivered shall be effective only if Avfuel is immediately notified, while Shipping Agent is still present. **GIVEN THE NATURE OF THE PRODUCTS, TIME IS OF THE ESSENCE WITH RESPECT TO SUCH CLAIMS AND NO CLAIM SHALL BE PERMITTED OR EFFECTIVE UNLESS DELIVERED WITHIN THE SPECIFIED PERIOD.**

6. FORCE MAJEURE: Except as provided below, neither Party shall be responsible for any failure to comply with the terms of this Agreement due to causes beyond its reasonable control for the period the effects of such causes continue. These causes shall include but shall not be restricted to: fire, storm, flood, earthquake, explosion, accident, acts of any local, state or federal authority or agency or of a public enemy, war, rebellion, terrorism, insurrection, sabotage, epidemic, quarantine restrictions, labor disputes, transportation embargoes or delays, acts of God and unavailability of the Product. For purposes of this Agreement, the term "unavailable" shall mean that Avfuel, for any reason whatsoever, including but not limited to government action, reduced or allocated fuel supplies, lack of transportation or the like, is unable to procure and deliver a specific Product on a commercially reasonable basis within two (2) days of the specific time requested by Customer. In that event, and only to the extent of such unavailability, the Parties hereto shall be relieved of their obligations under the applicable provisions of this Agreement. If and as applicable, Avfuel will comply with any governmental statute or regulation mandating the allocation of available supplies of Products. The provisions of this Section shall not apply to the failure of a Party to pay any monetary amounts when due under this Agreement.

7. LIMITED WARRANTY:

7.1. Avfuel warrants that all Products delivered pursuant to this Agreement will, at the time of delivery, conform to the then latest revision of following specifications: Aviation Gasoline will conform to the ASTM Specification D910; and Jet Fuel will conform to the ASTM Specification D1655 and Alternative Products will conform to the then current applicable specifications. Avfuel retains the right to revise the applicable specifications upon written Notice to Customer.

7.2. THE LIMITED WARRANTY STATED ABOVE IS THE ONLY WARRANTY GIVEN BY AVFUEL REGARDING THE PRODUCTS. AVFUEL DISCLAIMS ANY OTHER WARRANTIES, EXPRESS OR IMPLIED, INCLUDING, WITHOUT LIMITATION, ANY WARRANTIES OF MERCHANTABILITY OR FITNESS FOR ANY PARTICULAR PURPOSE.

7.3. Customer shall sample and test each shipment of Product prior to delivery using industry standard test procedures. If Customer determines or suspects non-conformity then Avfuel must be immediately notified, while the Shipping Agent is still present, and the delivery shall not be completed until either Customer accepts the Product, acknowledging conformity or Avfuel replaces the Product. Customer will permit Avfuel access to Customer's premises and records during normal business hours and upon four (4) hours' telephonic or written Notice to Customer for purposes of investigating any claim of non-conformity. If it is determined that the Product is non-conforming, Avfuel's sole obligation shall be either (1) replacement of the non-conforming Product with conforming Product, or (2) removal of the non-conforming Product and cancellation of the invoice for that Product or refund of the amount paid for that Product, as determined by Avfuel. Avfuel will be reasonably prompt in its actions hereunder. **TIME IS OF THE ESSENCE AND ANY FAILURE TO FOLLOW THE ABOVE PROCEDURE SHALL VOID THE LIMITED WARRANTY.**

8. COMPLIANCE WITH LAWS:

8.1. Each Party shall, at all times and in all respects, comply with all federal, state, county or municipal laws, ordinances, rules and regulations governing its actions in the purchase, storage, handling, use and sale of the Products and all industry standards pertaining thereto, including those that may contain tetraethyl lead or lead alkyl. Further, each of the Parties agree to use its reasonable best efforts to assist the other Party in complying with such laws, ordinances, rules and regulations which the other Party may be required to observe in the performance of its obligations under this Agreement. Each Party reserves the right to terminate those portions of this Agreement governing the purchase of a Product if the other Party violates the provisions of this subsection with respect to that Product. In such event, the remaining provisions of this Agreement shall continue in full force and effect. For avoidance of doubt, "federal laws" include, without limitation, all applicable export control and international sanctions laws and regulations.

8.2. Each Party shall properly instruct its employees, agents and contractors with regard to compliance with all applicable laws, ordinance, rules, regulations and standards governing the use, sale and distribution of the Products that are the subject of this Agreement.

9. INDEPENDENT STATUS: Each Party shall at all times function as an independent contractor and not as a subcontractor, employee or other agent of the other Party. Neither Party shall have the authority to and shall not purport to make any commitments or representations on behalf of the other Party or otherwise to take any actions on behalf of the other Party.

10. RECIPROCAL INDEMNIFICATION: EXCEPT AS OTHERWISE PROVIDED IN THIS AGREEMENT, EACH PARTY (AS SUCH, THE "INDEMNIFYING PARTY") AGREES TO INDEMNIFY AND TO HOLD HARMLESS THE OTHER PARTY AND THE OFFICERS, DIRECTORS, EMPLOYEES AND AGENTS OF THE OTHER PARTY (AS SUCH, THE "INDEMNIFIED PARTIES") FROM AND AGAINST ANY AND ALL CLAIMS, DEMANDS, LOSSES, LIABILITIES, CAUSES OF ACTION, COSTS OR EXPENSES (INCLUDING ATTORNEY'S FEES) OF WHATSOEVER NATURE WHICH ARE ASSERTED AGAINST OR INCURRED BY ANY INDEMNIFIED PARTY AS A RESULT OF THE BREACH BY THE INDEMNIFYING PARTY OF ITS OBLIGATIONS UNDER THIS AGREEMENT OR AS A RESULT OF ANY NEGLIGENCE OR INTENTIONAL MISCONDUCT OF THE INDEMNIFYING PARTY OR OF ANY OFFICERS, DIRECTORS, EMPLOYEES OR AGENTS OF THE INDEMNIFYING PARTY. ANY AMOUNT PAYABLE BY THE INDEMNIFYING PARTY UNDER THIS SECTION 10 SHALL BE DUE WITHIN TEN (10) DAYS AFTER WRITTEN DEMAND AND ANY SUCH AMOUNT WHICH IS NOT PAID WHEN DUE SHALL BEAR INTEREST FROM THE DUE DATE TO THE DATE OF PAYMENT AT THE RATE OF 16% PER ANNUM (OR, IF LESS, AT THE MAXIMUM RATE OF INTEREST PERMITTED UNDER THE LAWS OF THE STATE IN WHICH THE INDEMNIFYING PARTY HAS ITS PRINCIPAL PLACE OF BUSINESS). WITHOUT LIMITING THE GENERALITY OF THE ABOVE PROVISIONS, THE OBLIGATION OF THE INDEMNIFYING PARTY UNDER THIS SECTION 10 SHALL INCLUDE ANY REASONABLE ATTORNEY'S FEES OR OTHER COSTS INCURRED BY THE INDEMNIFIED PARTIES IN ENFORCING THE OBLIGATION OF INDEMNITY UNDER THIS SECTION. EACH PARTY'S OBLIGATION TO INDEMNIFY SHALL SURVIVE THE TERMINATION OF THIS AGREEMENT AND SHALL REMAIN IN FULL FORCE AND EFFECT UNTIL THE LAPSE OF ALL APPLICABLE STATUTES OF LIMITATIONS OR SIMILAR TIME PERIODS WITHIN WHICH AN ACTION FOR INDEMNITY OR CONTRIBUTION MUST BE BROUGHT.

11. BREACH AND TERMINATION:

11.1. Failure of a Party to comply with the provisions of this Agreement shall constitute a breach of the Agreement by the non-complying Party. Except as otherwise permitted under this Agreement, the non-breaching Party shall provide Notice of that breach to the other Party in the manner set forth in Section 16. The Notice shall specify the alleged breach and the period within which the breach must be cured which, except as provided in Section 11.2, shall be at least ten (10) business days. The Party receiving such Notice shall respond thereto in writing within three (3) business days. If the breach is not cured or the dispute resolved within the period specified in the Notice, the Party claiming breach, by further written Notice, at its election, may affirm this Agreement and initiate appropriate legal actions to require the other Party to remedy that breach or may immediately terminate this Agreement. In either instance, the Party claiming the breach may by appropriate legal proceedings seek and secure recovery of any damages resulting from that breach.

11.2. The provisions of Section 11.1 to the contrary notwithstanding, if the breach is of the Customer's obligation to make a payment to Avfuel when due, then Avfuel may declare all amounts owed to it under this Agreement immediately due and payable, and Avfuel, in addition to all other rights hereunder, may suspend its performance or terminate this Agreement forthwith and without giving Customer Notice or the opportunity to cure. Avfuel shall also have the right to offset any amount that Avfuel then or thereafter owes to Customer, to any guarantor of the Customer's obligations under this Agreement or to any affiliate entity that owns, is

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owned by or is under common ownership with the Customer against any amounts owed by Customer to Avfuel. Customer warrants that it is authorized to make this commitment with respect to amounts owed by Avfuel to such guarantors and affiliate entities. In addition, Avfuel or its agents or employees may, without further Notice and without legal process enter onto any facility of Customer for the purpose of repossessing any item of Equipment or any personal property of any description owned by Avfuel, and Customer shall use its best efforts to assist Avfuel in such repossession. Exercise of the foregoing remedies shall not constitute a waiver of any amount due by Customer hereunder or of any damages accruing by reason of the breach of any of the terms or conditions of this Agreement. Fuels on board repossessed Equipment will become the property of Avfuel, and credited against any amount owed Avfuel by Customer at that day's market price.

11.3. The Party claiming a breach may waive that breach by giving Notice to the other Party in the manner set forth in Section 16 below. The waiver of any breach shall not constitute a waiver of any subsequent breach of the same or any other term or condition. Any failure of either Party to enforce rights or seek remedies arising out of any breach by the other Party shall not prejudice or affect the rights and remedies of that Party in the event of any subsequent breach by the other Party.

11.4. Except as set forth in Section 11.2, any dispute that arises under this Agreement, pursuant to Section 11.1 or otherwise, shall be submitted to a senior officer or other person having the authority to negotiate the resolution of such disputes for each Party. Those persons shall attempt, in good faith, to resolve the dispute, and no action in law or equity shall lie until the process set forth herein shall have run its course. If the dispute involves the payment of money, all undisputed amounts shall be paid when due regardless of whether the undisputed amount is only part of an invoice.

11.5. The exercise of a Party's right to terminate the Agreement or to exercise any other remedy shall not be deemed an election of remedies and shall be without prejudice to the non-breaching Party's rights to exercise any other remedy afforded to it by this Agreement or by law or equity. In any action related to the enforcement or breach of this Agreement, the prevailing Party shall have the right to recover its reasonable attorney's fees and costs actually incurred.

12. INSURANCE:

12.1. Customer shall secure and at its cost shall thereafter maintain in effect during the term of this Agreement the following insurance and furnish Avfuel a Certificate of Insurance evidencing: (1) aviation general liability insurance, including products and completed operations liability, with limits not less than one million dollars (\$1,000,000.00) combined single limit for bodily injury and property damage; and (2) automobile liability insurance with limits not less than one million dollars (\$1,000,000.00) combined single limit for bodily injury and property damage; (3) workers compensation covering all employees of Customer and (4) physical damage coverage covering the value of any leased Equipment. Insurance policies shall be issued by insurance companies acceptable to Avfuel (whose acceptance may not be unreasonably withheld), shall name Avfuel, or its subsidiary, as applicable, as an additional insured and/or loss payee, and shall provide for at least thirty (30) days' written Notice to Avfuel prior to cancellation or modification. Prior to the Effective Date stated in the Summary, and from time to time thereafter as requested by Avfuel, Customer shall furnish Avfuel a Certificate of Insurance evidencing compliance with this Section.

12.2. Customer may, if it chooses, apply for this insurance through Avfuel's subsidiary, Avsurance Corporation.

12.3. Avfuel currently offers to qualifying customers that participate in Avfuel's Brand Program ("Branded Dealers") the opportunity to participate in Avfuel's Excess Aviation Liability Insurance Program. To qualify, a Branded Dealer must maintain as its primary insurance coverage an Airport Liability Policy with premises, products and completed operations coverage of \$1,000,000 (combined single limit) issued by an insurer acceptable to Avfuel. This Program currently allows qualifying Branded Dealers, at no charge, to be designated as additional insured parties under an Excess Aviation Liability Insurance Policy secured by Avfuel, with excess coverage in the amount of \$50,000,000 against claims for bodily injury or property damage resulting from defects in any aviation gasoline and jet fuel that is supplied by Avfuel to the Branded Dealer and resold by the Branded Dealer to end users.

To participate in this Program and secure this excess coverage, the Branded Dealer must complete and submit to Avfuel the required Application and provide to Avfuel a Certificate of Insurance confirming its primary insurance coverage and naming Avfuel as an additional insured. A Branded Dealer becomes an additional insured under Avfuel's Aviation Products Excess Liability insurance coverage on the date that Avfuel delivers Notice to the Branded Dealer that its Application and Certificate of Insurance have been approved by Avfuel and the excess coverage will be applicable to occurrences following that date.

Avfuel reserves the right to discontinue this Program or to require the Customer to pay a charge for participation in this Program. But in that event, Avfuel will deliver Notice to the Branded Dealer at least thirty (30) days prior to the effective date of that discontinuance or cost change so that the Branded Dealer has the ability if it chooses to make alternative arrangements.

13. CUSTOMER CREDIT:

IN THE EVENT THAT AVFUEL CHOOSES TO DELIVER GOODS OR SERVICES THAT HAVE NOT BEEN PAID FOR IN FULL BY WIRE TRANSFER PRIOR TO THE TIME OF THAT DELIVERY, AVFUEL SHALL BE CONSTRUED AS HAVING EXTENDED CREDIT TO CUSTOMER AND THE TERMS AND CONDITIONS IN THIS SECTION SHALL APPLY.

13.1. Credit terms may not be used during any period in which the Customer is in breach of its obligations under this Agreement. In addition to the provisions of Section 11 of the General Terms and Conditions, for the specific purposes of this Customer Credit Program, the Customer will be in breach if (a) any amount charged to the Customer's account is not paid in accordance with the agreed upon payment terms; (b) if and for so long as the Customer is in breach of any of its obligations under any Agreement with Avfuel or any of its subsidiaries; or (c) if Avfuel determines that there is any misrepresentation or breach of a warranty by the Customer under or with respect to any Agreement with Avfuel. Use of credit is limited to the amount specified in the Special Terms and Conditions of this Agreement. No purchase may be made which would cause the total amount owed under this Agreement to exceed that credit limit.

13.2. Upon termination of this Agreement, Customer shall have no right to credit terms for new purchases, but all obligations incurred prior to the termination, as well as all remedies provided for default or breach, shall survive. If Avfuel, intentionally or unintentionally, permits any purchases on credit after termination, then the terms of this Agreement shall pertain to those charges.

13.3. Subject to the approval by Avfuel at its offices in Michigan, all purchases by Customer for which Avfuel does not receive payment at or prior to the time of delivery to Customer shall be charged as principal to Customer's account. Avfuel may require Customer or Customer's authorized representative, as a condition of delivery or at any time thereafter, to give receipt for all deliveries in writing and to sign sales slips and other documents in Avfuel's opinion necessary to record or substantiate any or all transactions resulting in a charge to Customer's account.

13.4. Avfuel shall invoice Customer for all Products delivered to Customer or to Customer's designees. Invoices shall include the selling price of the Products delivered, taxes, duties, and any other charges as separate line items. Each invoice will be payable in full on or before that due date specified in that invoice.

13.5. Unless otherwise determined by Avfuel in its discretion, all payments received will be applied by Avfuel (subject to collection of remittance if other than cash) first to interest, if any, accrued on Customer's account, then to the unpaid principal balance owed upon such account in direct calendar order of due date.

13.6. Customer agrees to pay to Avfuel upon demand a fee of \$50.00 for each check, draft or other form of remittance that is not honored by the drawee upon due presentment by Avfuel or its agents.

13.7. From time to time, Avfuel may send Customer a statement of Customer's account for Customer's information showing in summary, or in such detail as Avfuel may deem appropriate, current transactions Avfuel posted to Customer's account to date thereof, the amount of interest (if any) which has accrued, and the balance owing thereon; however, the failure of Avfuel to furnish any such statement shall not relieve Customer of the obligation to make payment against invoices when due in accordance with the other terms of this Agreement. Customer agrees to review all statements promptly after receipt, and shall have fifteen (15) days from date of receipt to notify Avfuel in writing of any discrepancies. If no such Notice is given, such statement shall be conclusively presumed correct.

13.8. In the event that any invoice is not paid in full by the due date stated therein, the unpaid amount of the invoice shall bear interest until paid at the lower of 18% per annum or the highest rate which may lawfully be contracted for, charged and received according to applicable law for business purchases at the time of delivery. Notwithstanding anything in this Agreement to the contrary, Customer shall never be obligated to pay and Avfuel shall never be entitled to receive any interest upon any indebtedness incurred by Customer pursuant hereto in excess of the maximum contract rate of interest authorized by applicable law for business purposes, and it is expressly understood and agreed that if Avfuel shall render any charge for the payment of usurious interest, such charge shall be automatically and unconditionally reduced to the maximum non-usurious amount, and the excess, if paid, shall be applied as credit to Customer's account. If such application results in a credit

balance in Customer's said account, such balance shall be refunded to Customer or applied to the next due amount in such account as Customer shall direct.

13.9. If, at any time during the term of this Agreement, the financial responsibility of Customer becomes impaired or unsatisfactory to Avfuel, in the sole judgment of Avfuel, Avfuel, effective immediately upon delivery of Notice to Customer, may require the advance cash payment or other security satisfactory to Avfuel for any shipment of fuel and shipment may be withheld until such payment or security is received.

13.10. For the purpose of securing a payment of all indebtedness of Customer to Avfuel from time to time outstanding (including, without limitation, any amounts due under this Agreement or any other agreement or instrument between Avfuel and the Customer) grants to Avfuel a purchase money security interest in and to all of Customer's inventory of the Products purchased from Avfuel, and all accounts, contract rights and other proceeds from such inventory, whether now owned or hereafter acquired. Customer warrants that the purchase money security interest granted herein is and shall remain superior to any other security interests granted by Customer to any other entity. For so long as this Agreement is in effect, all of Customer's inventory of aviation fuels will be presumed to be Products purchased pursuant to the Agreement and subject to the purchase money security interest granted by this Agreement. Customer hereby authorizes Avfuel to sign and record all financing statements and other instruments which Avfuel may reasonably require in order to create, perfect and continue in force said security interest and first priority lien. Customer authorizes Avfuel to file a true copy of this Agreement in lieu of any financial statement. The rights and obligations of Avfuel and the Customer under and with respect to the security interest and first priority lien created by this Section shall be interpreted in accordance with the Uniform Commercial Code in effect in the state of the Billing Address of the Customer as stated in the Summary.

13.11. THIS PARAGRAPH APPLIES ONLY TO THOSE PERSONS WHOSE SIGNATURES APPEAR AS GUARANTORS ON THE SIGNATURE PAGE OF THIS AGREEMENT. PERSONS SIGNING AS GUARANTORS SHALL BE CONSTRUED AS PERSONAL GUARANTORS REGARDLESS OF ANY OTHER DESIGNATION. In consideration of Avfuel extending credit to Customer and as a substantial inducement to Avfuel to do so, each of the parties signing as Guarantors on the signature page of this Agreement hereby guaranty payment and performance when due of (i) all indebtedness of the Customer that is now existing or hereafter created by the Customer to Avfuel or any subsidiary or affiliate of Avfuel (collectively, the "Avfuel Affiliates"); (ii) all obligations of Customer under each existing and future written or oral agreement between Customer and any Avfuel Affiliate, including, without limitation, the Aviation Fuel Supply Agreement and Customer Credit Agreement, (iii) all obligations of Customer under any and all modifications, extensions, renewals and rearrangements of any of the foregoing and (iv) all legal expenses (including attorney fees) incurred by Avfuel in the enforcement of the Guaranteed Obligations and against that Guarantor(s) under this of Customer under any and all modifications, extensions, renewals and rearrangements of any of the foregoing and (iv) all legal expenses (including attorney fees) incurred by Avfuel in the enforcement of the Guaranteed Obligations and against that Guarantor(s) under this guaranty (collectively, the "Guaranteed Obligations"). If this Guarantee is signed by two or more Guarantors, then the obligations of the Guarantors hereunder are joint and several. Each Guarantor waives any right to any notice of any modification, extension, renewal or rearrangement of any Guaranteed Obligation, any waiver or any release of any Guaranteed Obligation and any exchange, release or substitution of any collateral securing any Guaranteed Obligation. Each Guarantor waives notice of acceptance of this Guarantee, notice of default on the part of Customer under any Guaranteed Obligation and all other notices that the Guarantors may otherwise be entitled to receive. Each Guarantor acknowledges and agrees that no modification, extension, renewal or rearrangement of any Guaranteed Obligation, no waiver, release of any claims with respect to any Guaranteed Obligation and no exchange, release or substitution of any collateral securing or to secure payment or performance of any Guaranteed Obligation shall be construed as a waiver, release or modification of the obligations of the Guarantors under this Guarantee. This Guarantee is of payment and performance and not of collection. Accordingly, in the event of a default by Customer under any Guaranteed Obligation, Avfuel may seek and secure payment or performance directly against any or all of the Guarantors without first seeking payment or performance by Customer or any other Guarantor. This is a continuing Guarantee and shall not be revoked by the death or disability of any Guarantor and shall not be revoked by the death of any individual party or by the dissolution of any corporate party or any other entity that is a party hereto, and shall remain in force until Avfuel receives written notice to extend no further credit to Customer on the security of this Guarantee. Such notice shall not discharge any obligation of any Guarantor as to any then existing indebtedness or obligation of Customer arising out of a transaction that took place prior to the receipt of such notice, regardless of the time for determination, maturity, or performance thereof. Each Guarantor hereby authorizes Avfuel to make such credit investigations necessary to satisfy itself as to the credit worthiness of the Guarantor and agrees upon request to provide periodic

statements of financial condition to Avfuel. This Guarantee shall survive the termination of this Agreement until all amounts due Avfuel under this Agreement have been paid in full.

14. CREDIT, CHARGE CARD, AND PAYMENT ACCEPTANCE:

14.1. Customer is participating in Avfuel's Credit, Charge Card, and Payment Acceptance Program (the "Payment Acceptance Program") Accordingly, unless otherwise agreed in writing, Customer must use Avfuel's platform and gateway for all its payment processing needs and Customer shall honor any valid credit or charge card or other non-card based payment modality listed as accepted in the most current Acceptable Card and Payment List ("ACL") issued by Avfuel and published from time to time on its website at Avfuel.com (the "Accepted Cards") for the purchase by the party to which that card/payment method is issued (the "Cardholder") of products and services if the purchase has been specifically approved by Avfuel. To the extent that a non-card payment modality is not listed among the Approved Cards on the ACL, Customer shall be allowed to process such payment outside of Avfuel's gateway until such payment modality is included among the Approved Cards on the ACL.

14.2. Customer shall prepare a voucher for each transaction (a "Card Transaction") with an Accepted Card (a "Voucher") and shall promptly submit that Voucher to Avfuel. The term "Voucher" means an electronically prepared credit card slip or other written record of a credit sale in form acceptable to Avfuel that has been fully completed by Customer and for which Customer is retaining a copy signed a person authorized to use that Accepted Card (an "Authorized User"). Each Voucher must be submitted electronically by means of an approved point of sale machine or point of sale software system (a "POS Device") in accordance with the instructions contained in the then current edition of Avfuel's Manual that can be viewed or downloaded at Avfuel's website at Avfuel.com or according to the approved point of sale software vendors instructions. In all Card Transactions, the Customer is responsible for making sure that the card presented is an Accepted Card and is not expired and that the person signing the Voucher is an Authorized User. In Card Transactions where the Voucher is first prepared manually, the Customer is also responsible to make sure that the Voucher is complete and legible. If imprinted and hand written amounts on a Voucher do not agree the lesser amount shall be presumed to be correct. The Customer shall make a manual imprint of all cards electronically processed but requiring that the card number be entered manually, in order to prove that the card was present at the time of sale. "Promptly" means batches of Vouchers should be submitted (settled) at least once per day and by 11:00 PM Central Time but in no case any less frequently than once every 72 hours. Customer must keep copies of signed Vouchers and summaries for a period of seven (7) years and supply Avfuel with duplicates if requested. Manual Card Transactions are for pre-arranged emergency processing only and are not accepted under most circumstances. Higher discount rates apply for manual Card Transactions and electronic Card Transactions not settled and received daily by 11 pm Central Time.

14.3. Upon receipt from the Customer of a properly prepared and processed Vouchers, Avfuel shall, on its normal schedule, remit to Customer or, as Avfuel may elect, credit Customer's fuel purchase account with Avfuel, in an amount equal to the total face amount of all such Vouchers less such discounts as applicable according to Avfuel's then current Accounts Receivable Discounts Schedule ("ARDS") issued to Customer by Avfuel and subject to adjustments and chargebacks as provided in Section 14.7 below and less any fees for AVTRIP point awards. In addition to any lien rights which Avfuel might otherwise possess as a result of services provided to the Cardholder, upon Customer's receipt of the payment or credit from Avfuel for the Vouchers generated from the Customer's sales to that Cardholder, the Customer automatically and irrevocably transfers to Avfuel any lien rights that Customer has or may have with respect to any property owned by the Cardholder arising from the Card Transaction(s) for which those Vouchers were issued. Avfuel's ARDS is subject to change upon five (5) days prior written Notice.

14.4. Customer acknowledges merchant processing instructions and rules and regulations established by the issuers of the Accepted Cards (the "Issuers") in the Issuers' websites that are included in or referenced in Avfuel's website at Avfuel.com and agrees to abide by these instructions, rules and regulations, as updated from time to time by the Issuers. Furthermore, Customer agrees to comply with all Data Security Standards and Data Security Policies of the Issuers (the "PCI/DSOP Requirements") and certifies to Avfuel that it is and will continue to be compliant with those PCI/DSOP Requirements. Customer shall defend, indemnify and hold harmless Avfuel and its credit card processor from any claims based on Customer's non-compliance with Customer's commitments in this Section including but not limited to penalties, fines, and any costs incurred in responding to any action alleging such non-compliance. Customer understands that failure to be fully compliant with the PCI/DSOP Requirements may result in loss of right to process Card Transaction under the Payment Acceptance Program.

14.5. Customer acknowledges receipt of, and agrees to observe, Avfuel's current instructions for recording and processing Card Transactions that are included in Avfuel's website at Avfuel.com. Avfuel reserves the right to amend any and all instructions in its website and to add new instructions to its website from time to time, and Customer agrees to be bound by all such amendments and new instructions. Avfuel also reserves the right to issue new or revised forms, POS Machines, software and imprinters from time to time, and to issue instructions regarding their use to be effective upon five (5) days prior written Notice.

14.6. Customer shall be solely liable and responsible for charging and subsequent remittance of all taxes to the proper authorities for all Card Transaction regardless of whether charged to purchaser. Avfuel does not assume any responsibility for the setup, tax rate, reporting or payment of any tax applicable to sales or other transactions resulting in credit card accounts receivable and Customer shall defend, indemnify and hold harmless Avfuel from any such claims. **CUSTOMER IS SOLELY RESPONSIBLE FOR KNOWING THE TAXES THAT MUST BE CHARGED FOR EACH CARD TRANSACTION AND FOR PROPER SETUP FOR TAXES IN ANY ELECTRONIC SYSTEM AND THE MAINTENANCE OF THAT ELECTRONIC SYSTEM.**

14.7. Without limiting the generality of other provisions of this Agreement or in Avfuel's website at Avfuel.com pertaining to charge backs, it is specifically understood and agreed that Avfuel may decline to accept or, if accepted, may subsequently charge back to Customer any Voucher:

14.7.1. Where any of the required information is omitted or illegible;

14.7.2. That is imprinted or processed with an expired credit card;

14.7.3. Covering a purchase not authorized by the Cardholder or involving fraud or any misuse of a credit card by the purchaser with or without Customer's knowledge;

14.7.4. Covering a transaction that has not been authorized by Avfuel or does not carry a valid authorization code;

14.7.5. Covering a transaction or series of related transactions (constituting in the reasonable opinion of Avfuel a single sale transaction) the aggregate face amount of that exceeds any of the single sale limitations to which the parties hereto may agree;

14.7.6. That becomes the subject of a dispute between Customer and Cardholder, including but not limited to cases where the Customer did not conspicuously post at its facility and print on a work order signed by the Cardholder the Customer's return policy for goods and services.

14.7.7. Where the Authorized User has not received a copy of the Voucher;

14.7.8. For which Customer has received or will receive any payment or reimbursement from any person other than Avfuel;

14.7.9. Where Customer has granted any right of ownership or security interest to any person other than Avfuel unless the invoice is accompanied by a written waiver of such interest;

14.7.10. Presented by Customer to Avfuel more than ten (10) days after the transaction date;

14.7.11. If the Card Transaction occurred or was settled after the date of expiration or termination of this Agreement;

14.7.12. Created by any person other than Customer, or in any transaction other than a Card Transaction in which Customer has sold merchandise or services to a purchaser presenting an Accepted Card for use in payment for that Card Transaction;

14.7.13. That are charged back to Avfuel or rejected for processing by an Issuer or processor for any reason at all; or

14.7.14. That in any other manner does not conform to this Agreement or with Avfuel's or Issuer's instructions for recording and processing Card Transactions in its website at Avfuel.com.

14.7.15. Where Customer has processed a post authorization transaction with no authorization, a fake authorization or an authorization received from anyone other than the company issuing the card

14.8. In the event that a charge back exceeds the credit balance in Customer's fuel purchase account then carried by Avfuel, Customer agrees to pay such excess within three (3) days after notice that such excess is due. Upon reimbursement, title to the Voucher(s) that include such excess and the indebtedness represented thereby (to the

extent of such excess) shall pass to Customer. If any funds come into Avfuel's possession for any voucher that has previously been charged back to Customer, Avfuel will promptly credit the full amount thereof to Customer's account. Avfuel's charge back rights and rights of recourse against Customer shall survive the termination of this Agreement.

14.9. Cash advances may not be charged on any Accepted Card and charges for fuel in Vouchers shall only include charges for fuels from stocks delivered by and purchased from Avfuel.

14.10. From time to time, Avfuel will send Customer a Credit Card Remittance Summary for Customer's information showing in such detail as Avfuel may deem appropriate the Card Transactions and amounts that have been credited to Customer's account or paid to Customer during the period since the last report. The failure of Avfuel to furnish a Summary shall not relieve Customer of any obligations under the Payment Acceptance Program. Customer agrees to review all such Summaries promptly after receipt. In any event, Customer shall be solely responsible for making sure that it has received proper payment for each Card Transaction submitted. Customer shall have forty-five (45) days from the date of a Card Transaction to provide Avfuel Notice that the Card Transaction has not been properly accounted for or that payment has not been received. If no such Notice is given, such Card Transaction shall be conclusively presumed to have been settled and closed.

15. ASSIGNMENT: Customer shall not assign its rights or delegate its obligations under this Agreement, in whole or in part, unless with the prior written consent of Avfuel, which consent will not be unreasonably withheld. Any transfer of a controlling interest in Customer shall be deemed an assignment requiring the consent of Avfuel.

16. NOTICES: All notices permitted or required under this Agreement (each a "Notice") shall be in writing. Notices by facsimile or email transmission shall be deemed "delivered" on the date of confirmed transmission, without error, to the fax number or email address designated in the Summary. Notices by mail shall be deemed delivered three (3) business days following the date deposited with the United States Postal Service, certified mail, return receipt requested, postage prepaid, addressed to the Party at the address of the principal office. Notices sent by overnight courier shall be effective on the next business day following deposit with the overnight courier for overnight delivery with the delivery fee prepaid, addressed to the Party at the address of the principal office, and with instructions to obtain the signature of the addressee.

17. PROGRAM PARTICIPATION:

17.1. The provisions of these General Terms and Conditions will apply to the BRAND PROGRAM, AVTRIP PROGRAM, AVSURANCE PRIMARY COMMERCIAL INSURANCE PROGRAM, CONTRACT FUEL PROGRAM, and EQUIPMENT LEASE PROGRAM that are described in the subparts below (each a "Program") except to the extent these provisions are inconsistent with the provisions in the subpart describing that Program.

17.2. If the Customer participates in any Program, whether by formally electing to participate in that Program by selection in the Summary or by informally electing to participate in that Program by taking part in the benefits of that Program, the Customer will be bound by and subject to the provisions in the subpart relating to that Program, as supplemented by the provisions of these General Terms and Conditions.

17.3. Avfuel reserves the unilateral right to amend, suspend, or terminate any Program at any time effective upon written Notice to the Customer. Termination of Customer's participation in any one Program shall not be construed as terminating the Agreement or Customer's participation in another Program.

18. EXCLUSIVE JURISDICTION: Each Party irrevocably and unconditionally agrees that venue and jurisdiction for the resolution of any dispute and the enforcement of any rights in any way arising from or relating to this Agreement shall exclusively be the courts of the state of Michigan sitting in Washtenaw County, and any applicable Michigan appellate court. This Agreement shall be construed as having been made and entered into in the State of Michigan. Each Party submits and consents to personal jurisdiction in Washtenaw County, Michigan, and agrees that it is a convenient forum to resolve any such disputes and enforce any such rights, each Party hereby waiving to the fullest extent possible the defense of an inconvenient forum. Each Party agrees that a final judgment in any such action, litigation, or proceeding is conclusive and may be enforced in any jurisdiction anywhere in the world.

19. EXCLUSIVE GOVERNING LAW: This Agreement, and all other matters arising from or relating to this Agreement, are exclusively governed by, and exclusively construed in accordance with, the laws of the State of Michigan, without

20. SEVERABILITY: In the event that any court of competent jurisdiction shall determine that any provision of this Agreement shall be unenforceable, then that provision shall be deemed to be null and void and the remaining provisions hereof shall remain in full force and effect.

21. ENTIRE AGREEMENT/AMENDMENTS: This Agreement, including all of its parts, sets forth the entire agreement between Avfuel and Customer with respect to the subject matter hereof and there are no other terms or conditions, oral or written, express or implied, relating to or otherwise affecting such subject matter. No term or condition of the Summary or Special Terms and Conditions shall be changed, supplemented, cancelled or waived unless in writing and signed by both Avfuel and Customer. Avfuel reserves the right at any time and from time to time to amend these General Terms and Conditions and the Programs. The General Terms and Conditions and the Programs, as amended from time to time, are posted at www.avfuel.com. If Avfuel and Customer have, prior to the effective date, been parties to any other agreement relating directly to the sale of Products to Customer (a "Prior Agreement"), such Prior Agreement, except for guarantees, shall be superseded as of the effective date and all rights and obligations between Avfuel and Customer with respect to the supply of Products from and after the effective date shall be governed by the terms of this Agreement. The terms and conditions of such Prior Agreement shall, however, remain in full force and effect with respect to rights and obligations relating to the supply of Products prior to the effective date and nothing contained in this Agreement shall be construed as terminating or otherwise affecting any such rights or obligations.

BRAND PROGRAM:

IF CUSTOMER HAS ELECTED TO PARTICIPATE IN AVFUEL'S BRAND PROGRAM, THE FOLLOWING WILL APPLY:

1. Customer has been invited and has elected to participate in Avfuel's Brand Program. Accordingly, Avfuel hereby licenses Customer as a dealer ("Branded Dealer") to use Avfuel's Brand Names and Trademarks subject to the provisions set forth herein. All trade names, trademarks, service marks, logos and other commercial symbols that Avfuel either owns or has the right to sub-license (the "Intellectual Property") shall be and remain the property of Avfuel. Further all signs, decals, graphic materials and other tangible property supplied by Avfuel which bear or are imprinted with any of the Intellectual Property or are used to imprint or display the same (the "Branded Property") and all replacements thereof shall be and remain the property of Avfuel. Any use of the Intellectual Property or the Branded Property by the Customer otherwise than as expressly authorized by this Agreement is hereby expressly prohibited. Upon termination of Customer's participation in the Brand Program Customer shall, at its expense, de-install and return to Avfuel all salvageable signage and return or destroy all other items that identify Customer as a branded Avfuel dealer.

2. Avfuel agrees to supply to Customer, for Customer's use and possession during the term of this Agreement such signs, decals, and other graphic materials as Avfuel deems necessary in order to identify Customer as an Avfuel Branded Dealer. Unless otherwise agreed in writing, Avfuel will bear all costs of such materials.

3. Customer shall be responsible for obtaining all necessary permits and for installation of all Branded Property including (without limitation) all electrical and other connections, and shall make sure that all installations shall comply with all brand specifications and with all applicable state and local codes, ordinances and governmental regulations (if any). Unless otherwise agreed in writing, the Customer will bear all costs of installation. No signage shall be installed so as to become a fixture upon real property. The use of color schemes and Intellectual Property painted on facilities and equipment owned by Customer or others and used in the conduct of Customer's business, shall comply with particular and displayed specifications. Customer shall be responsible for maintenance and upkeep of Branded Property and Paint-ons, and agrees to keep and maintain the same at all times in a good, clean, safe, operative and first-class condition, neatly painted and displayed. If any of such installation or maintenance is performed by Avfuel, Customer agrees to remit upon demand all costs thereof, including (without limitation) all expenditures for labor, materials and the like. If any Branded Property is damaged, lost or destroyed while in Customer's use, possession or control, or if Customer shall deliver any of such property to anyone not herein expressly authorized to use or possess it, Customer agrees to repair, recover or replace such property forthwith, at Customer's expense.

4. Customer shall keep all Branded Property insured at all times against loss, theft, fire or physical damage, up to the full replacement cost thereof, designating Avfuel as the loss payee. The Customer shall pay when due all personal property taxes and assessments assessed against the Branded Property and shall neither suffer nor

permit any lien or encumbrance or any attachment against any of such Branded Property.

5. Customer agrees that it will not use or display any Branded Property or Intellectual Property: (a) in a manner which causes or is calculated to cause confusion among patrons of Customer or the general public as to the type, characteristics, quality, manufacture or sponsorship of any fuel or other product which Customer offers for sale; (b) for the purpose of selling or promoting the sale of aviation fuel other than fuels supplied by Avfuel; or (c) for the purpose of selling or offering for sale any product which has been diluted or adulterated, whether intentionally or not. Customer further agrees that it will at all times maintain its facilities and conduct its operations in compliance with those standards and procedures established from time to time by Avfuel and applicable to aviation fixed base operators displaying any of the Intellectual Property. Such standards and procedures may include (without limitation) image quality standards for the brand displayed, quality control and refueling procedures for products bearing such brand, and standards for services offered and facilities utilized by Customer in conjunction with such products. Avfuel may, but shall be under no obligation to conduct periodic tests and inspections as it may deem appropriate to evaluate compliance with this Agreement. Copies of all test and inspection reports shall be given to Customer. It is expressly understood that the purpose of any such tests or inspections is to assist Customer in complying with the standards set for a Branded Dealer. By performing such tests or inspections Avfuel assumes no responsibility for Customer's failure to comply with the Standards or for safety hazards, latent or patent, created or maintained by Customer. If Avfuel determines, in its sole discretion, that Customer is or has violated this provision, then Avfuel may suspend or terminate Customer's right to use Avfuel's Brands and or Trademarks.

AVTRIP PROGRAM:

IF CUSTOMER HAS ELECTED TO PARTICIPATE IN AVFUEL'S AVTRIP PROGRAM, THE FOLLOWING WILL APPLY:

1. Customer has been invited and has elected to participate in Avfuel's AVTRIP Program a marketing incentive program intended to reward pilots who choose to purchase fuel and services from participating Avfuel dealers.

2. Customer will:

2.1. Use its best efforts to enroll pilots in the AVTRIP Program;

2.2. Award all participating pilots two AVTRIP Points for each U.S. gallon of fuel purchased from Customer and, at Customer's discretion, a minimum of one point for each U.S. dollar, or part thereof, spent by a participating pilot for parts and services at Customer's facilities;

2.3. Pay to Avfuel, by deduction from amounts due to Customer or in cash if no amounts are due Customer, \$.01 for each AVTRIP point awarded;

2.4. Maintain complete records of all points earned by participating pilots;

2.5. Train its personnel in the operation of the AVTRIP Program, and prominently post written materials relating to AVTRIP in and around its facilities in order to encourage pilot participation in the program; and

2.6. Promptly send all enrollments to Avfuel so that the enrollee can be added to the list of AVTRIP participants. Not less frequently than every two weeks, Customer will send Avfuel copies of all records pertaining to points earned by pilots that have not been previously reported via POS transmission, and remit to Avfuel all sums due hereunder.

3. Avfuel will:

3.1. Act as the administrator of the AVTRIP Program; and

3.2. Include the AVTRIP Program in its local, national and international marketing and advertising efforts as it deems appropriate to encourage pilot participation in the AVTRIP Program.

4. The price charged to any pilot for fuel, parts or service shall not be based on whether a pilot participates in the AVTRIP Program.

5. Avfuel reserves the unilateral right to amend, suspend, or terminate the AVTRIP Program at any time effective upon written notice to the Customer. Avfuel also reserves the right to terminate any individual's participation at any time for misuse of the AVTRIP card, violation of the rules of the program, or inactivity for a period of twelve (12) consecutive months. Customer may withdraw from this Program

FBO Aviation Fuel Supply Agreement upon ninety (90) days' Notice to Avfuel. See Section 16 of the General Terms and Conditions regarding Notices. Termination of Customer's participation in this Program shall not be construed as terminating the Agreement or Customer's participation in any other program.

CONTRACT FUEL DEALER PROGRAM:

IF CUSTOMER HAS ELECTED TO PARTICIPATE IN AVFUEL'S CONTRACT FUEL DEALER PROGRAM, THE FOLLOWING WILL APPLY.

1. Customer has been invited and has elected to participate in Avfuel's Contract Fuel Dealer Program (the "CFD Program"). Accordingly, Customer agrees to sell and deliver to clients who participate in Avfuel's Contract Fuel Program (the "CFCs" or a CFC" as the context may require) aviation fuel supplied by Avfuel and other products and services supplied by the Customer. A CFC is a person or entity that has executed a Contract Fuel User's Agreement with Avfuel or that is specifically authorized in writing, in accordance with authorization procedures established from time to time by Avfuel, and is included in a listing of purchasers eligible to purchase aviation fuel and other products and services under the CFD Program. The Customer will secure authorization from Avfuel before completing a sale to a CFC and the failure to obtain such authorization may result in Avfuel's dishonor of the invoice for that sale.

2. Subject to agreement between Customer and Avfuel, Products supplied hereunder shall be supplied from either Avfuel inventory on site or from Customer inventory. If, as a convenience to Customer, Avfuel maintains inventory at Customer's facility then Customer agrees to the following: (a) if Avfuel's inventory is held separately in a segregated storage facility, Customer will withdraw fuel from that facility only to supply authorized CFCs and (b) if Avfuel's inventory is commingled with the inventory of the Customer (and, if applicable, third parties) in unsegregated facilities, Customer will not use or permit others to use Avfuel's inventory to supply parties other than authorized CFCs and to that end Customer shall not at any time make or permit withdrawals from that facility that would reduce the fuel in such facilities below the level of Avfuel's inventory (and, if applicable, the inventories of third parties). Customer shall measure Avfuel's inventory and reconcile that inventory on an ongoing basis. Reconciliation reports, in a form satisfactory to Avfuel, shall be delivered to Avfuel no later than the 5th day following the end of each month. If Avfuel's inventory is commingled in an unsegregated storage facility, gains and losses shall be allocated proportionally to the parties sharing the storage facility based on receipts of fuel during the month and losses shall be limited to no more than 1/4% of total receipts for per annum. Book inventory shall be adjusted to coincide with actual inventory each month. Unless the Products are contaminated by an act or omission of Dealer, Avfuel will be liable if the Products do not conform to specifications. If the Products are supplied from the Customer's inventory, the Customer will be liable if the Products do not conform to specifications. Customer shall maintain Avfuel's inventory level in accordance with Avfuel's guidelines and shall specify when ordering fuel whether that fuel is for Customer's or Avfuel's inventory (which is subject to approval by Avfuel).

3. Under the CFD Program, all aviation fuel delivered by the Customer to a CFC will be deemed sold by Avfuel and will be at the prices and terms independently established between Avfuel and the CFC. If Avfuel maintains an inventory of aviation fuel at the Customer's facilities, then aviation fuel supplied by the Customer to CFCs will be drawn from Avfuel's inventory. If Avfuel does not maintain an inventory of aviation fuel at the Customer's facilities, then aviation fuel supplied to a CFC is drawn from the Customer's inventory and Avfuel will account for that aviation fuel by issuing a credit to the Customer equal to the Customer's cost for that aviation fuel, including applicable taxes, based upon the Customer's cost for the last load of aviation fuel purchased from Avfuel prior to the date of supply to the CFC.

4. The charges for all aviation fuel supplied to the CFC will be payable solely to Avfuel. Avfuel will be responsible for collecting and remitting any taxes imposed thereon by any local, state or federal taxing authority. Avfuel will invoice and collect those charges and taxes from the CFC. Avfuel, as the seller of all aviation fuel supplied to the CFC, will be the holder of and have the sole right to exercise all lien rights under applicable law on the aircraft into which that aviation fuel is supplied. In addition to any lien rights which Avfuel might possess as a result of services provided to a CFC, upon Customer's receipt of the credit from Avfuel for the vouchers generated from the Customer's deliveries of fuel to that CFC, the Customer automatically and irrevocably transfers to Avfuel any lien rights that Customer has or may have with respect to any equipment or other property owned by the CFC arising from such deliveries of fuel.

5. In all sales of aviation fuel drawn from Avfuel's inventory, title to that aviation fuel will be retained by Avfuel until the point in time that the aviation fuel enters into the aircraft of the CFC, at which point in time title will pass to the CFC. In all

sales of aviation fuel drawn from Customer's inventory, title to that aviation fuel will be retained by the Customer until the point in time that the aviation fuel enters into the aircraft of the CFC, at which point in time title will pass instantaneously first to Avfuel and then to the CFC. The risk of loss or contamination of aviation fuel will be borne at each point in time by the party who or which holds title to that aviation fuel at that point in time. If, while Avfuel holds title, any aviation fuel is lost or contaminated as a result of the acts or omissions of the Customer, then the Customer will be liable to Avfuel for that loss or contamination.

6. The into-wing services provided by the Customer in delivering the aviation fuel to the CFC and any other services or products other than aviation fuel to the CFC for which a fee is charged will be deemed sold by the Customer to the CFC. The Customer's fees to CFC's for into-wing services will be at a charge equal to the lowest charge imposed by the Customer to any other purchaser of aviation fuel at the FBO, less the discount that would be applicable to that charge under Avfuel's Payment Acceptance Program (in that Avfuel will incur the discount in collecting that charge from the CFC). All other services and products will be supplied at the Customer's normally established rates. Such other products may include, without limitation, lubricants, spare parts, food and other amenities. Such other services may include, without limitation, flowage fees, tie-down services, catering services and similar services that expedite deliveries and facilitate arrangements for the CFC. No cash advances will be permitted as "other products or services". The Customer will supply all such other products or services as an independent contractor to the CFC and not as an agent or a subcontractor of Avfuel.

7. All other products and services that are supplied by Customer to CFCs will be provided in accordance with procedures and quality standards that are commercially reasonable and that comply with all legal requirements in the jurisdiction where the Customer's facilities are located. Customer will be solely liable if such other products and services do not conform to such standards, procedures or requirements.

8. The charges for all other products and services supplied by the Customer to the CFC will be payable solely to the Customer. The Customer will be responsible for collecting and remitting any taxes imposed thereon by any local, state or federal taxing authority. Customer may directly invoice and collect such charges from the CFC. Alternatively, at the Customer's option, Customer may assign to Avfuel for collection the account receivable from the CFC for other products and services supplied by the Customer (a "CFC Receivable"). If the Customer assigns a CFC Receivable to Avfuel, then Avfuel will issue a credit to the Customer's account for the amount of that CFC Receivable and Avfuel will thereafter invoice, collect and retain those charges from the CFC.

9. Any fees for any services supplied by the Customer in the delivery of aviation fuel to a CFC, including, without limitation any flowage fees or into-wing fees, will be earned by the Customer only after it has completed delivery of the entire load of aviation fuel into the aircraft of the CFC and title to that aviation fuel has passed to the CFC. Initial into-wing fees are established in the Special Terms and Conditions and, subject to the "most favored customer" provision in Paragraph 6, Customer may change those fees upon seven (7) days written Notice to Avfuel.

10. Customer will generate an electronic written record (a "Ticket") of all aviation fuel supplied to a CFC at the Customer's facility. Each Ticket will include the following information: the CFC's name; the authorization number; pilot's name; aircraft registration number; flight or ID number provided by the CFC if applicable; transaction date(s); and type and quantity of fuel products provided, as measured in U.S. gallons. In addition, if the Customer assigns to Avfuel the CFC Receivable for other products and services supplied by the Customer to the CFC, the Customer will include in the Ticket the type and quantity of such other products or services and the charges payable by the CFC for such other products or services. Any charges for such other products or services must be separately stated and clearly identified as fees charged by the Customer that are separate from and independent of the amounts charged by Avfuel for aviation fuel. The pilot or other responsible representative of the CFC shall sign and be given a copy of the completed Ticket.

11. The Ticket (or all information required to be shown on the Ticket) for each sale to a CFC shall be delivered to Avfuel by POS Transmission within twenty-four (24) hours following the completion of that sale. The original Tickets shall be kept on file by Customer for a period of five (5) years from the invoice date and will be sent to Avfuel upon request. Avfuel will from time to time provide Customer with instructions for processing these transactions and may provide the forms for doing so. Avfuel reserves the right to change these procedures upon seven (7) days written Notice to Customer.

12. The total amount due with respect to each Ticket shall be paid or credited to Customer's by Avfuel within ten (10) days following Avfuel's receipt of the Ticket.

13. Except as provided herein, all Tickets will be accepted by Avfuel without recourse. The exceptions are: a) Customer warrants the validity of all charges, and

any charge that is disputed by the CFC, correctly or incorrectly, on grounds that the charge is invalid or inaccurate or that the aviation fuel, products or services supplied were unsatisfactory, not performed or not delivered may be charged back to Customer at Avfuel's option; b) charges not previously authorized by Avfuel may be charged back to Customer at Avfuel's option; and c) any Ticket that is incomplete, illegible, or is otherwise not prepared in accordance with Avfuel's processing instructions may be charged back to Customer at Avfuel's option.

EQUIPMENT LEASE PROGRAM:

IF CUSTOMER HAS ELECTED TO PARTICIPATE IN AVFUEL'S EQUIPMENT LEASING PROGRAM, THE FOLLOWING WILL APPLY.

1. Customer has elected to participate in Avfuel's Equipment Lease Program. Accordingly, Avfuel, either for its own account or through one of its subsidiaries, agrees to deliver and lease the equipment identified in the Special Terms and Conditions (the "Equipment") at the lease rates shown in the Special Terms and Conditions to Customer for its sole use. All additional equipment or replacement equipment delivered to Customer but not listed in the Special Terms and Conditions shall also constitute Equipment subject to the provisions of this Section. For example, Customer may lease POS equipment from Avfuel at the then current lease price. Customer hereby agrees to pay Avfuel in advance the monthly lease payments prorated for any partial month. Avfuel may increase the rent during the term of the Lease upon 30 days written Notice. Customer shall be permitted to notify Avfuel within the first 15 days of that Notice period of its intention to terminate the lease effective on the date that the increase goes into effect. If Avfuel rescinds the rate increase, the lease shall continue in effect at the then current rates. If it does not rescind the increase, the lease shall expire on the date the increase goes into effect. Unless otherwise agreed, the term of the lease of each item of Equipment (a "Lease") shall correspond to the term of this Agreement.

2. Avfuel will advance the costs for the transport of the Equipment from the Avfuel facility to the Customer's facility and the responsibility for those costs will be as follows: (a) if the initial term of the Lease is less than five (5) years, at the time of delivery of the Equipment Avfuel will invoice the Customer for those advanced costs and the Customer will pay that invoice within twenty (20) days; (b) if the initial term of the Lease is five (5) years or more but is terminated before the end of the first five (5) years of that initial term as a result of the default by the Customer (truck lease being terminated for any reason other than a Default by Avfuel), then at the time of that termination, Avfuel will invoice the Customer for those advanced costs and the Customer will pay that invoice within twenty (20) days; and (c) if the initial term of the Lease is at least five (5) years and is not terminated before the end of that initial term, then Avfuel will bear those advanced costs without any right of reimbursement from the Customer.

3. Customer shall inspect the Equipment and shall make written notes as to any defects that are observed. A copy of all such notes shall be faxed or emailed to Avfuel within forty-eight (48) hours after the Equipment is delivered to the Customer. The failure to make and deliver those notes within that period will constitute the Customer's acknowledgement that there were no defects in the Equipment at the time delivered to the Customer.

4. Avfuel warrants that it has all necessary rights to lease said Equipment to Customer. Further, the parties agree that as between themselves, Avfuel has title to the Equipment and Customer shall keep the Equipment free of liens and shall not do or permit anything to be done that will prejudice the title of Avfuel, or its rights in the Equipment. Each item of Equipment shall bear a legend denoting it as the property of Avfuel and Customer shall not remove or deface that legend under any circumstances. Customer also agrees and understands that Avfuel may file such evidence of its ownership of the equipment as may be necessary in the state where the equipment is located.

5. AVFUEL MAKES NO WARRANTY, EXPRESS OR IMPLIED, REGARDING DEFECTS IN MATERIAL, WORKMANSHIP, DESIGN, CAPACITY, MERCHANTABILITY OR FITNESS OF THE EQUIPMENT FOR ANY PURPOSE, OR WHICH EXTEND BEYOND THE DESCRIPTION OF THE EQUIPMENT THAT APPEARS IN THE SPECIAL TERMS AND CONDITIONS.

6. Any of the Equipment that is used to store or transport Products shall be used solely for storing or transporting Products supplied to Customer under this Agreement.

7. The Equipment is not licensed or titled for use on public roads. The Equipment shall not be moved from the facility to which it was delivered nor operated on any public road without the prior written consent of Avfuel.

8. Customer will comply with all laws, ordinances and regulations applicable to the possession, operation or use of the Equipment and will demonstrate compliance upon request.

9. The maintenance obligations with regard to the Equipment are as follows.

9.1. Except as set forth in Section 9.2 below, Customer will maintain the Equipment in as good a condition as it was on the day of delivery, normal wear and tear excepted. Customer shall, at its sole expense, provide all preventative maintenance (including but not limited to lubrication, oil and filter changes, etc.), repairs, and replacement parts as are necessary to preserve the Equipment in good operating condition and in compliance and in conformity with all laws, rules, regulation, and industry standards which are applicable to the operation of the Equipment. Customer shall also be responsible for all meter calibration and certification (meters are not calibrated or certified when delivered) and all tire maintenance, repair, and replacement. **CHANGING A TIRE ON A REFUELER TRUCK IS VERY DANGEROUS AND MUST NOT BE ATTEMPTED BY UNTRAINED PERSONNEL. CUSTOMER AGREES THAT IT WILL PERMIT TIRES TO BE CHANGED ONLY BY AN OUTSIDE CONTRACTOR WHO IS PROFESSIONALLY TRAINED TO DO SUCH WORK.** Customer shall keep complete and accurate maintenance records and Avfuel is entitled to inspect the Equipment and the maintenance records at any time during regular business hours. At Avfuel's option, any item of repair or maintenance that would be the responsibility of Customer may be performed by Avfuel and billed back to Customer as additional rent. Customer shall not make any alterations or modifications to the Equipment of any kind including but not limited to painting, mounting of radios or antennas, applying decals or lettering without the prior express written consent of Avfuel.

9.2. Avfuel shall be responsible for the following refueler truck repairs when, in its opinion, repair is necessary: overhauls or replacement of the engine, transmission, differential, or belly valve. Avfuel shall be permitted access to the Equipment at any reasonable time in order to perform the repairs and modifications, which are its obligation hereunder. Repairs and maintenance to be performed by Avfuel shall be completed within a reasonable time after it learns of the need for such repairs. Avfuel assumes no responsibility for loss of use or any other items of ancillary damage, which may be caused by, or result to Customer by reason of the fact that the Equipment becomes inoperable. If any such repair or maintenance is required as the result of intentional conduct, negligence, or failure to perform repair or maintenance on the part of Customer or any of Customer's agents or employees, Customer shall be liable for all costs associated with performing such repairs and/or maintenance.

10. Customer shall be responsible for all Federal, State, and local taxes, fees, etc. that are assessed on the use or value of the Leased Equipment, including but not limited to, personal property, sales, and use taxes.

11. Customer shall secure insurance against any damage to or loss of the Equipment with coverage equal to the actual cash value of the Equipment and with the limitation of that coverage not less than the amount specified for that Equipment in the Special Terms and Conditions, Insurance policies shall be issued by insurance companies acceptable to Avfuel (which acceptance may not be unreasonably withheld), shall name Avfuel, or its subsidiary as loss payee, and shall provide for at least thirty (30) days' written Notice to Avfuel prior to cancellation or modification. Customer shall maintain such policies in full force and effect for the equipment for so long as Customer continues to lease that Equipment.

12. IN ADDITION TO THE INDEMNIFICATION OBLIGATIONS CONTAINED IN SECTION 10 OF THE GENERAL TERMS AND CONDITIONS, CUSTOMER AGREES TO INDEMNIFY AND HOLD AVFUEL AND/OR THE OWNER OF THE EQUIPMENT HARMLESS FROM AND AGAINST ANY AND ALL CLAIMS, LIABILITIES, LOSSES, EXPENSES (INCLUDING ATTORNEY'S FEES), OBLIGATIONS AND CAUSES OF ACTION FOR INJURY TO OR DEATH OF ANY AND ALL PERSONS, OR FOR DAMAGE TO OR DESTRUCTION OF ANY OR ALL PROPERTY ARISING OUT OF OR RESULTING FROM THE CONDITION, EXISTENCE, USE OR MAINTENANCE OF THE EQUIPMENT.

13. Upon termination of any Lease, at any time and for any reason, Customer shall (a) return the Equipment to Avfuel in as good condition as when Customer received it, normal wear and tear excepted, (a) pay for any necessary repair and replacement of any damages or missing Equipment, and (c) pay all costs for the transport of the Equipment from the Customer's facility to Avfuel's facility. If Customer breaches any of these commitments, Avfuel may advance those costs and invoice the Customer for those costs and the Customer will pay that invoice within twenty (20) days.

EXHIBIT B

Oregon Statutory (ORS) Certifications

We Hereby Certify to comply with Title VI of the Civil Rights Act of 1964, with Section V of the Rehabilitation Act of 1973, and with all applicable requirements of federal and state civil rights and rehabilitation statues, rules and regulations. We Certify also that we shall comply with the Americans with Disabilities Act of 1990, as amended by the ADA Amendments Act (ADAAA) of 2008 and any subsequent amendments (42 U.S.C. § 12101, et seq.) (Pub L No. 101-336), ORS 659A, and all regulations and administrative rules established pursuant to those laws. We Certify, in the performance of any contract issued from any proposal related to these documents, we will in all respects adhere to City of Madras' policy of non-discrimination.

We Certify that we have not and shall not discriminate against a subcontractor in awarding a subcontract because the subcontractor is a minority, women or emerging small business enterprise certified under ORS 200.055 or a business enterprise that is owned or controlled by or that employs a disabled veteran, as defined in ORS 408.225.


We Certify that we, and our subcontractors, if any, and all employers working under this agreement are subject employers under the Oregon Workers' Compensation Law, and shall comply with ORS 656.017, which requires them to provide Workers' Compensation coverage for all of their subject workers, unless such employers are exempt under the law.

We Certify that we accept all the terms and conditions contained herein and in the event of a forthcoming contract containing these same terms and conditions we would agree without exception. Any exception to these terms and conditions will be made a minimum of five (5) working days before the proposal deadline.

We Certify that we _____ ARE ARE NOT (mark one) a "Resident Bidder" as defined by ORS 279A.120. As defined in ORS 279A.120, "Resident Bidder" means a bidder that has paid unemployment taxes or income taxes in this state in the twelve calendar months immediately preceding submission of the bid, has a business address in this state, and has stated in the bid whether the bidder is a "Resident Bidder".

If not a Resident Bidder as defined in ORS 279A.120, please indicate state of residence:

Michigan

Proposer  Date 4/26/24
(Authorized Official)

Exceptions to the above Certifications. Proposer will cross out those items they cannot certify to and then list the reasons for the exception (use additional pages if necessary): **Avfuel proposes to use as a template for contractual language its Aviation Fuel Supply Agreement, the standard terms and conditions of which are contained in Attachment A of this Proposal. If Avfuel is selected as the vendor of choice, the Aviation Fuel Supply Agreement would serve as the foundational document to govern the relationship between Avfuel Corporation and the City of Madras. Modifications to the terms and conditions of the Aviation Fuel Supply Agreement, as agreed upon by both parties, will become binding once jointly executed.**

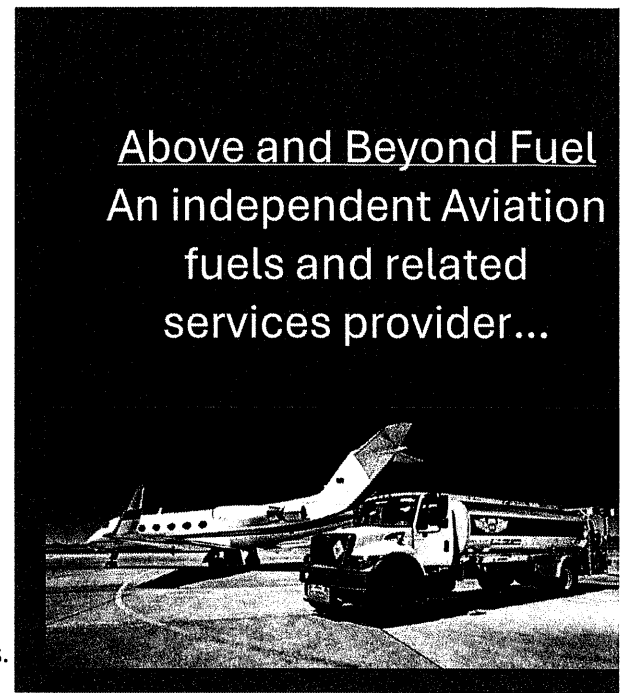
CityServiceValcon

March 28th, 2024

The City of Madras



Re: PROPOSAL for AVIATION FUEL SUPPLIER of The City of Madras.



To whom this may concern,

On behalf of the CityServiceValcon, LLC (CSV) and Phillips 66[®] Aviation Teams, we appreciate the opportunity to submit a proposal to provide solutions to your fuel needs and related services.

Our offer is based on two uniquely aligned companies' (CSV / Phillips 66[®] Aviation) service elements and value-added programs to assist the City of Madras, the airport and its patrons with reliable supply, support, and incremental value.

CSV is a privately held company with the strength of a major fuel producer (Phillips 66[®]). Furthermore, a customer centric and a nimble company similar to the City of Madras.

I am confident in creating a mutually beneficial business partnership with you and your company. Last but not least, we will be proud to add the City of Madras to our family of FBOs where you will be known by your name.

I hereby acknowledge the RPF and all addenda.

Sawyer Silliker
Signature

4/26/2024
Date

Presented By:

Sawyer Silliker
Aviation Regional Sales Manager
(406) 250-9225 Cell
Sawyer.Silliker@CityServiceValcon.com



The Most Trusted Wings In Aviation™

This proposal and its supporting materials are confidential to CityServiceValcon, LLC, The City of Madras, and the employees whom have a reason and purpose for reviewing. Otherwise, this proposal and its supporting materials shall remain private, confidential and not to be reproduced or distributed. Pricing, terms and condition of the sales are subject to final review and commitment. Offer valid for 45 days.

City of Madras – Madras Municipal Airport (S34/26)
“Aviation Fuel Supplier”
Section V. Proposal

A. Product shall include the following types of fuels:

- a Aviation Turbine Fuel – Jet A;
- b Aviation Gasoline, 100 Octane, Low Lead (Avgas) or future replacement.

Product delivered to the Airport shall comply with the following specifications:

Phillips 66 Branded Products meet or exceed the following ASTM product specifications:

Jet A in accordance with ASTM D1655, latest version.

AVGAS (100LL) in accordance with ASTM D910, latest version.

We strive to deliver each load at the stated date and time through our redundant supply network utilizing P66 terminals. When you become a branded P66 dealer you are not limited on supply. Unlike independent refineries, P66 has a set allocation on every branded account that they are obligated to produce. This ensures that P66 branded accounts have the supply they need during the peak seasons.

The Madras Municipal Airport’s supply needs will be reviewed annually and quarterly for forecasting. The forecast will be reviewed by CSV and the City of Madras as we develop the forecast.

B. Quality control procedures:

CSV and Phillips 66® Aviation maintain industry leading product quality control programs for all refined products. Phillips branded dealers are required to meet or exceed P66’s Aviation Fuel Quality Assurance Requirements (AFQAR).

A comprehensive collection of fuel quality control information, technical data and specification, training tools and links to industry guidance is aviation through TrustedFuel.com. TrustedFuel.com is designed to support the fuel-handling operations at your FBO.

P66 offers \$50 Million in excess liability coverage program free of charge to branded dealers. FBO must meet the minimum program requirements.

The following programs are available to Phillips 66 Branded Dealers:

- ✓ Training: Discounted National Air Transport Association’s (NATA) Safety 1st
- ✓ Quality Control and Training Forms and Calculators
- ✓ Misfuelling Prevention
- ✓ Quality Control Inspection Program
- ✓ Fuel Handling
- ✓ Health, Safety & Environmental (H.S.E)
- ✓ Aircraft Accidents
- ✓ Quality Control Assurance Obligations
- ✓ Equipment and Industry

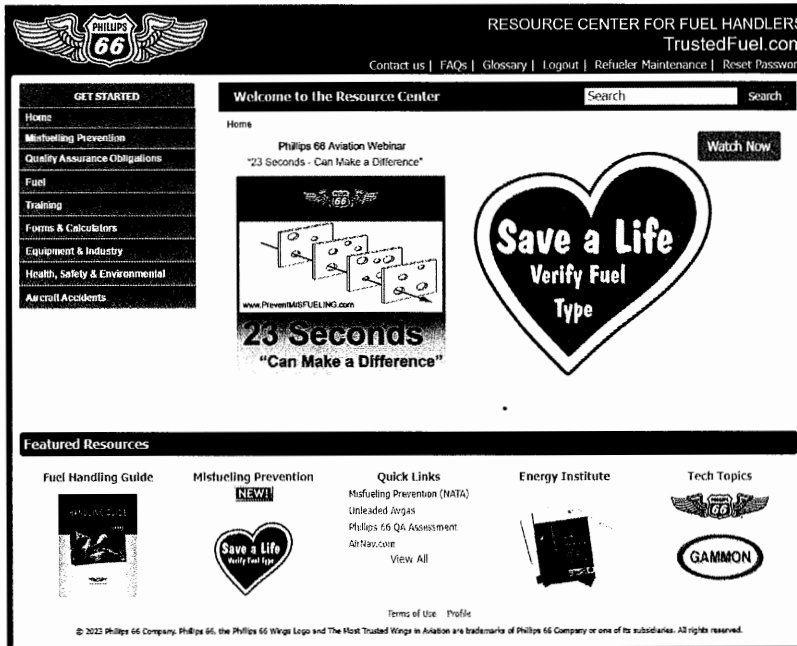
As a Phillips 66 branded dealer, you will have discounted or free access to ^{4/26/2024} five quality control seminars.

Annual inspections are performed by CSV and / or Phillips 66® Aviation quality assurance team. Correction action(s) and consulting regarding any discrepancy is provided by team CSV and / or Phillips 66® Aviation. In addition, phone support for technical and quality control is available at no cost.

Onsite, customized, hands-on training on quality control and quality assurance is provided at no cost.

- ✓ Next regional training: P66 QC/Filter Training in Portland on Sept. 18th.

Most recent and current initiative – Save a Life, Verify Fuel (avoid misfuelling)



C. Delivery schedules based on normal (non-urgent) fuel order lead times:

CSV standard lead times throughout the year are 3-5 days. The next day order to deliveries do happen but realistically in the heat of summer we revert to the 3-5 days. Depending on which supply terminal we are pulling from CSV will use a combination of common carriers and our own proprietary CSV dedicated aviation delivery trucks.

To ensure that the Madras Airport maintains a continuous supply, supply needs will be reviewed annually and monthly for forecasting. The forecast will be reviewed by CSV and the airport.

D. Emergency procedures, including back-up supplier if applicable:

We are confidential in supplying Madras Municipal Airport through P66's multiple supply terminals coupled with exchange terminals. We can work with common carriers including our own transportation services to ensure supply/delivery to our branded dealers.

Freight Equalization: Reimbursement, with P66's approval, for the net incremental cost of freight when the Primary Terminal is out of **Product and an Outage Notification has been posted on Gateway** (P66 user web-portal). Freight Equalization is calculated as the sum of base freight charge and fuel surcharge at the Secondary Terminal minus the sum of the base freight charge and fuel surcharge at the Primary Terminal.

E. Ordering procedures, including order minimums, if any:

Our dispatchers are dedicated to Aviation fuel accounts. The City of Madras will have the option to order fuel through our aviation dispatch line or aviation dispatch email.

A full load at CSV is considered any quantity above 10,000 gallons and CSV will deliver a load as small as 1,000 gallons. Freight is calculated based on a full load. If the City of Madras plans on ordering short loads, our CSV dispatchers will do our best to fill the truck for a split load with our other aviation accounts. This breaks up the freight between the different locations in the event to create savings for the City of Madras. Our aviation dispatchers will also reach out to the City of Madras with split opportunities from other aviation accounts.

Split Book: If an account is on the edge for purchasing a load of fuel you may call aviation dispatch and ask to be put in the split book. This helps our aviation dispatchers put together cost-effective splits for our customers.

F. Fuel Pricing:

Jet-A price to Dealer shall be the delivered average price as established by CSV on the date of lifting plus all applicable taxes, fees, and freight. Any third-party cost/freight increases may be passed through to the dealer, at CSV's option, upon five (5) days' advance notice to dealer.

Fuel Pricing is based on N15 day payment terms.

Jet-A Average Pricing as of April 15 th -April 21st	
Weekly Market Rack Price for Portland, OR	\$2.7346
Mark Up (fixed) per Gallon (in cents)	\$0.065
Oregon Jet Tax	\$0.03
Federal Oil Spill Liability	\$0.00214
Federal Excise Tax	\$0.243
Federal LUST Tax	\$0.001
Other Taxes or Fees	\$0.00405
Fixed Freight Cost per Gallon	\$0.1196
Freight Surcharge – Variable	\$0.0490
Total Cost Per Gallon	\$3.24839
Detention Fee (per hour)	\$75.00

Avgas (100LL) price to Dealer shall be the delivered average price as established by CSV on the date of lifting plus all applicable taxes, fees, and freight.

Avgas Average Pricing as of April 15 th -April 21st	
Weekly Market Rack Price for Portland, OR	\$4.50006
Mark Up (fixed) per Gallon (in cents)	\$0.15
Oregon Load Fee	\$10.00 per loading
Oregon Avgas Tax	\$0.11
Federal Oil Spill Liability	\$0.00214
Federal Excise Tax	\$0.193
Other Taxes or Fees	\$0.00505
Fixed Freight Cost per Gallon	\$0.1261
Freight Surcharge - Variable	\$0.0517
Total Cost Per Gallon	\$5.13805
Detention Fee (per hour)	\$75.00

G. Certification that payment terms will be net thirty (30) days:

Payment terms: N15 or N30 days.

H. Methods of payments accepted, including fees or discounts for different forms of payment, if applicable:

The City of Madras will have the option to make payments via electronic funds transfer (EFT), wire transfer, or a check payment.

Discount: Net 15, CSV will discount Jet loads by \$0.03 cpg and Avgas \$0.05 cpg.

I. Description of point of sale credit card system and supplies. Must include a wireless, point-of-sale terminal for the refueler.

As a branded Phillip 66 dealer, you will benefit from an array of credit card processing devices and credit card options. Furthermore, you will enjoy low processing fees starting with Phillips 66's credit cards at zero percent.

Phillips 66 Aviation Wings Card makes your customers' daily travels and weekend excursions easier. Customers can use their Personal Credit Card at more than 800 Phillips 66 branded aviation FBOs across the country – including self-service and pay-at-the-pump sites. They can gas up at any of the thousands of Phillips 66®, Conoco and 76® gas stations nationwide.

Beyond fuel, pilots can use the Phillips 66 Personal Credit Card to pay for hangar fees, tie-downs, and to get cash at ATMs nationwide.

Highlights of the branded cards program:

- ✓ Only aviation brand able to leverage motor fuel credit card processing rates.
- ✓ Card accepted at over 800 Phillips 66 branded aviation FBOs.
- ✓ 7,000+ branded c-store locations.
- ✓ Lowest card rates in the aviation industry.
- ✓ NO qualified versus non-qualified transactions.
- ✓ Credit Card reimbursements within 48-72 hours via EFT.
- ✓ Corporate “Wings” card co-branded with AvCard is accepted at 7000+ locations worldwide – no annual fees or administrative charges to cardholders.
- ✓ Self-serve fueling terminals may process on P66's platform where you will enjoy the low processing fee.

Following are methods to process credit cards via web-based on the Phillips 66 network:

- ✓ Phillips 66 AvPOS: A web-based software that can be used on the front-counter computer or on a mobile device. (No cost)
 - Remote processing available via tablet. (Wi-Fi/Cellular data required)
- ✓ X1 FBO integration with P66 processing network complete.
- ✓ Aviation Point of Sales accept:
 - P66 cards
 - Mastercard
 - Visa
 - American Express
 - Discover
 - Avcard
 - Multi-Service Card
 - Government Air Card

Branded P66 Credit Card Processing Rates:

Phillips 66 Aviation Card Type/Description	Per dollar, new rate effective April 18, 2022
Phillips 66 Aviation Wings Card (Red Avcard)	0.00%
Branded Personal Card	0.00%
Branded /Cobranded Fleet Card	0.00%
American Express	3.25%
Avcard (Blue)	2.15%
Debit	1.50%
Discover/Diner's Card	3.30%
Mastercard Qualified	2.75%
Mastercard NonQualified (card on file, keyed)	2.95%
Multiserve	3.35%
Visa Qualified	2.25%
Visa NonQualified (card on file, keyed)	2.25%
Voyager	2.75%
WEX	2.75%

J. Statement that the Proposer can provide a lease Jet A refueler with a minimum 5,000 gallon capacity and an AvGas refueler with a minimum 1,000-gallon capacity. Detail costs of maintenance programs required for the vehicle, both those provided by the Airport and those provided by the Proposer. Include specifications on truck make, model, year of manufacture, and photograph(s) of fueler expected to provide fuel to the City. Provide proposed lease terms and a sample lease.

CSV and Phillips 66 Aviation offer state-of-the-art, safe, and reliable refueler for your business. In addition, our branded dealer program, we offer painting and imaging assistance for branded dealers for the refuelers you currently own. Decals for your refueler are supplied at no cost.

Currently, CSV owns a fleet of Jet and Avgas refuelers. Our fleet consists of refuelers of all sizes and years 2000 and newer. New equipment is available through ProFlo or Skymark Refuelers.

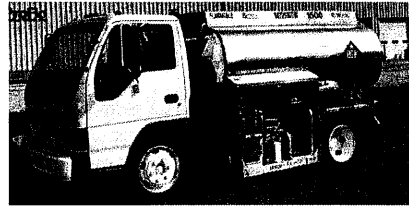
Our used refuelers are refurbished and are a cost-effective solution for essentially acquiring a replacement truck. At CSV we are not limited to what is in our fleet. If our fleet does not meet the expectations of the City of Madras, we can assist in providing other options, buying new, connecting with dealers, financing options, etc.

CSV thoroughly inspects the refuelers prior to the in-service date, following, the CSV technical support representative will be on-site to install the refueler. The tech rep. will train all staff on how to properly use the refueler and know the ins and outs.

In a lease agreement, CSV covers all major components of the refueler. The daily wear and tear of the refueler and preventative maintenance is responsible by the lessee. Example – tires, oil changes, lights.

Pricing example:

- ✓ 2008 5k Jet-A Refueler (3-year term)
 - Lease rate of \$1,750 per month, Model M2.
 - Completely refurbished Freightliner.
 - Freight: CSV to pay for round-trip freight.
 - Location: Salem, OR.
- ✓ 2004 1k Gallon Avgas Refueler (3-year term)
 - Lease rate of \$750 per month.
 - Completely refurbished Isuzu.
 - Freight: CSV to pay for round-trip freight.
 - Location: Alvada, OH.



CSV is constantly updating our refueler fleet due to the high demand, refuelers availability and pricing are subject to change.

K. Describe promotional, advertising, uniform, and any/all co-op programs available that may benefit the City.

Sales Aid Tools:

- ✓ Phillips 66 offers \$1.00 per gallon rebate to the participating pilot and qualified sales for Compassion flights and Young Eagles.
- ✓ Phillips 66 contract fuel program – allows you to customize your offer by channel of trade and/or flight department specific.
- ✓ CSV's regional manager to provide guidance on other aviation trade site marketing opportunities.
- ✓ P66 and CSV jointly will work directly with your team to help:
 - Identify targets and opportunities.
 - Margin Optimization.
 - Flightplan.com listing updates.
 - Wingpoints (Optional).
 - Access to P66 Marketing items for trade shows (Co-Op qualified).
- ✓ Aviation Directory Support: As your Aviation Sales Manager, you can reach me at any time on any day of the week. I am your FBO's extension, and here to help. Aviation dispatch group available 24/7 to provide support. Your dedicated team:
 - Aviation Sales Manager – Sawyer Silliker
 - Aviation Dispatchers, dedicated to Aviation
 - P66 Account specialists on program support
 - Technical Support – James Keck plus Phillips 66 QC managers and lab engineers
 - Vice President, Aviation – Dev Sharma

Co-Op Program Summary: Designed to assist P66 branded dealers to promote P66 aviation brand and to improve services available at branded FBO's.

- ✓ P66 will allocate funds at a rate of \$0.005 (one half cent) per gallon on all net gallons purchased (excludes into-plane gallons).

- ✓ Funds can be used on various items – Wingpoints, advertising, uniforms, fuel testing & training, premium promotional items, signage, etc.
- ✓ Must be in compliance with the brand standard and quality control requirement.
- ✓ Reimbursement of 50% of the approved vendor invoice amount on all qualifying items.
- ✓ Processed by Aviation Sales Admin.

Industry Involvement and Commitment:

Combined, our presence extends to national, regional, and state conferences such as, but not limited to, National Business Aviation Conference (NATA), Aircraft Schedulers & Dispatchers Conference (S&D), NW Aviation Conference, Oregon Airport Managers Association, and Washington Airport Managers Association. By exhibiting at the above listed tradeshow/conferences, CSV promotes brand recognition of all P66/CSV branded dealers. Any potential leads regarding vendors/charter services will be passed on to Madras Airport.

Ongoing financial contributions to support and market our accounts and the Phillips 66 brand:

- ✓ CSV/P66 continually makes efforts to sponsor airshows, programs, events, and tradeshow.
- ✓ Phillips 66 sponsors and promotes safe practices such as the “Save A Life” initiative (avoid mis-fueling) at industry events and collaboration with NATA and AOPA.

Phillips 66 Aviation has formed a very active Advisory Council comprised of branded Phillips 66 Aviation Dealers and Marketers. The members represent all Phillips 66 Aviation dealers and marketers on business issues, assist in the development of strategies and tactics to strengthen the financial viability of all stakeholders in the Phillips Aviation brand, also keeping Phillips 66 alert to emerging aviation industry topics.

Our involvement with FBOs is based on our philosophy of providing solutions to our FBOs to create value through our experts and Phillips 66 Aviation value-added programs.

Here are some examples:

- ✓ Auburn Municipal Airport (S50):
 - We have provided online and onsite safety training.
 - Diagnosed and resolved avgas tank fill issue.
 - Zero runout through P66’s supply guarantee and our dedicated carriers.
 - Reimaged tank farm with certain upgrades and technical support at no cost.
 - New signs, decals, digital display, and upgraded fueling system for ease of use for patrons.
 - Airshow Sponsorship
- ✓ Yellowstone Air Service (YAS):
 - CSV helped modernize FBO’s fuel farm located in Livingston, MT.
 - Provided technical support to YAS on owned trucks at no cost.
 - Fuel farm technical support at no cost.
 - Onsite hands-on training at no cost.
 - Reimaged signs.
- ✓ Bighorn Airways (SHR):
 - Provided onsite training.

- In addition, performed inspections to ATA103 (Airline) and NFPA (Fire) inspections at the FBOs request.
- Helped diagnose Jet-A refueler issue at no cost.
- ✓ Glacier Jet Center (GPI):
 - Annual filter change completed by (TSR)
 - Helped plan FBO master plan
 - Supplemented market with rail operations to support Airlines
- ✓ Port of Astoria (AST):
 - Added remote processing system to capture sales anywhere on the airport
 - Customized onsite training.
 - Airshow Sponsorship
 - Target market opportunities
 - Detailed credit card report to save on processing

L. Description of Line and Customer Service training programs, including training materials used, if any.

Phillips 66 conducts Training Seminars regularly in each region of the country including webinars. Webinars are available for viewing at your convenience. Training covers the basics of quality control, testing, and current or proposed legislation that affects our dealers. These courses are one day in length, and there is no charge to attend our classes. The City of Madras will have access to CSV's Technical Support Manager for guidance on fuel related operation and equipment diagnostic.

As a branded dealer, you will have access to Phillips 66 Quality Control website. A site that is progressive, and all-encompassing on-line resource center for fuel handlers. TrustedFuel.com is continuously updated providing Fuel Handling Guide, Energy Institute information, Tech Topics, Training, and QA Inspection Program guidance and forms to name a few.

<https://trustedfuel.com/login/>

Our commitment to The City of Madras:

- ✓ CSV will offer onsite training upon request.
 - CSV's Technical Support Representative to provide onsite QC and equipment training.
 - No limit on the number of employees to attend the training.
 - Onsite training is at no cost to the FBO.
- ✓ CSV / P66 will conduct training seminars and Webinars which the FBO and members are encouraged to attend.
- ✓ For online training, the FBO can choose between:
 - P66 Trusted Fuel – free of charge.
 - NATA – Safety 1st Training – discounted at \$99 per employee.
 - Basic Fuel Safety
 - Fuels, Lubricants, and Oxygen
 - Hazardous Materials
 - Personal Protection
 - Spills and Leak Management
 - Fuel Storage Areas

- Weather Effects on Fueling Operations
- Aviation Refuelers
- Fuel Contaminants
- Receiving Fuel Shipments
- Fuel Filtration
- Fuel Storage Facilities
- Fuel Quality Testing
- Operational Procedures
- Line Fuel Final Assessment
- ✓ Other courses offered in AceSafetyPro:
 - Fuel Safety Supervisor
 - Airport Fueling Inspector Training
 - Aviation Fuel Quality Control
 - Aviation Self-Fueling Course
 - Hazardous Materials Transportation Training
 - Aviation Human Factors
 - Movement and Non-Movement Training
 - SIDA Training

M. Conversion/transition plan: provide a timetable for delivery of refuelers, signage, logos, uniform replacement, forms, software conversion, et cetera.

There are two steps CSV takes to complete a transition. It starts with a new brand inspection; this is done by the CSV Technical Support Representative and takes a few hours. The NTB inspection is primarily to ensure the Madras Airport and its employees are abiding by industry wide standards and have the skillset to do so. Following the NTB, the Regional Manager will make sure the FBO is ready to fully operate prior to the start date.

If the City of Madras chooses to lease a refueler, CSV will make sure it is put in-service prior to the initial start date. It usually takes 1-2 weeks for the refueler to be delivered. During this time, we will inspect, flow test, install decals, calibrate meters, and coordinate shipping. All signage, logos, uniform replacement, software conversion is apart of the Regional Sales Managers critical path and will be completed prior to the start date.

N. Marketing support and incentive programs including available contract fuel program services and/or assistance. With each item identify any associated costs.

CSV will offer \$15,000 a incentive for a 3-year contract paid in increments of \$5,000 per contract year.

Phillips 66 includes National and International Advertising and Business Promotion programs. Our national advertising (95% digital / 5% print) campaign focuses on driving the Phillips network of FBOs.

Phillips 66 exhibits at the industry's leading national trade shows including National Business Aviation Association, NBAA Schedulers and Dispatchers, and Aviation International Expo (NATA).

The focus of the Phillips 66 booth is to promote the branded FBO network directly to corporate pilots.

The Phillips 66 Aviation web site (www.phillips66aviation.com) is designed with pilots in mind. The site is intended to be a comprehensive location with access to all flight information needed by pilots for flight operations. Included in this web site is a Phillips 66 Aviation FBO Locator, free of cost. All that's needed is to update the site to position your airport and services. You can change your information in the FBO locator as often as you like, at no charge.

Aviation Directory Support: Listing and directory support provided by both CSV and Phillips 66 team. In addition, The City of Madras will have an opportunity to advertise through:

- ✓ Flightplan.com ad placement for FBO free of charge.
 - Phillips 66 Aviation provides free to each branded dealer: FBO logo, 399 characters of copy, phone number, fax number, frequency, email address, website address, & up to 10 icons for amenities/FBO facilities. This is a \$1,500 per year value per FBO.
- ✓ Phillips 66 Website – listing of The City of Madras. (No cost)
- ✓ Contract Fuel: Price distribution to flight departments (pilots, dispatchers, and flight departments) to increase visibility of The City of Madras. (No cost)
- ✓ Featured FBO (FBO spotlight) distributed via social media and direct mail. (No cost)

O. At least three examples of fuel supply services similar to those sought by the City provided by the Proposer within the last five (5) years, including customer names and contact information. By supplying this information, the Proposer consents to have the City contact the named former customers to obtain reference information about the Proposer's performance.

For 90 years, CityServiceValcon has offered quality fuel, oil and energy products, dependable delivery, outstanding customer care, and superior service.

Safety is our #1 priority. CityServiceValcon is committed to the safety of our customers, employees, and the environment. We take pride in our qualified and trained employees, maintaining safe operations, eliminating hazards, and complying with all company safety rules. Every employee is responsible for actively identifying ways to make our company a safer place to work. Safety is our primary goal. We actively engage in policies and programs to continuously improve the safety of our companies and uphold our commitment to our employees, customers, and the environment.

Our mission continues to escalate quality and service with a leading edge in professional etiquette, technology, and resources. As one of the major logistics leaders, we will provide optimal outcomes for your fuel, propane, or lubricant needs.

References:

Auburn Municipal Airport – Tim Mensonides (253) 333-6821
Port of Astoria – Matt McGrath (503) 298-0909
Glacier Jet Center – Mike Talbot (931) 237-6823

Detention Fee (per hour)	\$75
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Percent Discount for early invoice payment: \$0.03 cpg on Jet / \$0.05 cpg on Avgas for Net 15 payment days

Any Additional Costs (if applicable): N/A

We hereby certify that the foregoing price information is true and accurate:

Proposer Sawyer Silliker Date 4/26/2024
 (Authorized Official)

EXHIBIT B
Oregon Statutory (ORS) Certifications

We Hereby Certify to comply with Title VI of the Civil Rights Act of 1964, with Section V of the Rehabilitation Act of 1973, and with all applicable requirements of federal and state civil rights and rehabilitation statutes, rules and regulations. We Certify also that we shall comply with the Americans with Disabilities Act of 1990, as amended by the ADA Amendments Act (ADAAA) of 2008 and any subsequent amendments (42 U.S.C. § 12101, et seq.) (Pub L No. 101-336), ORS 659A, and all regulations and administrative rules established pursuant to those laws. We Certify, in the performance of any contract issued from any proposal related to these documents, we will in all respects adhere to City of Madras’ policy of non-discrimination.

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We Certify that we, ~~and our subcontractors, if any, and all employers~~ working under this agreement are subject employers under the Oregon Workers' Compensation Law, and shall comply with ORS 656.017, which requires them to provide Workers’ Compensation coverage for all of their subject workers, unless such employers are exempt under the law.

We Certify that we accept all the terms and conditions contained herein and in the event of a forthcoming contract containing these same terms and conditions we would agree without exception. Any exception to these terms and conditions will be made a minimum of five (5) working days before the proposal deadline.

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If not a Resident Bidder as defined in ORS 279A.120, please indicate state of residence: Montana

Proposer Sawyer Silliker Date 4/26/2024
(Authorized Official)

Exceptions to the above Certifications. Proposer will cross out those items they cannot certify to and then list the reasons for the exception (use additional pages if necessary):

EXHIBIT C
Key Contract Term

- A. The Agreement is made under and shall be governed and construed in accordance with the laws of the State of Oregon. The place of the Agreement or purchase order, its situs and forum, shall be Madras, Oregon, where all matters, whether sounding in contract or in tort, relating to its validity, construction, interpretation, and enforcement shall be determined. Vendor agrees and submits, solely for matters relating to the Agreement, to the jurisdiction of the courts of the State of Oregon and stipulates that Jefferson County shall be the proper venue for all matters.
- B. Except to the extent the provisions of this Agreement are clearly inconsistent therewith, the applicable provisions of the Uniform Commercial Code as modified and adopted in Madras, Oregon shall govern the Agreement. To the extent the Agreement entails both the supply of "goods" and "Services," such shall be deemed "goods" within the meaning of the Uniform Commercial Code, except when deeming such Services as "goods" would result in a clearly unreasonable interpretation.
- C. Vendor shall comply with all applicable federal, state, and local laws and regulations, including but not limited to rules and regulations of the City of Madras, and the Oregon Public Contracting Code, ORS chapters 279A and 279B.
- D. Vendor is responsible for obtaining and maintaining all required licenses and permits necessary to perform work under this Agreement.
- E. Vendor releases and will defend, indemnify, and hold City and City's present and future elected officials, officers, employees, contractors (other than Vendor), tenants, members, volunteers, representatives, and agents (collectively, "City'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 the following: (a) Vendor's and/or Vendor's directors, officers, employees, agents, representatives, invitees, volunteers, and/or contractors (collectively, "Vendor's Agents") acts and/or omissions, including, without limitation, Vendor's and/or Vendor's Agents operations at the Property; (b) Vendor's use of the Property and/or Equipment; (c) Vendor's maintenance, repair, use, and/or operation of the Shelter Services Center and/or Program; (d) Vendor's and/or Vendor's Agents use, storage, treatment, transportation, presence, release, and/or disposal of Hazardous Substances in, on, under, and/or about the Property; and/or (e) Vendor's breach and/or failure to perform any Vendor representation, warranty, covenant, and/or obligation under this Lease. Vendor's indemnification obligations under this Section _____ will survive the expiration or earlier termination of this Lease. Any indemnification obligation on the part of the City to Vendor and to third parties shall be subject to the protections and limitations of the Oregon Tort Claims Act, ORS 30.260 to 30.300.

F. During the term of this Agreement, Vendor (and Vendor's carrier(s)) will obtain and maintain, in addition to any other insurance required under this Agreement, the following minimum levels of insurance: (a) general liability insurance for all losses or claims arising out of or related to Vendor's performance of its obligations under this Agreement (including, without limitation, damages as a result of death or injury to any person or destruction or damage to any property) with limits of not less than \$2,000,000 per occurrence, \$3,000,000 in the aggregate; (b) pollution liability insurance with limits of not less than \$2,000,000 per occurrence, \$3,000,000 in the aggregate; (c) comprehensive automobile liability insurance for all owned, nonowned, and hired vehicles that are or may be used by Vendor in connection with Vendor's performance of its obligations under this Agreement with limits of not less than \$1,000,000 per occurrence, \$2,000,000 in the aggregate; and (d) Workers' Compensation and Employment Liability Insurance as prescribed by applicable law. Each liability insurance policy required under this Agreement will be in form and content satisfactory to City, will contain a severability of interest clause, and will contain a provision that the insurance policy may not be cancelled without thirty (30) days' prior written notice to City. Vendor's insurance will be primary and any insurance carried by City will be excess and noncontributing. Vendor will furnish City with appropriate documentation evidencing the insurance coverage (and provisions) Vendor is required to obtain under this Agreement upon Vendor's execution of this Agreement and at any other time requested by City. If Vendor fails to maintain insurance as required under this Agreement, City will have the option, but not the obligation, to obtain such coverage with costs to be reimbursed by Vendor upon City's demand or, at City's election, deducted from amounts owed to Vendor. During the term of this Agreement, Vendor will require each carrier utilized by Vendor to deliver the fuel to City to obtain and maintain such levels of insurance as required under this Section _____, and such insurance will insure against all claims arising out of any environmental contamination caused by Vendor and/or such carrier at City's place of business caused by spills that occur during the delivery of fuel.

G. City does not discriminate in the administration of any of its programs or activities. Vendor will be required to ensure that no person shall be denied employment or fair treatment, or in any way discriminated against, on the grounds of or because of the basis of race, sex, religion, age, national origin, or disability. Vendor, for itself, its personal representatives, successors in interest, and assigns as part of the consideration hereof, does hereby covenant and agree:

- that no person on the grounds of race, color, creed, sex, age or national origin or handicap shall be excluded from participation, denied the benefits of or be otherwise subjected to discrimination in the use of its facilities.
- that, in the construction of any improvements on behalf of Fuel Supplier and the furnishing of services, no person shall be excluded from participation in, denied the

benefits of or otherwise be subjected to discrimination on the grounds of race, creed, color, sex, age, national origin or handicap; and

- that Vendor shall use the Airport facilities in compliance with all other requirements imposed by or pursuant to Title 49, Code of Federal Regulations, Department of Transportation, Subtitle A, Office of the Secretary, Part 21, Nondiscrimination- Effectuation of Title VI of the Civil Rights Act of 1964, as amended; and that in the event of breach of any of these on discrimination covenants, the Municipality shall have the right to terminate this Agreement.

FUEL SUPPLY AGREEMENT

This Fuel Supply Agreement (this "Agreement") is made and entered into this _____ day of June, 2024 (the "Effective Date") by and between City of Madras ("City"), an Oregon municipal corporation, whose address is 125 SW "E" Street, Madras, OR 97741 and _____, a _____ corporation, ("Vendor") whose address is _____.

RECITALS:

- A. City is the owner and operator of the fixed-based operation site at Madras Municipal Airport (S33), addressed as 2028 NW Berg Drive, Madras, OR 97741 (the "FBO").
- B. Vendor markets and distributes aviation fuels and similar products.
- C. The parties have agreed that Vendor will sell aviation fuels to City and City will purchase aviation fuels and similar products from Vendor in accordance with the terms and conditions of this Agreement.

AGREEMENT:

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

1. Scope. During the Term (as defined below), and subject to the terms and conditions of this Agreement, Vendor agrees to sell and City agrees to purchase all of City's requirements for the FBO for branded and unbranded aviation gasoline and jet fuel (collectively, "Product") exclusively from Vendor and that it will not purchase any such Products for the FBO from any other party except as otherwise provided herein. City may, in its discretion, purchase any other products offered for sale by Vendor and, in which case, such products will be included in the term "Product" and otherwise governed by this Agreement. City represents and warrants that all Product purchased hereunder will be for the purpose of operating the Madras Municipal Airport and that no Product purchased hereunder shall be used or sold for non-aviation use.

2. Pricing; Orders.

(a) Unless otherwise agreed in writing by the parties, the price for Product sold hereunder shall be as established by Vendor from time to time in its discretion on price sheets provided to City. Prices stated on price sheets shall be inclusive of all Taxes (as defined in Section 10) additives, freight charges, surcharges and fees, but shall be broken down or otherwise list the information referenced in Exhibit A. Vendor may adjust its prices from time to time by providing City with an updated pricing sheet. Notwithstanding anything herein to the contrary, price changes will not take effect until

ten (10) days City's receipt of an updated pricing sheet and will not apply to any orders for Product made by City prior to the effective date of the price change.

~~(b) Notwithstanding anything herein to the contrary, if, City can purchase Product of comparable quality and for a like use from a different vendor, (a) Vendor, upon presentation of satisfactory written evidence, will meet the lower prices during the time in which the lower prices are in effect, or (b) City will be permitted to purchase such comparable Product elsewhere during such time and City (or its designee) may fill all storage tanks or other storage receptacle with such comparable Product.~~

(c) City will place orders for Product on Vendor's standard purchase order form provided such form complies with this Agreement. In the event of any conflict between this Agreement and the purchase order form, this Agreement will control and City's execution of a purchase order containing any conflicting terms shall not be considered an amendment or waiver of this Agreement.

3. Product; Product Standard. Vendor represents and warrants to City that the Products sold hereunder will meet the highest standards prevalent in the industry or business most closely involved in providing the Product, will comply with all applicable legal requirements, and will otherwise meet the following requirements: Jet A Turbine Fuel produced by a refinery in the United States shall meet ASTM D-1655, latest revision, and Jet A Turbine Fuel produced by a refinery in Canada shall meet the requirements of CAN/CGSB-3.23, latest revision; and 100 low lead (LL) aviation gasoline produced by a refinery in the United States shall meet ASTM D-910, latest revision. Vendor represents and warrants to City that it has good title to the Product delivered hereunder, and Vendor represents and warrants to City that it has the right to sell such Product and will transfer and deliver such Product free from any restrictions, liens, conditions, encumbrances, and/or adverse claims of every kind. EXCEPT AS SPECIFICALLY SET FORTH IN THIS SECTION, VENDOR MAKES NO WARRANTIES OF ANY KIND TO CITY REGARDING THE PRODUCT SOLD HEREUNDER.

4. Payment Terms. Subject to the terms and conditions contained in this Agreement, payment by City shall be made by means of electronic funds transfer, and the terms shall be net thirty (30) days from City's receipt of invoice. Payments made with 15 days of City's receipt of invoice will be subject to a ^{.03 cpg on Jet}~~.05 cpg on Avgas~~ discount. Past due amounts shall be subject to a one-time late fee in the amount of five percent (5%) of the past due amount and will thereafter accrue interest at a rate of nine percent (9%) per annum, or the maximum rate permitted by applicable law, whichever is less. Any waiver by Vendor of interest charges or administrative fees on a particular invoice shall not be construed as a waiver by Vendor of its right to impose such charges on other or subsequent deliveries. Vendor reserves the right, in addition to all other rights and remedies available to it under the law, in equity or otherwise, to suspend further delivery of Product, and demand payment of all outstanding balances, if City fails to make any payment as herein provided, or if Vendor at any time deems itself insecure with regard to the creditworthiness or financial condition of City.

5. Duration and Renewal. Subject to the terms and conditions contained in this Agreement, this Agreement shall be for an initial term of three (3) years beginning on the Effective Date (the "Initial Term"). City shall have the option to renew this Agreement for two (2) additional periods of one (1) year each (each a "Renewal Term"). City must exercise an option review by providing written notice of such exercise to Vendor no less than ninety (90) days prior to the end of the Initial Term or the applicable Renewal Term.

6. Force Majeure. The performance of a party's obligations under this Agreement will be excused by delays that arise out of causes beyond the control, and without the fault or negligence of, such party, including, without limitation, acts of God, acts of federal, state, or local government, compliance with requests, regulations or orders of any governmental authority, fire, storm, flood, earthquake, explosion, accidents, acts of the public enemy, terrorism, war, riot, strike, lockout, or unavailability of or delays in delivery of any product which is the subject of this Agreement; provided, however, in no event will the performance of a party's obligations under this Agreement be excused for delays resulting from (a) changes in economic or market conditions, (b) financial or internal problems of the party delayed, and/or (c) a party's inability to pay its financial obligations. If any such *force majeure* interruption occurs with respect to Vendor's supply which is not the fault of Vendor itself, Vendor may, with City's prior written consent, substitute another fuel of the same brand, a different brand, or no brand so long as such aviation fuel meets the standards set forth in Section 3 above and/or the quantities of aviation fuel required to be supplied under this Agreement may be ratably reduced for the period during which such *force majeure* interruption may exist. In the event that deliveries will be delayed for a time period that would cause service interruptions at the Airport, City can acquire Product from a third party without voiding this Agreement. City will not be liable for any breach of this Agreement for acquiring Product pursuant to this Section 6. City must provide bill of lading and quality tests documentation for any deliveries not obtained from Vendor.

7. Title and Risk of Loss. Subject to the terms and conditions contained in this Agreement, Vendor's liability relating to Product sold hereunder shall cease and title and risk of loss shall pass to City when said product passes the flange between Vendor's delivery line and City's designated storage tanks or is otherwise in the possession of City.

8. Inspection and Measurement. City's inspection and measurement of delivered Product shall be based on meters or on certified tank truck capacities according to City practice. All quantities shall be adjusted to 60 degrees F temperature (unless otherwise specified by Oregon law) in accordance with the latest revised applicable parts of ASTM Designation D: 1250, IP Designation: 200 Petroleum Tables. The term "gallon" shall mean a U.S. gallon of 231 cubic inches. The term "tank truck" shall mean a transport truck with a tank storage capacity of not less than 3,000 gallons.

9. Deliveries. Vendor will make best efforts to deliver Product within five (5) business days after Vendor's receipt of City's purchase order for such Product. Deliveries shall be made within the usual business hours for FBO administrative staff. Vendor shall prepare and furnish City with copies of bills of lading and other shipping papers. Vendor

shall not be required to make deliveries into vehicles supplied by City unless they are clean and empty immediately prior to delivery and shall not be required to load or deliver quantities less than the full capacity of the vehicle, except as otherwise authorized by Vendor from time to time. If deliveries are to be made into City's storage facilities, City shall provide storage facilities sufficient to enable it to receive such deliveries and shall provide Vendor with unimpeded and adequate ingress and egress twenty-four hours per day. All deliveries of Product shall be made by qualified personnel in industry-standard trucks, vehicles, and equipment maintained in accordance with industry standards and shall be in full bulk transport quantities. .

10. Taxes. All prices quoted in price sheets shall be U.S. Dollars (unless otherwise specified) and include all duties, taxes, assessments, fees, and other charges, whether foreign or domestic, including, but not limited to, excise tax, VAT, GST, mineral oil tax, sales tax, use tax or any other tax, license fees, inspection fees, landing fees, airport fees, fees for the privilege of buying, selling or loading aviation fuel, or other charges imposed by any governmental authority or agency or regulatory body, or third party upon, or measured by the gross receipts from or volume sold of any commodity, or on the production, manufacture, transportation, sale, use, delivery or other handling of such commodity, or any component thereof, or on any feature or service related thereto or of any invoice, existing at the time of any sale hereunder (collectively "Taxes"). City shall receive the benefit of any tax exemption or exception afforded to City as a governmental entity buyer and price sheets will certify that all applicable exemptions and exceptions have been factored into stated prices. To the maximum extent permitted by applicable law, Vendor will pay on behalf of City all Taxes included in the purchase price for Product and will indemnify City against any liability for such Taxes. Vendor's obligations under this Section 10 shall extend to any Taxes which are assessable against City as a result of any subsequent change in, or in interpretation of, any laws relating to such Taxes.

11. Independent Contractor. In the performance of this Agreement, Vendor is engaged as an independent contractor. This Agreement does not create an agency relationship between City and Vendor and does not establish a joint venture or partnership between City and Vendor. Vendor does not have the authority to bind City or represent to any person that Vendor is an agent of City. Vendor has the authority to hire other persons to assist Vendor in performing its obligations under this Agreement (and has the authority to fire such persons).

12. Insurance. During the term of this Agreement, Vendor (and Vendor's carrier(s)) will obtain and maintain, in addition to any other insurance required under this Agreement, the following minimum levels of insurance: (a) general liability insurance for all losses or claims arising out of or related to Vendor's performance of its obligations under this Agreement (including, without limitation, damages as a result of death or injury to any person or destruction or damage to any property) with limits of not less than \$2,000,000 per occurrence, \$3,000,000 in the aggregate; (b) pollution liability insurance with limits of not less than \$2,000,000 per occurrence, \$3,000,000 in the aggregate; (c) comprehensive

automobile liability insurance for all owned, non-owned, and hired vehicles that are or may be used by Vendor in connection with Vendor's performance of its obligations under this Agreement with limits of not less than \$1,000,000 per occurrence, \$2,000,000 in the aggregate; and ~~(d) workers' compensation and employment liability insurance as prescribed by applicable law.~~ Each liability insurance policy required under this Agreement will be in form and content satisfactory to City, will contain a severability of interest clause, and will contain a provision that the insurance policy may not be cancelled without thirty (30) days' prior written notice to City. Vendor's insurance will be primary and any insurance carried by City will be excess and noncontributing. Vendor will furnish City with appropriate documentation evidencing the insurance coverage (and provisions) Vendor is required to obtain under this Agreement upon Vendor's execution of this Agreement and at any other time requested by City. If Vendor fails to maintain insurance as required under this Agreement, City will have the option, but not the obligation, to obtain such coverage with costs to be reimbursed by Vendor upon City's demand. During the term of this Agreement, Vendor will require each carrier utilized by Vendor to deliver the fuel to City to obtain and maintain such levels of insurance as required under this Section 12, and such insurance will insure against all claims arising out of any environmental contamination caused by Vendor and/or such carrier at City's place of business caused by spills that occur during the delivery of fuel.

13. Indemnification. Vendor releases and will defend, indemnify, and hold City and City's present and future elected officials, officers, employees, contractors (other than Vendor), tenants, members, volunteers, representatives, and agents (collectively, "City'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 the following: (a) Vendor's and/or Vendor's directors, officers, employees, agents, representatives, invitees, volunteers, and/or contractors (collectively, "Vendor's Agents") acts and/or omissions, including, without limitation, Vendor's and/or Vendor's Agents operations at the Property; (b) Vendor's use of the Property and/or Equipment; (c) Vendor's maintenance, repair, use, and/or operation of the Shelter Services Center and/or Program; (d) Vendor's and/or Vendor's Agents use, storage, treatment, transportation, presence, release, and/or disposal of Hazardous Substances in, on, under, and/or about the Property; and/or (e) Vendor's breach and/or failure to perform any Vendor representation, warranty, covenant, and/or obligation under this Lease. Vendor's indemnification obligations under this Section 13 will survive the expiration or earlier termination of this Lease. Any indemnification obligation on the part of the City to Vendor and to third parties shall be subject to the protections and limitations of the Oregon Tort Claims Act, ORS 30.260 to 30.300.

14. Quality Control; Compliance With Laws; Authority.

(a) City shall maintain the quality of Vendor's aviation products and shall comply with any quality control procedures prescribed by Vendor and its supplier. In no event shall City permit automotive engine fuels or kerosene to be sold as Vendor's aviation

fuels or dispensed through equipment bearing Vendor's or its suppliers' insignia. City shall immediately report to Vendor any accident or incident involving a fueled aircraft.

(b) Vendor will perform its obligations under this Agreement in accordance and compliance with all applicable federal, state, and local laws, regulations, restrictions, orders, codes, rules and/or ordinances, all as now in force and/or which may hereafter be amended, modified, enacted, or promulgated. Without otherwise limiting the generality of the immediately preceding sentence, Vendor will comply with each and every obligation applicable to Vendor under ORS 279B.220, 279B.225, 279B.230, and 279B.235, which statutes are incorporated herein by reference. Vendor will be solely responsible for obtaining any and all licenses, approvals, and certificates necessary or appropriate to perform its obligations under this Agreement. Any failure of Vendor to comply with such applicable laws and regulations will entitle City to terminate this Agreement.

(c) In addition to any other Vendor representation, warranty, and/or covenant made in this Agreement, Vendor represents, warrants, and covenants to City that Vendor has full power and authority to sign and deliver this Agreement and to perform all Vendor's obligations under this Agreement, including, without limitation, granting of branding authority. This Agreement is the legal, valid, and binding obligation of Vendor, enforceable against Vendor in accordance with its terms. The signing and delivery of this Agreement by Vendor and the performance by Vendor of all Vendor's obligations under this Agreement will not (i) breach any agreement to which Vendor is a party, or give any person the right to accelerate any obligation of Vendor, (ii) violate any law, judgment, or order to which Vendor is subject, or (iii) require the consent, authorization, or approval of any person, including, without limitation, any governmental body.

15. Confidential Information. Vendor acknowledges that City is subject to Oregon Public Records law and that City cannot guarantee that any records transmitted from Vendor to City will not be subject to public disclosure. Notwithstanding the foregoing, City will make reasonable efforts to maintain confidentiality as requested by Vendor and provided Vendor clearly indicates the specific records or sections thereof for which confidentiality is sought. City makes no guaranty that submitted information will not be disclosed if required by law or if doing so is in the best interests of the public or the City.

16. Termination.

(a) This Agreement may be terminated upon the mutual written consent of both parties.

(b) Vendor may, in addition and without prejudice to any of its other rights or remedies hereunder, terminate this Agreement upon giving City thirty (30) days' prior written notice (or such other period as is specified herein) if any one or more of the following occurs and City fails to cure such breach within the applicable notice period: (i) City breaches or defaults on any covenant, condition or other provision of this Agreement, the branding schedule, note, security agreement, lease, or any other agreement of the parties; (ii) City fails to pay to Vendor in a timely manner when due all

sums to which Vendor is legally entitled (whether or not such sums are owed under this Agreement); or (iii) willful adulteration, commingling, mislabeling or misbranding of aviation fuels or other violations by City of trademarks utilized by Vendor occur.

(c) City may, in addition and without prejudice to any of its other rights or remedies hereunder, terminate this Agreement upon giving Vendor no less than thirty (30) days' prior written notice (or such other period as is specified herein) if any one or more of the following occurs and City fails to cure such breach within the applicable notice period: (i) Vendor breaches or defaults on any covenant, condition or other provision of this Agreement or any agreement executed pursuant to this Agreement; (ii) City fails to pay to Vendor in a timely manner when due all sums to which Vendor is legally entitled (whether or not such sums are owed under this Agreement); or (iii) willful adulteration, commingling, mislabeling or misbranding of aviation fuels or other violations by City of trademarks utilized by Vendor occur.

(d) City may terminate this Agreement, without cause, upon giving Vendor no less than ninety (90) days' prior written notice.

(e) If Vendor continues to accept orders from City following the expiration of the Term, such sales shall be upon all of the terms and conditions hereof except that the relationship of the parties may be terminated at will.

(f) In the event this Agreement is terminated, all other agreements and instruments between the parties shall also terminate, and all amounts owing under any note or other document shall become due and payable. In addition, upon termination of this Agreement, any and all indemnity obligations, parties' rights upon breach, all collateral and security interests in favor of Vendor, obligations arising upon termination (such as discontinuing the use of the trademarks and tradenames of Vendor's supplier), confidentiality provisions, and any other terms of this Agreement which by their nature should survive termination shall all survive.

(g) No termination of this Agreement, even if on account of Vendor's default, shall excuse City from paying any unpaid amounts owing for aviation fuel previously delivered hereunder, or from paying other outstanding amounts due Vendor under this Agreement.

17. Allowances.

(a) *(enter proposed allowances here for the City such as fuel trucks, equipment, etc.)*

(b) *(enter proposed allowances here for the City such as fuel trucks, equipment, etc.)*

18. Miscellaneous.

(a) Notices. All notices or other communications required or permitted by this Agreement must be in writing, must be delivered to the parties at the addresses first set forth

above, or any other address that a party may designate by notice to the other party, and are considered delivered upon actual receipt if delivered personally, by fax or email transmission (with electronic confirmation or delivery), or by a nationally recognized overnight delivery service, or at the end of the fourth business day after the date of deposit if deposited in the United States mail, postage pre-paid, certified, return receipt requested.

(b) Entire Agreement; Severability. This Agreement constitutes the entire agreement between the parties. The parties agree to execute such additional documents as may be necessary to effectuate the purposes of this Agreement including, without limitation, any branding agreements provided such terms are reasonable to City in City's reasonable discretion. Each provision contained in this Agreement will be treated as a separate and independent provision. The unenforceability of any one provision will in no way impair the enforceability of any other provision contained herein. Any reading of a provision causing unenforceability will yield to a construction permitting enforcement to the maximum extent permitted by applicable law.

(c) No Conflict. Each of City and Vendor represents and warrants to the other that neither the execution and delivery of this Agreement by it, nor the consummation of the transactions contemplated hereby, will: (a) violate or conflict with, or result in a breach of any provision of, or constitute a default under any existing agreement or other instrument or obligation to which it is a party, (b) violate applicable law; or (c) require any action, or consent or approval of, or review by, any other party, except as shall have been duly obtained and effective as of the date of this Agreement.

(d) Assignment. This Agreement may not be assigned by Vendor, either voluntarily, involuntarily, or by operation of law, without the prior written consent of City. As used herein, an assignment includes any transaction or conveyance in the equity interest of Vendor of fifty percent (50%) or more.

(e) Waiver. The waiver by either party of the breach of any provision hereof shall not constitute a waiver of any subsequent or continuing breach of such provision or provisions.

(f) Governing Law, Disputes. This Agreement shall be construed in accordance with the laws of the State of Oregon without regard to conflict of laws provisions. Vendor hereby consents to the jurisdiction of any state or federal court situated in Jefferson County, Oregon and waives any objections based on forum non conveniens with regard to any actions, claims, disputes or proceedings relating to this Agreement, any related document, or any transactions arising therefrom, or enforcement and/or interpretation of any of the foregoing; provided, nothing herein shall affect a party's right to bring proceedings against the other party in the competent courts of any other jurisdiction or jurisdictions.

(g) Attorneys' Fees. If any arbitration or litigation is instituted to interpret, enforce, or rescind this Agreement, 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.

(h) Person; Interpretation. For purposes of this Agreement, 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. 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 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 Agreement.

IN WITNESS WHEREOF, the parties have executed this Agreement which is made effective as of the date first above written.

VENDOR
CityServiceValcon _____,
a LLC. corporation

CITY
City of Madras,
an Oregon municipal corporation

By: Sawyer Silliker
Its: Regional Sales Manager

By: _____
Its: _____

Date: 4/26/2024

Date: _____

Exhibit A
Pricing Sheeting Cost Breakdown

Avgas Average Pricing as of April 15 th -April 21st	
Weekly Market Rack Price for Portland, OR	\$4.50006
Mark Up (fixed) per Gallon (in cents)	\$0.15
Oregon Load Fee	\$10.00 per loading
Oregon Avgas Tax	\$0.11
Federal Oil Spill Liability	\$0.00214
Federal Excise Tax	\$0.193
Other Taxes or Fees	\$0.00505
Fixed Freight Cost per Gallon	\$0.1261
Freight Surcharge - Variable	\$0.0517
Total Cost Per Gallon	\$5.13805
Detention Fee (per hour)	\$75.00

Jet-A Average Pricing as of April 15 th -April 21st	
Weekly Market Rack Price for Portland, OR	\$2.7346
Mark Up (fixed) per Gallon (in cents)	\$0.065
Oregon Jet Tax	\$0.03
Federal Oil Spill Liability	\$0.00214
Federal Excise Tax	\$0.243
Federal LUST Tax	\$0.001
Other Taxes or Fees	\$0.00405
Fixed Freight Cost per Gallon	\$0.1196
Freight Surcharge – Variable	\$.0490
Total Cost Per Gallon	\$3.24839
Detention Fee (per hour)	\$75.00

RFP for City of Madras Fuel for Airport Evaluation and Scoring Sheet

EVALUATOR

Jeff Hurd

Scoring Criteria	AV Fuel	Firms	
		City Service Valcon	World Fuel
1. Professional Qulifications	5	15	15
2. Experience	5	10	15
3. Reputation and Performannce	10	10	10
4. Pricing information	20	25	30
5. Equipment and Materials	20	15	20
6.Contract and lease terms	10	10	0
TOTAL SCORE	70	85	90

EVALUATOR

Lorraine Martinelli

Scoring Criteria	AV Fuel	Firms	
		City Service Valcon	World Fuel
1. Professional Qulifications	13	15	14
2. Experience	13	15	13
3. Reputation and Performannce	8	9	9
4. Pricing information	25	20	28
5. Equipment and Materials	18	15	19
6.Contract and lease terms	8	8	8
TOTAL SCORE	85	82	91

EVALUATOR

Michele Quinn

Scoring Criteria	AV Fuel	Firms	
		City Service Valcon	World Fuel
1. Professional Qulifications	10	14	14
2. Experience	8	8	15
3. Reputation and Performannce	8	10	10
4. Pricing information	20	22	29
5. Equipment and Materials	18	16	19
6.Contract and lease terms	8	10	5
TOTAL SCORE	72	80	92

COMBINED SCORES	227	247	273
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FUEL SUPPLY AGREEMENT

This Fuel Supply Agreement (this "Agreement") is made and entered into this _____ day of June, 2024 (the "Effective Date") by and between City of Madras ("City"), an Oregon municipal corporation, whose address is 125 SW "E" Street, Madras, OR 97741 and _____, a _____ corporation, ("Vendor") whose address is _____.

RECITALS:

- A. City is the owner and operator of the fixed-based operation site at Madras Municipal Airport (S33), addressed as 2028 NW Berg Drive, Madras, OR 97741 (the "FBO").
- B. Vendor markets and distributes aviation fuels and similar products.
- C. The parties have agreed that Vendor will sell aviation fuels to City and City will purchase aviation fuels and similar products from Vendor in accordance with the terms and conditions of this Agreement.

AGREEMENT:

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

1. Scope. During the Term (as defined below), and subject to the terms and conditions of this Agreement, Vendor agrees to sell and City agrees to purchase all of City's requirements for the FBO for branded and unbranded aviation gasoline and jet fuel (collectively, "Product") exclusively from Vendor and that it will not purchase any such Products for the FBO from any other party except as otherwise provided herein. City may, in its discretion, purchase any other products offered for sale by Vendor and, in which case, such products will be included in the term "Product" and otherwise governed by this Agreement. City represents and warrants that all Product purchased hereunder will be for the purpose of operating the Madras Municipal Airport and that no Product purchased hereunder shall be used or sold for non-aviation use.

2. Pricing; Orders.

(a) Unless otherwise agreed in writing by the parties, the price for Product sold hereunder shall be as established by Vendor from time to time in its discretion on price sheets provided to City. Prices stated on price sheets shall be inclusive of all Taxes (as defined in Section 10) additives, freight charges, surcharges and fees, but shall be broken down or otherwise list the information referenced in Exhibit A. Vendor may adjust its prices from time to time by providing City with an updated pricing sheet. Notwithstanding anything herein to the contrary, price changes will not take effect until ten (10) days City's receipt of an updated pricing sheet and will not apply to any orders for Product made by City prior to the effective date of the price change.

(b) Notwithstanding anything herein to the contrary, if, City can purchase Product of comparable quality and for a like use from a different vendor, (a) Vendor, upon presentation of

satisfactory written evidence, will meet the lower prices during the time in which the lower prices are in effect, or (b) City will be permitted to purchase such comparable Product elsewhere during such time and City (or its designee) may fill all storage tanks or other storage receptacle with such comparable Product.

(c) City will place orders for Product on Vendor's standard purchase order form provided such form complies with this Agreement. In the event of any conflict between this Agreement and the purchase order form, this Agreement will control and City's execution of a purchase order containing any conflicting terms shall not be considered an amendment or waiver of this Agreement.

3. Product; Product Standard. Vendor represents and warrants to City that the Products sold hereunder will meet the highest standards prevalent in the industry or business most closely involved in providing the Product, will comply with all applicable legal requirements, and will otherwise meet the following requirements: Jet A Turbine Fuel produced by a refinery in the United States shall meet ASTM D-1655, latest revision, and Jet A Turbine Fuel produced by a refinery in Canada shall meet the requirements of CAN/CGSB-3.23, latest revision; and 100 low lead (LL) aviation gasoline produced by a refinery in the United States shall meet ASTM D-910, latest revision. Vendor represents and warrants to City that it has good title to the Product delivered hereunder, and Vendor represents and warrants to City that it has the right to sell such Product and will transfer and deliver such Product free from any restrictions, liens, conditions, encumbrances, and/or adverse claims of every kind. EXCEPT AS SPECIFICALLY SET FORTH IN THIS SECTION, VENDOR MAKES NO WARRANTIES OF ANY KIND TO CITY REGARDING THE PRODUCT SOLD HEREUNDER.

4. Payment Terms. Subject to the terms and conditions contained in this Agreement, payment by City shall be made by means of electronic funds transfer, and the terms shall be net thirty (30) days from City's receipt of invoice. Payments made with ___ days of City's receipt of invoice will be subject a _____% discount. Past due amounts shall be subject to a one-time late fee in the amount of five percent (5%) of the past due amount and will thereafter accrue interest at a rate of nine percent (9%) per annum, or the maximum rate permitted by applicable law, whichever is less. Any waiver by Vendor of interest charges or administrative fees on a particular invoice shall not be construed as a waiver by Vendor of its right to impose such charges on other or subsequent deliveries. Vendor reserves the right, in addition to all other rights and remedies available to it under the law, in equity or otherwise, to suspend further delivery of Product, and demand payment of all outstanding balances, if City fails to make any payment as herein provided, or if Vendor at any time deems itself insecure with regard to the creditworthiness or financial condition of City.

5. Duration and Renewal. Subject to the terms and conditions contained in this Agreement, this Agreement shall be for an initial term of three (3) years beginning on the Effective Date (the "Initial Term"). City shall have the option to renew this Agreement for two (2) additional periods of one (1) year each (each a "Renewal Term"). City must exercise an option review by providing written notice of such exercise to Vendor no less than ninety (90) days prior to the end of the Initial Term or the applicable Renewal Term.

6. Force Majeure. The performance of a party's obligations under this Agreement will be excused by delays that arise out of causes beyond the control, and without the fault or negligence of, such party, including, without limitation, acts of God, acts of federal, state, or local government, compliance with requests, regulations or orders of any governmental authority, fire, storm, flood, earthquake, explosion, accidents, acts of the public enemy, terrorism, war, riot, strike, lockout, or

unavailability of or delays in delivery of any product which is the subject of this Agreement; provided, however, in no event will the performance of a party's obligations under this Agreement be excused for delays resulting from (a) changes in economic or market conditions, (b) financial or internal problems of the party delayed, and/or (c) a party's inability to pay its financial obligations. If any such *force majeure* interruption occurs with respect to Vendor's supply which is not the fault of Vendor itself, Vendor may, with City's prior written consent, substitute another fuel of the same brand, a different brand, or no brand so long as such aviation fuel meets the standards set forth in Section 3 above and/or the quantities of aviation fuel required to be supplied under this Agreement may be ratably reduced for the period during which such *force majeure* interruption may exist. In the event that deliveries will be delayed for a time period that would cause service interruptions at the Airport, City can acquire Product from a third party without voiding this Agreement. City will not be liable for any breach of this Agreement for acquiring Product pursuant to this Section 6. City must provide bill of lading and quality tests documentation for any deliveries not obtained from Vendor.

7. Title and Risk of Loss. Subject to the terms and conditions contained in this Agreement, Vendor's liability relating to Product sold hereunder shall cease and title and risk of loss shall pass to City when said product passes the flange between Vendor's delivery line and City's designated storage tanks or is otherwise in the possession of City.

8. Inspection and Measurement. City's inspection and measurement of delivered Product shall be based on meters or on certified tank truck capacities according to City practice. All quantities shall be adjusted to 60 degrees F temperature (unless otherwise specified by Oregon law) in accordance with the latest revised applicable parts of ASTM Designation D: 1250, IP Designation: 200 Petroleum Tables. The term "gallon" shall mean a U.S. gallon of 231 cubic inches. The term "tank truck" shall mean a transport truck with a tank storage capacity of not less than 3,000 gallons.

9. Deliveries. Vendor will make best efforts to deliver Product within five (5) business days after Vendor's receipt of City's purchase order for such Product. Deliveries shall be made within the usual business hours for FBO administrative staff. Vendor shall prepare and furnish City with copies of bills of lading and other shipping papers. Vendor shall not be required to make deliveries into vehicles supplied by City unless they are clean and empty immediately prior to delivery and shall not be required to load or deliver quantities less than the full capacity of the vehicle, except as otherwise authorized by Vendor from time to time. If deliveries are to be made into City's storage facilities, City shall provide storage facilities sufficient to enable it to receive such deliveries and shall provide Vendor with unimpeded and adequate ingress and egress twenty-four hours per day. All deliveries of Product shall be made by qualified personnel in industry-standard trucks, vehicles, and equipment maintained in accordance with industry standards and shall be in full bulk transport quantities. .

10. Taxes. All prices quoted in price sheets shall be U.S. Dollars (unless otherwise specified) and include all duties, taxes, assessments, fees, and other charges, whether foreign or domestic, including, but not limited to, excise tax, VAT, GST, mineral oil tax, sales tax, use tax or any other tax, license fees, inspection fees, landing fees, airport fees, fees for the privilege of buying, selling or loading aviation fuel, or other charges imposed by any governmental authority or agency or regulatory body, or third party upon, or measured by the gross receipts from or volume sold of any commodity, or on the production, manufacture, transportation, sale, use, delivery or other handling of such commodity, or any component thereof, or on any feature or service related thereto or of any invoice, existing at the time of any sale hereunder (collectively "Taxes"). City shall receive the benefit of any tax exemption or exception afforded to City as a governmental entity buyer and price sheets

will certify that all applicable exemptions and exceptions have been factored into stated prices. To the maximum extent permitted by applicable law, Vendor will pay on behalf of City all Taxes included in the purchase price for Product and will indemnify City against any liability for such Taxes. Vendor's obligations under this Section 10 shall extend to any Taxes which are assessable against City as a result of any subsequent change in, or in interpretation of, any laws relating to such Taxes.

11. Independent Contractor. In the performance of this Agreement, Vendor is engaged as an independent contractor. This Agreement does not create an agency relationship between City and Vendor and does not establish a joint venture or partnership between City and Vendor. Vendor does not have the authority to bind City or represent to any person that Vendor is an agent of City. Vendor has the authority to hire other persons to assist Vendor in performing its obligations under this Agreement (and has the authority to fire such persons).

12. Insurance. During the term of this Agreement, Vendor (and Vendor's carrier(s)) will obtain and maintain, in addition to any other insurance required under this Agreement, the following minimum levels of insurance: (a) general liability insurance for all losses or claims arising out of or related to Vendor's performance of its obligations under this Agreement (including, without limitation, damages as a result of death or injury to any person or destruction or damage to any property) with limits of not less than \$2,000,000 per occurrence, \$3,000,000 in the aggregate; (b) pollution liability insurance with limits of not less than \$2,000,000 per occurrence, \$3,000,000 in the aggregate; (c) comprehensive automobile liability insurance for all owned, non-owned, and hired vehicles that are or may be used by Vendor in connection with Vendor's performance of its obligations under this Agreement with limits of not less than \$1,000,000 per occurrence, \$2,000,000 in the aggregate; and (d) workers' compensation and employment liability Insurance as prescribed by applicable law. Each liability insurance policy required under this Agreement will be in form and content satisfactory to City, will contain a severability of interest clause, and will contain a provision that the insurance policy may not be cancelled without thirty (30) days' prior written notice to City. Vendor's insurance will be primary and any insurance carried by City will be excess and noncontributing. Vendor will furnish City with appropriate documentation evidencing the insurance coverage (and provisions) Vendor is required to obtain under this Agreement upon Vendor's execution of this Agreement and at any other time requested by City. If Vendor fails to maintain insurance as required under this Agreement, City will have the option, but not the obligation, to obtain such coverage with costs to be reimbursed by Vendor upon City's demand. During the term of this Agreement, Vendor will require each carrier utilized by Vendor to deliver the fuel to City to obtain and maintain such levels of insurance as required under this Section 12, and such insurance will insure against all claims arising out of any environmental contamination caused by Vendor and/or such carrier at City's place of business caused by spills that occur during the delivery of fuel.

13. Indemnification. Vendor releases and will defend, indemnify, and hold City and City's present and future elected officials, officers, employees, contractors (other than Vendor), tenants, members, volunteers, representatives, and agents (collectively, "City'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 the following: (a) Vendor's and/or Vendor's directors, officers, employees, agents, representatives, invitees, volunteers, and/or contractors (collectively, "Vendor's Agents") acts and/or omissions, including, without limitation, Vendor's and/or Vendor's Agents operations at the Property; (b) Vendor's use of the Property and/or Equipment; (c) Vendor's maintenance, repair, use, and/or operation of the Shelter Services Center and/or Program; (d) Vendor's and/or Vendor's Agents use, storage, treatment, transportation, presence,

release, and/or disposal of Hazardous Substances in, on, under, and/or about the Property; and/or (e) Vendor's breach and/or failure to perform any Vendor representation, warranty, covenant, and/or obligation under this Lease. Vendor's indemnification obligations under this Section 13 will survive the expiration or earlier termination of this Lease. Any indemnification obligation on the part of the City to Vendor and to third parties shall be subject to the protections and limitations of the Oregon Tort Claims Act, ORS 30.260 to 30.300.

14. Quality Control; Compliance With Laws; Authority.

(a) City shall maintain the quality of Vendor's aviation products and shall comply with any quality control procedures prescribed by Vendor and its supplier. In no event shall City permit automotive engine fuels or kerosene to be sold as Vendor's aviation fuels or dispensed through equipment bearing Vendor's or its suppliers' insignia. City shall immediately report to Vendor any accident or incident involving a fueled aircraft.

(b) Vendor will perform its obligations under this Agreement in accordance and compliance with all applicable federal, state, and local laws, regulations, restrictions, orders, codes, rules and/or ordinances, all as now in force and/or which may hereafter be amended, modified, enacted, or promulgated. Without otherwise limiting the generality of the immediately preceding sentence, Vendor will comply with each and every obligation applicable to Vendor under ORS 279B.220, 279B.225, 279B.230, and 279B.235, which statutes are incorporated herein by reference. Vendor will be solely responsible for obtaining any and all licenses, approvals, and certificates necessary or appropriate to perform its obligations under this Agreement. Any failure of Vendor to comply with such applicable laws and regulations will entitle City to terminate this Agreement.

(c) In addition to any other Vendor representation, warranty, and/or covenant made in this Agreement, Vendor represents, warrants, and covenants to City that Vendor has full power and authority to sign and deliver this Agreement and to perform all Vendor's obligations under this Agreement, including, without limitation, granting of branding authority. This Agreement is the legal, valid, and binding obligation of Vendor, enforceable against Vendor in accordance with its terms. The signing and delivery of this Agreement by Vendor and the performance by Vendor of all Vendor's obligations under this Agreement will not (i) breach any agreement to which Vendor is a party, or give any person the right to accelerate any obligation of Vendor, (ii) violate any law, judgment, or order to which Vendor is subject, or (iii) require the consent, authorization, or approval of any person, including, without limitation, any governmental body.

15. Confidential Information. Vendor acknowledges that City is subject to Oregon Public Records law and that City cannot guarantee that any records transmitted from Vendor to City will not be subject to public disclosure. Notwithstanding the foregoing, City will make reasonable efforts to maintain confidentiality as requested by Vendor and provided Vendor clearly indicates the specific records or sections thereof for which confidentiality is sought. City makes no guaranty that submitted information will not be disclosed if required by law or if doing so is in the best interests of the public or the City.

16. Termination.

(a) This Agreement may be terminated upon the mutual written consent of both parties.

(b) Vendor may, in addition and without prejudice to any of its other rights or remedies hereunder, terminate this Agreement upon giving City thirty (30) days' prior written notice (or such other period as is specified herein) if any one or more of the following occurs and City fails to cure such breach within the applicable notice period: (i) City breaches or defaults on any covenant, condition or other provision of this Agreement, the branding schedule, note, security agreement, lease, or any other agreement of the parties; (ii) City fails to pay to Vendor in a timely manner when due all sums to which Vendor is legally entitled (whether or not such sums are owed under this Agreement); or (iii) willful adulteration, commingling, mislabeling or misbranding of aviation fuels or other violations by City of trademarks utilized by Vendor occur.

(c) City may, in addition and without prejudice to any of its other rights or remedies hereunder, terminate this Agreement upon giving Vendor no less than thirty (30) days' prior written notice (or such other period as is specified herein) if any one or more of the following occurs and City fails to cure such breach within the applicable notice period: (i) Vendor breaches or defaults on any covenant, condition or other provision of this Agreement or any agreement executed pursuant to this Agreement; (ii) City fails to pay to Vendor in a timely manner when due all sums to which Vendor is legally entitled (whether or not such sums are owed under this Agreement); or (iii) willful adulteration, commingling, mislabeling or misbranding of aviation fuels or other violations by City of trademarks utilized by Vendor occur.

(d) City may terminate this Agreement, without cause, upon giving Vendor no less than ninety (90) days' prior written notice.

(e) If Vendor continues to accept orders from City following the expiration of the Term, such sales shall be upon all of the terms and conditions hereof except that the relationship of the parties may be terminated at will.

(f) In the event this Agreement is terminated, all other agreements and instruments between the parties shall also terminate, and all amounts owing under any note or other document shall become due and payable. In addition, upon termination of this Agreement, any and all indemnity obligations, parties' rights upon breach, all collateral and security interests in favor of Vendor, obligations arising upon termination (such as discontinuing the use of the trademarks and tradenames of Vendor's supplier), confidentiality provisions, and any other terms of this Agreement which by their nature should survive termination shall all survive.

(g) No termination of this Agreement, even if on account of Vendor's default, shall excuse City from paying any unpaid amounts owing for aviation fuel previously delivered hereunder, or from paying other outstanding amounts due Vendor under this Agreement.

17. Allowances.

(a) (enter proposed allowances here for the City such as fuel trucks, equipment, etc.)

(b) (enter proposed allowances here for the City such as fuel trucks, equipment, etc.)

18. Miscellaneous.

(a) Notices. All notices or other communications required or permitted by this Agreement must be in writing, must be delivered to the parties at the addresses first set forth above, or any other address that a party may designate by notice to the other party, and are considered delivered upon actual receipt if delivered personally, by fax or email transmission (with electronic confirmation or delivery), or by a nationally recognized overnight delivery service, or at the end of the fourth business day after the date of deposit if deposited in the United States mail, postage pre-paid, certified, return receipt requested.

(b) Entire Agreement; Severability. This Agreement constitutes the entire agreement between the parties. The parties agree to execute such additional documents as may be necessary to effectuate the purposes of this Agreement including, without limitation, any branding agreements provided such terms are reasonable to City in City's reasonable discretion. Each provision contained in this Agreement will be treated as a separate and independent provision. The unenforceability of any one provision will in no way impair the enforceability of any other provision contained herein. Any reading of a provision causing unenforceability will yield to a construction permitting enforcement to the maximum extent permitted by applicable law.

(c) No Conflict. Each of City and Vendor represents and warrants to the other that neither the execution and delivery of this Agreement by it, nor the consummation of the transactions contemplated hereby, will: (a) violate or conflict with, or result in a breach of any provision of, or constitute a default under any existing agreement or other instrument or obligation to which it is a party, (b) violate applicable law; or (c) require any action, or consent or approval of, or review by, any other party, except as shall have been duly obtained and effective as of the date of this Agreement.

(d) Assignment. This Agreement may not be assigned by Vendor, either voluntarily, involuntarily, or by operation of law, without the prior written consent of City. As used herein, an assignment includes any transaction or conveyance in the equity interest of Vendor of fifty percent (50%) or more.

(e) Waiver. The waiver by either party of the breach of any provision hereof shall not constitute a waiver of any subsequent or continuing breach of such provision or provisions.

(f) Governing Law, Disputes. This Agreement shall be construed in accordance with the laws of the State of Oregon without regard to conflict of laws provisions. Vendor hereby consents to the jurisdiction of any state or federal court situated in Jefferson County, Oregon and waives any objections based on forum non conveniens with regard to any actions, claims, disputes or proceedings relating to this Agreement, any related document, or any transactions arising therefrom, or enforcement and/or interpretation of any of the foregoing; provided, nothing herein shall affect a party's right to bring proceedings against the other party in the competent courts of any other jurisdiction or jurisdictions.

(g) Attorneys' Fees. If any arbitration or litigation is instituted to interpret, enforce, or rescind this Agreement, 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.

(h) Person; Interpretation. For purposes of this Agreement, 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. 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 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 Agreement.

IN WITNESS WHEREOF, the parties have executed this Agreement which is made effective as of the date first above written.

VENDOR

_____,
a _____ corporation

By: _____
Its: _____

Date: _____

CITY

City of Madras,
an Oregon municipal corporation

By: _____
Its: _____

Date: _____

Exhibit A
Pricing Sheeting Cost Breakdown

Avgas	
Weekly Market Rack Price for Portland, OR	
Mark Up (fixed) per Gallon (in cents)	
Oregon Load Fee	
Oregon Avgas Tax	
Federal Oil Spill Liability	
Federal Excise Tax	
Other Taxes or Fees	
Fixed Freight Cost per Gallon	
Total Cost Per Gallon	
Detention Fee (per hour)	\$

Jet-A	
Weekly Market Rack Price for Portland, OR	
Mark Up (fixed) per Gallon (in cents)	
Oregon Jet Tax	
Federal Oil Spill Liability	
Federal Excise Tax	
Federal LUST Tax	
Other Taxes or Fees	
Fixed Freight Cost per Gallon	
Total Cost Per Gallon	
Detention Fee (per hour)	