

**MISSION STATEMENT: TO CREATE A HEALTHY, SAFE, DIVERSE, AND PROSPEROUS CITY
BY ENGAGING COMMUNITY MEMBERS TO DEVELOP AN ENRICHED QUALITY OF LIFE.**



**COUNCIL MEETING AGENDA
CITY COUNCIL – CITY OF ONTARIO OREGON
TUESDAY, JUNE 10, 2025, 6:00 PM, MT
[Zoom Link](#)**

Pursuant to the Public Meetings Laws and Rules within the Oregon Revised Statutes, the City Council has the authority, ability, and standing to take action on any items on the Agenda, or add items to the Agenda, during the Study Session or Regular Meeting, as long as all public meeting notice requirements have been met.

1) CALL TO ORDER

Roll Call: Susann Mills _____ Michael Braden _____ Ken Hart _____ Adrianna Contreras _____ John Kirby _____
Council President Penny Bakefelt _____ Mayor Deborah Folden _____

2) PLEDGE OF ALLEGIANCE

This Agenda was posted on June 6, 2025. Copies of the Agenda are available from the City Hall Customer Service Counter and on the city's website at www.ontariooregon.org.

3) MOTION TO ADOPT THE AGENDA

4) CONSENT AGENDA

- A) Adoption of City Council Meeting Minutes: May 27, 2025
- B) Liquor License Change of Ownership Name Gonzaga Mexican Cafeteria LLC

5) PUBLIC COMMENTS Citizens may address the Council; however, Council may not be able to provide an immediate answer or response. Out of respect to the Council and others in attendance, please limit your comment to three (3) minutes. Please state your name and city of residence for the record.

6) NEW BUSINESS

- A) Hartman Land Lease
- B) Accept Public Utility Easement for Fire Line and Other Public Utilities for a Mini-Storage Facility
- C) Task Order Award: Keller Associates Sewer Collection System Rehab

7) DEPARTMENT HEAD UPDATES

- A) Community Development: Quarterly Report
- B) Monthly Financial Report

8) CORRESPONDENCE, COMMENTS AND EX-OFFICIO REPORTS

9) ADJOURN

The City Council may recess/adjourn to Executive Session under ORS 192.660(2) as follows: (a) Employment of Public Officers, Employees, or Agents; (b) Discipline of Public Officers, Employees, or Agents; (d) Labor Negotiations; (e) Real Property Transactions; (f) Exempt Public Records; (g) Trade Negotiations; (h) Litigation [Current or Potential]/Consult with Legal Counsel; (i) Performance Evaluation of Public Officers and Employees; (j) Trade Negotiations; and/or (l) Labor Negotiations.

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CITY COUNCIL MEETING MINUTES May 27, 2025

The scheduled meeting of the Ontario City Council was called to order by Mayor Deborah Folden at 6:00 p.m. on Tuesday, May 27, 2025, in the Council Chambers of City Hall. Council members present were Deborah Folden, Ken Hart, Susann Mills, Michael Braden, John Kirby, and Adrianna Contreras. Penny Bakefelt was excused.

Staff present were Dan Cummings, Tori Barnett, Corinna Hysell, Clint Benson, Casey Mordhorst, Kari Ott, Jason Cooper, Tatiana Burgess, Al Haun, Andy Wood, and Marshall Pierce.

The meeting was recorded, and copies are available at City Hall.

AGENDA

This Agenda was posted Friday, May 23, 2025. Copies of the Agenda are available from the City Hall Customer Service Counter and on the city's website www.ontariooregon.org.

KIRBY moved, MILLS seconded, **TO ADOPT THE AGENDA AS PRESENTED**. Roll call vote: Mills-yes; Braden-yes; Kirby-yes; Hart-yes; Contreras-yes; Bakefelt-out; Folden-yes. Motion carried 6/0/1.

CONSENT AGENDA

BAKEFELT moved, CONTRERAS seconded, **TO ADOPT THE CONSENT AGENDA, WHICH CONSISTED OF ADOPTION OF THE COUNCIL MEETING MINUTES OF APRIL 22, 2025**. Roll call vote: Mills-yes; Braden-yes; Kirby-yes; Hart-yes; Contreras-yes; Bakefelt-out; Folden-yes. Motion carried 6/0/1.

PUBLIC COMMENT(S)

Michelle Manning, Ontario, stated: *I'm from here in Ontario, for the last five years, and the issues that I would like to discuss with you are noise issues. We're already dealing with Dutch Bros and their external speakers, 6:00 in the morning they start blaring their music. And then here a couple weekends ago, the city gave my neighbors a permit to play their music until 1:00 o'clock in the morning and it wasn't quietly. So, I was wondering, why, until 1:00 in the morning if there's already an ordinance in place that says ten or eleven o'clock.*

Mayor Folden stated asked staff if there was an ordinance that allowed for a special activity, maybe on a weekend.

Ms. Manning: *All of the neighbors called and tried to get them to shut it down, but they were told they have a permit.*

Mayor Folden stated she did not currently have the answer, but asked staff if there was an answer.

Mr. Cummings stated staff could research if a permit was issued. Who was it?

Ms. Manning: *Next door neighbors. I don't know the house address.*

Mr. Cummings verified it was a private home address doing this.

Ms. Manning: *Yes, in a residential area, and they were granted their permit until 1:00 o'clock in the morning.*



Mayor Folden confirmed staff had Ms. Manning's contact information, and it would be looked into.

Ms. Manning: *I would greatly appreciate it.*

Mr. Cummings stated he thought there was probably no permit, but he didn't know until it was looked up.

Ms. Manning: *Well, and they do it every weekend. So, I'm already frustrated, and then for them to so "oh we've got a permit until 1:00 o'clock."*

Mr. Cummings stated Ms. Manning was correct in that the noise ordinance stated after 11:00 it was not permitted, but the city did allow special events to go longer, but seldom were they granted to residential homes.

Ms. Manning: *I can guarantee you that you'll have all of Hillcrest calling, Verde and Arcada.*

Mr. Cummings stated staff would look into the issue.

OLD BUSINESS

Resolution #2025-113: Security Grant Program Update

Dan Cummings, City Manager, presented.

The Ontario Security Grant Program was created by Resolution #2021-122 to provide businesses with financial assistance to improve physical security and deter crime in commercially zoned areas of the city. At the May 14, 2025, budget hearing, the Budget Committee recommended increasing the maximum grant amount from \$500 to \$1,000. Resolution #2025-113 amends Resolution #2021-122 to reflect this increase.

Businesses located in Commercial Zones C-1, C-2, C-2H, C-3, and Commercial Use Apartment Building (Complex) of 10 units or more in any zone within city limits, were eligible for a dollar-for-dollar matching grant of up to \$500 as established by Resolution #2021-122. Businesses were required to complete and submit an application with the required attachments. Applications would be reviewed and approved by a panel consisting of the City Manager, Assistant to the City Manager, Police Chief (or designee), and Fire Chief (or designee).

To begin the budget process, the City Council would review and revise the Council Strategic Plan. In 2021, Council added Strategy 4: The Business Climate to the Growth goal. This strategy included a focus on growing and retaining businesses. In 2021, the Budget Committee approved \$25,000 for a grant program which would provide money to businesses for security improvements. The structure of the program was generally based on the existing Façade Grant Program. Staff also partnered with the Small Business Development Center for input on business needs and vulnerabilities.

Funds for this program first became available at the beginning of fiscal year 2021, and had been carried over each year during the budget cycle. There had not been a large interest in the program, with the last grant applied for in 2023. As of the May 14, 2025, budget meetings, there was a balance of \$19,500 in the fund.

At the May 14, 2025, budget meeting, the Budget Committee recommended increasing the maximum grant amount from \$500 to \$1,000. Resolution #2025-113 amended Resolution #2021-122 to reflect this increase.

Due to the increase in crime at multifamily apartment complexes, staff was further recommending adding Apartment Buildings (Complexes) of 10 units or more in any zone to the program, as well as the CD (College District) and PF (Public Facility) zones, to allow schools to apply. An applicant could also apply to the City Council to allow for a grant at a site of mass gathering on a case-by-case basis, which would require approval by the City Council.

The application and guidelines of the program needed to be amended to reflect the recommendations in this report and approved through a resolution by the Council before it was initiated. This action corresponded directly with growing and retaining businesses, which was part of the Strategic Plan of the Council: The Business Climate of the Growth goal of the strategic plan. Providing these funds would help businesses keep their property and employees safe.

MILLS moved, KIRBY seconded, **THE CITY COUNCIL APPROVE RESOLUTION #2025-113, A RESOLUTION AMENDING RESOLUTION #2021-122, THE GRANT GUIDELINES AND APPLICATION FOR THE ONTARIO SECURITY GRANT PROGRAM INCREASING THE MAXIMUM GRANT AMOUNT TO \$1,000.00 AND ADDING OTHER ALLOWED GRANT AREAS. TO ADOPT THE AGENDA AS PRESENTED.** Roll call vote: Mills-yes; Braden-yes; Kirby-yes; Hart-yes; Contreras-yes; Bakefelt-out; Folden-yes. Motion carried 6/0/1.

NEW BUSINESS

Bid Award: East Lane Rehab Project

Marshall Pierce, City Engineer (Jacobs) presented.

This project had been on the city's horizon for quite some time as a priority project need. The city budgeted 1.8M to cover the total project cost. The project was bid in April, and the city only received one responsive, qualified bid, within budget, in response for the above referenced project bid, from Granite Construction Company, in the amount of \$1,077,220.

The City budgeted \$1.8M for FY 25-26 for this project. \$729,497 of this amount came from the fund exchange, the remaining was set aside from marijuana funds. With the bid amount received, this would enable services during construction and a 10% construction contingency within the budgeted amount.

HART moved, CONTRERAS seconded, **THE CITY COUNCIL CITY COUNCIL APPROVE THE BID AWARD TO THE LOWEST RESPONSIVE BIDDER, GRANITE CONSTRUCTION COMPANY, FOR \$1,070,220 AND A 10% (\$107,022) FOR CONSTRUCTION CONTINGENCY, AND AUTHORIZE THE CITY MANAGER TO SIGN ALL DOCUMENTS.** Roll call vote: Mills-yes; Braden-yes; Kirby-yes; Hart-yes; Contreras-yes; Bakefelt-out; Folden-yes. Motion carried 6/0/1.

Task Order Amendment (Jacobs): Service During Construction for East Lane

Marshall Pierce, City Engineer (Jacobs) presented.

This project had been on the city's horizon for several years and identified as a transportation/roadway project need. The design was completed last year, and bidding performed this spring. With intent to award the project to the lowest responsive bidder, the city would need the engineer to perform Services During Construction (SDC).

To move the project through the final construction phase, the city needed to secure engineering support. Jacobs Engineering, who designed the project and had provided the attached Task Order identifying a scope of work and fee to support the construction management phase of this project.

The project had been bid and the city is in a position to award the project. To start that process, the city needed an engineering team to review submittals and other administrative items, construction/field visits, testing information, pay applications, and coordinate with the city on the contractors performance comparing against the specifications. The City Engineer reviewed the Task Order and was comfortable with the Scope of Services and the fee established.

The overall project was within city's budgeted amount of 1.8M. These funds were \$729,497 from fund exchange dollars with the remaining set aside from marijuana tax funds.



With a contractor bid award, the city would need to award the services during construction contractor prior to construction commencing. Not awarding would endanger the bid and project as services during construction was required with a project of this scale.

KIRBY moved, HART seconded, **THE CITY COUNCIL APPROVE THE JACOBS ENGINEERING TASK ORDER AMENDMENT TO PROVIDE SERVICES DURING CONSTRUCTION FOR THE EAST LANE REHAB PROJECT, IN THE AMOUNT OF \$140,298.40.** Roll call vote: Mills-yes; Braden-yes; Kirby-yes; Hart-yes; Contreras-yes; Bakefelt-out; Folden-yes. Motion carried 6/0/1.

Task Order Award: Anderson Perry (AP) Surface Water Rights for New Intake

Marshall Pierce, City Engineer (Jacobs) presented.

The city currently held a surface water right permit issued through the Oregon Water Resources Department (OWRD) The permit was beyond its "completion date" established in the permit. The city previously filed an extension of time, which was currently in review. Concurrent with this, the city was in the process of adding a new point of diversion, the secondary river intake project, that OWRD required an amendment to their permit. However, an amendment was not possible once the permit was past the "completion date". The plan was to "prove up" the city's beneficial use prior to the "completion date" that would allow the city to "perfect" a portion of its water rights. Once this had been approved, staff could submit an amendment to add the new diversion source to the partial permit (once the time extension had been approved). With a new river intake in design, the city would need to add a new point of diversion to its water rights permit. This was a complicated and timely process that needed to begin now.

The city budgeted \$25,000 in the UCF for this project, for FY 25-26. As the new river intake was in early design stages, this water rights certification project should begin immediately. Not moving forward might jeopardize the ability to construct the new secondary river intake project.

MILLS moved, KIRBY seconded, **THE CITY COUNCIL APPROVE OF ANDERSON PERRY'S TASK ORDER FOR SURFACE WATER RIGHTS ASSISTANCE IN THE AMOUNT OF \$25,000.** Roll call vote: Mills-yes; Braden-yes; Kirby-yes; Hart-yes; Contreras-yes; Bakefelt-out; Folden-yes. Motion carried 6/0/1.

Change Order: Water Treatment Plant Flocc Mechanism Replacement Project

Marshall Pierce, City Engineer (Jacobs) presented.

It was determined this action needed to be tabled until after the adoption of the 2025-2026 annual budget. Item would be moved to the July 8, 2025 City Council meeting.

Task Order Amendment (RH2): SDB (Services During Bidding) and SDC for Screen Replacement Project

Marshall Pierce, City Engineer (Jacobs) presented.

This project had been on the City's horizon for several years and identified as a Wastewater Treatment Plant (WWTP) priority project need. The design was completed earlier this year, and was currently out to bid, with bids due June 5th. With intent to award the project to the lowest responsive bidder, the city would need the engineer to perform Services During Construction (SDC), as well as assistance during the ongoing bidding phase.

To move the project through the bidding and construction phase, the city needed to secure engineering support. RH2 designed the project and had provided the attached Task Order identifying a scope of work and fee to support the bidding and construction management phase of this project.

Assuming the city received responsive bids within the budget, the project would need engineering support. To start that process, the City needs assistance with bidding, and an engineering team to review submittals and other administrative items, construction/field visits, testing information, pay applications, and coordinate with the city on the contractors performance comparing against the specifications. The City Engineer reviewed the Task Order and was comfortable with the Scope of Services and the fee established.

This project was within city's overall budgeted amount. Bidding services were underway, and SDC would commence as soon as bids were received and the project was awarded. Not awarding would endanger the bid and project as SDC was required with a project of this scale.

KIRBY moved, MILLS seconded, **THE CITY COUNCIL APPROVE THE RH2 ENGINEERING TASK ORDER AMENDMENT TO PROVIDE SERVICES DURING BIDDING AND CONSTRUCTION FOR THE WWTP HEADWORKS SCREEN REPLACEMENT PROJECT, IN THE AMOUNT OF \$74,228.** Roll call vote: Mills-yes; Braden-yes; Kirby-yes; Hart-yes; Contreras-yes; Bakefelt-out; Folden-yes. Motion carried 6/0/1.

DEPARTMENT HEAD UPDATE

Public Works: Quarterly Report

Casey Mordhorst, Public Works Director, presented.

Police: Quarterly Report

Jason Cooper, Police Chief, presented.

Chief Cooper also distributed a hand-out to the Council which summarized the incident which resulted in the nominations for Ontario Police Officers Sgt. Chris Bolyard, Officer Jeremy Jones, Officer Brandon Mitchell, and Officer Tyler Bullington, receiving Officer of the Year accolades through the American Legion Post 67.

DISCUSSION ITEM(S)

✓ Mayor Folden invited everyone to attend the STOL event on Saturday.

✓ Mayor Folden read a statement into the record: *As the Mayor of Ontario, I'm committed and deeply supportive on the Ontario poll project, and I will continue to support our Recreation Department. I was contacted by the YMCA and we had a focus group meeting with our surrounding leaders. The YMCA is projecting a site near DNS Factors, near the old Student Loan Fund of Idaho, in Fruitland. They're calling it the Palisades Corner Project, and they'll be working with Ontario, Nyssa, Parma, Payette, New Plymouth, Vale, and Fruitland. They're getting stakeholders community leaders to help start a feasibility market report and study. If the market is feasible, we'll start looking for feasible donors, partners, and investors. It's a lot of steps to start, but if we combine our community efforts with our combined communities and our populations, we might be able to do it, to get the ball rolling. The future YMCA site location has been donated by the Moscrip Family Foundation. The Moscrip Family Foundation has donated six acres in Fruitland and they've also made a very, very generous donation and contribution for this site. As a community, we are deeply grateful. If this is something that you would like to support and help gathering donations and start the first step, for the feasibility market study, please help join me to making a consensus vote on using the Special Events Fund monies in the amount of \$5,000, if it's available. Could they do a consensus on this?* She found the funds in the current budget under General Non-Fund Departmental Appropriations for Special Events.

Councilor Kirby stated the city had their own Recreation District, which was a part of the community. He looked for direction from them before he'd be willing to do anything. He was not supportive of the YMCA coming, but Ontario had a pool project already, along with other things in place that they, as a city, had to jettison, and the voters picked it up, formed a Recreation District, so he thought they should wait for the Rec District to speak before the Council did. D

Councilor Hart stated there was a Boys & Girls Club, which was in not the best building. They did a lot with what they had, and feared that at some point, the school district might take the buildings back or tear them down. Another need in this community....and while it was wonderful what the Moscrip's were doing, he would have a hard time taking Ontario taxpayer dollars and investing them in something that would not be in this taxing jurisdiction. He would not feel comfortable supporting that at this time.

Councilor Braden asked what the specific fund request was for. Was it just to kick-off their feasibility study, so a commitment from Ontario to support that study?

Mayor Folden stated yes, from all the other communities, as well. She put it out there because she had been asked to attend their special event meeting, and she wanted the Council to know what was going on. If there were any questions, just let her know.

✓ Councilor Hart asked about the letter they'd received that night about the Diversity Committee. He knew the City Attorney had already been involved with this, and provided some guidance on what to do. Did the Council need to response to the letter? He would like to hear what the attorney had to say, given that they'd already been tasked them to review the issue.

Councilor Kirby stated prior to the budget committee meetings, there was a document passed by the Council, which had been written by the City Attorney, so the city would not be in conflict with the efforts coming from the federal government to deny funding of federal projects. Based on his motion, this was tabled until the next meeting. At the next meeting, which he attended, the DAC did not attend, and they were given an extension. This past Wednesday, the DAC was supposed to hold their meeting, but they did not have a quorum. So now, the Council received the letter before them, asking them to insert this into that night's meeting, and he didn't know that the request had been voted on by a quorum of the DAC. Before doing anything, he wanted to see yays and nays from their meeting, that was supposed to be held a few weeks ago.

Dan Cummings stated the DAC had not had a quorum, so he didn't know how they could make a recommendation to the Council.

Mayor Folden asked if this needed to be tabled again.

Mr. Cummings stated it should. The city had already expended \$4K on the attorney to date for this item. It would probably be another \$4K to do it again. Was that the direction the Council wanted to go?

Councilor Hart stated he had not realized they didn't have a quorum. That was part of being a city committee. There were rules that had to be followed, with minutes and transparency. Part of their argument was to please keep them as a city committee, but it didn't know if there was record of who voted how, or if there was even an official meeting. In some ways, they were not acting like a city committee, but he wanted to give them the benefit of the doubt. To hear from them, was that the consensus, had they voted on that issue, before the Council did anything. As already noted, Council had received an opinion from the attorney, and it appeared that if the letter before them currently held up, as them saying they wanted to negotiate, he didn't know if the Council wanted to spend the time and energy, going back and forth negotiating. But, he wanted to hear from them, and there was no one there from that committee except Adriana, who wasn't able to attend that meeting. It would be nice if the committee spoke to the Council before he would be comfortable doing anything.

Mr. Cummings recommended they do a motion to table this action again, if that was the desire of the Council.

Councilor Kirby stated it was his recollection that the Council voted yes for the previous changes, and asked the committee for comments. However, it appeared the committee's comments were to take what had been passed, throw it out, and put in everything that would re-endanger the city's status of getting federal monies.

Councilor Hart reiterated that he wanted to hear from the committee members. It appeared the letter was signed by the Chairperson, but was there a quorum? Was the request to table this until the next meeting?

Councilor Kirby stated in is opinion, this wasn't even on the table. It was just comments. He'd just leave it. If the committee wanted to approach the Council, the next move was on the committee.

Mr. Cummings stated the Council needed to give staff direction. Was it coming back to another meeting or not, or drop it and leave the ordinance as it stood. Council asked to have the ordinance changed, the city spent the money with the attorney to get it changed, the council then asked for the committee's opinion. It could not just sit there.

Councilor Hart verified they needed to put it on the table for the next meeting to vote for the changes.

Mr. Cummings stated that was correct. Did the Council want staff to bring it back at the next meeting, hoping there would be DAC members in attendance to provide their requested changes? Otherwise, the Council could either act on the ordinance or vote it down and leave it as it currently stood.

HART moved, CONTRERAS seconded, **THE CITY COUNCIL TABLE THIS DISCUSSION UNTIL THE NEXT MEETING. No vote.**

Councilor Braden asked if there was a scheduled DAC meeting before the next Council meeting?

Mr. Cummings stated no.

Councilor Braden stated they were then giving the DAC members more time for individual input, but not actually at a committee commendation, if the Council wanted to act on this at the next meeting.

Mayor Folden asked if it would be better to wait until after the next scheduled DAC meeting.

Mr. Cummings stated that was at the discretion of the Council. He suggested they give a deadline to the committee. The next meeting was scheduled for June 18th, and the following Council meeting after that would be June 24th.

Amended motion:

HART moved, CONTRERAS seconded, **THAT THE CITY COUNCIL TABLE THIS ACTION UNTIL THE JUNE 24, 2025, COUNCIL MEETING. No vote.**

Councilor Hart stated he hoped there would be recommendations from the DAC members, as well as reconstitute what the City Attorney had provided to the Council before. There were a few options there: don't do anything, amend it with this language, or make it become a regular non-city sanctioned committee, so just a community committee.

Amended motion:

HART moved, CONTRERAS seconded, **THAT THE CITY COUNCIL TABLE THIS ACTION UNTIL THE JUNE 24, 2025, COUNCIL MEETING.** Roll call vote: Mills-yes; Braden-yes; Hart-yes; Contreras-yes; Kirby-no; Bakefelt-out; Folden-yes. Motion carried 5/1/1.

HAND-OUTS

Minutes

Parks 03-20-2025; Airport 03-03-2025, 04-07-2025; County Court 04-22-26-2025 (Budget), 04-23-2025 (Budget), 04-30-2025, 05-07-2025, 05-14-2025

Check Register

May 2025

ADJOURN

MILLS moved, HART seconded, **THE MEETING BE ADJOURNED.** Roll call vote: Mills-yes; Braden-yes; Kirby-yes; Hart-yes; Contreras-yes; Bakefelt-out; Folden-yes. Motion carried 6/0/1. Meeting concluded at 7:13 p.m.

ACCEPTED:

ATTEST:

Deborah K. Folden, Mayor

Tori Barnett, MMC, City Recorder





**AGENDA REPORT
CONSENT AGENDA
June 10, 2025**

To: Mayor and City Council

FROM: Jason Cooper, Police Chief

THROUGH: Danny K. Cummings, City Manager

SUBJECT: **LIQUOR LICENSE CHANGE OF OWNERSHIP NAME GONZAGA MEXICAN CAFETERIA LLC**

DATE: June 5, 2025

PROPOSED MOTION:

I MOVE THE CITY COUNCIL TO APPROVE THE CHANGE OF OWNER FULL ON-PREMISES LIQUOR LICENSE APPLICATION FOR GONZAGA MEXICAN CAFETERIA LLC – TRADE NAME GONZAGA MEXICAN CAFETERIA.

SUMMARY:

Gonzaga Mexican Cafeteria, located at 2880 SW 4th Avenue, Ontario, Oregon, completed the “Change of Owner” liquor license sales through the Oregon Liquor Control Commission.

All necessary paperwork has been submitted to the City of Ontario. The Oregon Liquor Control Commission office is awaiting approval and recommendation from the Ontario City Council.

The Oregon Liquor Control Commission has updated the licensing procedure. Applications now come to the local government for endorsement before completing the application process through the State of Oregon Liquor Control Commission office in Salem.

BACKGROUND:

Gonzaga Mexican Cafeteria LLC, operating under the trade name of Gonzaga Mexican Cafeteria, located at 2880 SW 4th Avenue, Ontario, Oregon, has applied for a change of ownership for this full-on-premises license. The application forms have been filled out appropriately, and the required fee will be paid upon the completion of the Ontario City Council’s recommendation.

CURRENT SITUATION:

March 12, 2024, the Ontario City Council approved the recommendation for Ms. Reina Gonzaga Valverde's request to add the sale of alcohol to her business, Gonzaga Mexican Cafeteria. The owner name was Reina Gonzaga Valverde. Ms. Valverde is now requesting to

change the owner's name from Reina Gonzaga Valverde to Gonzaga Mexican Cafeteria LLC. The current privilege of Full On-Premises will remain the same.

ANALYSIS:

- A. **STRATEGIC PLAN** This application is a general action item showing an ownership name change of an already established business within the City of Ontario, and therefore, it does not have a direct effect on the city's current strategic plan.
- B. **FINANCIAL** There is no financial impact for this action.
- C. **TIMING** Approval is required to show the new owner's name of this establishment.
- D. **POLICY/LEGAL** All legal steps have been followed to completion, with no negative feedback

ALTERNATIVES:

Not recommend the license application.

This has no true effect on the process, as the Oregon Liquor Control Commission may take the city's objections to the action into consideration, but is not obligated to do so. They are the ultimate authority on the issuance of the license.

RECOMMENDATION:

Staff recommends that the City Council approve the Change of Ownership Name commercial full-on-premises liquor license for Gonzaga Mexican Cafeteria LLC.

ATTACHMENTS:

None



**AGENDA REPORT
NEW BUSINESS
June 10, 2025**

To: Mayor and City Council
FROM: Andy Wood, Airport Manager
THROUGH: Danny K. Cummings, City Manager
SUBJECT: **HARTMAN LAND LEASE**
DATE: June 3, 2025

PROPOSED MOTION:

I MOVE THE CITY COUNCIL TO APPROVE THE LAND LEASE FOR JAMES HARTMAN TO BUILD A NEW HANGAR ON 143 CESSNA.

SUMMARY:

James Hartman has researched renting a hangar, buying an existing hangar, or building a purpose-built hangar. The PDAC meeting proved to be beneficial in finalizing the new build. James is ready to start the build process.

BACKGROUND:

James Hartman is originally from the Malheur County area. He spent several years at the Ontario Municipal Airport prior to moving to Seattle, Washington, where he currently resides. James is looking to return, and he contacted Bill Hager - Airport Committee Member - to assist with the transition.

On June 2, 2025, the Airport Committee voted to recommend to the City Council to approve the lease with James Hartman.

CURRENT SITUATION:

After careful consideration, James Hartman decided to build a new purpose-built hangar. He has chosen 143 Cessna as the suitable space to meet his requirements.

ANALYSIS:

- A. **STRATEGIC PLAN** This promotes the Growth portion of the city's Strategic Plan.
- B. **FINANCIAL** Current land lease rates will apply to this lease.
- C. **TIMING** Timing is critical for completing the build requirements for finalizing the foundation design and setting out the build.
- D. **POLICY/LEGAL** Terms and conditions of the non-commercial land lease agreement.

ALTERNATIVES:

None given.

RECOMMENDATION:

Staff recommends the City Council approve the land lease agreement for the construction of a purpose-built hangar for James Hartman.

ATTACHMENTS:

1. 20250528 - Ontario Oregon Municipal Airport Lease (143 Cessna) - James Hartman



NON-COMMERCIAL AIRPORT GROUND LEASE FOR AERONAUTICAL USE IMPROVEMENTS
(143 Cessna Lease)

This Non-Commercial Airport Ground Lease for Aeronautical Use Improvements (Define Use i.e. Hangar) (this "Lease") is dated effective for all purposes as of Tuesday, July 1, 2025 (the "Effective Date") and is entered into between City of Ontario ("Landlord"), an Oregon municipal corporation, whose address is 444 SW 4th Street, Ontario, Oregon 97914, and James Hartman ("Tenant"), whose address is PO Box 4472, Bremerton, Washington 98312.

RECITALS:

A. Landlord is the owner, sponsor, and operator of the Ontario Municipal Airport, a public municipal airport located in Ontario, Oregon (the "Airport"). Landlord is the owner of certain real property at the Airport consisting of approximately 2,070 total square feet of land commonly known as 581 SW 33rd Street and 143 Cessna, Ontario, Oregon 97914 (the "Property"). As of the Effective Date, an approximately 2,070 square foot aircraft hangar (the "Improvement(s)") has been located on or about the Property. The Property is identified and depicted in the attached Exhibit A.

B. Tenant desires to lease the Property from Landlord for purposes of owning and operating the Improvements at the Airport. Subject to the terms and conditions contained in this Lease, Tenant will lease the Property from Landlord, and Landlord will lease the Property 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 Property to Tenant and Tenant leases the Property from Landlord. The term of this Lease, Tenant's right to possession of the Property, 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 Saturday, 01 July 2045 (not to exceed 20 years) (the "Initial Term"), unless sooner terminated as provided under this Lease. For purposes of this Lease, the term "Lease Term" means the Initial Term and Extended Term (as defined below), if applicable.

1.2 Extended Term. If Tenant is not then in default under this Lease, Tenant has the option (the "Extension Option") to extend the Initial Term for one consecutive additional term of TEN (10) years (the "Extended Term"). Tenant will exercise the Extension Option by providing Landlord written notice (the "Notice of Extension") no less than one hundred twenty (120) days prior to the last day of the Initial Term. Subject to the terms and conditions contained in this Lease, providing the Notice of Extension will be sufficient to make this Lease binding for the Extended Term. The Extended Term will commence on the day immediately following the expiration of the Initial Term. The terms and conditions for the Extended Term will be identical with the Initial Term except for (a) Base Rent (as defined below), (b) Additional Rent (as defined below), and (c) Tenant will no longer have the Extension Option that has been exercised once and will require a new Lease negotiated to continue a Lease. THE ONE TIME EXTENSION WILL BE DOCUMENTED BY AN ADDENDUM TO THE ORIGINAL LEASE SIGNED AND DATED BY BOTH PARTIES.

1.3 **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 common hangar related facilities (if any) and Airport approach areas, runways, ramps, taxiways, and aprons will be for the sole purpose of Tenant's use of the Property for the Permitted Use (as defined below). 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).

1.4 **Tenant's Financial Capability; Authority; Improvement Ownership.** 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; (c) this Lease is the legal, valid, and binding obligation of Tenant, enforceable against Tenant in accordance with its terms; (d) Tenant is the sole, fee simple owner of the Improvements and no other person has any ownership, rights, and/or interests in and to the Improvements (except Landlord as provided under this Lease); and (e) the Improvements are free from all Encumbrances (as defined below) and Tenant will keep the Improvements and Property free from all Encumbrances. Tenant represents, warrants, and covenants that as of the Effective Date, (y) James Hartman is Tenant's only member and no other person has any ownership rights and/or interests in and to Tenant, and (z) James Hartman has full power and authority to sign and deliver this Lease on behalf of Tenant. For purposes of this Lease, the term "Encumbrance(s)" means any lien, mortgage, pledge, security interest, reservation, restriction, adverse claim, and/or other encumbrance.

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 Property. Tenant accepts the Airport and Property 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). Provided Tenant is not in default of this Lease, Landlord will defend Tenant's right to quiet enjoyment of the Property from the lawful claims of all persons during the Lease Term. Except for Landlord's covenant of quiet enjoyment contained in the immediately preceding sentence, 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 Property. Landlord has made no promise or agreement to repair, alter, construct, and/or improve all or any part of the Airport, Improvements, and/or Property.

1.6 **Land Leases.** Notwithstanding anything contained in this Lease to the contrary, Tenant acknowledges and agrees that Landlord's Lease of the Property to Tenant is conditioned on Tenant's timely payment and performance of all its obligations arising out of this Agreement. A Tenant default under this Lease constitutes a default by Tenant of all conditions of the Lease.

1.7 **Parking Area.** The Parking Area consists of two public parking areas, one on SW 33rd Street and one on Airport Way. No vehicle or any other items (including trailers) may be parked outside of the hangar building other than in a designated area approved by the Airport Authority and included as part of the leased area. The owner of the hangar may park their vehicle inside the hangar while they are using their aircraft otherwise, they must be parked in the public parking area or approved designated area as noted above. All visitors or people flying with the owner must park their vehicle in the Public Parking area and be escorted onto the airport. **Under no circumstances may the hangar owner give the code to unauthorized persons.**

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 \$372.39 (\$0.1799 per square foot), per year) ("Base Rent"). Base Rent is payable annually in advance of each year on or before the 30th day of June. An invoice from Landlord will be sent, but all parties understand the rent is due and payable whether an invoice is

sent or not. A Tenant's first payment of Rent is due and payable on the Effective Date. Base Rent will be prorated with respect to any partial year 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 Base Rent Escalation. Notwithstanding anything contained in this Lease to the contrary, Landlord may adjust (increase or decrease) the Base Rent at any time and from time to time during the Lease Term through Council resolution. Landlord will provide Tenant no less than 30 days' prior written notice of any Base Rent adjustment. Unless otherwise adjusted by Council resolution, commencing on the first-year anniversary of the Effective Date, during each year of the Lease Term upon the anniversary of the Effective Date, Base Rent will escalate (increase) as per the current rate schedule over Base Rent for the immediately preceding twelve-month period. Tenant will pay the Base Rent established by Landlord from time to time.

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 Property and/or Improvements (collectively, "Additional Rent") if any: (a) NONE.

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 ownership (in the case of the Improvements), use, lease, occupancy, operation, repair, maintenance, and/or improvement of the Property and/or Improvements, including, without limitation, charges and expenses for fuel, connection fees, water, gas, electricity, sewage disposal, and power, so to not incur any liens against the Landlord property.

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 Property, any improvements located on the Property (including, without limitation, the Improvements), and/or personal property and/or fixtures located on the Property. Tenant will make all such payments directly to the applicable governing authority, so to not incur any liens against the Landlord property.

3. USE OF PROPERTY

3.1 Permitted Use. Subject to the terms and conditions contained in this Lease, Tenant will use the Property for Tenant's operation (as defined below) and maintenance, repair, use, and/or operation of the Improvements (collectively, the "Permitted Use"). Tenant will not use the Property for any purpose other than the Permitted Use. For purposes of this Lease, the term "Permitted Use" means Tenant's Private Aircraft Hangar on the Property.

3.2 Conditions, Limitations, and Restrictions. In addition to any 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 Property, Improvements, 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 Property 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 Property, Improvements, 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 the Property and occupy and use the Improvements 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 Property, Improvements, Airport, and/or Permitted Use, including, without limitation, fire and/or building codes, Airport Master Plan, the Americans with Disabilities Act of 1990 (and the rules and regulations promulgated thereunder, if applicable), 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), Title 3, Chapter 9 of Landlord's municipal code, Landlord's policies governing agreements involving the lease, use, and/or disposition of Airport property for aeronautical activities, 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, machinery, equipment, tools, and/or supplies within the Private Hangar and in a safe, neat, clean, and orderly manner; Tenant will not permit any machinery, aircraft, vehicles, equipment, tools, and/or supplies to remain unattended on or about the Property outside of the hangar. Tenant will refrain from any activity which would make it impossible to insure the Property 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 Property 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 Property and/or Improvements. Without otherwise limiting the generality of the immediately preceding sentence, but subject to applicable laws, Tenant may use, store, and/or otherwise handle on or in the Property 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 Property 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 Property. 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, Improvements, and/or Property, which now exist or may hereafter become effective, including, without limitation, all Airport security, 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 30 days after Landlord provides Tenant written notice of such adoption or amendments.

3.3 Aviation Easement; Aeronautical Uses. Tenant's use of the Property and Improvements 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 Property and Improvements 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, 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, improvements, aprons, fuel areas, 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 Property, Improvements, and/or Airport (including, without limitation, the Parking Area). Tenant is responsible for securing and safeguarding the Property, Improvements, and all aircraft and other personal property located on or about the Property. 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 Property and/or Improvements 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 Property, Improvements, and/or Airport due to the aforementioned activities.

3.6 Non-Discrimination: Unfair Practices. Tenant covenants and agrees that they will (a) 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 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 in the use of any facilities located on or in the Property and/or Improvements; and (c) in the construction of any improvements on, over, and/or under the Property and/or Improvements 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 Improvements and/or Property 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 Property and/or Improvements. 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).

4. ALTERATIONS

Except any ordinary and necessary Improvement maintenance and/or repairs performed (or caused to be performed) by Tenant, Tenant will make no additions, improvements, modifications, and/or alterations in or to the Property and/or Improvements of any kind or nature whatsoever, including, without limitation, the installation of any improvements, fixtures, and/or devices on or to the Property and/or Improvements (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 Property and/or Improvements and

surrounding property. Subject to Section 8.4 and 8.5, Alterations performed in or to the Property and/or Improvements 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.

5. MAINTENANCE AND REPAIRS

5.1 Landlord Maintenance and Repairs. Notwithstanding anything contained in this Lease to the contrary, Landlord has no obligation to make or perform any repairs, maintenance, replacements, alterations, and/or improvements in or to the Property (and/or the Improvements), including, without limitation, snow removal. All repairs, maintenance, replacements, alterations, and/or improvements in or to the Property and/or Improvements 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 Property and Improvements (interior and exterior) in good condition, repair, working order, and appearance, and will preserve the Property and Improvements, 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:

5.2.1 Repair and maintain the roof and exterior walls of the structure in a new condition with the exception of fading of the paint.

5.2.2 Repair and maintain the plumbing system (environmental issues), electrical system (fire hazard), fire hose connections, fire sprinkler and standpipe and hose, and all other aspects of the fire extinguishing system, including, without limitation, the fire alarm and/or smoke detection systems and equipment.

5.2.3 Repair and maintain the sidewalks, driveways, and landscaping, including, without limitation, all necessary or appropriate snow removal associated to the lease of the building site.

5.2.4 All trash collection and removal, and washing required to keep the Property and Improvements clean and orderly.

5.2.5 All repairs or maintenance necessitated by the acts or omissions of Tenant and/or Tenant's Agents.

5.2.6 All repairs, maintenance, and/or improvements required under Tenant's obligation to comply with the Laws.

If Tenant fails or refuses to perform or complete the repairs, maintenance, and/or improvements required under this Section 5.2 within 10 days after Landlord's written notice, Landlord may make the repair or improvement or perform the maintenance and charge the actual costs and expenses of repair, improvement, and/or maintenance to Tenant; provided, however, if Tenant's failure or refusal to perform or complete the repairs, maintenance, and/or improvements causes or threatens loss of life, injury, significant damage, and/or destruction to person or property, human suffering, and/or significant financial loss, Landlord may make the repair or improvement or perform the maintenance (and charge the actual costs and expenses of repair, improvement, and/or maintenance to Tenant) without first having provided Tenant written notice. Tenant will reimburse Landlord for the costs and expenses of repairs, improvements, and/or maintenance on demand, together with interest at the rate of twelve percent (12%) per annum from the date of expenditure until paid in full.

5.3 Signage; Encumbrances.

5.3.1 Tenant will not be permitted to erect or maintain any signage on or about the Property 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 Property and Improvements free from all Encumbrances. Tenant will pay as and when due all claims for work done on and for services rendered or material furnished to the Property. 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 due to nonpayment, Tenant will, within 10 days after knowledge of the filing, secure the discharge of the Encumbrance 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.

6. ASSIGNMENT; INSURANCE; INDEMNIFICATION

6.1 Transfer.

6.1.1 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, the Property, and/or Improvements (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 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.

6.1.2 Tenant will provide Landlord no less than 30 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 Property and Improvements is consistent with the terms of this Lease and that Landlord's interests in the Property, Airport, and Improvements will not be adversely affected in any material respect; (b) At the discretion of the Landlord, the 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 6.1 is reasonable under this Lease.

6.1.3 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 Improvements, 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.

6.2 Tenant Insurance. Tenant will keep the Improvements insured against fire and other risks covered under a standard fire insurance policy. Tenant will maintain, at Tenant's cost and expense, a policy of fire, extended coverage, vandalism, and malicious mischief insurance insuring the personal property (aircraft related), of the Tenant located in or on the Improvements. The amount of the insurance will 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.

6.3 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 Property and/or Improvements, 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 insurance. Tenant's general liability insurance required to be carried under this Section 6.3 will have a general aggregate limit of no less than \$2,000,000.00, a per occurrence limit of no less than \$2,000,000.00; the aircraft liability 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 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 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.

6.4 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 Property and/or Improvements 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, Improvements, and/or Property; (c) Tenant's use of the Property, Improvements, and/or Airport; (d) Tenant's construction, maintenance, repair, and/or occupancy of the Property and/or Improvements and/or any condition of the Property and/or Improvements; (e) the use, storage, treatment, transportation, presence, release, and/or disposal of Hazardous Substances in, on, under, and/or about the Property and/or Improvements; 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 6.4 will survive the expiration or earlier termination of this Lease.

6.5 Reconstruction After Damage. If the Improvements are damaged or destroyed by fire or any other cause at any time during the Lease Term, whether or not covered by insurance, Tenant will promptly repair the damage and restore the Improvements. The completed repair, restoration, and/or replacement Improvements will be equal in value, quality, and use and will be restored to the condition of the Improvements immediately before the damage or destruction. Tenant will pay all costs and expenses of repairing and restoring the Improvements, which repairs and restoration will be completed no later than three hundred sixty-five (365) 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 Improvements, nor will any other obligations of Tenant under this Lease be altered or terminated except as specifically provided in this Lease.

6.6 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 obtain such an agreement from its insurer if the policy does not expressly permit a waiver of subrogation.

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 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 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 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 30 days; and/or (e) Tenant's failure for 30 days or more to occupy the Property and Improvements 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 Property and Improvements, and remove any persons or property (including the Improvements) 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 Property, and in that connection may make any suitable alterations or refurbish the Property or Improvements (or both), or change the character or use of the Property and/or Improvements, but Landlord will not be required to relet the Property and/or Improvements for any use or purpose other than compatible uses or which Landlord may reasonably consider injurious to the Property, or to any Tenant which Landlord may reasonably consider objectionable.

Landlord may relet all or part of the Property or Improvements, 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.

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 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 demolition, construction, clean-up, refurbishing, removal of Tenant's property and fixtures, or any other expense occasioned by Tenant's failure to quit the Property and Improvements (if applicable) upon termination and leave the Property and Improvements (if applicable) 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 Property and/or Improvements for the period commencing on the earlier of the date of trial or the date the Property and/or Improvements 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 6.4, 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; (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 6.4, 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 7.4.

8. SURRENDER; HOLDOVER

8.1 Improvements 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 Property and Improvements maintenance and repairs for which Tenant is responsible under this Lease; and (b) surrender the Property and Improvements (subject to Section 8.4) to Landlord in good condition, repair, working order, and appearance, free of waste and debris. If Tenant fails to timely surrender the Property and Improvements in accordance with this Section 8.1, the following will apply: (x) by written notice given to Tenant within 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 costs and expenses Landlord incurs to cause the Property and Improvements to be surrendered in accordance with this Section 8.1 with interest at 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 Property and Improvements 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 (specified by Landlord in writing) 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 T'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 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 costs and expenses Landlord incurs to cause the property's removal and/or storage with interest at 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 Property and Improvements 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 extension), except that Base Rent will be equal to 150% of the then applicable Base Rent. Failure of Tenant to timely surrender the Property and Improvements and remove its aircraft, vehicles, 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 30 days prior to the termination date which will be specified in the notice.

8.4 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 Improvements and/or Alterations from the Property (and surrender the Property 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) purchase the Improvements in accordance with Section 8.5. If Tenant fails to timely remove the Improvements and/or Alterations from the Property 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, (y) cause the Improvements and/or Alterations to be removed at Tenant's cost and expense, and/or (z) 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 Improvements and/or Alterations and Property's restoration with interest at 12% per annum on all such expenses from the date of expenditure by Landlord until paid in full.

8.5 Landlord Purchase. If Landlord purchases the Improvements in accordance with Section 8.4, Landlord will purchase the Improvements for the fair market value of the Improvements as of the expiration or earlier termination of this Lease. The purchase will be made effective as of the date of the expiration or earlier termination of the Lease. Landlord will obtain ownership of the Improvements free and clear of all Encumbrances, including, without limitation, any Tenant rights or interests in and to the Improvements. Tenant will sign and deliver all documents and instruments Landlord determines necessary or appropriate to effectuate the transfer and conveyance of the Improvements.

8.6 Fair Market Value. If Landlord elects to purchase the Improvements, then the fair market value of the Improvements will be determined by the parties through good faith negotiation, which the parties will commence at least 90 days before the expiration or earlier termination of the Lease (unless not known) and

pursue with diligence. If the parties cannot reach agreement within 30 days, then the fair market value will be determined by the following process:

8.6.1 no later than 90 days before the expiration or earlier termination of this Lease, each party will submit in confidence its written evaluation of the fair market value of the Improvements. At the same time, the parties will attempt in good faith to appoint a mutually acceptable, independent, qualified appraiser. No later than 30 days after the appraiser is appointed, the appraiser will choose one of the two proposals as the fair market value of the Improvement, which determination will be final and binding.

8.6.2 If the parties cannot agree on an appraiser, then each party will appoint a qualified, independent appraiser no later than 75 days before the expiration or earlier termination of this Lease. The appraisers appointed by each party will select a qualified, independent appraiser, who will choose one of the two proposals as the fair market value of the Improvements, which determination will be final and binding. If a party fails to timely appoint a qualified appraiser, then the one appraiser timely appointed will determine the fair market value by choosing one of the two proposals as the fair market value of the Improvements, which determination will be final and binding. If a party fails to timely submit its evaluation of the fair market value, then the timely submitted evaluation will be the final and binding fair market value of the Improvements.

8.6.3 Each party will bear one-half of the expense of the mutually appointed appraiser and the entire expense of any appraiser appointed by the party individually. Landlord will pay Tenant the agreed or determined fair market value, as the case may be, no later than 30 days after it is determined; provided, however, if Landlord determines necessary or appropriate, Landlord may pay the agreed or determined fair market value over an installment period not exceeding 48 months. Tenant will defend, indemnify, and hold Landlord harmless for, from, and against all liability and loss arising from Tenant's failure to deliver the Improvements free and clear of all Encumbrances.

9. MISCELLANEOUS

9.1 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 10 days after Landlord's demand, all attorney fees and costs Landlord incurs to enforce the terms of this Lease whether or not Landlord instituted arbitration or litigation proceedings. 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.

9.2 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 above, or at any other address that a party may designate by notice to the other parties. Any notice 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 business day after the date deposited in the United States mail, postage pre-paid, certified, return receipt requested. Subject to the limitations under Section 6.1 concerning the Transfer of this Lease 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.

9.3 Entry for Inspection; Late Fees; Interest. Landlord may enter the Property and Improvements 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 by visual violation). Except in the case of an emergency, Landlord will endeavor to provide Tenant no less than 24 hours' prior written notice before entering the Property. In addition, Landlord will have the right, at any time during the last 90 days of the Lease Term, to place and maintain upon the Property/Improvements notices for leasing the Property/Improvements. If Rent (or other payment due from Tenant) is not received by Landlord within 10 days after it is due, Tenant will pay a late fee equal to 10% of the payment or \$100.00, whichever is greater (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 12% per annum from the due date (or, if applicable, the date of Landlord's payment) until paid by Tenant in full.

9.4 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 Malheur County, Oregon. All parties submit to the jurisdiction of courts located in Malheur County, Oregon for any such disputes.

9.5 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).

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 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 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.

[end of lease – signature page immediately follows]

IN WITNESS WHEREOF, the undersigned have caused this Lease to be executed and effective for all purposes as of the Effective Date.

LANDLORD:
City of Ontario,
an Oregon municipal corporation

TENANT:
James Hartman

By: Deborah Folden, Mayor


By: James Hartman

Exhibit A
Property Description and Depiction

[attached]



EXHIBIT A – 143 Cessna
{44°01'23"N 117°00'32"W}



**AGENDA REPORT
NEW BUSINESS
June 10, 2025**

To: Mayor and City Council

FROM: Dan Cummings, City Manager/Community Development Director

THROUGH: Danny K. Cummings, City Manager

SUBJECT: **ACCEPT PUBLIC UTILITY EASEMENT FOR FIRE LINE AND OTHER PUBLIC UTILITIES FOR A MINI-STORAGE FACILITY**

DATE: June 4, 2025

PROPOSED MOTION:

I MOVE THE CITY COUNCIL TO APPROVE AND ACCEPT THE PUBLIC UTILITY EASEMENT AS DESCRIBED AND SHOWN IN THE EASEMENT DOCUMENT AS ATTACHMENT 1 OF THIS REPORT AND AUTHORIZE THE MAYOR TO SIGN THE PUBLIC UTILITY EASEMENT AND CAUSE IT TO BE RECORDED WITH THE COUNTY CLERK.

SUMMARY:

The City Council, who is the governing body for the City of Ontario, needs to approve and accept the Public Utility Easement as shown on Attachments #1 to this report.

BACKGROUND:

KZ Investment developed a mini-storage facility on the property along NW Washington Street and to provide maintenance of the fire line constructed to protect the facility. A public utility easement needs to be granted.

CURRENT SITUATION:

To be able to construct public utilities, an easement is required to be in the city's name so the water line can be constructed to city standards and provide inspections of the project.

The construction is near completion and the easement is ready for the final process of being accepted by the city and recorded in the public records of the County.

ANALYSIS:

- A. **STRATEGIC PLAN** The dedication of the easement meets the Growth and Desirability portions of the City Council's Strategic Plan.
- B. **FINANCIAL** There is no financial cost to the city at this time.

- C. **TIMING** This action needs to be completed in order to move forward with the city's ability to maintain the public utilities.
- D. **POLICY/LLEGAL** The City Council is the governing body that has the authority to accept Public Utility Easements on behalf of the city.

ALTERNATIVES:

None given.

RECOMMENDATION:

Staff recommends that the Council approve and accept the Public Utility Easements and authorize the Mayor to sign the Public Utility Easement.

ATTACHMENTS:

1. Public Utility Easement KZ Inv-O-Neal_Owner sign



After Recording Return to:
City of Ontario
City Recorder
Attn. Tori Barnett
444 SW 4th Street
Ontario, OR 97914

DEED OF DEDICATION FOR PUBLIC UTILITY EASEMENT

FOR VALUE RECEIVED, **KZ INVESTMENTS, LLC**, an Oregon Limited Liability Company LLC), a 50% owner and Kevin O'Neil a 50% owner whose current address is 40 NE 6th Avenue, Ontario Oregon 97914, ("Grantor"), in consideration of the sum of -Zero- dollars (\$0.00) and other considerations, the receipt of which is hereby acknowledged, does hereby convey and grant to the **CITY OF ONTARIO**, ("Grantee"), whose address is 444 SW 4TH Street, Ontario, Oregon 97914, **HEREBY** grants a **PUBLIC UTILITY EASEMENT** and the right to erect, construct, install, and lay and thereafter use, operate, inspect, repair, maintain, replace, and remove public utilities, such as but limited to Sewer, Water, Gas, Electric and Communication services lines, Fixtures and Facilities over, across, and through the lands, as described in Exhibit A and shown in Exhibit B, being real property located in Malheur County, Oregon (the "Property"), to wit:

Public Utility Easement described in Attached Exhibit "A" And shown in Attached Exhibit "B".

SUBJECT TO all existing easements of record.

Further, it is agreed, and made a condition herein, that any improvements including but not limited to drive lanes, landscaping or other features constructed within the limits of the easement shall be removed and replaced at the "Grantors" expense if the "Grantee" is required to maintain any of the utility lines within the easement area.

GRANTOR, by signing this Instrument, accepts the above conditions of removal of improvements and all other covenants, terms, and conditions of this instrument.

IN WITNESS WHEREOF, the Grantor has executed this instrument on this 10th day of March 2025.

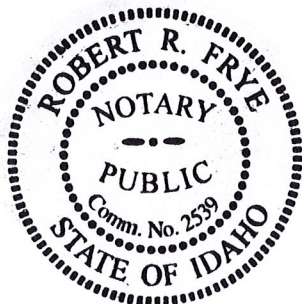
GRANTOR: KZ INVESTMENTS, LLC, An Oregon Limited Liability Company 50%, and Kevin O'Neil Individual 50%:

By: [Signature]
Zachary Mills, Member

State of Idaho)
SS.
County of Payette)

On this 11th day of April, 2025, before me, the undersigned Notary Public in and for said State, personally appeared **Zachary Mills**, known or identified to me to be a Managing Member OF KZ INVESTMENTS, LLC, and he executed the within instrument.

IN WITNESS WHEREOF, I have hereunto set my hand and affixed my official seal the day and year in this certificate first above written.



[Signature]
Notary Public for State of Idaho

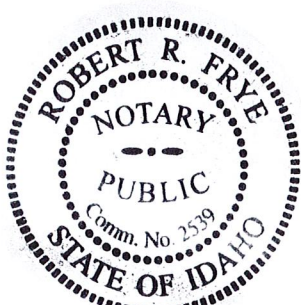
My Commission expires: 05/05/2028

By: [Signature]
Kevin O'Neil, Individual

State of Idaho)
SS.
County of Payette)

On this 11th day of April, 2025, before me, the undersigned Notary Public in and for said State, personally appeared **Kevin O'Neil**, known or identified to me and he executed the within instrument.

IN WITNESS WHEREOF, I have hereunto set my hand and affixed my official seal the day and year in this certificate first above written.



[Signature]
Notary Public for State of Idaho

My Commission expires: 05/05/2028

City of Ontario Acceptance:

Accepted by the Common Council of the City of Ontario on this ____ day of _____, 2025, in a Public Hearing at a regular Session of the City Council.

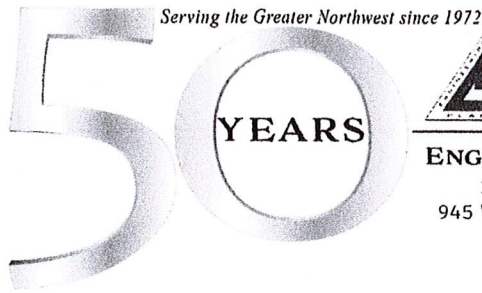
GRANTEE:

CITY OF ONTARIO

By: _____
Deborah Folden, Mayor

Attested: _____
City Recorder: Tori Barnett, MMC

Exhibit A
Description of Public Easement



CK3, LLC

ENGINEERING - SURVEYING & PLANNING

368 SW 5TH AVENUE, ONTARIO, OR. 97914
945 W. ORCHARD AVENUE, HERMISTON, OR. 97838

March 10, 2025

EXHIBIT "A"
For the City of Ontario Oregon
Description of a Waterline Easement:

Land within Section 33, Township 17 South, Range 47 East of the Willamette Meridian, City of Ontario, Malheur County, Oregon.

A strip of land 20 feet wide, 10 feet on each side of the described centerline, being more particularly described as follows:

Comencing at an Aluminum cap marking the centerline street intersection of Northwest Park Boulevard and Northwest 16th Avenue, which bears North 00°24'31" East, a distance of 1229.33 feet of the South 1/4 of Section 33.

Thence South 00°24'31" West a distance of 107.38 feet;

Thence South 89°12'56" East a distance of 323.48 feet to the POINT OF BEGINNING;

Thence North 00°47'24" East a distance of 262.88' feet to POINT "A";

Thence North 89°12'56" West a distance of 265.61 feet;

Thence North 44°12'54" West a distance of 40.97 feet to the Easterly Right-Of-Way line of NW Park Blvd. and the POINT OF TERMINUS.

Thence Beginning at POINT "A", South 89°12'56" East a distance of 180.98 feet;

Thence South 00°47'15" West a distance of 22.00' feet to the POINT OF TERMINUS.

END OF DESCRIPTION

**REGISTERED
PROFESSIONAL
LAND SURVEYOR**

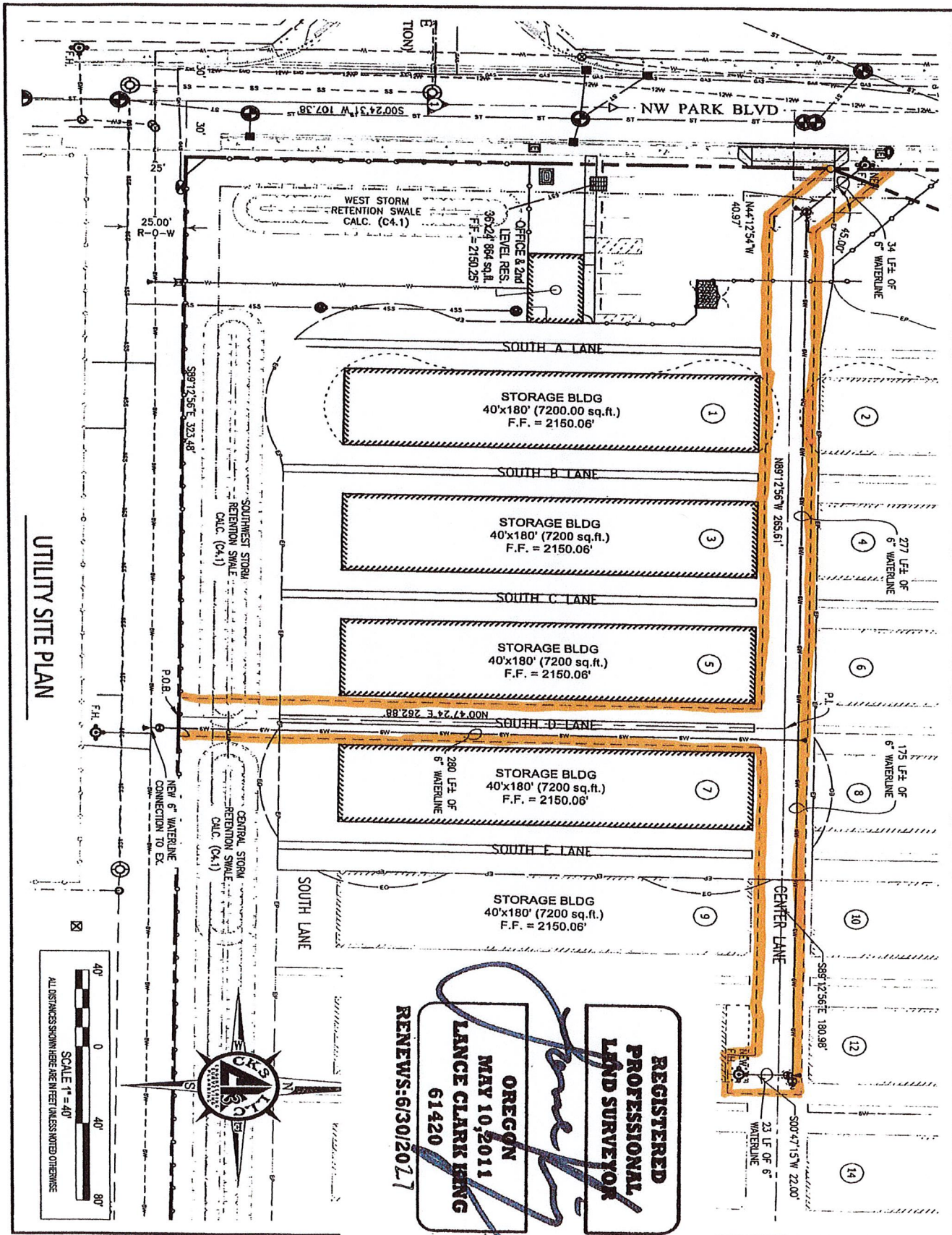
**OREGON
MAY 10, 2011
LANCE CLARK KING
61420**

RENEWS: 6/30/2027

Ontario Phone: (541) 889-5411 Fax: (541) 889-2074 Web Address: CK3LLC.NET
Hermiston Phone: (541) 567-2345 Fax: (541) 567-2345

Exhibit B

Map of Public Utility Easement





**AGENDA REPORT
NEW BUSINESS
June 10, 2025**

To: Mayor and City Council

FROM: Marshall Pierce, City Engineer/Project Manager

THROUGH: Danny K. Cummings, City Manager

SUBJECT: TASK ORDER AWARD: KELLER ASSOCIATES SEWER COLLECTION SYSTEM REHAB

DATE: June 4, 2025

PROPOSED MOTION:

I MOVE THE CITY COUNCIL TO APPROVE THE KELLER ASSOCIATES TASK ORDER TO PROVIDE ENGINEERING DESIGN SERVICES FOR THE SEWER COLLECTION SYSTEM 2025-2026 REHAB PROJECT, IN THE AMOUNT OF \$89,800 PLUS A 10% DESIGN CONTINGENCY, AND AUTHORIZE THE CITY MANAGER TO SIGN ALL DOCUMENTS.

SUMMARY:

The City's collection system is quite old, and requires rehab in areas. As the collection system ages, various common problems can occur, such as cracks, holes, bellies, and others. Having a leaky collection system introduces unwanted water through infiltration, taxing our WWTP and adding unwanted, harmful substances such as arsenic into our WWTP that ultimately discharges into the Snake River. DEQ and the City are currently negotiating terms for our NPDES permit renewal, and arsenic is an emphasized topic. In lieu of treating arsenic at the plant (millions of dollars in capital), we are proposing to tackle via tightening up our collection system and target point sources. This is one of what will become yearly or bi-yearly collection system rehab projects. We are in a position to sign with an engineering firm on our WW roster and get the next phase of collection system rehab completed.

BACKGROUND:

The City's collection system is quite old, and requires rehab in areas. As the collection system ages, various common problems can occur, such as cracks, holes, bellies, and others. Having a leaky collection system introduces unwanted water through infiltration, taxing our WWTP and adding unwanted, harmful substances such as arsenic into our WWTP that ultimately discharges into the Snake River. DEQ and the City are currently negotiating terms for our NPDES permit renewal, and arsenic is an emphasized topic. In lieu of treating arsenic at the plant (millions of dollars in capital), we are proposing to tackle via tightening up our collection system and target point sources. This is one of what will become yearly or bi-yearly collection system rehab projects.

CURRENT SITUATION:

We are in a position to sign with an engineering firm on our WW roster and get the next phase of collection system rehab completed.

ANALYSIS:

- A. **STRATEGIC PLAN** The project is consistent with the goal's of the city's Strategic Plan.
- B. **FINANCIAL** The City has budgeted \$750,000 for this project (total, including engineering and construction).
- C. **TIMING** The City is in a position to sign with Keller once Council approves of the TO award. Once this occurs, an NTP can be issued to Keller.
- D. **POLICY/LEGAL** Council is the approving authority for this motion.

ALTERNATIVES:

Not award; risk non-compliance with arsenic and other pollutant limits in new permit. Additionally, maintenance on sewer lines will be problematic, potentially impacting homes.

RECOMMENDATION:

Staff recommends approving the TO award to Keller Associates.

ATTACHMENTS:

None



Presentation by Tatiana Burgess
Tuesday, June 10, 2025

CITY OF ONTARIO COMMUNITY DEVELOPMENT

Fiscal Year 2024-25
3rd Quarter

Building
Department

Economic
Development

Planning and Zoning

Building Department Statistics



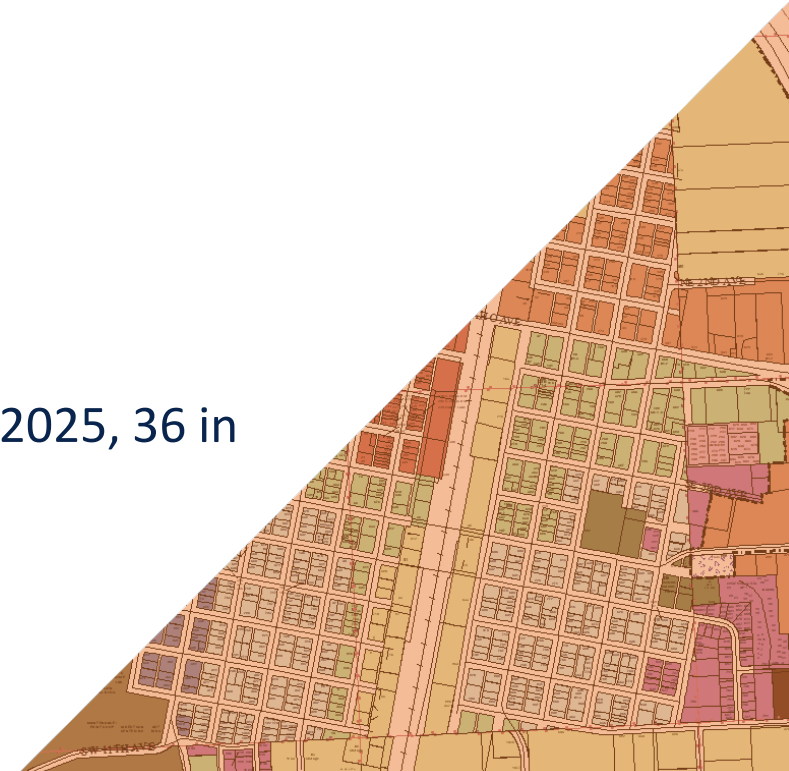
Jan-Mar 2025

Mechanical and Structural Permits

- Total Permits Issued **75**
- Valuation Totals **\$ 14,918,777.40**
- Total Permit Fees **\$ 85,295.64**

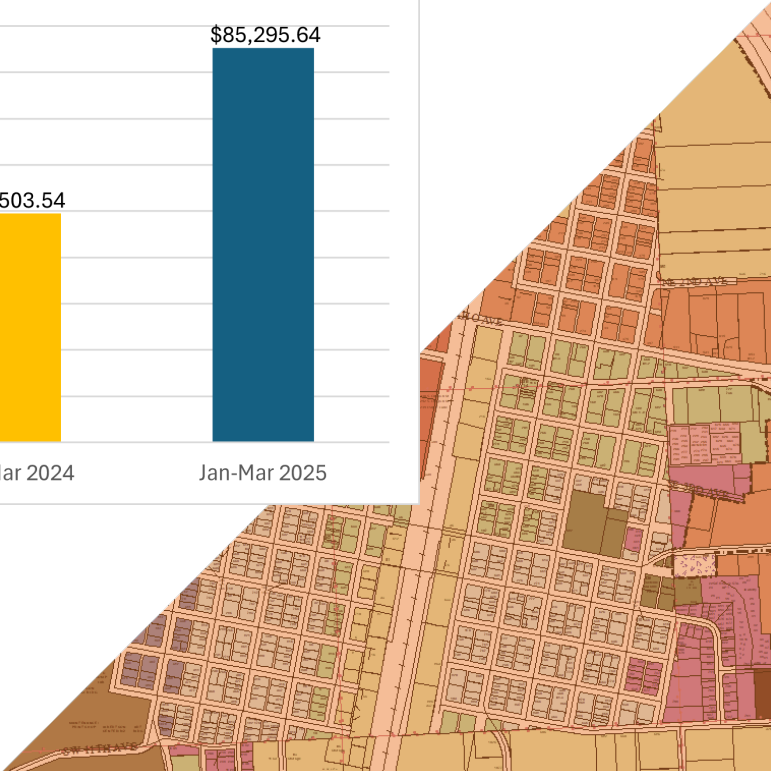
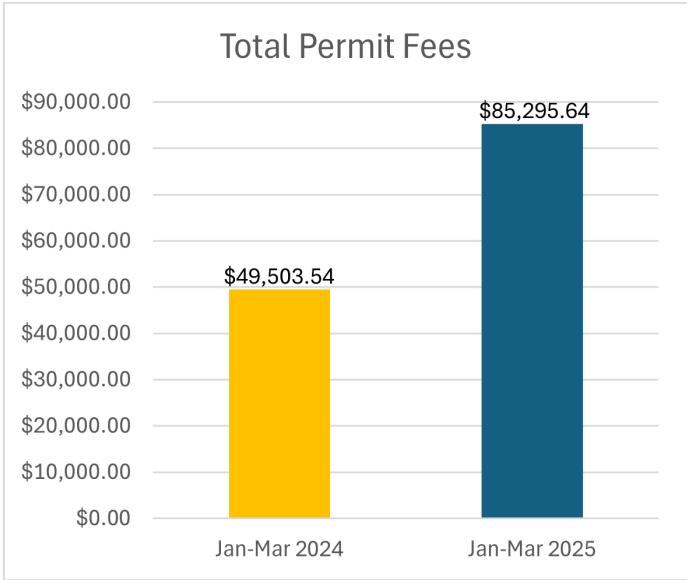
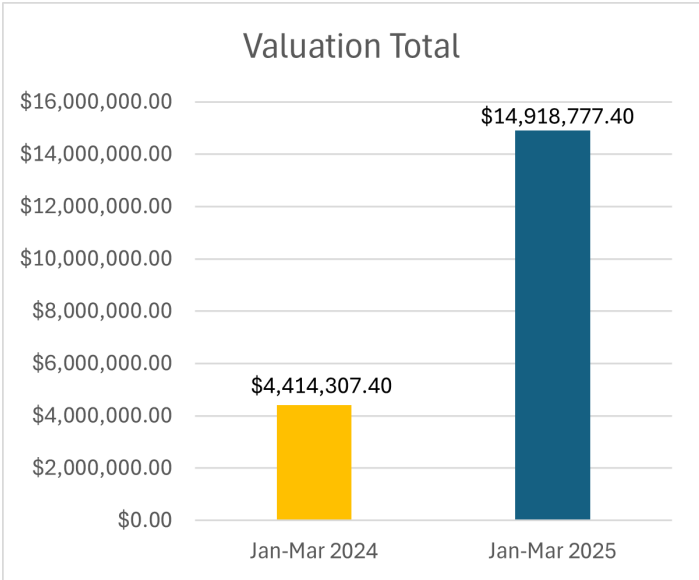
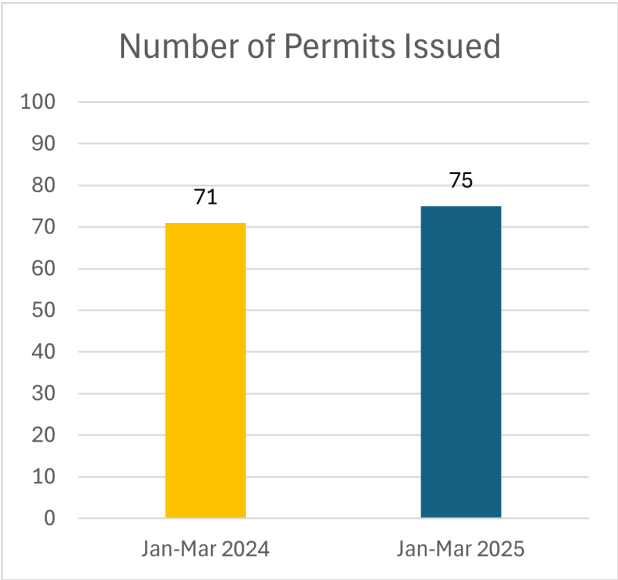
Total Inspections Completed

The Building Official has completed a total of 139 inspections: 42 in January 2025, 36 in February 2025 and 61 in March 2025.



Jan-Mar 2025

Previous Year Comparable



Building Department Statistics

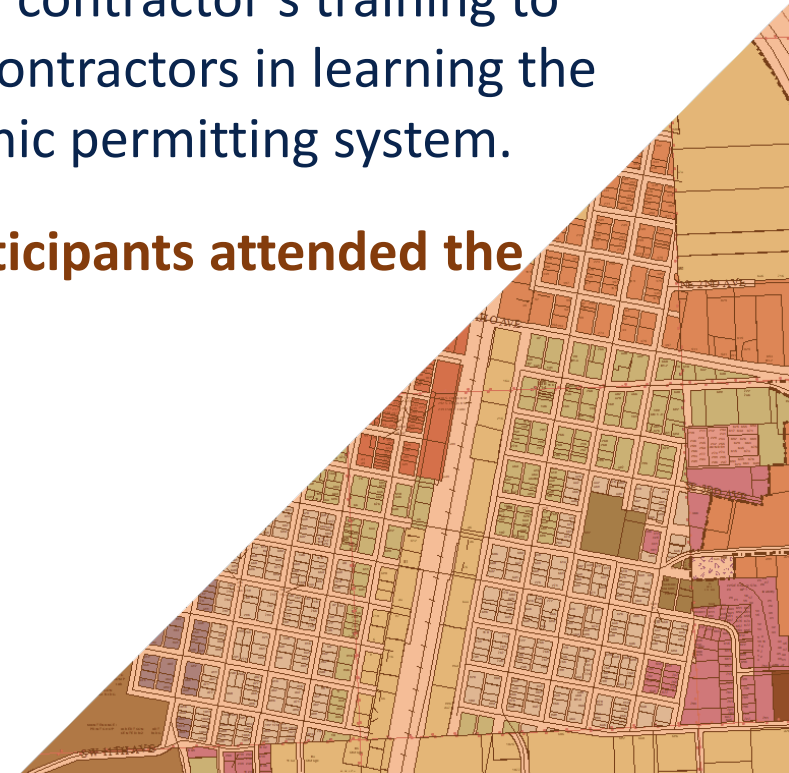


Jan-Mar 2025



On January 14, 2025, Building Department, in partnership with Oregon Building Codes Division, hosted an in-person contractor's training to assist local contractors in learning the new electronic permitting system.

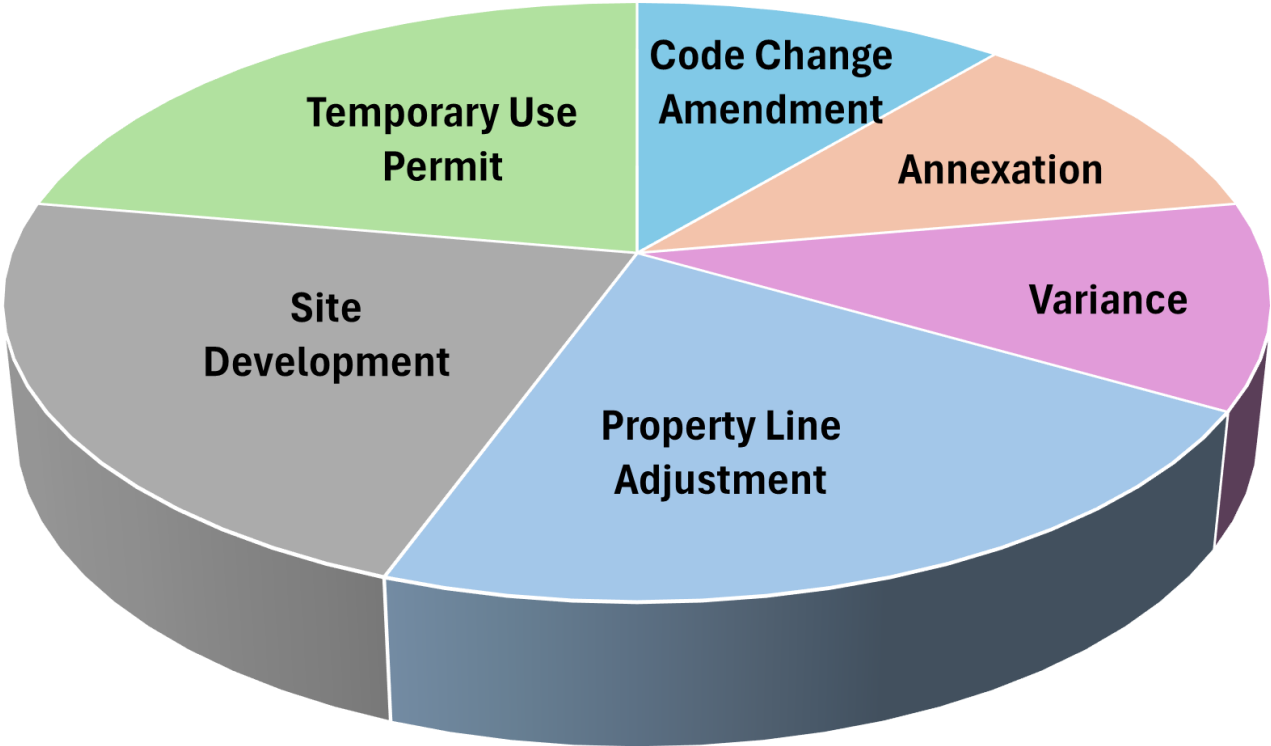
21 total participants attended the class.



Planning and Zoning Department

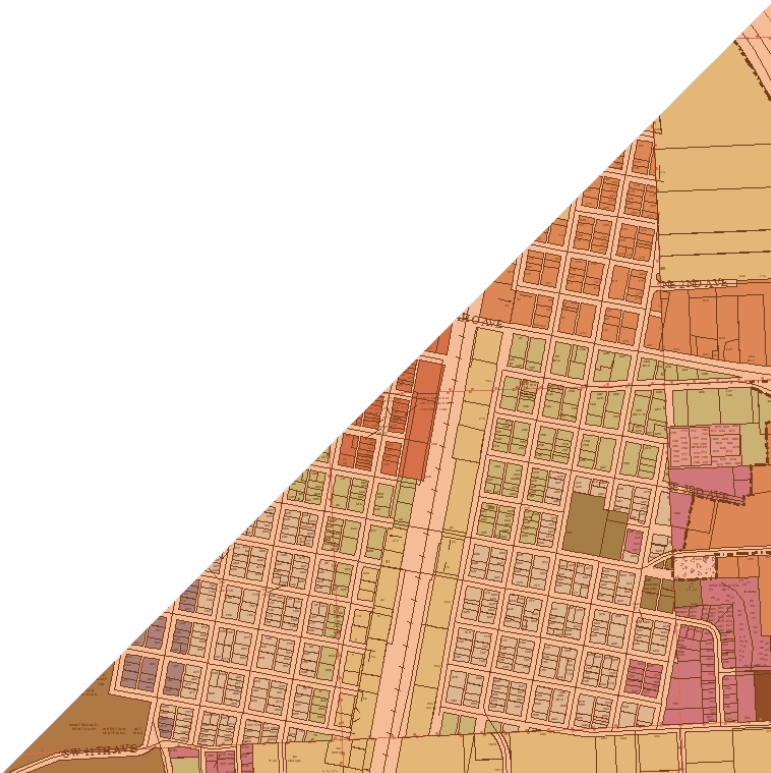


Jan-Mar 2025



Total Land Use Applications 9

Total Fees for the Quarter \$3,222.78

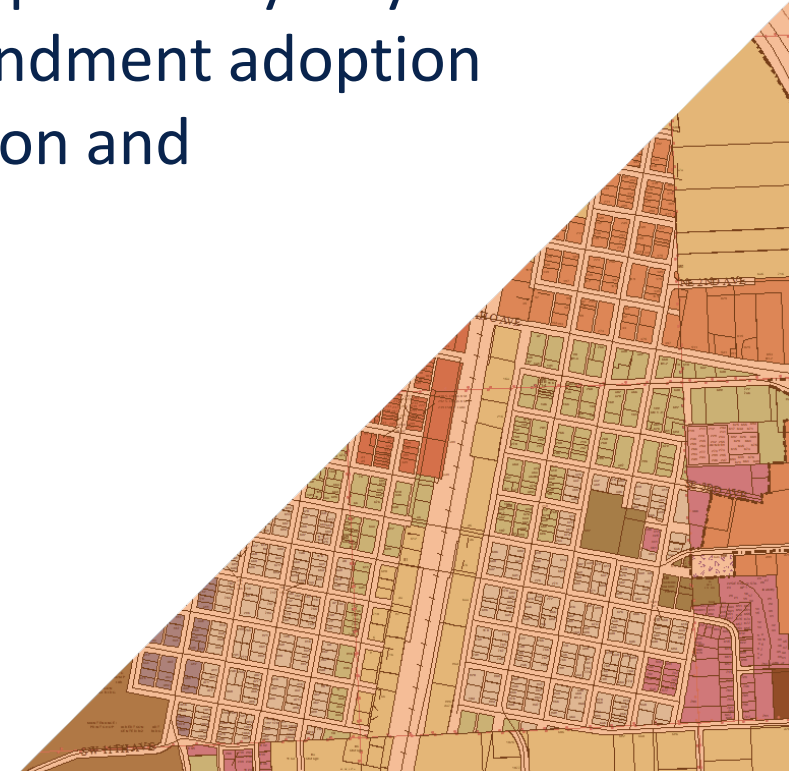


Planning and Zoning Department



Jan-Mar 2025

On March 10, 2025, the Planning Commission met and made a formal recommendation to approve the zone code amendment and adopt the short-term rental ordinance. The proposed change was approved by City Council at the March 25, 2025 meeting and the code amendment adoption was acknowledged by the Department of Land Conservation and Development on May 2, 2025.



Facade Grant Program Phase III

Idaho Ave: from NW 9th St to West side of I-84 Interchange

Oregon St: from SW 6th Ave to NW 8th Ave

SW 9th St: from SW 4th Ave to W Idaho Ave

SW 2nd St: from SW 5th Ave to W Idaho Ave

SW 1st St: from SW 5th Ave to W Idaho Ave

SE 2nd St: from SE 5th Ave to E Idaho Ave

- Total Phase III awarded funds: \$9,350 leveraged \$39,223.14 in improvement costs
- As of 04/01/2025 – available grant amount remaining is \$26,950.00

Phase III Façade Grant Program



Jan-Mar 2025

- Phase III was commenced in June of 2024.
- 1 grant application approved on 03/05/2025 for new signage for American Family Insurance Agency – relocation to new site at 1465 SW 4th Ave



Ontario Economic Activity

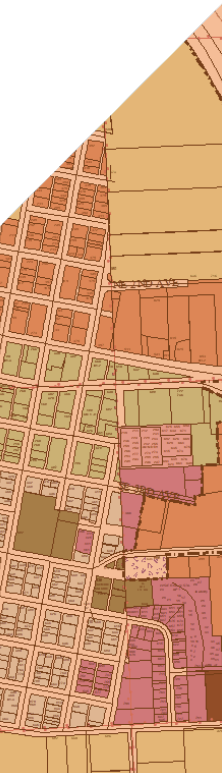


Jan-Mar 2025

KZ Investment Mini Storage Units – the civil plans were approved for mini storages, to provide a total of 143,600 sq.ft. of space and a watchman's quarter facility.

TVCC Nursing Center – structural permit issued on 03/12/2025.

9-Juan-Juan Restaurant – remodel permit issued on 03/10/2025.



Completed Projects



Jan-Mar 2025

El Patron
Restaurant



Completed Projects



COMPLETED:
Harrah Heights Subdivision
1639 Skookum Dr



COMPLETED:
Remodel of single-family dwelling
92 NW 2nd Ave



Completed Projects



Jan-Mar 2025

COMPLETED:
Commercial space —
Change of Use &
Interior Remodel

Select Players
189 S Oregon St



Certificates of Occupancy



Jan-Mar 2025

Commercial:

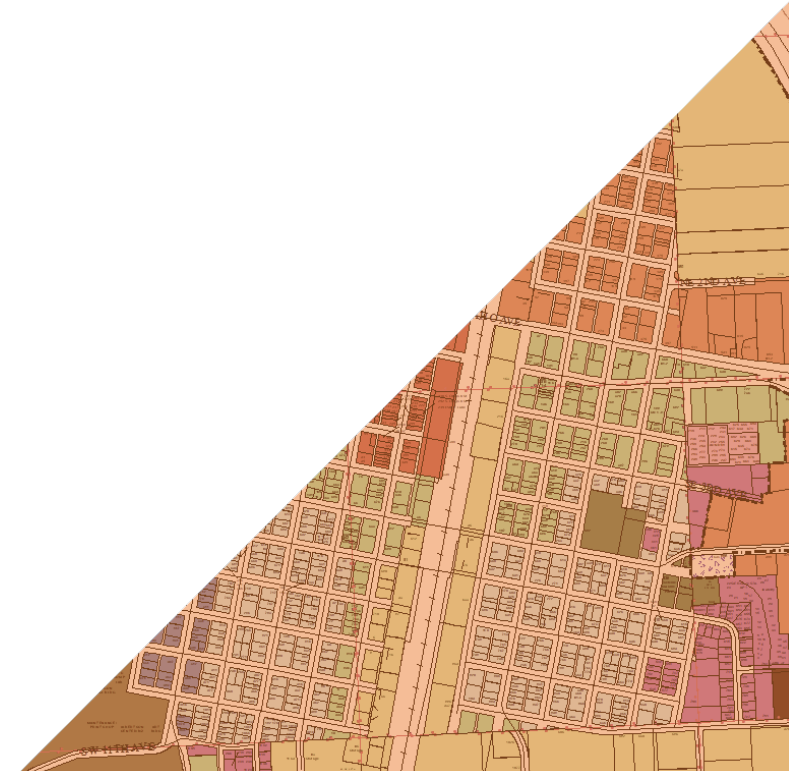
- El Patron Restaurant (35 W Idaho Ave)
- Select Players (189 S Oregon St)

Residential New:

- Harrah Heights (Skookum Dr)
 - Single Family Home: 1639 Skookum Dr

Residential Remodel:

- Single Family Home: 92 NW 2nd Ave



THANK YOU



**CITY OF ONTARIO
GENERAL FUND - DEPARTMENT REVENUE
FOR THE PERIOD ENDED
MARCH 31, 2025**

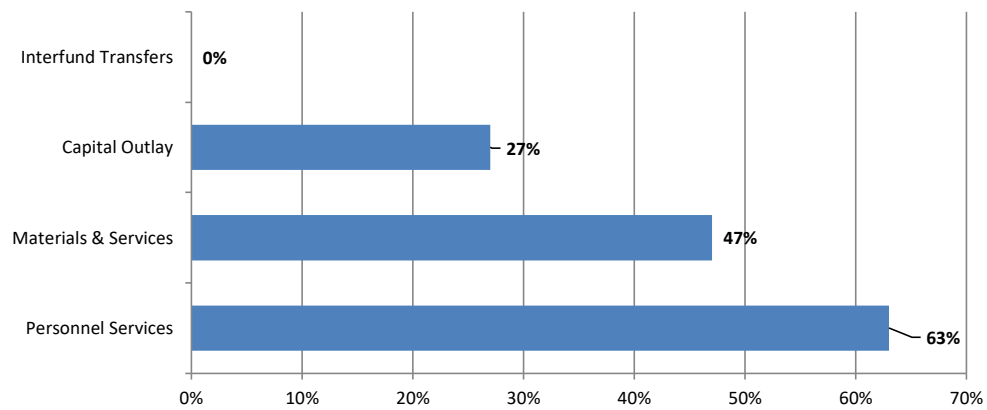
DEPARTMENT	BUDGET	ACTUAL	% REALIZED	COMMENTS
GENERAL FUND BEGINNING FUND BALANCE	3,391,532	5,006,402	147.6%	
Parks	111,020	95,437	86.0%	
Parks & Recreation	111,020	95,437	86.0%	
Fire	242,680	136,860	56.4%	
Code Enforcement	13,100	5,009	38.2%	
Police	476,507	342,433	71.9%	
Dispensary Business License	130,200	68,200	52.4%	
Public Safety Total	862,487	552,502	64.1%	
Interest	85,000	201,688	237.3%	
State Revenue Sharing	158,062	72,949	46.2%	
Administrative Services	497,148	372,861	75.0%	
Other General Revenues	8,000	34,775	434.7%	
Property Taxes	4,404,315	4,922,697	111.8%	
Alcohol Bvg License & Fee	233,109	119,535	51.3%	
Cigarette tax	8,292	4,798	57.9%	
Marijuana tax	2,500,000	678,944	27.2%	
Franchise Fees	1,806,579	894,449	49.5%	Quarterly payments
Cemetery	100,900	21,900	21.7%	\$70K budgeted is transfer from cem perpetual fund
General Government Total	9,801,405	7,324,597	74.7%	
Planning & Zoning	4,000	3,606	90.2%	
Community development	4,000	3,606	90.2%	
GENERAL FUND REVENUE TOTALS	\$ 10,778,912	\$ 7,976,142	74.0%	
YTD CURRENT YEAR PROFIT(LOSS)	\$ 1,538,644			
YTD BUDGET BENCHMARK	75.0%			 -1.0%

**CITY OF ONTARIO
GENERAL FUND - DEPARTMENT EXPENDITURES
FOR THE PERIOD ENDED
MARCH 31, 2025**

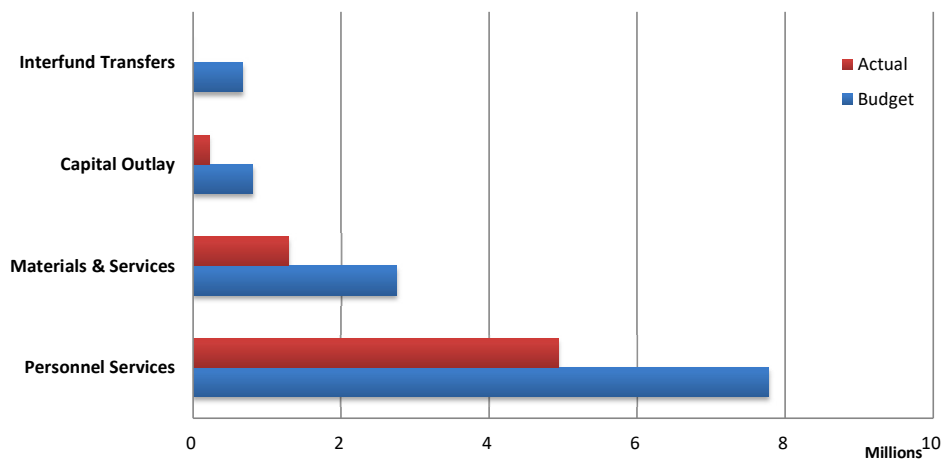
DEPARTMENT	BUDGET	ACTUAL	% EXPENDED	COMMENTS
Parks	278,294	156,199	56.1%	
Parks & Recreation	278,294	156,199	56.1%	
Fire	2,335,809	1,456,066	62.3%	
Code Enforcement	165,030	74,366	45.1%	
Police	5,663,436	3,299,395	58.3%	
Public Safety Total	8,164,275	4,829,827	59.2%	
Administration	605,440	381,542	63.0%	
City Council	33,357	11,754	35.2%	
Business Registration	1,100	309	28.1%	
Cemetery	218,082	112,560	51.6%	
Finance	273,878	185,776	67.8%	
Technology	239,559	133,339	55.7%	
General Government Total	1,371,416	825,280	60.2%	
Community development	199,025	120,915	60.8%	
Community Development	199,025	120,915	60.8%	
Administrative Overhead	916,714	464,080	50.6%	
Non-Departmental Contributions	433,000	41,197	9.5%	
Other Total	1,349,714	505,277	37.4%	
Operating Transfers Out	639,558	-	0.0%	
GENERAL FUND TOTALS	\$ 12,002,282	\$ 6,437,498	53.6%	
YTD BUDGET BENCHMARK			75.0%	

**CITY OF ONTARIO
GENERAL FUND - DEPARTMENT EXPENDITURES
FOR THE PERIOD ENDED
MARCH 31, 2025**

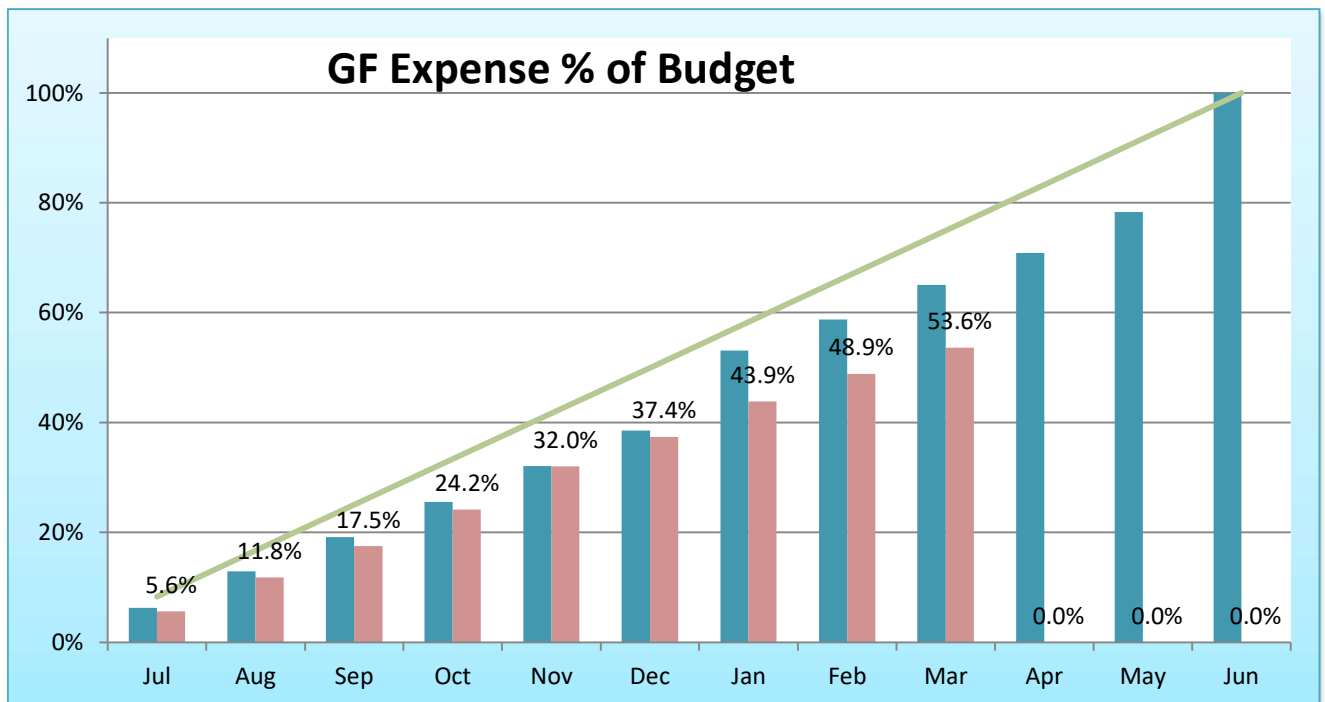
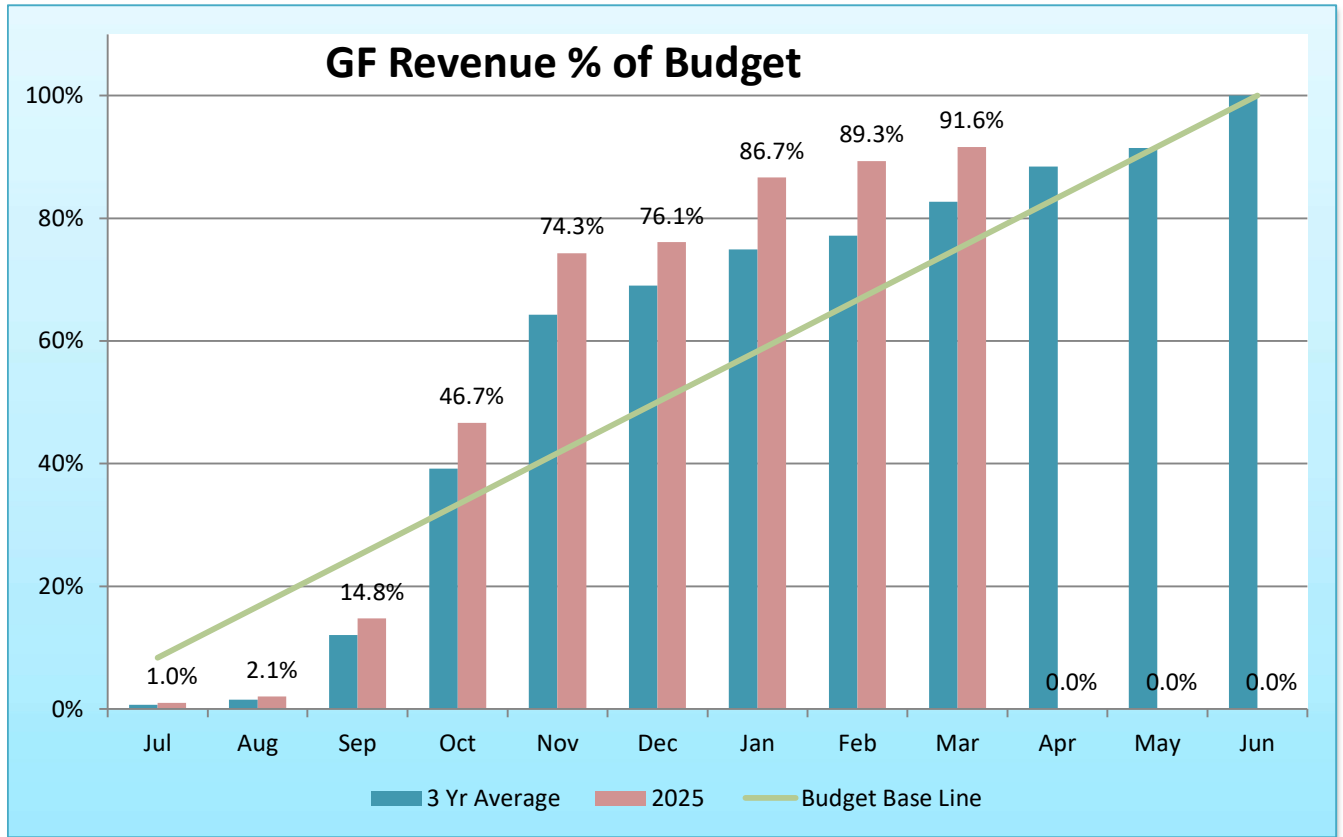
% Expended by Category



Budget to Actual by Category



**CITY OF ONTARIO
GENERAL FUND
FOR THE PERIOD ENDED
MARCH 31, 2025**



**CITY OF ONTARIO
OTHER FUNDS - EXPENDITURES
FOR THE PERIOD ENDED
MARCH 31, 2025**

DEPARTMENT/FUND	REVENUES				EXPENDITURES		
	BUDGET	ACTUAL	% REALIZED		BUDGET	ACTUAL	% EXPENDED
002 Marijuana Enforcement Fund	32,455	29,544	91.0%		32,455	29,544	91.0%
010 Grant Fund	1,611,652	1,561,197	96.9%		1,611,652	1,296,972	80.5%
027 Building Fund	790,653	969,897	122.7%		314,871	152,175	48.3%
030 Capital Projects Fund	7,005,638	6,134,252	87.6%		7,005,638	439,795	6.3%
031 SDC Fund	915,814	908,454	99.2%		915,814	-	0.0%
045 Street Fund	6,563,003	4,243,680	64.7%		6,563,003	3,059,994	46.6%
050 Trust Funds	1,398,836	1,151,276	82.3%		1,221,388	350,149	28.7%
055 Reserve Funds	4,494,156	4,859,175	108.1%		4,021,637	1,001,718	24.9%
060 Revolving Loan Fund	321,014	289,157	90.1%		321,014	40,000	12.5%
105 Water Fund	6,396,041	5,994,120	93.7%		4,771,578	3,008,738	63.1%
110 Sewer Fund	6,429,820	4,753,081	73.9%		4,765,641	2,649,446	55.6%
115 Storm Sewer Fund	479,590	497,195	103.7%		162,083	124,511	76.8%
120 Airport Fund	340,277	208,438	61.3%		340,277	214,002	62.9%

Comments:

YTD BUDGET BENCHMARK

75.0%