

THIRD AMENDMENT

This is the THIRD Amendment to that certain lease by and between CITY OF SALEM, OREGON, an Oregon municipal corporation ("Lessor") and CARPENTER COMMERCIAL PROPERTIES L.L.C. ("Lessee"), dated June 21, 1999 (Lease). This Third Amendment is effective on the date last signed by both parties below (the "Execution Date").

RECITALS:

Whereas, pursuant to the Lease, Lessor leased to Lessee, certain real property located at 2780 – 2790 25TH Street SE, Salem, Marion County, Oregon, as described in the Lease (the "Premises");

Whereas, Section 1.01 of the Lease (as previously amended), "Leased Premises," provides that Lessee's Premises consists of 293,455 square feet;

Whereas, Lessee is desirous of amending the Lease to sell a portion of its improvements on the Premises to a third party and reduce the square footage of the Lease by 139,645 square feet (the "Reduction Space") and Lessor is agreeable to amending the Lease;

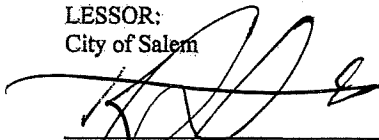
Whereas, it is necessary to amend the Lease to reflect the new square footage of the Premises and associated rental rate;

Now therefore, the Parties agree as follows:

- A. This amendment shall only become effective upon successful execution of a new lease with Metal Innovations Incorporated for Lessee's Reduction Space. Should this not occur, this amendment will be considered null and void.
- B. Section 1.01 of the Lease is replaced in its entirety with the language stated below:
Section 1.01 – Leased Premises. The Parties agree that the square footage of the Leased Premises is 153,810 as shown on Exhibit A.
- C. The Parties agree that as of the Execution Date, the current rental rate for the amended Premises is \$0.60 per square foot per year.

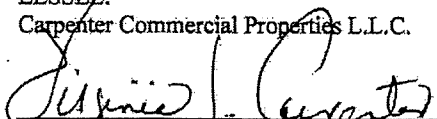
IN WITNESS WHEREOF the parties have caused this Third Amendment to be signed in their respective names by their duly authorized representatives as of the dates set forth below:

LESSOR:
City of Salem



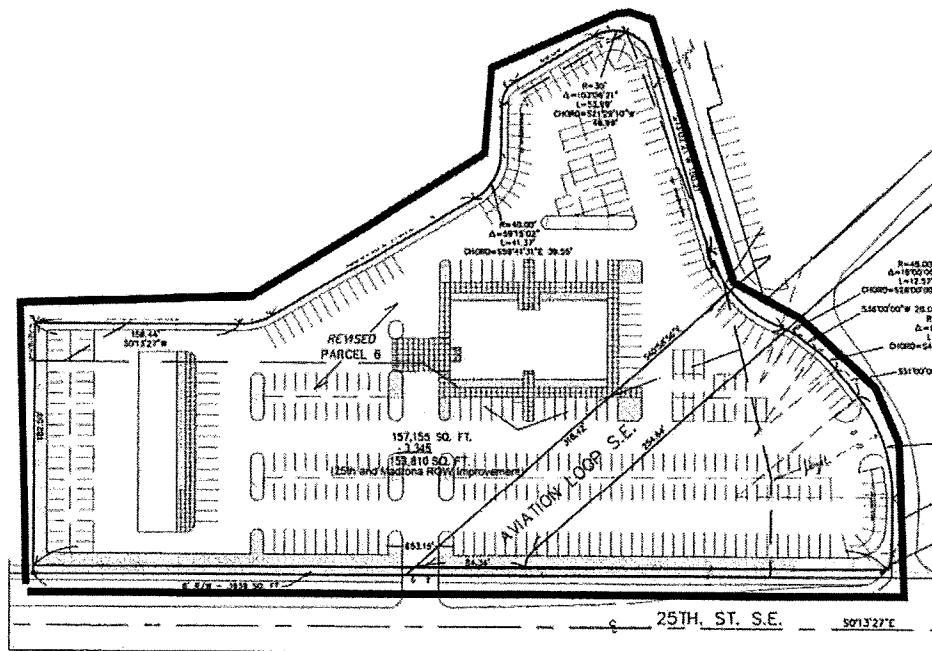
Keith Stanley, ICMA-CM Date
City Manager

LESSEE:
Carpenter Commercial Properties L.L.C.



Virginia L. Carpenter, President Date
Carpenter Management Services, Inc., Manager

Exhibit A



SECOND AMENDMENT

This is the Second Amendment to that certain lease by and between CITY OF SALEM, OREGON, an Oregon municipal corporation ("Lessor") and CARPENTER COMMERCIAL PROPERTIES L.L.C. ("Lessee"), dated June 21, 1999 (Lease). This Second Amendment is effective on the date last signed by both parties below.

RECITALS:

Whereas, pursuant to the Lease, Lessor leased to Lessee, certain real property located at 2780 – 2790 25TH Street SE, Salem, Marion County, Oregon, as described in the Lease (the "Premises");

Whereas, Section 1.01 of the Lease, "Leased Premises," provides that Lessee's Premises consists of 296,800 square feet;

Whereas, due to the 25th and Madrona Street Improvement Project being undertaken by Lessor, 3,345 square feet of Lessee's Premises is required to be dedicated as public right of way;

Whereas, it is necessary to amend the Lease to reflect the new square footage of the Premises;

Now therefore, the Parties agree as follows:

Section 1.01 of the Lease is amended as follows:


Section 1.01 – Leased Premises.

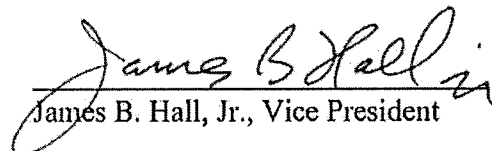
3. The Parties agree that the square footage of the Leased Premises as described above in Section 1.01.1 and 1.01.2 totals 296,800 square feet. Due to the forthcoming 25th and Madrona Street Improvement Project being undertaken by Lessor, 3,345 square feet of Lessee's Premises is required to be dedicated as public right of way. Therefore, effective January 1, 2016, the square footage of the Premises will be 293,455 square feet.

IN WITNESS WHEREOF the parties have caused this Second Amendment to be signed in their respective names by their duly authorized representatives as of the dates set forth below:

LESSOR:
City of Salem

LESSEE:
Carpenter Commercial Properties L.L.C.


Kacey Duncan, Interim City Manager


James B. Hall, Jr., Vice President

10/21/15
Date

October 13, 2015
Date

FIRST AMENDMENT

This is the First Amendment to that certain lease by and between CITY OF SALEM, OREGON, an Oregon municipal corporation ("Lessor") and CARPENTER COMMERCIAL PROPERTIES L.L.C. ("Lessee"), dated June 21, 1999 (Lease). This First Amendment is effective on the date last signed by both parties below.

RECITALS:

Whereas, pursuant to the Lease, Lessor leased to Lessee, certain real property located at 2780 – 2790 25TH Street SE, Salem, Marion County, Oregon, as described in the Lease (the "Premises");

Whereas, Section 3.01 of the Lease, "Rental," provides that Lessee shall pay to Lessor annually, in advance, ground rental owed;

Whereas, Lessee desires to switch from an annual rent payment schedule to a quarterly rent payment schedule;

Now therefore, the Parties agree as follows:


Section 3.01 of the Lease is amended as follows:


Section 3.01 – Rental. Lessee agrees to pay to Lessor ~~annually~~ quarterly, in advance, ground rental in the sum of \$92,632.55 until the Rental Rate Adjustment is made in accordance with Section 3.02 of this Agreement. Rental payments are due and payable within ten (10) days of billing; any payment received past the ten (10) days will be charged a twenty percent (20%) late fee and be billed the next month. Any payments not received within the ten (10) day period will also be subject to section 2.03(2) of this lease.

IN WITNESS WHEREOF the parties have caused this First Amendment to be signed in their respective names by their duly authorized representatives as of the dates set forth below:

LESSOR:
City of Salem

LESSEE:
Carpenter Commercial Properties L.L.C.


Linda Norris, City Manager


James B. Hall, Jr., Vice-President

6/21/2013
Date

June 12, 2013
Date

**ADDENDUM
TO
AIRPORT LEASE AGREEMENT**

THIS ADDENDUM is made effective as of the 1st day of October, 2003, by and between:

**CITY OF SALEM
a municipal corporation,**

hereinafter called Lessor, which term shall include its successors and assigns,
and

CARPENTER COMMERCIAL PROPERTIES L.L.C.

hereinafter referred to as CCP which terms include its successors and assigns.

RECITALS

1. On or about June 21, 1999 Lessor and CCP (as Lessee) entered into a lease agreement entitled Airport Lease Agreement.
2. CCP desires to lease from Lessor additional property (the "Additional Property") under the same terms and conditions as those set forth in the Airport Lease Agreement.
3. The Additional Property is described in Exhibit A, which is attached to this Addendum and incorporated herein. The Additional Property is contiguous to a portion of the property presently leased to CCP by Lessor and consists of 16,564 sq. ft.
4. CCP is a Lessee in good standing and is not in default as to any of the terms or conditions of the Airport Lease Agreement.
5. Lessor is willing to lease the Additional Property as described in Exhibit A under the following terms and hereinafter set forth.

Now, Therefore, in consideration of the mutual covenants and agreements contained in this Addendum, it is mutually agreed that the Airport Lease Agreement is amended as follows:

1. **Article 1 Premises**. The Additional Property described in Exhibit A is incorporated as a portion of the Leased Premises as if fully described in Article 1 Section 1.01.

2. **Article 3 Rental and Other Payments. Section 3.01 Rental.** CCP agrees to pay to Lessor annually, in advance, ground rental in the sum of \$7,453.80 for the Additional Property (16,564 sq. ft. x \$0.45) until the Rental Rate Adjustment is made in accordance with Section 3.02 of the Airport Lease Agreement. Rent for the period beginning the 1st day of October, 2003 and including June 30, 2004 shall be prorated. The prorated amount is \$5,590.35.
3. **Terms of Airport Lease Agreement.** Except as amended herein, the terms and conditions of the Airport Lease Agreement between the parties hereto shall remain in full force and effect.

IN WITNESS WHEREOF, Lessor has caused this Addendum Agreement to be signed in its corporate name by its City Manager and Lessor has caused this Addendum Agreement to be signed and effective as of October 1, 2003.

Lessor:
City of Salem, a municipal corporation

By: 
Robert DeLong, City Manager

Lessee:
Carpenter Commercial Properties L.L.C.

By: 
James B. Hall jr, Vice President
Carpenter Management Services Inc., an Oregon corporation
Manager

Legal Description for Carpenter Management Services, Inc.
August 15, 2003

Salem Airport
Additional property to be leased to
Carpenter Management Services, Inc.
(2 tracts---16,564 square feet)

Tract 1

Beginning at a point which is South 24° 35' 20" West 1960.30 feet and North 30° 04' West 37.50 feet and South 59° 56' West 434.75 feet from the southeast corner of the A.F. Waller Donation Land Claim No. 46 in Section 36, Township 7 South, Range 3 West of the Willamette Meridian in Marion County, Oregon; Thence southwesterly along the arc of a 30.00 foot radius curve to the right (the chord of which bears South 45° 15' 11" West 27.97 feet), a distance of 29.10 feet to a point of tangent; Thence South 73° 02' 21" West 132.48 feet; Thence North 68° 18' 42" East 157.51 feet to a point which bears South 59° 56' West from the point of beginning; Thence North 59° 56' East 0.25 feet to the point of beginning.

Tract 2

Beginning at a point which is South 24° 35' 20" West 1960.30 feet and North 30° 04' West 37.50 feet and South 59° 56' West 435.00 feet and South 68° 18' 42" West 200.35 feet from the southeast corner of the A.F. Waller Donation Land Claim No. 46 in Section 36, Township 7 South, Range 3 West of the Willamette Meridian in Marion County, Oregon; Thence southwesterly along the arc of a 90.00 foot radius curve to the left (the chord of which bears South 38° 28' 06" West 57.02 feet), a distance of 58.02 feet to a point of reverse curve; Thence southwesterly along the arc of a 45.00 foot radius curve to the right (the chord of which bears South 28° 00' 00" West 12.53 feet), a distance of 12.57 feet to a point of tangent; Thence South 36° 00' 00" West 20.00 feet to a point of curve; Thence southwesterly along the arc of an 80.00 foot radius curve to the right (the chord of which bears South 43° 30' 00" West 20.88 feet), a distance of 20.94 feet to a point of tangent; Thence South 51° 00' 00" West 26.79 feet to a point of curve; Thence westerly along the arc of a 120.00 foot radius curve to the right (the chord of which bears South 70° 36' 44" West 80.56 feet), a distance of 82.15 feet to a point of tangent; Thence North 89° 46' 33" West 42.09 feet to a point of curve; Thence westerly along the arc of a 25.00 foot radius curve to the right (the chord of which bears North 74° 46' 33" West 12.94 feet), a distance of 13.09 feet to a point which is 46.00 feet easterly, measured at right-angles from the centerline of 25TH Street S.E.; Thence North 00° 13' 27" East parallel with the centerline of said 25TH Street, a distance of 89.15 feet; Thence South 89° 46' 33" East 69.00 feet; Thence North 75° 55' 53" East 149.09 feet; Thence North 68° 18' 42" East 5.28 feet to the point of beginning.

The above two tracts of land contain a total of 16,564 square feet of land, more or less.

AIRPORT LEASE AGREEMENT

THIS AGREEMENT made and entered into in this 21st day of June, 1999, by and between:

CITY OF SALEM
a municipal corporation,

hereinafter called Lessor, which term shall include its successors and assigns, and

CARPENTER COMMERCIAL PROPERTIES L.L.C.

which terms shall include their successors and assigns.

WITNESSETH:

WHEREAS, Lessor owns, maintains, and operates an airport known as McNary Field; and

WHEREAS, Lessee desires to use a part of the airport for the purpose of constructing, operating, maintaining buildings, and ancillary improvements thereon;

NOW, THEREFORE, in consideration of the mutual covenants and agreements herein contained, and for other good and valuable consideration, Lessor and Lessee agree as follows:

ARTICLE 1 PREMISES

Section 1.01 - Leased Premises. Lessor hereby leases to Lessee, subject to the terms and conditions hereinafter set forth, parcels of land designated as Parcels 1 through 6, respectively described in Attachments A through F, located at McNary Field as shown on the map attached hereto, marked Attachment G, each exhibit attached hereto and made a part hereof by this reference.

1. Lessee and Lessor acknowledge that Parcel 4 is currently encumbered with an existing leasehold, and termination of the leasehold requires issuance of notice of termination by Lessor six (6) months prior to the date of termination. Lessor has issued its notice of termination by Resolution No. 99-72 of the Common Council of the City of Salem adopted May 24, 1999, marked Attachment H.

Upon notice of Lessor to Lessee that the existing leasehold encumbering Parcel 4 has been terminated and vacated, Parcel 4 shall become a part of Lessee's leasehold under this lease, providing Lessee shall deliver to Lessor a prorated amount of annual rent for Parcel 4 representing that period from the date of Lessor notice to that date representing the next one year anniversary date of this lease, plus a development fee equal to one year annual rent of Parcel 4.

2. Lessee and Lessor acknowledge that there exists a public right of way traversing portions of Parcels 5 and 6 which is excluded from said parcels. Prior to commencement of development upon Parcels 5 or 6, Lessee shall deliver to Lessor notice of development intent requesting that Lessor initiate vacation of the public right-of-way within Parcels 5 and 6 pursuant to applicable laws, regulations and procedures of the State of Oregon and City of Salem. Lessee shall state within its notice of development intent and request for vacation that Lessee is prepared to construct to City specifications a new roadway within a replacement right-of-way to be established by the City parallel the southerly boundaries

7/1/99 6/30/99
Signed 6/21/99

of Parcels 5 and 6 extending from 25th Street to a point of intersection with an existing improved right-of-way. Recording of said vacation shall be subject to the Lessee having completed construction of the new roadway. In the event that the vacation is not approved by the Common Council, Lessee at its option may terminate lease of Parcels 5 and 6 or may renegotiate the configuration of Parcels 5 and 6.

Upon recording of the vacation of the public right-of-way within Parcels 5 and 6, said vacated right-of-way shall become a part of Lessee's leasehold for Parcels 5 and 6 respectively under the lease, providing Lessee shall deliver to Lessor a prorated amount of annual rent for the vacated right-of-way within Parcels 5 and 6 respectively representing that period from the date of vacation recording to that date representing the next one year anniversary date of this lease.

ARTICLE 2 TERM AND CONDITION

Section 2.01 - Term. Lessee agrees to lease from Lessor, and Lessor does hereby lease unto Lessee, the above-described premises for the uses and purposes herein mentioned, for a period of forty (40) years, commencing on July 1, 1999 and ending on June 30, 2039, subject to the rights of the Lessee to terminate its lease of Parcels 3, 4, 5, and 6 either individually or collectively as hereinafter provided, and subject to the rights of Lessor to terminate this lease by the operation of any forfeiture clause or other rights reserved herein.

Section 2.02 - Renewal. Lessee have the right to renew this lease for two (2) successive ten (10) year terms, commencing upon expiration of the immediate prior term for the same rent, and upon the same terms and conditions set forth in this lease. Lessee shall exercise each renewal option by written notice to the Lessor at least sixty (60) days before the expiration of the then current term.

Section 2.03 - Termination.

1. Lessor may cancel and terminate this agreement at its election by giving Lessee sixty (60) days advance written notice to be served as hereinafter provided, upon or after the happening of any one of the following events:
 - (a) The filing by Lessee of a voluntary petition in bankruptcy;
 - (b) The institution of proceedings in bankruptcy against Lessee and the adjudication of Lessee as a bankrupt pursuant to such proceedings;
 - (c) The default by Lessee in the performance of any covenant or agreement herein required to be performed by Lessee, except the payment of rent, and the failure of Lessee to remedy such default for a period of sixty (60) days after receipt from Lessor of written notice to remedy the same; provided, however, that no notice of cancellation, as above provided, shall be of any force or effect if Lessee shall have remedied the default prior to receipt of Lessor's notice of cancellation. This provision shall be complied with if Lessee begins correction of the default within the sixty (60) day period and thereafter proceeds with reasonable diligence and in good faith to cure the default as soon as practicable.

2. In the event Lessee fails to pay the rentals due herein within ten (10) days of the date due, Lessor may at its election notify Lessee in writing of its intention to cancel this Lease, and if the rent is not thereafter paid within ten (10) additional days, Lessor, at its option, may cancel this Lease and all the rights of Lessee herein.
3. Upon the termination of this Lease pursuant to either of the preceding paragraphs of this section, Lessor, or those having its estate in the premises, lawfully may, at its option, immediately or at any time thereafter, without demand or notice, enter into and upon said leased premises or any part thereof and in the name of the whole repossess the same of its former estate, and expel said Lessee and those claiming by, through or under it, and remove its effects, if any, forcibly if necessary, without being deemed guilty of trespass and without prejudice to any remedy which otherwise might be used, for arrears or rent of preceding breach of covenants. On the re-entry aforesaid, this Lease shall terminate.

Section 2.04 - Lessee's Right to Terminate.

1. Upon and subsequent to the expiration of fifty (50) percent of the original lease term, if the buildings placed on the leased premises by Lessee shall be destroyed by fire or other casualty to the extent of fifty (50) percent or more, the Lease may terminate at the option of Lessee.

Lessee shall restore the buildings to their conditions prior to the fire or casualty if Lessee does not terminate the lease pursuant to this section.

2. The Lessee shall have the right to terminate the lease pertaining to Parcels 3, 4, 5 and 6 either individually or collectively, effective on the expiration of the first five (5) year period or upon the expiration of the second five (5) year period of the lease computed from the commencement specified in the lease.

Should the Lessee elect to terminate the lease as to a parcel or parcels, Lessee shall provide written notice to Lessor of its right to terminate not less than sixty (60) days prior to the expiration of the first five (5) year lease period or prior to the expiration of the second five (5) year lease period. Notice of termination shall specify the parcel(s) to which the lease termination shall apply.

Should the Lessee fail to exercise its rights to terminate lease of parcels, such rights as provided are extinguished.

ARTICLE 3 RENTAL AND OTHER PAYMENTS

Section 3.01. - Rental. Lessee agrees to pay to Lessor annually, in advance, ground rental in the sum of \$92,632.55 until the Rental Rate Adjustment is made in accordance with Section 3.02 of this Agreement. Rental payments are due and payable within ten (10) days of billing; any payment received past the ten (10) days will be charged a twenty percent (20%) late fee and be billed the next month. Any payments not received within the ten (10) day period will also be subject to section 2.03(2) of this lease.

Section 3.02 - Rental Rate Adjustments. On or before July 1, 2002, and every third year thereafter, Lessor shall cause the value of the leased premises to be appraised at its sole expense by an independent MAI appraiser licensed by the State of Oregon by means of a Letter of Opinion for the purpose of determining a fair market annual rental rate for the premises for the succeeding three (3) year period.

"Fair market annual rental rate" is defined as the most probable lease rate in terms of money which the leased property, exclusive of any and all improvements made by the Lessee, would bring if exposed for lease in the open market, with a reasonable time allowed to find a lessee, leasing with full knowledge of the best use of the leased property as permitted in the Airport Master Plan and the City of Salem zone code designation for the leased area.

The fair market annual rental rate shall be established by an appraisal conducted by an MAI appraiser licensed by the State of Oregon, commissioned by Lessor at the expense of Lessor. The amount determined by the appraiser shall be the fair rental value of the leased property, unless Lessee disagrees, in which event Lessee shall obtain an MAI appraiser licensed by the State of Oregon, and the fair rental value shall be determined by Lessor's and Lessee's appraisers, if they can agree. In the event the two appraisers are unable to agree as to the fair rental value of the leased property, the two appraisers shall select a third MAI appraiser licensed by the State of Oregon to evaluate both fair-rental value appraisals. The opinion of the third appraiser as to the fair-rental value shall be binding on both parties. All costs incurred by the third appraiser shall be born equally by Lessor and Lessee.

For each successive three (3) year period, the rent shall be re-established by a reappraisal letter of opinion by Lessor in the same manner and upon the same terms as those set forth to establish the rent for the first three (3) year term.

The agreed appraised value inclusive of rate of return in terms of annual rental rate per square foot per year shall be applied to the leased parcels comprising the air side and land side respectively to determine the annual rent of each parcel.

Lessor has commissioned and delivered to Lessee an appraisal dated March 30, 1999, conducted by an MAI appraiser licensed by the State of Oregon. Lessor and Lessee agree the appraisal represents fair rent value for parcels 1 through 4 comprising air side as \$0.22 per square foot per year and for Parcels 5 and 6 comprising land side as \$0.45 per square foot per year. Schedule of agreed annual rent for each parcel for the first three (3) year period of this lease is set forth below.

<u>Location/Parcel</u>	<u>square feet</u>	<u>square foot annual rate</u>	<u>annual rent</u>
Air side:			
Parcel 1	69,495	\$0.22	\$15,288.90
Parcel 2	32,003	\$0.22	\$7,040.66
Parcel 3	31,062	\$0.22	\$6,833.64
* Parcel 4	27,316	\$0.22	\$6,009.52
	<i>159,876 @ .22 = 35,172.72</i>		
Land side:			
Parcel 5	68,701	\$0.45	\$30,915.45
Parcel 6	72,342	\$0.45	\$32,553.90
	<i>141,043 @ .45 = 63,469.35</i>		

= 98,642.07 Starting Rent

Section 3.03 - Taxes. Lessee shall pay all taxes and assessments when due against any buildings or other structures placed on the premises by Lessee, all taxes and assessments against the real and personal property used by Lessee in its operations and, if imposed at any future date, any and all real property taxes assessed against the land leased from the airport.

Section 3.04 - Payments by Lessor Recoverable from Lessee. Lessor shall, at its option, and with ten (10) day advance written notice to Lessee, have the right at all times during the lease term to pay any taxes, assessments, water-sewer rates or other charges on leased premises and reversionary interest therein remaining unpaid after the same have become due and payable, and to pay, cancel and clear all tax sales, liens, charges and claims on or against reversionary interest therein, and redeem leased premises from the same, or any of them, from time to time, and the amount paid, including reasonable expense, shall be so much additional rent due from Lessee at next rent day after any such payment with interest thereon at the rate of ten (10) percent per annum from the date of payment thereof by Lessor, until the repayment thereof to Lessor by Lessee.

If Lessor, at its option shall advance or pay any such taxes, assessments, water-sewer rates or other charges, or pay, cancel and clear off any tax sales, liens or charges and claims on and against premises or the reversionary interest therein, it shall not be obligatory on Lessor to inquire into the validity of any such taxes, assessments, water-sewer rates or other charges, or any such tax sale. Provided, however, that if Lessee shall be actively prosecuting its administration or legal remedies in protest of any tax, assessment, water-sewer rates or other charges, Lessor shall not have the right to pay or advance sums referable thereto until such remedies shall have been exhausted.

ARTICLE 4 LESSEE'S RIGHTS

Section 4.01 - Use of Non-Exclusive Public Airport Facilities. Lessee shall have the right of non-exclusive use in common with the others authorized so to do, of all public airport facilities and improvements, which are now or hereafter provided at said Airport. Such public airport facilities and improvements may be changed, altered or modified from time to time at the discretion of Lessor.

Section 4.02 - Quiet Enjoyment. Lessor agrees that, on payment of the rent and performance of the covenants and agreements on the part of Lessee to be performed hereunder, Lessee shall peaceably have and enjoy the leased premises and all rights and privileges of said Airport, its appurtenances and facilities granted herein.

Section 4.03 - Access to Leased Area. Lessee shall use the established ingress and egress between the leased premises and the nearest accessible public road by suitable entrance road. Lessor shall, if necessary, grant an easement to assure Lessee adequate ingress and egress.

Section 4.04 - Access to Taxiways and Runways. Lessee shall have appropriate and adequate ingress and egress for vehicular and aircraft traffic to the taxiways and runways of the Airport.

Section 4.05 - Access to Public Utilities and Services. Lessee may contract for and make connections to public utility services as are available and Lessor, when appropriate and necessary, shall grant easements in suitable locations for such connections. Lessee shall be solely responsible for costs and disbursements incurred pursuant to any such contracts or connections.

Section 4.06 - Signs. Lessee shall have the right to install or cause to be installed appropriate signs on the leased premises to advertise the nature of its business. The cost of such installations and operations shall be borne by Lessee.

Lessee shall not erect, install, operate or cause, nor permit to be erected, installed or operated upon the premises herein any sign or other advertising device without having obtained the written approval of Lessor. Lessor shall not unreasonably withhold approval of the installation and/or maintenance of any such sign so long as the sign conforms to the Salem Sign Code or any other ordinance regulating the installation and/or maintenance of such signs and the regulations and restrictions of the Airport.

ARTICLE 5 LESSEE'S AND GUARANTOR'S OBLIGATIONS AND RESPONSIBILITIES

Section 5.01 - Operation. Lessee shall maintain upon the leased premises a buildings, structures and facilities in conformance with all safety regulations of the State of Oregon and the City of Salem, and in compliance with the requirements of current building codes and fire regulations of the City of Salem.

Section 5.02 - Service to the Public. Should Lessee, its assignee or sublessee engage in any commercial activity upon the airport, except the lease or rental buildings upon the leased premises, Lessee, assignee or sublessee shall obtain an airport license for such activities from the City of Salem and any other permits from appropriate agencies as necessary to conduct the business. Lessee agrees that it or its assignees or sublessees will at all times furnish good, prompt and efficient service adequate to meet all the demands for such service at the Airport, and to furnish said service at a fair, reasonable and non-discriminatory price for each unit of sale or service; provided that Lessee, its assignees or sublessees will be allowed to make reasonable and non-discriminatory discounts, rebates or other similar type of price reductions to volume purchasers.

Section 5.03 - Legal. Lessee agrees to observe and obey all the regulations and laws or any future changes in the regulations and laws of the following governmental bodies: the United States of America and its departments and agencies, the State of Oregon, the County of Marion, and the City of Salem.

Section 5.04 - Non-Discrimination. Pursuant to Title VII of the Civil Rights Act of 1964, and the requirements Part 15 of the Federal Aviation Regulations, Lessee agrees it will not on the grounds of sex, age, race, color or national origin, or permit discrimination against any person or group of persons in any manner prohibited by Part 15 of the Federal Aviation Regulations.

Lessor reserves the right to take such action as the United State of America may direct to enforce the provisions of these covenants.

Section 5.05 - Maintenance of Premises.

1. Lessee agrees, at his own cost and expense, to cause the leased premises, landscaping, facilities and all buildings and improvements construction thereon, whether constructed prior or subsequent to the execution of this lease, to be maintained in a presentable condition, equal in appearance and character to other similar improvements on said Airport, and to keep and maintain all buildings erected by it on the leased premises in good repair during the term hereof, or any extension as provided herein.
2. Lessee shall assume the responsibility for providing its own day-to-day services including, but not limited to:

- (a) Providing and paying for all light, gas, electric current, water, janitorial and sewer charges used or incurred in or about the leased premises.
3. Lessor shall be the sole judge of the quality of maintenance and upon thirty (30) days written notice, Lessor may require Lessee to perform all necessary maintenance to comply with any and all life, health, safety and environmental requirements of any governmental agency. In the event such maintenance is not undertaken as required, Lessor may perform such maintenance upon behalf of Lessee and at Lessee's expense, plus ten (10) percent for administration with thirty (30) days advance written notice to Lessee.

Section 5.06 - Surface and Building Drainage Connections. All surface drainage on the leased premises including roof drainage and caught water shall be conducted via proper underground drains to an established drainage ditch and/or connected into such drain pipe as Lessee may have installed in a manner approved by Lessor in conformance with applicable codes of the City of Salem.

Section 5.07 - Garbage and Waste Removal. Lessee agrees to cause to be removed at its own expense from the leased premises all waste including all petroleum products, garbage and rubbish and agrees not to deposit the same, except temporarily in connection with collection for removal, on any part of the leased premises, the drainage system or other property of Lessor constituting the Airport.

Section 5.08 - Aircraft Parking. Lessee shall permit no aircraft under its control at any time to be left standing or parked, even temporarily, upon any roadway or access road within said Airport, and Lessor shall have the right and privilege, at expense of Lessee, to remove from the road or access road which approaches the Airport or within the Airport any such aircraft that Lessee may leave standing or parked upon any such road or roadway.

Section 5.09 - Aircraft Storage. No area of the airport outside the leased area described in Attachments A through G shall be used for the storage or parking of aircraft without the written consent of Lessor.

Section 5.10 - Fire Prevention. Lessee shall exercise due and reasonable care and caution to prevent and control fire on the premises and to that end shall install suitable fire extinguishers throughout the leased premises in accordance with rules and regulations as set forth by the City of Salem Fire Marshall. All paints and oils shall be stored in suitable protected outbuildings or compartments in accordance with rules and regulations as set forth by the Fire Marshal.

Section 5.11 - Lessee's Environmental Warranties. Lessee agrees with and represents and warrants to Lessor that Lessee shall not cause or permit any Hazardous Substances or other dangerous toxic substances or any Solid Waste to be generated, manufactured, refined, transported, treated, stored, disposed, handled, processed, produced or Released on the Demised Premises except in compliance with all applicable federal, state and local laws and regulations.

Section 5.12 - Construction. Lessee will construct at Lessee's sole expense, to all applicable codes, regulations, and standards the following improvements:

1. Aircraft hangers, maintenance facilities, fueling facilities, and executive and business jet passenger terminal and office buildings with associated parking, landscape areas and paving of taxiways not presently constructed or scheduled to be constructed by Lessor, as may be required by Lessee to access leased areas. Construction may be undertaken in phases as identified in Section 5.13.

2. The extension of public utility lines (sanitary sewer, water including required hydrants, and storm water). Extension of such public utilities may be subject to reimbursement agreements outside this lease as may be permitted under the policy and practice of the City of Salem as administered by the City of Salem Department of Public Works.
3. Prior to development occurring on either Parcel 5 or 6 the realignment of the public access road extending from 25th Street shall be completed as provided in Article 1, Section 1.01, paragraph 2 hereof.
4. Relocate and restore all existing public and private utilities within each phase of development of the leased area conflicting with proposed development and grant where applicable appropriated easements for such utilities to remain within the leased area.

No construction shall be carried out by Lessee except in accordance with the plans and specifications which have been approved in writing, in advance by Lessor. Lessee shall submit within 180 days of this lease such plans and specifications for the construction of the first phase of planned facilities. Lessee shall obtain at its cost appropriate permits and undertake construction of the first phase of planned facilities within 180 days following the date of Lessors approval of the plans and specifications. It is agreed that any improvements, new construction, alterations and remodeling undertaken on the leased premises shall be at no cost to Lessor, and Lessor shall be held harmless from any costs incurred in providing such facilities.

Section 5.13 - Phased Development. Development may be initiated by Lessee in phases. Air side development will be the first phase including aircraft hangar/maintenance support facilities and fuel storage. The first phase improvements will be located on Parcels 1, 2 and 3 at a minimum, but may include Parcel 4. Future phases of development will include a business center consisting of corporate office and other related tenant office-commercial space located on the land side Parcels 5 and 6. All utility extensions, improvements, or relocations occasioned by the development will be performed at the expense of Lessee.

Section 5.14 - Encumbrances. It is understood and agreed that Lessee and its assigns shall have, and are hereby given, the right to mortgage the leasehold created by this lease for any amount and for any term not extending beyond the lease term and any extension thereof, and if said interest is in fact mortgaged and Lessor given written notice thereof, including the mortgagee's address, Lessor shall not have the right to terminate the lease or retake possession of the premises or expel Lessee unless written notice of the occurrence of such event is given or mailed by Lessor to the mortgagee at such address, and Lessor shall not have the right to terminate the lease and retake possession if, within sixty (60) days following the giving of such notice, the event of default is cured, or there is instituted by the mortgagee a suit to foreclose the mortgage on the leasehold interest, and such suit is diligently prosecuted to conclusion; PROVIDED, however, Lessor shall have the right at its option to terminate the lease and retake possession as above set forth unless, within sixty (60) days following the giving of written notice of the occurrence of such event, the mortgagee cures any and all defaults of Lessee with respect to the payment of rental or the making of any other money payments called for by the terms of the lease, and continues to promptly make all required said rental and money payments until the defaults are cured or the mortgage is foreclosed, as the case may be. The mortgagee is hereby given the power and authority at its option to cure all such events of default which may be cured by action of Lessee, and in the name, place and stead of Lessee.

In the event a mortgage on the leasehold is foreclosed, the purchaser at the foreclosure sale may assign, sell or otherwise dispose of the leasehold interest, subject to approval by Lessor of any assignment or assignee. Any assignee must meet all standards for a Lessee under the terms of this lease in order to obtain City of Salem approval of the assignment.

Section 5.15 - Assignment, Transfer and Subleasing. Lessee shall be allowed to sublease portions of the leased premises to Virtual Jet, Inc. or its assigns and to no other person or entity without the express written consent of Lessor as provided herein. Lessee shall additionally be allowed to sublease and release space located within the business center office structures to others without the prior consent of Lessor. In no event shall Lessee be released from the obligations of this lease.

Except as provided for above, Lessee shall not assign, sublease or transfer any of the rights, privileges, uses or interests arising hereunder without first having obtained written approval of Lessor, and Lessor will not unreasonable withhold approval.

In the event of any assignment, sublease, or license of the Leased Premises as provided in this section, Lessee shall remain obligated and liable under all the terms and conditions of this lease as if there had been no assignment, sublease, or license. Any assignment, sublease, or license shall provide that nothing in such assignment, sublease, or license shall be construed so as to modify in any way the provisions of this Lease and that in the event of conflict between the language of this Lease and the language of the assignment, sublease, or license, the language of this lease will govern.

Each and every request by Lessee for consent to assignment, sublease or license during the lease term shall be accompanied by an administration fee of FIVE HUNDRED AND NO/100 DOLLARS (\$500.00), and failure of Lessee to pay such fee shall be deemed sufficient cause for withholding of consent by Lessor. Said fee is deemed earned when received and is not refundable regardless of the consequences.

In the event Lessee sublets any portion of this lease, the sublessee must cooperate with Lessor in seeing that these standards are complied with.

Approval of any sublease by Lessor, upon complete and thorough investigation of the proposed assignee or sublessee, will be based upon the following:

1. The assigning or subleasing will only be to individuals, firms or corporations who can meet the required qualifications and stipulations of these standards.
2. Conformity with the Airport Master Plan and The Standards of Chapter 9 of the Salem Revised Code.
3. Continuity of performance standards.

ARTICLE 6 LESSOR'S RIGHTS

Section 6.01 - Lessor's Right of Entry and Inspection of Records. Lessor reserves the right at any reasonable time, with forty-eight (48) hours notice, to enter upon the said premises, either in person or through its designated agents or employees, for the purpose of inspecting said lease premises and ascertaining the condition of the same. Such inspection is not to be conducted more frequently than six

(6) month intervals unless there is an emergency or lessor has reasonable cause and grounds to conduct such inspection.

Section 6.02 - Field User Charges. It is expressly understood that Lessor may from time to time establish field user charges for use made of the public airport facilities. Such field user charges not associated with leased real property shall be payable by the user of such facilities, in accordance with the rules and regulations, ordinances or resolutions of Lessor.

Section 6.03 - Insurance. Lessor may, at its option, provide fire and extended coverage insurance. Such insurance shall be for Lessor's protection only and shall not provide coverages for damage whatsoever, to Lessee or its sub-tenants' aircraft, machinery, equipment or personal effects.

ARTICLE 7 LESSOR'S RESPONSIBILITIES AND OBLIGATIONS

Section 7.01 - Access to Leased Premises. Lessor shall provide appropriate and adequate rights of ingress and egress to Lessee as provided in Section 4.03 of this lease.

ARTICLE 8 INDEMNITY AND INSURANCE

Section 8.01 - Indemnity. Lessee agrees fully to indemnify and save and hold harmless Lessor from and against all claims and actions and all expenses, incidental to the investigation and defense thereof, based upon or arising out of damages or injuries to third persons or their property, caused by the fault or negligence of Lessee, its agents or employees, in the use or occupancy of the leased premises by Lessee; provided further that Lessor shall give to Lessee prompt and reasonable thirty (30) days written notice of any such claims or actions and Lessee shall have the right to investigate, compromise and defend same.

Section 8.02 - Insurance. Lessee agrees to carry and keep in force at its own expense public liability insurance covering personal injury and property damage, and other such insurance as may be necessary to protect Lessor herein from such claims and actions aforesaid. Lessee agrees to carry and keep in force such insurance, which shall provide coverage of at least that matching liability limits under the Oregon Tort Claims Act, O.R.S. 30.260 et seq, currently \$200,000 bodily injury, \$100,000 property damage, and \$500,000 aggregate per occurrence.

Lessee shall furnish Lessor a certificate of insurance or other satisfactory evidence that Lessee has such insurance policy, including limits and expiration date. Such certificate shall provide for thirty (30) days prior written notice of cancellation to Lessor, and that the City of Salem is an additional insured.

Lessor reserves the right to restrict Lessee from conducting any activity or storing inflammable materials or substances which may be in conflict with allowed uses per UBC/Zoning regulations and other rules and regulations which would increase Lessor's insurance rate or cause an insurance agreement of Lessor to be canceled.

The insurance coverages stated shall be adjusted by Lessee at the request of Lessor. Any such adjustment shall consistent with mandated requirements for government agencies and be based upon current industry standards at the time of the adjustment. Lessor may not request said adjustments if the coverage has been established or adjusted during the three (3) years preceding the request, unless required by Oregon Law.

ARTICLE 9 CONDEMNATION OF LEASED PROPERTY

Section 9.01 - Condemnation of Leased Property. If the entire premises be taken by eminent domain for appropriation to public use or a portion sufficient to render the remaining leased premises reasonably unuseable for the use(s) for which the Lessee was then making of the premises, during the term of this lease (including renewals thereof), this lease shall terminate and Lessee shall have no further right or claim to the premises. From any award received for the taking Lessor shall receive that portion for the land and Lessor owned improvements on the leased premises, and Lessee shall receive the balance representing Lessee owned improvements.

ARTICLE 10 GENERAL PROVISIONS

Section 10.01 - Renegotiation of Lease. Nothing in this lease shall be construed or interpreted in any manner whatsoever as prohibiting or limiting in any way Lessee and Lessor, at any time, from renegotiating the provisions of this lease or execution of a new lease.

Section 10.02 - Holding Over. In the event that Lessee shall remain on the leased premises after the expiration or sooner termination of the term of this lease, such holding over shall not constitute a renewal or extension of this lease. Lessor may, at its option, elect to treat Lessee as one who has not removed at the end of this term, and thereupon be entitled to all the remedies against Lessee provided by law in that situation, or Lessor may elect, at its option, to construe such holding over as a tenancy from month to month, subject to payment of all rent in advance, the monthly rate being proportional to the previous annual rent paid by Lessee.

Section 10.03 - Property Uses. Lessee has conducted and concluded to its satisfaction a due diligence investigation. This lease or Lessor herein does not guarantee that any particular use may be made of the property described in this lease. Lessee should check with all of the appropriate governmental agencies that could impose restrictions on any development to verify approved uses and/or construction restrictions. Lessor makes no representation as to the condition of the leased site including but not limited to soils conditions, presence of private utilities, underground obstructions, hazardous materials, or FEMA flood map elevations/conditions.

Section 10.04 - Non-Waiver. No waiver of default by Lessor of any of the terms, covenants or conditions hereof to be performed, kept or observed by Lessee shall be construed to be or act as a waiver of any subsequent default of any of the terms, covenants and conditions herein contained to be performed, kept and observed by Lessee. The acceptance of rental by Lessor for any period or periods after a default of any of the terms, covenants and conditions herein contained to be performed, kept and observed by Lessee, shall not be deemed a waiver of any rights on the part of Lessor to cancel this Agreement for failure by Lessee to so perform, keep or observe any of the terms, covenants or conditions of this Agreement.

Section 10.05 - Attorneys' Fees. In the event any action, suit or proceeding is brought to collect the fees and charges due, or to become due hereunder, or any portion thereof, or to take possession of any premises or enforce compliance with this agreement, or for failure to observe any of the covenants of this Agreement, the prevailing party in such suit or action shall be entitled to such sum as the Court may adjudge reasonable in attorneys' fees to be allowed in such suit, action or proceeding, or in the event of an appeal, as allowed by the appellate court.

Section 10.06 - Subordination. This lease shall be subordinate to the provisions of any existing or further agreements between Lessor and the United States or any agency thereof relative to the operation or maintenance of the Airport.

Section 10.07 - Interpretation of Lease. Nothing in this lease shall be construed or interpreted in any manner whatsoever as limiting, relinquishing or waiving of any rights of ownership enjoyed by Lessor in the Airport property, or in any manner waiving or limiting its control over the operation or maintenance of airport property except as in specifically provided for herein or in derogation of such governmental rights as Lessor possesses.

Section 10.08 - Invalid Provisions. In the event any covenant, condition or provision herein contained is held to be invalid by any court of competent jurisdiction, the invalidity of any such covenant, condition or provision shall in no way affect any other covenant, condition or provision herein contained; provided that the invalidity of such covenant, condition or provision does not materially prejudice either Lessor or Lessee in its respective rights and obligations contained in the valid covenants, conditions or provisions of this lease.

Section 10.09 - Paragraph Headings. The paragraph headings contained herein are for convenience in reference and are not intended to define or limit the scope of any provision of this lease.

Section 10.10 - Redelivery. Upon the termination of this lease through the passage of time or otherwise, Lessee shall have no further right or interest in the leased premises and Lessor shall be entitled to have the leased premises returned to it immediately. Lessee shall remove at its own expense all improvements installed on the leased premises by Lessee within ninety (90) days after said termination or Lessee may sell such improvements to future leaseholders or leave such improvements for the use of or disposal by Lessor. When any improvements are removed except as provided above, Lessee shall restore the premises to as good condition as the same were when first occupied by Lessee. Any improvements not removed by Lessee within ninety (90) days after the termination of this lease, and not disposed of as provided above, shall become and remain the property of Lessor.

Section 10.11 - Notice. Notices to Lessor shall be sufficient if sent by registered mail, postage prepaid, to the parties hereto at the respective addresses set forth below, or at such address as may be furnished by either party to the other in writing:

City of Salem
Department of Community Development
Urban Development Division
555 Liberty Street SE, Room 305
Salem, Oregon, 97301

Carpenter Commercial Properties L.L.C
1930 Lewis Street SE
Salem, Oregon 97302

Section 10.12 - Entire Agreement. This executed lease agreement shall constitute the final agreement of the parties and supercedes all prior documents and discussions, including the Letter of Intent previously executed by the parties.

**ARTICLE 11
SPECIAL CONDITIONS**

Lessee has filed with the Lessor a surety in an amount not less than two (2) years lease rental as an assurance for performance of the duties and obligations of Lessee under this lease. Said surety is in the form of an Irrevocable Standby Letter of Credit issued by Western Bank to the benefit of the City of Salem. The surety will remain on deposit with Western Bank until such time a Certificate of Occupancy has been issued by the City of Salem Building Official for phase one improvements to be constructed by Lessee.

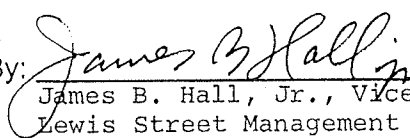
Lessor may draw upon the Letter of Credit by filing with Western Bank a Letter of Demand signed by the Director of Community Development, City of Salem accompanied by the Notice of Failure of Performance of the conditions of this lease issued to the Lessee and making reference to the Irrevocable Standby Letter of Credit.

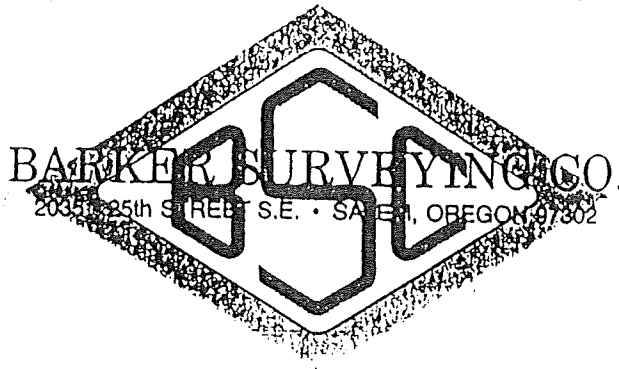
IN WITNESS WHEREOF, Lessor has caused this agreement to be signed in its corporate name by its City Manager and Lessee has caused this agreement to be signed and acknowledged this 21st day of June, 1999.

LESSOR:
CITY OF SALEM, a
municipal corporation

By: 
Larry Wacker, City Manager

LESSEE:
Carpenter Commercial Properties, L.L.C

By: 
James B. Hall, Jr., Vice-President
Lewis Street Management Corporation,
an Oregon corporation, Manager



Legal Description for Lewis Street Management
April 30, 1999

Salem Airport
Revised Parcel 1
(69,495 sq. ft.)

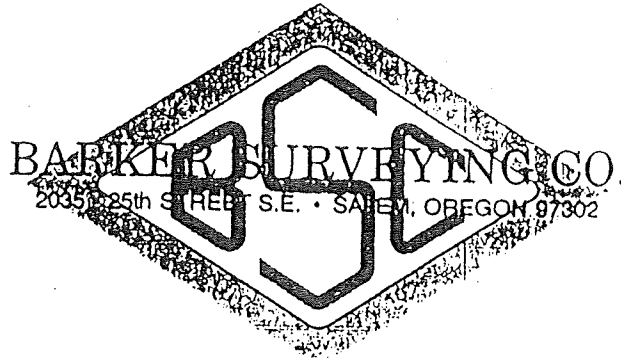
Beginning at a point which is South $24^{\circ}35'20''$ West 1960.30 feet and North $30^{\circ}04'$ West 37.50 feet and North $59^{\circ}56'$ East 5.00 feet and North $30^{\circ}04'$ West 290.77 feet from the southeast corner of the A. F. Waller Donation Land Claim No. 46 in Section 36, Township 7 South, Range 3 West of the Willamette Meridian in Marion County, Oregon; Thence North $30^{\circ}04'$ West 140.00 feet; Thence South $59^{\circ}56'$ West 150.00 feet; Thence North $30^{\circ}04'$ West 125.00 feet; Thence South $59^{\circ}56'$ West 183.00 feet; Thence South $30^{\circ}04'$ East 265.00 feet; Thence North $59^{\circ}56'$ East 333.00 feet to the point of beginning. The bearings in this legal description are based on C.S.29621, Marion County Survey Records.

Containing 69,495 square feet (1.5954 acres) of land, more or less.

ATTACHMENT A

LAND SURVEYORS

SUBDIVISIONS • CONSTRUCTION STAKING • TOPOGRAPHIC MAPPING
METROPOLITAN • RURAL • PARTITIONINGS • STRUCTURAL LAYOUTS
PHONE (503) 588-8800 • FAX (503) 588-8804



Legal Description for Lewis Street Management
April 30, 1999

Salem Airport
Revised Parcel 2
(32,003 sq.ft.)

Beginning at a point which is South $24^{\circ} 35' 20''$ West 1960.30 feet and North $30^{\circ} 04'$ West 37.50 feet and South $59^{\circ} 56''$ West 205.00 feet and North $30^{\circ} 04'$ West 90.00 feet from the southeast corner of the A. F. Waller Donation Land Claim No. 46 in Section 36, Township 7 South, Range 3 West of the Willamette Meridian in Marion County, Oregon; Thence South $59^{\circ} 56'$ West 95.00 feet; Thence North $30^{\circ} 04'$ West 105.00 feet; Thence South $59^{\circ} 56'$ West 100.00 feet; Thence South $30^{\circ} 04'$ East 195.00 feet; Thence South $59^{\circ} 56'$ West 35.00 feet; Thence North $30^{\circ} 04'$ West 290.77 feet; Thence North $59^{\circ} 56'$ East 35.00 feet; Thence South $30^{\circ} 04'$ East 35.00 feet; Thence North $59^{\circ} 56'$ East 195.00 feet; Thence South $30^{\circ} 04'$ East 165.77 feet to the point of beginning. The bearings in this legal description are based on C.S.29621, Marion County Survey Records.

Containing 32,003 square feet (0.7347 acres) or land, more or less.

ATTACHMENT B

LAND SURVEYORS

SUBDIVISIONS • CONSTRUCTION STAKING • TOPOGRAPHIC MAPPING
METROPOLITAN • RURAL • PARTITIONINGS • STRUCTURAL LAYOUTS
PHONE (503) 588-8800 • FAX (503) 588-8804



BARKER SURVEYING CO.

2035 25th STREET S.E. • SALEM, OREGON 97302

Legal Description for Lewis Street Management
May 26, 1999

Salem Airport
Revised Parcel 3
(31,062 sq. ft.)

Beginning at a point which is South $24^{\circ}35'20''$ West 1960.30 feet and North $30^{\circ}04'$ West 37.50 feet and North $59^{\circ}56'$ East 5.00 feet and North $30^{\circ}04'$ West 90.00 feet from the southeast corner of the A. F. Waller Donation Land Claim No. 46 in Section 36, Township 7 South, Range 3 West of the Willamette Meridian in Marion County, Oregon; Thence South $59^{\circ}56'$ West 60.00 feet; Thence North $30^{\circ}04'$ West 25.00 feet; Thence South $59^{\circ}56'$ West 150.00 feet; Thence North $30^{\circ}04'$ West 140.77 feet; Thence North $59^{\circ}56'$ East 210.00 feet; Thence South $30^{\circ}04'$ East 165.77 feet to the point of beginning. The bearings in this legal description are based on C.S.29621, Marion County Survey Records.

Containing 31,062 square feet (0.7131 acres) of land, more or less.

ATTACHMENT C

LAND SURVEYORS

SUBDIVISIONS • CONSTRUCTION STAKING • TOPOGRAPHIC MAPPING
METROPOLITAN • RURAL • PARTITIONINGS • STRUCTURAL LAYOUTS
PHONE (503) 588-8800 • FAX (503) 588-8804



Legal Description for Lewis Street Management
April 30, 1999

Salem Airport
Parcel 4
(27,316 sq.ft.)

Beginning at a point which is South $24^{\circ}35'20''$ West 1960.30 feet and North $30^{\circ}04'$ West 37.50 feet and North $59^{\circ}56'$ East 5.00 feet and North $30^{\circ}04'$ West 290.77 feet and South $59^{\circ}56'$ West 333.00 feet from the southeast corner of the A. F. Waller Donation Land Claim No. 46 in Section 36, Township 7 South, Range 3 West of the Willamette Meridian in Marion County, Oregon; Thence South $59^{\circ}56'$ West 107.00 feet; Thence North $30^{\circ}04'$ West 205.37 feet; Thence North $00^{\circ}13'27''$ East 69.06 feet; Thence North $59^{\circ}56'$ East 72.17 feet; Thence South $30^{\circ}04'$ East 265.00 feet to the point of beginning. The bearings in this legal description are based on C.S.29621, Marion County Survey Records.

Containing 27,316 square feet (0.6271 acres) of land, more or less.

ATTACHMENT D

LAND SURVEYORS

SUBDIVISIONS • CONSTRUCTION STAKING • TOPOGRAPHIC MAPPING
METROPOLITAN • RURAL • PARTITIONINGS • STRUCTURAL LAYOUTS
PHONE (503) 588-8800 • FAX (503) 588-8804



Legal Description for Lewis Street Management
May 5, 1999

Salem Airport
Parcel 5
(68,701 sq.ft.)

Beginning at a point which is South $24^{\circ}35'20''$ West 1960.30 feet and North $30^{\circ}04'$ West 37.50 feet and South $59^{\circ}56'$ West 435.00 feet from the southeast corner of the A. F. Waller Donation Land Claim No. 46 in Section 36, Township 7 South, Range 3 West of the Willamette Meridian in Marion County, Oregon; Thence North $30^{\circ}04'$ West 496.14 feet; Thence South $00^{\circ}13'27''$ West 276.00 feet; Thence South $35^{\circ}01'15''$ West 87.62 feet; Thence South $19^{\circ}53'13''$ East 180.28 feet; Thence North $75^{\circ}55'53''$ East 49.00 feet; Thence North $68^{\circ}18'42''$ East 205.63 feet to the point of beginning. The bearings in this legal description are based on C.S.29621, Marion County Survey Records.

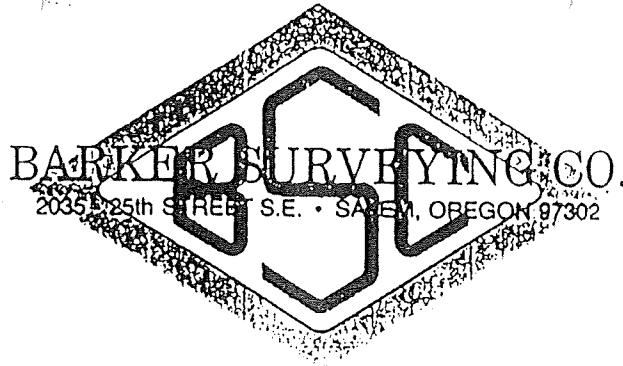
SAVE AND EXCEPT that portion of the above described tract of land lying within the public right-of-way known as Aviation Loop S.E., containing 2235 square feet of land.

The net area of the above described tract of land is 68,701 square feet of land (1.5772 acres), more or less.

ATTACHMENT E

LAND SURVEYORS

SUBDIVISIONS • CONSTRUCTION STAKING • TOPOGRAPHIC MAPPING
METROPOLITAN • RURAL • PARTITIONINGS • STRUCTURAL LAYOUTS
PHONE (503) 588-8800 • FAX (503) 588-8804



Legal Description for Lewis Street Management
May 5, 1999

Salem Airport
Parcel 6
(72,342 sq.ft.)

Beginning at a point which is South $24^{\circ}35'20''$ West 1960.30 feet and North $30^{\circ}04'$ West 37.50 feet and South $59^{\circ}56'$ West 435.00 feet and North $30^{\circ}04'$ West 496.14 feet from the southeast corner of the A. F. Waller Donation Land Claim No. 46 in Section 36, Township 7 South, Range 3 West of the Willamette Meridian in Marion County, Oregon; Thence South $00^{\circ}13'27''$ West 276.00 feet; Thence South $35^{\circ}01'15''$ West 87.62 feet; Thence South $19^{\circ}53'13''$ East 180.28 feet; Thence South $75^{\circ}55'53''$ West 100.09 feet; Thence North $89^{\circ}46'33''$ West 75.00 feet to a point on the easterly right-of-way line of 25th Street S.E.; Thence North $00^{\circ}13'27''$ East along said easterly right-of-way line, 564.00 feet; Thence South $89^{\circ}46'33''$ East 160.00 feet; Thence South $00^{\circ}13'27''$ West 22.05 feet to the point of beginning. The bearings in this legal description are based on C.S.29621, Marion County Survey Records.

SAVE AND EXCEPT that portion of the above described tract of land lying within the public right-of-way known as Aviation Loop S.E., containing 11,990 square feet of land, more or less.

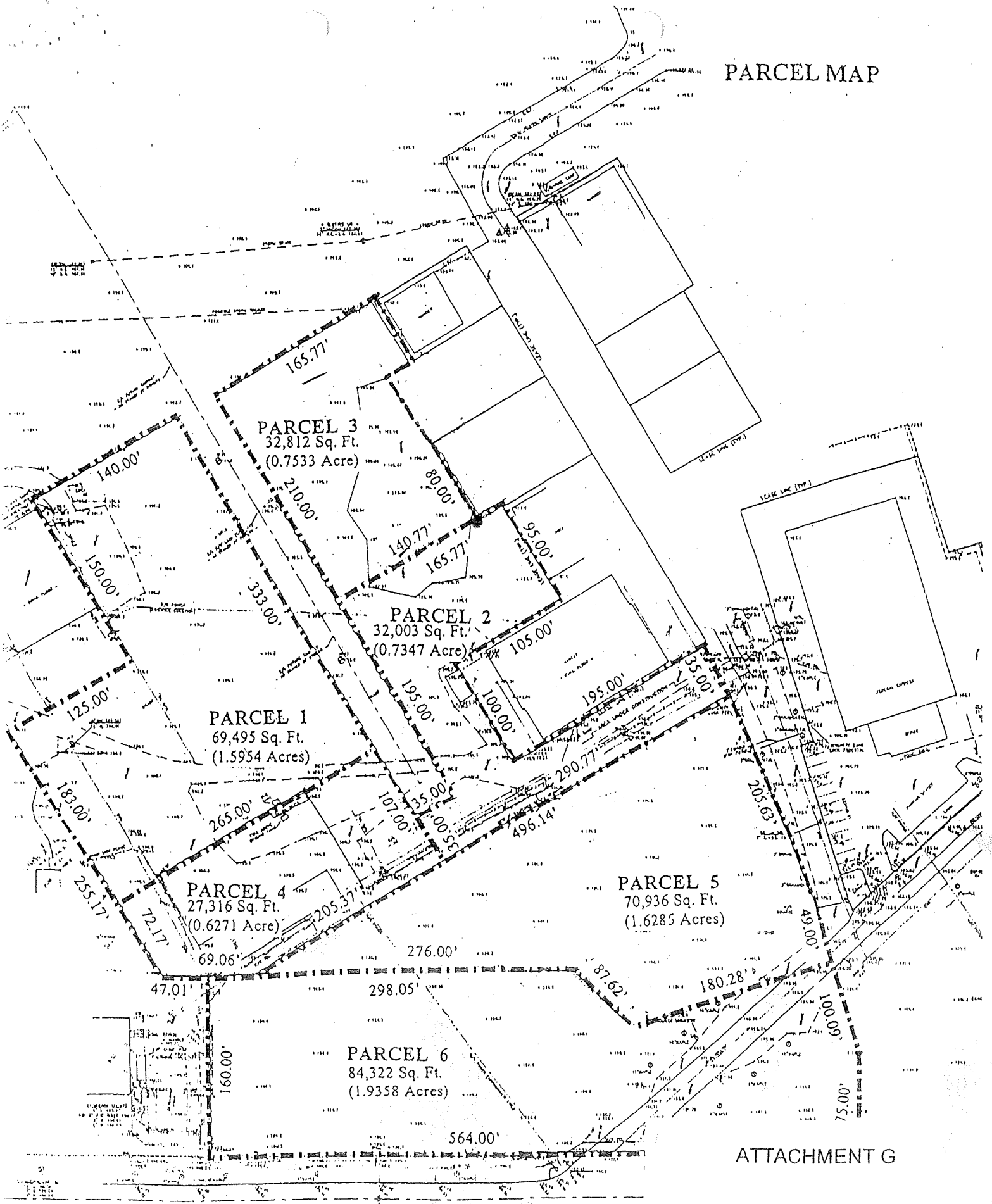
The net area of the above described tract of land is 72,342 square feet of land (1.6607 acres), more or less.

ATTACHMENT F

LAND SURVEYORS

SUBDIVISIONS • CONSTRUCTION STAKING • TOPOGRAPHIC MAPPING
METROPOLITAN • RURAL • PARTITIONINGS • STRUCTURAL LAYOUTS
PHONE (503) 588-8800 • FAX (503) 588-8804

PARCEL MAP



PARCEL 3
32,812 Sq. Ft.
(0.7533 Acre)

PARCEL 2
32,003 Sq. Ft.
(0.7347 Acre)

PARCEL 1
69,495 Sq. Ft.
(1.5954 Acres)

PARCEL 4
27,316 Sq. Ft.
(0.6271 Acre)

PARCEL 5
70,936 Sq. Ft.
(1.6285 Acres)

PARCEL 6
84,322 Sq. Ft.
(1.9358 Acres)

----- PARCEL BOUNDARY

ATTACHMENT G

SCALE: Not to Scale
Original Reduced to Fit Page

RESOLUTION NO. 99-72

WHEREAS, on April 7, 1986, the City of Salem leased approximately 0.34 acres of land located on Salem Airport, McNary Field, to Marion County for a vector control facility; and

WHEREAS, pursuant to Article IX, Paragraph B of said lease the City of Salem may terminate the lease upon six months written notice; and

WHEREAS, the City of Salem has received and approved a proposal for the use of said leased area in conjunction with development of the surrounding area;

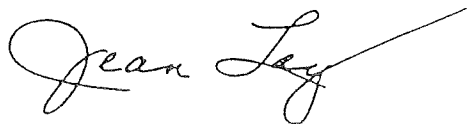
NOW THEREFORE,

THE CITY OF SALEM RESOLVES AS FOLLOWS:

That the Common Council hereby declares that it is necessary and in the public interest that the Salem Airport, McNary Field property leased to Marion County for a vector control facility be put to other uses and that the lessee, Marion County, be given written notice of termination under the provision of said lease.

ADOPTED by the council this 24th day of May, 1999.

ATTEST:



City Recorder

Approved by City Attorney: AS

Checked By: W. J. ...

ATTACHMENT H