



CITY COUNCIL
August 27, 2018 WORKSESSION
Time: 6:30 pm
City Hall, 1001 Bridge St. Vernonia, OR 97064

Mission Statement

The City of Vernonia pledges to be an ethical and responsive government using community collaboration to foster leadership and a vision for civic improvement while providing a safe, peaceful, economically viable community.

AGENDA

- 1. Call to Order -- Mayor Leonetti**
- 2. Additions or Removal of Agenda Items**
- 3. New Business**
 - Continued: Greenman Field Grandstand Agreement – Discussion with the Intercultural Society of Vernonia
- 4. Adjournment**

*****AMERICANS WITH DISABILITIES ACT NOTICE*****

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CITY COUNCIL
July 31, 2018 WORKSESSION
Time: 6:30 pm
City Hall, 1001 Bridge St. Vernonia, OR 97064

Mission Statement

The City of Vernonia pledges to be an ethical and responsive government using community collaboration to foster leadership and a vision for civic improvement while providing a safe, peaceful, economically viable community.

Councilors in Attendance: Mayor Leonetti, Councilor McNair, Councilor Seager, Councilor Hult and Councilor Wagner

Staff in Attendance: City Administrator Mitchell and City Recorder Borst

Media Present: Scott Laird, Vernonia Voice

Intercultural Society of Vernonia/Greenman Field Group: Nicole Larke, Stacey Pelster, Tiffany McTaggart, John Brewer, Del Allen, Rick Hobart and Janice McGuire

Call to Order -- Mayor Leonetti

Mayor Leonetti called the meeting to order at 6:34 pm

Additions or Removal of Agenda Items

City Recorder Borst added to the agenda, New Business B. Scheduling of Special Executive Session for Administrator Review

Councilor McNair made a motion to approve the agenda with the addition. The motion was seconded by Councilor Wagner.

Votes: Councilor Seager: Yes Councilor Hult: Yes Councilor Wagner: Yes
 Councilor McNair: Yes Mayor Leonetti: Yes

Motion carried.

New Business

A. Greenman Field Grandstand Agreement – Discussion with the Intercultural Society of Vernonia and Greenman field representatives.

Mrs. Pelster explained that the Intercultural Society of Vernonia Board members are Dean Pearl, Tiffany McTaggart, Shawn Gibson, Nicole Larke, and Stacey Pelster. President Nicole Larke is whom will be signing the contract. She explained that when the group was discussing the contract, they requested that verbiage be added that described the current condition in order to protect them from being liable in the case of default prior to any work being done.

Mrs. Larke inquired as to if the group had any financial liability in demolishing the structure in the case of default. City Administrator Mitchell confirmed that they did. Mrs. Pelster stated that the costs would be unsustainable for the group. She would like to see the structure be returnable without penalty. Mrs. Mitchell explained that there would have to be a timeline as current Council cannot tie future Council to demolition cost.

The group then discussed the potential of the Greenman Field Grandstand Group separating from the Intercultural Society in the future. Staff explained that insurance would have to be kept valid during the transfer. The group assured Council that any revenue from the

grandstands during that period would not be able to be used for anything else. In the instance of the group dissolving and the grandstands transferred over to the city, there would be a vote and funds transferred over to the city. Councilor McNair expressed concern over any potential tax ramifications and stated he would want to speak to city legal.

The group then discussed section 8.2 Lack of Use. There was concern that it would be difficult to meet the 60-day requirement in the off season. After great discussion, the main concern is that without presence at the structure there may be vandalism. Mrs. Pelster explained that the group intends to gate off the structure so as to prevent vandalism, and to prevent use without reservation.

Consensus of the group is to amend 8.2 Lack of Use to reflect a requirement of maintaining & monitoring within a period of 60 days and holding an event within a period 24 months. The timeline for holding an event is to take effect after renovations are complete.

The group then discussed section 6.1 Condemnation. Mrs. Larke explained that she doesn't want to see the group responsible for 50% of demolition as soon as they take possession. She proposes a period of time that the repairs are required to be done. If the structure is turned back over to the city within that period, there is no liability on the group for demo costs. If after the period, then they share responsibility. Councilor McNair expressed concern that if the timeframe is too long, demo costs may increase. Mrs. Pelster requested a timeframe of 2 years as the grant they intend to apply for will be awarded in 2020.

Mrs. Pelster requested that the City maintain insurance on the structure until renovations are complete (Estimated 3 years). Staff explained that that they are unsure the city can insure a structure that they do not own and would have to seek legal counsel. Councilor Hult stated that as soon as the ground lease/donation are signed the responsibility of all costs falls on the group. Councilor Wagner suggested using donations to cover insurance.

The group then moved onto the negotiation options presented by the group. Mrs. Pelster presented the options to the group (See File). Councilor McNair spoke for Council and explained that neither option works for the City. Council explained that they are interested in working with the group in order to make their events work. Mrs. Mitchell suggested that there be a fee administered by the City for the field/ grandstand reservation with a portion going to the grandstand group. This will ensure that they are reserved together and that the grandstands generate revenue. There was brief discussion on different scenarios that this could apply to. Consensus of the group is for Mrs. Mitchell and Mrs. Pelster to meet and develop a proposal for this option to be presented at a later date.

Next Work Session: August 21st at 6:30 pm

B. Special executive session scheduled
Special Executive Session scheduled for August 13th at 6:00 pm

Adjournment

Mayor Leonetti adjourned the meeting at 9:25 pm

These minutes were approved at the August 20th, 2018 City Council Meeting.

Stephanie Borst, City Recorder

Mario Leonetti, Mayor

CITY OF VERNONIA

CITY COUNCIL AGENDA ITEM

August 27th, 2018

From: Josette Mitchell, City Administrator
To: Work Session Participants
Re: Option 3 City of Vernonia /Intercultural Society of Vernonia

Agenda Item Summary:

At the last work session, Option 3 was proposed and the City and ICSV determined that representatives Josette Mitchell and Stacey Pelster would meet to work through the details of the proposed option. Attached to this Agenda Summary are the Amended Lease agreement, and the City Master Fee Schedule pages pertaining to park fees. The City and ICSV need to draft an MOU to outline the workings behind the fees; how and when they will be collected and disbursed. See bullets needed inclusion in MOU below.

Attachments:

- Amended 14-08 Master Fee Schedule pages 1-2
- Amended Draft Lease Agreement between City of Vernonia and Intercultural Society of Vernonia

Items to be outlined in MOU:

GREENMAN FIELD & GRANDSTANDS EXCLUSIVE USE GROUP EVENT

- City of Vernonia will collect exclusive use Greenman Field & Grandstands Group Event Fees for Class 1&2, all fees under class 1&2 will go to COV
- City of Vernonia will direct exclusive use Greenman Field & Grandstands Group Event for Class 3 to ICSV,
 - ICSV will pay COV for Greenman Field & Grandstands Group Event Fees for Class 3 in accordance of Master Fee Schedule for Exclusive Use Group Event. Payment due at time of reservation.

GREENMAN FIELD EXCLUSIVE USE

- City of Vernonia will collect exclusive field use fees for Greenman Field for Class 1&2
 - Class 2 exclusive field use fee for Greenman field contains 50.00 to be paid from COV to ICSV per sport
 - Total of season rate fees collected by COV shall be paid June 5th each year.
- City of Vernonia will direct exclusive use of Greenman Field for Class 3 to ICSV
 - ICVS will pay COV for Greenman Field Exclusive Use Fees for Class 3 in accordance of Master Fee Schedule for Exclusive Field Use. Payment due at time of reservation.

SPENCER FIELD EXCLUSIVE USE

- City of Vernonia will collect exclusive field use fees for Spencer Fields for Class 1&2&3
 - Class 2 exclusive field use fee for Spencer fields contains 50.00 to be paid from COV to ICSV per sport
 - Total of season rate fees collected by COV shall be paid June 5th each year.

(Proposed to further success of Grandstands project, and back baseball field encroaches on Greenman)

GRANDSTANDS ACCESS

- All access to Grandstands will go through ICSV, be it spectators, community use, etc.

SNACK SHACK & RESTROOMS ACCESS

- Snack Shack & Restrooms access will go through the City of Vernonia. If ICSV wishes to use Snack Shack for an event they will pay fees in accordance of Master Fee Schedule for Snack Shack Use Fee. Payment due at the time of reservation.
- Restrooms will be opened and maintained by the City of Vernonia Parks Department.

OTHER ITEMS TO BE CLARIFIED AT WORK SESSION

RESOLUTION NO. 14-08

**A RESOLUTION ESTABLISHING A FEE SCHEDULE FOR THE CITY OF VERNONIA AND
RESCINDING SEPARATE RESOLUTIONS SETTING FEES**

IT IS HEREBY RESOLVED, by the City Council of the City of Vernonia, Oregon, that the following Resolutions are rescinded: Resolution 02-03, Setting Rates for Parks Maintenance and Utility Fees; Resolution 20-05, Setting Miscellaneous Administrative Fees; Resolution 15-07, Setting Water Rates for Users Within and Without the City of Vernonia; Resolution 10-07, Setting Fees for Parks; Resolution 13-04, Setting the Sewer Rates for Users Within and Without the City of Vernonia; Resolution 01-07, Setting Administrative and Planning Fees for the City of Vernonia; Resolution 15-04, Setting Library Miscellaneous Fees and Annual User Fees for Patrons Outside Vernonia City Limits; Resolution 20-04; Setting Fees for Processing Liens; Resolution 21-04; Setting Fees for Processing Liens; Resolution 14-05; Setting Fees for Bulk Water Rate; Resolution 01-03; Establishing Fees for Various Services or Activities; Resolution 03-07; Resolution Relating to Vernonia Memorial Cemetery, Amending Resolution 01-06; Resolution 20-06 Resolution Setting the Sewer Rates for Users Within and Outside the City of Vernonia, Oregon and Repealing Resolution 13-04; Resolution 16-06 A Resolution Amending Resolution 17-05 Updating System Development Charges for Water, Wastewater, Storm water, Parks, and Streets Pursuant to Ordinance No. 756, to become effective September 5, 2006.

IT IS HEREBY FURTHER RESOLVED, by the City Council of the City of Vernonia, Oregon, that commencing June 18, 2018, and from that time thereafter or until further changes are made, the rates to be charged for all city fees shall be at rates as set forth below:

1. Parks Maintenance and Utilities. The following fees established for parks maintenance and utilities shall be included as a separate fee on the regular water bill and will be billed as follows:

Each residential and non-residential water account will be billed a total of \$2.00 per month for all of their water accounts. People with more than one water account must complete an application to reduce their total bill to the \$2.00 limit.

2. Parks Day Use/Annual Fee (20 minutes or longer-Vernonia Lake, Anderson, & Airport Parks).

- | | |
|---|------------------------------|
| A. Day Use | \$5.00 |
| B. Family Annual Pass | \$35.00 |
| C. Senior Annual Pass | \$25.00 |
| D. Kids under 18 | Exempt |
| E. Vernonia Residents living in city limits or having a city water account are exempt from day use and annual pass requirements because a Parks fee is assessed through water bill. | |
| F. Campsite w/full RV Hookups | |
| 1) Regular nightly rate | \$30.00 |
| 2) Extended Work Stay -monthly rate | |
| (actual stay must be exact increments of 30 days and must be approved by Park Host;
additional days under or beyond full 30 days charged at regular nightly rate) | |
| | \$850.00 for Oct 1 to Mar 31 |
| | \$750.00 for Apr 1 to Sep 30 |
| G. Campsite (RV) without hookups: | \$20.00 |
| H. Campsite primitive at Anderson Park | \$15.00 |
| I. Campsite primitive at Airport Park | \$20.00 |

- J. Campsite primitive at Vernonia Lake \$10.00
- K. Campsite Primitive at Vernonia Lake with Vehicle Parking \$15.00
- L. Each additional vehicle per campsite per night \$ 7.00
- M. Non-refundable campsite deposit Equal to one night's stay
- N. Sewage dump (no fee for Vernonia sewer patrons- must show proof): \$10.00

3. Exclusive Use Fees.

- Class 1: City Sponsored Events
- Class 2: Vernonia Youth Serving Groups or Activities
- Class 3: All Other Groups, Organizations, and Individuals

Exclusive Use Park Facility Fees

Fees are for the rental of 4-hour	Class 1	Class 2	Class 3
Anderson Park Picnic Shelter	No Fee	\$25.00	\$50.00
Hawkins Park Group Event	No Fee	No Fee	\$100 first 4 \$50.00 addtl.4
Hawkins Park Gazebo Shelter	No Fee	\$25.00	\$50.00
Greenman Field & Grandstands	No Fee	\$25.00	Contact Vernonia Intercultural Society
Spencer Park Group Event	No Fee	No Fee	\$100 first 4 \$50.00 addtl.4
Spencer Park Picnic Shelter	No Fee	\$25.00	\$50.00

**Refundable Cleaning Deposit for picnic areas: \$50.00

Exclusive Use Horse Arena Fees

Fees are by listed time period	Class 1	Class 2	Class 3
Horse Arena (4-6 hr. use)	No Fee	TBD	\$75.00
Horse Arena (Full day)	No Fee	TBD	\$150.00
Horse Arena (Full Weekend)	No Fee	TBD	\$250.00

Exclusive Use Primitive Group Camp Fees

Fees are per night	Class 1	Class 2	Class 3
Primitive Group Camp Airport Park	No Fee	\$60.00	\$150.00
Primitive Group Camp Anderson Park	No Fee	\$60.00	\$150.00
Primitive Group Camp Vernonia Lake	No Fee	\$40.00	\$75.00

Exclusive Use Sports Field Fees

Fees are for the rental of 4-hour	Class 1	Class 2	Class 3
Greenman Field	No Fee	Season Rate \$200.00 per sport	Contact Vernonia Intercultural Society
Hawkins Park Field	No Fee	Season Rate \$150.00 per sport	\$100
Spencer Park Fields	No Fee	Season Rate \$200.00 per sport	\$100
Tournaments	No Fee	\$150.00/up to 2 days	\$150 per day

**Vernonia Youth Sports Leagues are exempt from fees designated herein, as they shall pay a flat season rate per sport for regular practices and games for maintenance and operation of sports fields through the Vernonia Booster Association or other similar groups.

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- Season Rate \$150.00 per sport \$100
- Deleted: Hawkins Park Field No Fee
- Season Rate \$150.00 per sport \$100

GREENMAN FIELD GRANDSTANDS GROUND LEASE

THIS GROUND LEASE (“Lease”) is entered into this ____ day of _____, 2018, by and between the following parties:

PARTIES: CITY OF VERNONIA (“Landlord”)
1001 Bridge Street
Vernonia, OR 97064

and

THE INTERCULTURAL SOCIETY OF VERNONIA, INC., (“Tenant”)
an Oregon non-profit corporation
1001 Bridge Street
Vernonia, OR 97064

RECITALS

- A. Landlord owns fee title to the real property as described in the attached **Exhibit “A.”**
- B. There is a portion of the above referenced real property that contains the Greenman Field Grandstands structure as described in the attached **Exhibit “B.”**
- C. City has donated the personal property consisting of the Greenman Field Grandstands structure (“Grandstands”) to Tenant.
- D. Landlord desires to lease to Tenant only that certain portion of the real property which contains the Grandstands (the “Property”) as described in Exhibit “B,” which does not include the area where concession stands are located or the field area in front of the Grandstands where events are held (“Event Area”).

NOW, THEREFORE, Landlord hereby leases the Property to Tenant, and Tenant leases the Property from Landlord, on the terms and conditions set forth in this Lease:

1. Lease of Property to Tenant; Lease Term; Possession

1.1 Lease of Property to Tenant. Landlord hereby leases the Property to Tenant, and Tenant leases the Property from Landlord, for the term, at the rental, and upon all of the conditions set forth in this Lease.

1.2 Term of Lease. This Lease shall commence on the ____ day of _____, 2018, (the “**Commencement Date**”). The lease term shall be for five (5) years (plus the partial month, if any, in which this Lease commences), unless sooner terminated or extended as provided in this Lease. After the initial five (5) year term, this lease will be renewable on written agreement of the parties for additional periods of five (5) years each; however, this Lease shall not continue for an aggregate period in excess of ninety-nine (99) years.

1.3 Termination by Tenant or Landlord. Either party may terminate this Lease upon 90 days notice to the other party.

1.4 Possession. Tenant will be entitled to possession of the Property for purposes of this Lease upon the mutual execution of this Lease.

1.5 Property Leased "As Is". Except as otherwise expressly set forth in this Lease, the Property is leased to Tenant in its "As Is" condition, subject to any and all patent and latent defects and faults, without reliance upon any representation by Landlord as to the condition or suitability of Property for any intended use or purpose by Tenant and without any representation or warranty by Landlord as to its compliance with applicable Legal Requirements (as defined below) or other matters, and Tenant further acknowledges that Tenant will be relying solely on its own skill, judgment and discretion in deciding whether to lease the Property.

2. Rental

2.1 Annual Base Rent (Initial Term). Tenant shall pay to Landlord as rent for the Property the sum of _____ dollars (\$) per year, in advance (the "rent" or sometimes referred to as the "base rent"). Rent for the first year of the initial Term will be paid within 30 days of mutual execution of this Lease (the date of mutual execution of this Lease is also referred to as the "Effective Date"). Rent for subsequent years shall be paid on or before the yearly anniversary of the Commencement Date. Rent for any partial month or partial year during the Term shall be a pro rata portion of the monthly or annual installment. Rent shall be payable in lawful money of the United States to Landlord at the address stated herein or to such other persons or at such other place as Landlord may designate in writing. Rent will commence as of the Commencement Date.

2.2 Additional Rent, No Offsets. All payments required to be paid by Tenant under this Lease, other than base rent, will constitute additional rent. All rent (including base and additional rent) shall be received by Landlord without set-off, offset, abatement, or deduction of any kind.

2.3 Net Lease. The rental paid by Tenant shall be a fully net (sometimes referred to as "triple net" or "absolute net") return to Landlord, so that from and after the Commencement Date, this Lease shall yield the base rent to Landlord net of all operating costs, maintenance and repair costs, taxes, insurance charges, assessments, governmental charges, utility costs and fees, and all other expenses of whatever kind or nature pertaining to the operation of the Property. All such costs and expenses accruing after the Commencement Date shall be paid by Tenant as to the Property.

3. Use of Property

3.1 Permitted Use. Tenant shall use the Property for the benefit of the community of Vernonia (e.g., youth activities, athletics, special events), and all reasonably related and ancillary purposes consistent with such primary use, and in accordance with all applicable Legal Requirements (as defined below). If Tenant proposes to change the use of the Property, Tenant will not do so without first obtaining the prior consent of Landlord to such change in use, which consent may be withheld in Landlord's sole discretion.

3.2 Use of Event Area. Tenant may be allowed use of the Event Area as follows:

3.2.1 Tenant shall provide Landlord with a schedule of dates Tenant desires to use the Event Area by the ____ day of _____ in the current year, to reserve the Event Area for those dates in the following year.

3.2.2 Tenant shall provide proof that the insurance required in Section 5 of this Lease includes coverage for use of the Event Area.

3.2.3 If Tenant desires to use the Event Area on dates that were not provided in the previous year, Tenant may request additional dates; however, Landlord does not guarantee that any request may be granted due to conflicting schedules, inadequate notice, or other complications.

3.2.4 Tenant shall adhere to all City of Vernonia rules regarding use of City facilities. After any use of the Event Area by Tenant, Tenant shall clean the Event Area, leaving it free of debris, trash, or damage.

3.2.5 Tenant shall pay for use of the Event Area in accordance with the City of Vernonia Master Fee Schedule as adopted and updated by the City of Vernonia City Council.

3.3 Compliance with Legal Requirements. In connection with its use, Tenant shall keep and maintain the Property in compliance with all applicable laws, rules, regulations and ordinances of all federal, state, county, municipal and other public authorities having or claiming jurisdiction, and other recorded covenants, conditions and restrictions affecting the Property (collectively, the “Legal Requirements”).

3.4 Access by City. City shall have the right to enter upon the Property in the normal course of performing its municipal functions.

3.5 Nondisturbance. The rights of Tenant to the Property shall not be disturbed, cancelled, terminated or otherwise interfered with by Landlord during the Term of this Lease.

3.6 Hazardous Substances. Landlord represents and warrants that, as of the date of this Lease, no hazardous substances have been generated, released, stored or deposited over, beneath, or on the Property from any source whatsoever by Landlord, its agents, independent contractors or invitees, other than Permitted Products (as defined below).

Tenant (as to the Property, during the Term) and Landlord (as to any adjoining property owned or operated by it), if any, shall not allow or permit any Hazardous Substances to be generated, released, used, stored or deposited on or in the Property or adjoining property, except in the ordinary course of maintaining and operating such property and in strict compliance with applicable Environmental Laws (as defined below).

The term “hazardous substances” is used in its very broadest sense, and refers to materials which because of their quantity, concentration, or physical, chemical, or infectious characteristics may cause or pose a present or potential hazard to human health or the

environment when improperly handled, treated, stored, transported, disposed of, or otherwise managed. The term shall include, but is not limited to, all hazardous substances, hazardous materials and hazardous wastes listed by the U.S. Environmental Protection Agency and the state in which the Property is located under the Comprehensive Environmental Response, Compensation and Liability Act (CERCLA), the Resource Conservation and Recovery Act (RCRA), the Toxic Substances Control Act (TSCA), and the Federal Water Pollution Control Act (FWPCA), the Emergency Planning and Community Right-to-Know Act (EPCRA), the Clean Air Act (CAA) and any and all other federal, state and local statutes or ordinances applicable to the protection of human health or the environment (the “Environmental Laws”). However, the foregoing requirements and limitations will not apply to products such as landscape fertilizer, cleaning and other products and materials that are in ordinary quantities and customarily used in the cleaning, maintenance and operation of residential and commercial facilities (the “Permitted Products”), but each party will in any event cause any Permitted Products to be held or used in accordance with all applicable Environmental Laws.

4. Improvements; Maintenance; Taxes; Utilities

4.1 Improvements. Any improvements desired by Tenant for their intended use are the sole responsibility of Tenant, improvements as determined by Tenant, including without limitation, the costs for constructing any site improvements to the Property to allow the Property to be used for its intended purpose. All improvements performed by Tenant or Tenant Representatives must follow City of Vernonia public works standards, land use and planning codes.

4.2 Maintenance. Tenant will be responsible for maintaining the Property in good order, condition, repair, operating condition, working order and appearance, in accordance with National Recreation and Park Association specifications, and all applicable Legal Requirements and Environmental Laws.

4.3 Property Tax Exemption. The rental for this Lease has been established to reflect the savings below market rent resulting from the exemption from taxation based upon the utilization of the Property by Tenant for nonprofit tax exempt purposes, on the basis that the Property leased to Tenant should qualify for a property tax exemption under ORS Chapter 307, or otherwise under Oregon law. Landlord shall be responsible for applying for the exemption each year and Tenant agrees to mutually co-operate on any other action necessary to secure or maintain the applicable tax exemption. For any lease year in which the property does not qualify for the tax exemption, Tenant will promptly pay to the taxing authority the amount of taxes on the Property which may be lawfully required as a result of such lack of an exemption and will provide, upon Landlord’s request (not more frequently than annually), proof of such payment to Landlord. Tenant may require Tenant’s sublessor(s) to make the tax payment. For any partial lease year for which Tenant or Tenant’s sublessor(s) has made the tax payment, the amount of taxes paid shall be prorated and Landlord shall reimburse Tenant for its portion of the taxes.

4.4 Tenant’s Election to Contest. Tenant may cause the payment of any tax or assessment on the Property to be withheld if a good faith dispute exists as to the obligation to pay, so long as Landlord’s property interest is not jeopardized. If the Property is subjected to a lien as a result of nonpayment, Tenant shall provide Landlord with assurances reasonably

acceptable to Landlord that Tenant can and will satisfy the lien before enforcement against the Property.

4.5 Utilities. Tenant will be responsible for causing to be paid all charges for services and utilities incurred in connection with the use, occupancy and operation of the Property, including (without limitation) charges for electricity, gas, water and sewer.

5. Insurance; Indemnification

5.1 Liability Insurance. Tenant (as to the Property, during the Term) shall continuously maintain, at its expense, commercial general liability (“CGL”) insurance with a combined single limit initially of \$2,000,000.00 or such greater amount approved by the parties as may from time to time customarily be furnished by tenants under comparable leases.

5.2 Form of Insurance. All policies may be part of blanket coverage relating to properties owned or leased by Tenant. Tenant will deliver to Landlord certificates of such insurance coverage prior to or concurrent with obtaining possession of the Property and thereafter, as to policy renewals, Tenant will deliver to Landlord certificates of coverage (or other confirmation of arrangements for coverage) within 15 days prior to the expiration of the term of each such policy. All insurance shall provide for thirty (30) days written notice to Landlord prior to cancellation, non-renewal or material modification.

5.3 Indemnification. Tenant will indemnify, defend, and hold harmless Landlord and Landlord’s officers, directors, partners, employees, agents, and independent contractors from any and all claims or liability for any uninsured damage to any property and for any injury, illness, or death of any person occurring in or on the Property when the damage, injury, illness, or death is caused by the act or failure to act of Tenant, its agents, servants, employees, invitees, or licensees, by any breach of this Lease by Tenant, or by any use of the Property during the Term. This indemnity will apply even if a third-party claim arises from Landlord’s negligence to the extent that the claim is covered by Tenant’s liability insurance, it being the intent of the parties that Tenant’s contractual liability insurance coverage will be the primary source of coverage for any third-party claims for accidents occurring in or on the Property regardless of whether Tenant or Landlord is at fault. The Tenant’s duty of indemnification shall survive the termination of this lease.

6. Condemnation and Destruction

6.1 Condemnation. This clause will become enacted 24 hours after the renovations are complete and certificate of occupancy has been issued to the Tenant. If the entire Property is condemned, or if a portion is taken which causes the remainder to be reasonably unusable for the use permitted hereunder, then this Lease shall terminate as of the date upon which possession of the Property is taken by the condemning authority. The net condemnation proceeds shall be divided between Landlord and Tenant in proportion to the value of their respective interests in the Property immediately prior to the taking. If only a portion of the Property is taken and this Lease is not terminated, then (i) Tenant shall use the condemnation proceeds to make necessary repairs and alterations to the Property to permit Tenant to continue its operations thereon, and (ii) the remaining balance, if any, of the condemnation award attributable to the Property shall be

divided between Landlord and Tenant in proportion to the value of their respective interests in the Property immediately prior to the taking.

6.2 Destruction. If the Grandstands are partially destroyed in a manner that prevents the continued use of the Grandstands by Tenant in a normal manner, and if the damage is reasonably repairable within sixty (60) days after the occurrence of the destruction (or within six (6) months after the occurrence of a devastating event such as a flood), Tenant shall repair the Grandstands. If Tenant fails to repair within the above stated time, Landlord shall have the option to condemn the Grandstands and this Lease shall be terminated upon sixty (60) days written notice of such event or condition by either party.

7. Transfers by Tenant.

7.1 Transfers Prohibited Without Consent. Except as expressly provided herein, Tenant shall not assign, pledge, hypothecate, encumber or otherwise transfer its leasehold interest and interest in the improvements on the Property without the written consent of Landlord, which consent may be withheld in Landlord's sole discretion. An unauthorized transfer under this section shall be deemed a default of this Lease and entitle Landlord to terminate this Lease.

8. Events of Default

The following shall be "Events of Default":

8.1 Unauthorized Transfer. Tenant's assignment, pledge, sublease, encumbrance or other transfer of Tenant's leasehold interest without the prior written consent of Landlord.

8.2 Lack of Use. Failure of Tenant to maintain and monitor~~use~~ the Grandstands for ~~an event~~ for a period exceeding (60) days and/or failure to hold an event within a 24 month period. The timeline for holding an event is to take effect within 24 months of renovations being complete.

8.3 Payment Default. Failure of Tenant to make any rent or other payment to be made to Landlord under this Lease within 20 days after receipt of written notice of nonpayment.

8.4 Default in Other Covenants. Failure of Tenant to comply with any other term or condition or fulfill any other obligation of this Lease within 30 days after written notice by Landlord specifying the nature of the default with reasonable particularity. If the default is of such a nature that it cannot be remedied fully within the 30-day period, this requirement shall be satisfied if Tenant begins correction of the default within the 30-day period and thereafter proceeds with reasonable diligence and in good faith to effect the remedy as soon as practicable.

8.5 Notice of Action to Retake or File Suit. Prior to taking any action to re-enter or retake possession of the Property, or to sue Tenant for damages for default, Landlord will provide Tenant with at least ten days' notice of Landlord's intent to pursue the particular remedy or remedies if the default is not cured within such time period. Such notice may be given concurrently with or separately from the notices specified above.

9. Remedies on Default

Upon default, after expiration of notice and cure periods provided in Section 8, Landlord may exercise any one or more of the following remedies:

9.1 Termination. In the event of a default hereunder, Landlord shall have the right to terminate this Lease and retake possession of the Property and Grandstands without further notice (to the extent permitted by law), and without prejudicing Landlord's rights to damages.

9.2 Re-letting. Following reentry or abandonment, Landlord may re-let the Property and Grandstands, and in that connection may make any suitable alterations or refurbish the Property or Grandstands, or both, or change the character or use of the Property or Grandstands, but Landlord shall not be required to re-let for any use or purpose other than that specified in the Lease or which Landlord may reasonably consider injurious to the Property or Grandstands, or to any tenant that Landlord may reasonably consider objectionable. Landlord may re-let all or part of the Property, alone or in conjunction with other properties for a term longer or shorter than the term of this lease, on any reasonable terms and conditions, including the granting of some rent-free occupancy or other rent concession.

9.3 Damages for Default. Landlord may recover all damages caused by default. Landlord may sue periodically to recover damages as they accrue during the remainder of the lease term without barring a later action for further damages. Landlord may at any time bring an action for accrued damages plus damages for the remaining lease term equal to the difference between the rent specified in this Lease and the reasonable rental value of the Property for the remainder of the term, discounted to the time of judgment at the rate of 12 percent per annum.

9.4 Cure of Tenant's Default. Without prejudice to any other remedy for default, Landlord may perform any obligation or make any payment required to cure a default by Tenant. The reasonable cost of performance, including reasonable attorneys' fees and all disbursements, shall immediately be repaid by Tenant upon demand, together with interest from the date of expenditure until fully paid at the rate of 12 percent per annum, but not in any event at a rate greater than the maximum rate of interest permitted by law.

9.5 Other Remedies. Landlord may exercise any other remedy available under applicable law. Landlord may terminate this Lease and take possession of the Property, and Landlord may pursue any other legal remedy for breach of contract, including (without limitation) specific performance, collection of damages, and collection of attorneys' fees and other costs and expenses.

10. General Provisions

10.1 Modifications. This Lease may not be modified except by endorsement in writing attached to this Lease, dated and signed by the Parties. The Parties shall not be bound by any statement of any agent or employee modifying this Lease, except for any person which the party has specifically designated in writing as its representative.

10.2 Proration of Rent. If this Lease starts or ends during a rental period, the rent (including taxes and any other charges) shall be prorated as of such date. Upon termination other than for default, prepaid rent shall be refunded, if applicable.

10.3 Nonwaiver. Waiver of performance of any provision shall not be a waiver of nor prejudice the party's right otherwise to require performance of the same provision or any other provision.

10.4 Succession. Subject to the limitations on transfer of Tenant's interest, this Lease shall bind and inure to the benefit of the parties, their respective heirs, successors, and assigns.

10.5 Entry by Landlord. Landlord or its authorized representatives may enter the Property at any time without any restrictions from Tenant.

10.6 Estoppel Certificates. Within 10 days after receipt of written request, each party shall deliver a written statement to the requesting party stating the date to which the rent and other charges have been paid, whether the Lease is unmodified and in full force and effect, and any other matters that may reasonably be requested.

10.7 Notices. Unless otherwise specifically provided herein, all notices, consents, directions, approvals, instructions, requests and other communications required or permitted by the terms hereof to be given (collectively "Notices") shall be given in writing and effective upon receipt. Notices may be served: by certified or registered mail, postage paid with return receipt requested; by private courier, prepaid; by telex, facsimile, or other telecommunication device capable of transmitting or creating a written record; or personally. Mailed Notices shall be deemed received three business days after mailing, properly addressed. Couriered Notices shall be deemed received when delivered as addressed, or if the addressee refuses delivery, when presented for delivery notwithstanding such refusal. With respect to any notice sent by telex, facsimile, email, or other telecommunication device, the term "receipt" will mean electronic verification that transmission to the recipient was completed, if such transmission occurs during the normal business hours, or otherwise on the next business day after the date of transmission. Personal delivery of Notices shall be effective when accomplished. Unless a party changes its address by giving notice to the other party as provided herein, Notices shall be delivered to the parties at the addresses first set forth above.

10.8 Attorneys' Fees. In the event suit or action is instituted to interpret or enforce the terms of this Lease, the prevailing party shall be entitled to recover from the other party such sum as the court may adjudge reasonable as attorneys' fees at trial, upon appeal and on any petition for review, in addition to all other sums provided by law.

10.9 Relationship of Parties. The relationship of the parties to this Lease is that of landlord and tenant. Landlord is not a partner or joint venturer with Tenant in any respect or for any purpose in the conduct of Tenant's business or otherwise.

10.10 Applicable Law. The Property is located in the State of Oregon. The parties agree that the law of such State shall be applicable for purposes of construing and determining the validity of this Lease.

10.11 Prior Agreements. This Lease (including all exhibits, incorporated herein) is the entire, final, and complete agreement of the parties with respect to the matters set forth in this Lease, and supersedes and replaces all written and oral agreements previously made or existing by and between the parties or their representatives with respect to such matters.

10.12 Validity of Provisions. If any of the provisions contained in this Lease shall be invalid, illegal, or unenforceable in any respect, the validity of the remaining provisions contained in this Lease shall not be affected.

10.13 Recording; Quitclaim. Tenant shall not file or record this Lease without the specific prior written consent of Landlord, but the parties may execute a good and sufficient memorandum of lease for purposes of recording in a form acceptable to Landlord. Upon expiration or earlier termination of this Lease, Tenant shall promptly execute, acknowledge and deliver to Landlord any quitclaim deed or other document required by Landlord or a title company to remove the cloud of this Lease from the Property and to evidence the termination of Tenant's interests in the Property and improvements that will remain on the Property.

10.14 Merger of Estates. In the event and at such time as Landlord may own and hold both the landlord's and tenant's interest under this Lease, this Lease will terminate automatically by merger of estates.

10.15 Authorization of Lease; Facsimile, or Email Signatures. Each party covenants and warrants to the other that the person(s) executing this Lease on behalf of the party is duly authorized to execute and bind the party under this Lease. Facsimile or email transmission of any signed original document, and retransmission of any signed facsimile or email transmission, shall be the same as delivery of an original. At the request of either party, the parties shall confirm facsimile or email-transmitted signatures by signing an original document.

10.16 Brokers. Neither party has used a real estate broker in connection with this transaction. Each party will defend, indemnify, and hold harmless from any claim, loss, or liability made or imposed by any other party claiming a commission or fee in connection with this transaction and arising out of its own conduct.

10.17 Section Headings. The headings to the sections and paragraphs of this Lease are included only for the convenience of the parties and shall not have the effect of enlarging, diminishing, or affecting the interpretation of its terms.

10.18 Joinder in Instruments. Upon reasonable request from time to time, Landlord shall join with Tenant in any conveyance, dedication, grant of easement or license or other instrument as shall be reasonably necessary or convenient to provide public utility service to the Property or in order to allow development or use of the Property by Tenant. Landlord shall not be required to incur any cost or expense by virtue of the provision of this paragraph.

10.19 Exhibits. All exhibits and attachments to the Lease are hereby incorporated as part of the body of this instrument.

IN WITNESS WHEREOF, the undersigned has caused this Ground Lease to be duly executed by a person or officer thereunto duly authorized as of the date and year first above

written.

[Signature blocks on next page]

LANDLORD:

CITY OF VERNONIA

By: _____
Josette Mitchell (Date)
City Administrator

TENANT:

INTERCULTURAL SOCIETY OF VERNONIA, INC.

By: _____
Name: (Date)
Title: