

AGENDA ITEM FOR ADMINISTRATIVE MEETING () Discussion only
(X) Action

FROM (DEPT/ DIVISION): County Counsel

SUBJECT: EOTEC Leases

<p>Background: As required by the IGA for the creation of EOTEC, all leases for the facilities in excess of five years must be approved by the county and the City of Hermiston. The City of Hermiston has approved the proposed leases with the Farm City Rodeo for the arena and the mercantile area, and for the fair. The leases are before the Board for approval. The terms of the leases are legally acceptable for EOTEC, but two terms of the lease for the fair will need to be changed for the county to accept. The fair is not limited on the indemnification of EOTEC, and there is not a non-appropriation clause for the county to terminate in the event sufficient funds are not available. The Board could approve the fair lease contingent on these terms being changed.</p>	<p>Requested Action: Approve EOTEC Leases</p>
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ATTACHMENTS: Proposed Leases

Date: (April 3, 2017) Submitted By: Douglas R. Olsen

*****For Internal Use Only*****

Checkoffs:

- () Dept. Heard (copy)
- () Fiscal (copy)
- () Human Resources (copy)
- (X) Legal (copy)
- () (Other - List:)

To be notified of Meeting:

Scheduled for meeting on: April 5, 2017

Action taken:

**LEASE
Rodeo Arena**

Effective Date: _____, 2017

Between: Eastern Oregon Trade and Events Center Authority, pursuant to
an Intergovernmental Agreement between Umatilla County and
the City of Hermiston, Oregon

Hermiston, Oregon 97838 (“EOTEC”)

And: Farm-City Pro Rodeo Company, an Oregon Non-Profit Corporation
495 E. Main
Hermiston, Oregon 97838 (“Farm-City”)

Recitals:

A. EOTEC owns certain real property in Hermiston, Umatilla County, Oregon, described at **Exhibit A**. Upon said real property is, or will be constructed, a rodeo arena and related improvements (the “Premises”). The Premises are that real property and improvements depicted at **Exhibit B**, together with that 20-acre unimproved parcel situated immediately east of the area depicted at Exhibit B, but excluding that area measuring 410’ by 120’ (known as the “Mercantile Area”) leased separately by EOTEC to Farm-City under the terms of a separate agreement.

B. Farm-City desires to use the Premises for purposes of holding an annual rodeo and EOTEC desires that Farm-City have the use of the Premises for the same. Therefore, EOTEC hereby leases the Premises to Farm-City on the terms and conditions stated below.

Agreement:

Section 1. Occupancy

1.1 Term. Term. The term of this Lease shall be for the following periods:

1.1.1 Fair Week. Farm-City shall have exclusive use and occupation of the Premises Sunday through Saturday of that week in August in which the Umatilla County Fair takes place (“Fair Week”), for a period of fifty (50) years beginning with the effective date and ending after the fiftieth Fair Week after the Effective Date.

1.1.2 Additional Work Periods. With the prior consent of EOTEC, which shall not be unreasonably withheld, Farm-City shall have the right, during said fifty-year term, in addition to Fair Week, to enter upon the Premises to make inspections, repairs and improvements.

1.2 Purpose of Occupancy. With the prior consent of EOTEC, which shall not be unreasonably withheld, Farm-City’s tenancy shall be for the purpose of holding an annual rodeo and attendant activities, including, but not limited to, hospitality or other “VIP” events, a beer garden, dances, concerts, concessions, parking, and livestock stabling. In particular, with respect to the 20-acre unimproved parcel, Farm-City shall have the use of that parcel for contestant or

public parking, for stabling horses or other livestock, or for any other uses related to a rodeo or the other uses permitted to Farm-City hereunder. Farm-City will have access to parking facilities during events.

1.2.1 Concessions. Regardless of whether EOTEC or the Umatilla County Fair have entered into agreements with any food, beverage or other concessions supplier, Farm-City shall have absolutely no limitations on its ability to contract with any concessions supplier for any concessions products. By way of example, if Coors is the exclusive provider of alcoholic beverages for the Umatilla County Fair in a given year, Farm-City shall not be obligated to serve Coors products but may instead serve Budweiser products or another brand. By way of further example, if the Umatilla County Fair contracts with a particular concessions supplier for food products, Farm-City shall not be obligated to contract with that supplier.

1.3 Other Proposed Rodeo Events. If EOTEC wishes to lease the Premises to any third party for any event during the period that is sixty days prior to the start of and thirty days after the end of Fair Week, EOTEC will first obtain Farm-City's prior written consent, which consent shall not be unreasonably withheld by Farm-City.

Section 2. Rents, Utilities, and Other Charges

2.1 Basic Rent. Farm-City shall pay to EOTEC as rent the sum of TEN THOUSAND DOLLARS (\$10,000.00) per calendar year (or partial calendar year), payable no later than September 15th of each year, at EOTEC's address.

2.1.1 Rent Credit. Farm-City shall receive credit towards their basic rent based on improvements and work performed on the Premises. After all improvements are completed Farm-City and EOTEC will agree on the amount of contribution that will be allocated as rent credit.

2.1.2 Ticket Sales, Revenues. Farm-City shall keep all ticket sales, concessions revenues, merchandise sales, vendor fees, parking or stabling fees, or other revenue generated by Farm-City from the use of the Premises under this Lease and EOTEC shall have no share of the same.

2.2 Utilities and Taxes. Farm-City will pay the costs of all utilities, including electricity, natural gas, water, sewage, and all real property taxes assessed by Umatilla County against the Premises, during Fair Week.

Section 3. Improvements

3.1 Construction of Improvements. EOTEC shall construct the improvements portion of the Premises (as the Premises are defined at Recital A, above) as depicted at **Exhibit B** with the limitations of available funding. If at all possible construction shall be completed on or before July 30, 2017. Ownership of all improvements shall remain with EOTEC, unless the parties agree otherwise, in writing.

3.2 Improvements Constructed on Unimproved Parcel. During the term of this Lease, EOTEC will not construct any improvements or make any changes to the 20-acre unimproved parcel situated immediately to the east of Exhibit B, which parcel may be used by Farm-City for those purposes set forth at section 1.2 without consultation with Farm-City. Consultation is not to be interpreted as requiring approval.

3.3 Arena Name. During the term of this Lease, EOTEC shall name the Premises the "Farm-City Pro Rodeo Arena." This name could be amended with written consent of Farm-City. Any naming revenue from a change would come to EOTEC.

3.4 Alterations. Farm-City shall not make or permit any addition or alteration,
2 – Lease – EOTEC to Farm-City Pro Rodeo – Rodeo Arena

structural or otherwise, to be made on the Premises without the prior discussion, agreement and written consent of EOTEC. Even if EOTEC consents to any such alteration, EOTEC shall not have any duty to reimburse Farm-City for the cost of any alterations made to the Premises by Farm-City, unless EOTEC and Farm-City otherwise agree, in writing. Any alteration shall belong to EOTEC unless the parties otherwise agree, in writing.

3.5 Lien-Free Construction. Farm-City will pay as due all claims for work done on the Premises and for services rendered or material furnished to the Premises, and will keep the Premises free from any liens caused by Farm-City's failure to meet Farm-City's obligations.

3.6 Personal Property Any personal property brought onto the Premises by Farm-City shall remain the property of Farm-City unless otherwise agreed by the parties in writing. Farm-City shall allow EOTEC the use of Farm-City's personal property (including, but not limited to, Farm-City's existing Priefert bucking and roping chutes, gates, and panels) to facilitate the hosting of other events on the premises. Upon or at any time prior to termination of this Lease, Farm-City shall remove Farm-City's personal property (including, but not limited to, Farm-City's existing Priefert bucking and roping chutes, gates, and panels) from the Premises. Any personal property not removed within ninety (90) days after termination of this Lease shall belong to EOTEC.

Section 4. Repairs and Maintenance

4.1 EOTEC's Responsibilities. EOTEC will be responsible for all maintenance and repairs related to the Premises and Farm-City's personal property thereon, except as otherwise specified at section 4.2, below. EOTEC's duties under this section shall include, but not be limited to, keeping fences and gates in good repair, keeping the Premises free of litter, mowing and watering grass areas, and maintaining the sound system and lighting in good working order.

4.2 Farm City' Responsibilities. Farm-City shall repair at its own expense any damage caused by Farm-City, its attendees, or any individual working under the direction of Farm-City, to the Premises or to Farm-City's personal property thereon.

4.3 EOTEC's Right of Access. EOTEC will have the reasonable right to enter the Premises to make necessary inspections, make necessary or agreed repairs or carry out maintenance activities, supply necessary or agreed services, or otherwise to carry out EOTEC's obligations under this Lease. Farm-City will not unreasonably withhold consent for EOTEC or EOTEC's authorized agents to enter upon the Premises for purposes set forth in this section.

Section 5. EOTEC's Funding

The parties recognize that the revenue needed by EOTEC related to this Lease must be approved by legally established budget procedures. All obligations and expenditures by EOTEC herein are contingent upon sources of revenue, and, where applicable, voter budget levy approval. In the event EOTEC is unable to obtain revenue to meet its obligations hereunder, then all provisions of this Lease relating to the loss of revenue shall be subject to good faith renegotiation between the parties upon request made by EOTEC.

Section 6. Insurance

6.1 Farm-City. During the term of this Lease, Farm-City shall maintain public liability and property damage insurance with limits of not less than \$1,000,000.00 for injury to persons and property. EOTEC shall be named as an additional insured. Such insurance shall cover all risks arising directly or indirectly out of Farm-City's activities in or on the Premises but only during those time periods as set out in sections 1.1.1 and 1.1.2; shall protect Farm-City against the claims

of EOTEC on account of obligations assumed by Farm-City under section 7.1; and shall protect EOTEC and Farm-City against claims of third persons. Such policies shall be written in such form with such terms and such insurance companies reasonably acceptable to EOTEC. Farm-City shall deliver to EOTEC certificates of coverage from each insurer containing a stipulation that coverage will not be canceled or diminished without a minimum of ten days written notice to EOTEC. Proof of insurance shall be provided to EOTEC annually or by EOTEC's other reasonable demand. Failure to provide proof of insurance will constitute grounds for termination of the Lease by EOTEC.

6.2 EOTEC. During the term of the Lease, EOTEC shall maintain public liability and property damage insurance with limits of not less than \$1,000,000.00 for injury to persons and property. Such insurance shall cover all risks arising directly or indirectly out of EOTEC's activities in or on the Premises; shall protect EOTEC against the claims of Farm-City on account of obligations assumed by EOTEC under section 7.2, and shall protect EOTEC and Farm-City against claims of third persons. Such policies shall be written in such form, with such terms and such insurance companies reasonably acceptable to Farm-City. EOTEC shall deliver to Farm-City certificates of coverage from each insurer containing a stipulation that coverage will not be canceled or diminished without a minimum of ten days written notice to Farm-City. Proof of insurance shall be provided to Farm-City annually or by Farm-City's other reasonable demand. Failure to provide proof of insurance will constitute grounds for termination of the Lease by Farm-City.

Section 7. Indemnity

7.1 Farm-City. Farm-City shall forever defend, indemnify and hold EOTEC harmless from any claim, loss or liability arising out of or in any way connected with Farm-City's possession or use of the Premises or Farm-City's conduct with respect to the Premises. In the event of any litigation or proceeding brought against EOTEC and arising out of or in any way connected with any of the above events, or claims, against which Farm-City agrees to defend EOTEC, Farm-City shall upon agreement by the EOTEC vigorously resist and defend such actions or proceedings through legal counsel.

7.2 EOTEC. To extent allowed and limited by the Oregon Constitution and the Oregon Tort Claims Act, EOTEC shall forever defend, indemnify and hold Farm-City harmless from any claim, loss or liability arising out of or in any way connected with EOTEC's possession or use of the Premises or EOTEC's conduct with respect to the Premises. In the event of any litigation or proceeding brought against Farm-City and arising out of or in any way connected with any of the above events, or claims, against which EOTEC agrees to defend Farm-City, EOTEC shall upon agreement by Farm-City vigorously resist and defend such actions or proceedings through legal counsel.

Section 8. Destruction.

If the Premises are destroyed or damaged such that the cost of repair exceeds 40 percent of their value before the damage, either party may elect to terminate the Lease as of the date of the damage or destruction by notice given to the other in writing not later than 45 days following the date of damage. In such event, all rights and obligations of the parties shall cease as of the date of termination and Farm-City shall be entitled to the reimbursement of any prepaid amounts paid by Farm-City and attributable to the anticipated term. If neither party elects to terminate, EOTEC shall proceed to restore the Premises to substantially the same form as prior to the damage or destruction. Work shall be commenced as soon as reasonably possible and thereafter shall proceed

without interruption except for work stoppages on account of labor disputes and matters not under EOTEC's control.

Section 9. Eminent Domain

If a condemning authority takes all of the Premises or a portion sufficient to render the remaining Premises reasonably unsuitable for Farm-City's use, the Lease will terminate as of the earlier of the date that title or possession is taken by the condemning authority. EOTEC will be entitled to all of the proceeds of condemnation, except that Farm-City shall be entitled to all proceeds arising out of Farm-City's leasehold interest, and Farm-City will have no claim against EOTEC as a result of the condemnation.

Section 10. Quiet Enjoyment

EOTEC warrants that EOTEC is the owner of the Premises, that EOTEC has the right to lease them, and that Farm-City will be entitled to quiet enjoyment of them during the term of the Lease. Farm-City shall not interfere with the quiet enjoyment by EOTEC of EOTEC's other real property or of these premises outside the timeframe of this lease, nor with the quiet enjoyment of any of EOTEC's other tenants or invitees.

Section 11. Assignment and Sublease

Farm-City may sublease any part of the Premises without the prior consent of EOTEC. Farm-City may not assign this Lease, in whole or in part.

Section 12. Default; Remedies

12.1 Default. The following will be events of default: (1) Failure by Farm-City to pay any rent or other amount required to be paid by Farm-City to EOTEC under this Lease within 10 days after the giving of written notice of such nonpayment by EOTEC to Farm-City; (2) Failure by Farm-City to secure or maintain any insurance or provide evidence of insurance as required by this Lease and the continuation of such failure for more than 10 days after notice by EOTEC; or (3) Failure of Farm-City to comply with any term or condition or fulfill any obligation of this Lease within 30 days after written notice by EOTEC specifying the nature of the default with reasonable particularity. If the default is of such a nature that it cannot be completely remedied within the 30-day period, this provision will be complied with if Farm-City begins correction of the default within the 30-day period and thereafter proceeds with reasonable diligence and in good faith to affect the remedy.

12.2 Remedies on Default. If Farm-City defaults, this Lease may be terminated at the option of EOTEC by written notice to Farm-City. Whether or not this Lease is terminated by the election of EOTEC or otherwise, EOTEC will be entitled to recover damages from Farm-City for the default, and EOTEC may reenter, take possession of the Premises, and remove any persons or property by legal action or by self-help with the use of reasonable force and without liability for damages and without having accepted a surrender. Following reentry, EOTEC will use reasonable efforts to relet the Premises. The foregoing remedies will be in addition to and will not exclude any other remedy available to EOTEC under applicable law.

Section 13. Miscellaneous

13.1 Nonwaiver. Waiver by either party of strict performance of any provision of this Lease, including acceptance by EOTEC of late payment of rent, will not waive or prejudice the party's right to require strict performance of the same provision in the future or of any other

provisions.

13.2 Attorney Fees and Costs. If suit or action is instituted in connection with any controversy arising out of this Lease, each party will pay its own attorney fees and costs.

13.3 Notices. Any notice permitted or required hereunder shall be in writing and shall be deemed given on the date deposited in the U.S. mail as certified or registered mail, postage prepaid and addressed to the parties at their addresses shown above. Such addresses may be changed by either party, by ten days' written notice to the other party.

13.4 Succession. Subject to the provisions of section 11, this Lease will be binding on and inure to the benefit of the parties and their respective successors and permitted assigns.

13.5 Number, Gender, and Captions. As used in this Lease, the singular includes the plural, and the plural the singular. The masculine and neuter each include the masculine, feminine, and neuter, as the context requires. All captions used in this Lease are intended solely for convenience of reference and in no way limit any of the provisions of this Lease agreement.

13.6 Prior Agreements. This document is the entire, final, and complete agreement of the parties pertaining to the Lease and supersedes and replaces all written and oral agreements heretofore made or existing by and between the parties or their representatives insofar as the Lease or the Premises are concerned (save and except for the application, if any, recited in this Lease).

13.7 Modification. No modification of this Lease will be valid unless in writing and signed by the parties hereto.

The parties have executed this Lease effective as of the date first written above.

EOTEC: By: _____ Print Name: _____ Its: _____ Dated: _____, 2017	Farm-City: By: _____ Print Name: _____ Its: _____ Dated: _____, 2017
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Umatilla County: By: _____ Print Name: _____ Its: _____ Dated: _____, 2017	City of Hermiston: By: _____ Print Name: _____ Its: _____ Dated: _____, 2017
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**LEASE
Mercantile Area**

Effective Date: _____, 2016

Between: Eastern Oregon Trade and Events Center Authority, pursuant to
an Intergovernmental Agreement between Umatilla County and
the City of Hermiston, Oregon
1705 E. Airport Road
Hermiston, Oregon 97838 (“EOTEC”)

And: Farm-City Pro Rodeo Company, an Oregon Non-Profit Corporation
495 E. Main
Hermiston, Oregon 97838 (“Farm-City”)

Recitals:

A. EOTEC owns certain real property in Hermiston, Umatilla County, Oregon, described at **Exhibit A**, which property measures approximately 410’ by 120’ (the “Premises”). Upon said real property, Farm-City will construct certain permanent and temporary improvements. The Premises and preliminary depictions of improvements that might be constructed thereon are depicted at **Exhibit B**.

B. Farm-City desires to use the Premises for purposes of holding events related to an annual rodeo and EOTEC desires that Farm-City have the use of the Premises for the same. Therefore, EOTEC hereby leases the Premises to Farm-City on the terms and conditions stated below.

Agreement:

Section 1. Occupancy and Improvements

1.1 Term. The term of this Lease shall be for a period of thirty (30) full lease years (three hundred sixty (360) calendar months), beginning on January 1, 2017 (the "**Commencement Date**"). If both parties are satisfied with the terms of this lease at its conclusion, the lease may extend for an additional twenty (20) full lease years (two hundred forty (240) calendar months) with no further action. If either party is dissatisfied with the terms of this lease at its conclusion, either party may notify the other within the last twelve (12) calendar months of the lease term in writing and new lease terms may be negotiated. Notwithstanding the provisions of this paragraph, the parties acknowledge that they are bound to each other in accordance with the terms of this Lease from and after the date of mutual execution of this Lease, subject to the conditions set forth in this Lease.

1.1.1 Extension of the Lease. During the last two years of the lease the parties shall negotiate in good faith to extend the lease. The terms of the lease shall be the same as in this agreement, as hereafter amended, except as the parties may otherwise agree in writing.

1.2 Purpose of Occupancy. Farm-City’s tenancy shall be for the purpose of holding

rodeo-related and other activities, including, but not limited to, office and other management activities, hospitality or other “VIP” events, a beer garden, dances, concerts and concessions. Any attempted or requested change to such permitted use or other material change to the marketing orientation or quality of operation of the business within the Property (whether by Farm-City or by any proposed sub-lessee) is subject to the advance written approval of EOTEC which shall not be unreasonably withheld.

1.2.1 Concessions. Regardless of whether EOTEC or the Umatilla County Fair have entered into agreements with any food, beverage or other concessions supplier, Farm-City shall have absolutely no limitations on its ability to contract with any concessions supplier for any concessions products. By way of example, if Coors is the exclusive provider of alcoholic beverages for the Umatilla County Fair in a given year, Farm-City shall not be obligated to serve Coors products but may instead serve Budweiser products or another brand. By way of further example, if the Umatilla County Fair contracts with a particular concessions supplier for food products, Farm-City shall not be obligated to contract with that supplier.

1.3 Tenant's Work. Farm-City shall develop the Property in accordance with this Lease, and as depicted in Exhibit B. Farm-City shall cause all of Farm-City’s work to be performed in conformance with a valid permit, diligently to completion, and in a good and workmanlike manner.

1.4 Initial Improvement Review and Approval. With signing of the lease EOTEC accepts and approves development of the Property as depicted in Exhibit B.

1.5 Alterations. Farm-City shall make no alterations in excess of thirty thousand dollars (\$30,000) to the Property without EOTEC's prior written consent. All alterations shall be made in a good and workmanlike manner. Any alterations and fixtures installed by Farm-City shall become part of the Property and belong to EOTEC on expiration or termination of this Lease, except as EOTEC may otherwise approve in writing.

1.6 Acceptance of Property. Farm-City accepts the land and all other aspects of the Property in its present condition, AS IS. EOTEC shall not be required to perform any work to ready the Property for Farm-City's occupancy. Power, water and sewer are included in the property.

Section 2. Rents, Utilities, and Other Charges

2.1 Basic Rent. Farm-City shall pay to EOTEC annually \$500 to be used for future capital maintenance and replacement needs for common area facilities like but not limited to parking lots, water/wastewater infrastructure. In addition to this basic rent, it is recognized in this lease that Farm-City intends to construct a facility with a minimum value of \$500,000 as an additional contribution to EOTEC.

2.1.1 Ticket Sales, Revenues. Farm-City shall keep all ticket sales, concessions revenues, merchandise sales, vendor fees, or other revenue generated by Farm-City from the use of the Premises under this Lease and EOTEC shall have no share of the same except as separately agreed upon by Farm-City on an event basis.

2.2 Utilities and Taxes. Farm-City will be responsible for any and all property taxes (personal or real) assessed by Umatilla County against the Premises. Farm-City will be

responsible for and pay the cost of all utilities related to the Premises, including electricity, natural gas, water, sewage, garbage collection and disposal, and telephone, during the lease term.

Section 3. Improvements

3.1 Lien-Free Construction. Farm-City will pay as due all claims for work done on the Premises and for services rendered or material furnished to the Premises, and will keep the Premises free from any liens caused by Farm-City's failure to meet Farm-City's obligations.

3.2 At Lease End. All Improvements that Farm-City may construct on the Property will be the property of Farm-City during the term of this Lease and any such Improvements remaining on the Property at the expiration or earlier termination of this Lease (if any) will become a part of the realty and will be the property of EOTEC. EOTEC will also have the right to require Farm-City to demolish and remove any Improvements. Should EOTEC so elect, it will provide written notice to Farm-City to remove the Improvements at least thirty (30) days before the end of the lease term or early termination of the Lease by EOTEC. Upon receipt of such notice, Farm-City shall demolish and remove any Improvements, fill any excavation, and restore all damage caused by such removal within a period not to exceed ninety (90) days. If Farm-City fails to do so, this shall be an abandonment of the Improvements and EOTEC may retain the Improvements and all rights of Farm-City with respect to it shall cease or, by notice in writing given to Farm-City within twenty (20) days after removal was required, EOTEC may elect to hold Farm-City to its obligation of removal. If EOTEC elects to require Farm-City to remove, EOTEC may effect a removal and place any personal property in public storage for Farm-City's account. Farm-City shall be liable to EOTEC for the cost of removal, restoration, transportation to storage, and storage, with interest on all such expenses.

3.3 Fixtures. Upon expiration of the lease term or earlier termination on account of default or other event, Farm-City shall remove all of its furnishings, furniture, and trade fixtures that remain the property of Farm-City and restore all damage caused by such removal.

Section 4. Repairs and Maintenance

4.1 EOTEC's Responsibilities. EOTEC will be responsible for the following maintenance and repairs related to the Premises and improvements thereon: all repairs and maintenance needs caused by EOTEC or one of its tenants of the Rodeo Grounds.

4.2 Farm City' Responsibilities. Except for EOTEC's duties set forth at section 4.1, above, Farm-City will be responsible for all maintenance and repairs to the Premises and improvements thereon and will keep the same in a neat and clean appearance and in good working order.

4.3 EOTEC's Right of Access. EOTEC will have the reasonable right to enter the Premises and Farm-City's improvements thereon to make necessary inspections, make necessary or agreed repairs or carry out maintenance activities, supply necessary or agreed services, or otherwise to carry out EOTEC's obligations under this Lease. Farm-City will not unreasonably withhold consent for EOTEC or EOTEC's authorized agents to enter upon the Premises for purposes set forth in this section.

Section 5. Coordination and Ability to Use

5.1 Coordination. EOTEC and Farm-City will both be responsible to coordinate any events outside of the Fair/Rodeo week with each other so as not to create conflicts. If there is a conflict between events EOTEC's decision at scheduling time is final.

5.2 EOTEC's Ability to Use. EOTEC will have the ability to utilize the Premises to host events with consent from Farm-City with payment if any determined by the type of event to be hosted.

Section 6. EOTEC's Funding

The parties recognize that the revenue needed by EOTEC related to this Lease must be approved by legally established budget procedures. All obligations and expenditures by EOTEC herein are contingent upon sources of revenue, and, where applicable, voter budget levy approval. In the event EOTEC is unable to obtain revenue to meet its obligations hereunder, then all provisions of this Lease relating to the loss of revenue shall be subject to good faith renegotiation between the parties upon request made by EOTEC.

Section 7. Insurance

7.1 Farm-City. During the term of this Lease, Farm-City shall maintain public liability and property damage insurance with limits of not less than \$1,000,000.00 for injury to persons and property. EOTEC shall be named as an additional insured. Such insurance shall cover all risks arising directly or indirectly out of Farm-City's activities in or on the Premises during the term of this Lease; shall protect Farm-City against the claims of EOTEC on account of obligations assumed by Farm-City under section 7.1, and shall protect EOTEC and Farm-City against claims of third persons. Such policies shall be written in such form with such terms and such insurance companies reasonably acceptable to EOTEC. Farm-City shall deliver to EOTEC certificates of coverage from each insurer containing a stipulation that coverage will not be canceled or diminished without a minimum of ten days written notice to EOTEC. Proof of insurance shall be provided to EOTEC annually or by EOTEC's other reasonable demand. Failure to provide proof of insurance will constitute grounds for termination of the Lease by EOTEC.

7.2 EOTEC. During the term of the Lease, EOTEC shall maintain public liability and property damage insurance with limits of not less than \$1,000,000.00 for injury to persons and property. Such insurance shall cover all risks arising directly or indirectly out of EOTEC's activities in or on the Premises; shall protect EOTEC against the claims of Farm-City on account of obligations assumed by EOTEC under section 7.2, and shall protect EOTEC and Farm-City against claims of third persons. Such policies shall be written in such form, with such terms and such insurance companies reasonably acceptable to Farm-City. EOTEC shall deliver to Farm-City certificates of coverage from each insurer containing a stipulation that coverage will not be canceled or diminished without a minimum of ten days written notice to Farm-City. Proof of insurance shall be provided to Farm-City annually or by Farm-City's other reasonable demand. Failure to provide proof of insurance will constitute grounds for termination of the Lease by Farm-City.

Section 8. Indemnity

8.1 Farm-City. Farm-City shall forever defend, indemnify and hold EOTEC harmless from any claim, loss or liability arising out of or in any way connected with Farm-City's possession or use of the Premises or Farm-City's conduct with respect to the Premises. In the event of any litigation or proceeding brought against EOTEC and arising out of or in any way connected with any of the above events, or claims, against which Farm-City agrees to defend EOTEC, Farm-City shall upon agreement by the EOTEC vigorously resist and defend such actions or proceedings through legal counsel.

8.2 EOTEC. To extent allowed and limited by the Oregon Constitution and the Oregon Tort Claims Act, EOTEC shall forever defend, indemnify and hold Farm-City harmless from any claim, loss or liability arising out of or in any way connected with EOTEC's possession or use of the Premises or EOTEC's conduct with respect to the Premises. In the event of any litigation or proceeding brought against Farm-City and arising out of or in any way connected with any of the above events, or claims, against which EOTEC agrees to defend Farm-City, EOTEC shall upon agreement by Farm-City vigorously resist and defend such actions or proceedings through legal counsel.

Section 9. Destruction

If the Premises or the improvements thereon are destroyed or damaged such that the cost of repair exceeds 40 percent of their value before the damage, Farm-City may elect to terminate the Lease as of the date of the damage or destruction by notice given to EOTEC in writing not later than 45 days following the date of damage. In such event, all rights and obligations of the parties shall cease as of the date of termination and Farm-City shall be entitled to the reimbursement of any prepaid amounts paid by Farm-City and attributable to the anticipated term. If Farm-City does not elect to terminate, EOTEC shall proceed to restore the Premises and Farm-City shall proceed to restore the improvements to substantially the same form as prior to the damage or destruction. Work shall be commenced as soon as reasonably possible and thereafter shall proceed without interruption except for work stoppages on account of labor disputes and matters not under control of the rebuilding party.

Section 10. Eminent Domain

If a condemning authority takes all of the Premises or a portion sufficient to render the remaining Premises reasonably unsuitable for Farm-City's use, the Lease will terminate as of the earlier of the date that title or possession is taken by the condemning authority. EOTEC will be entitled to all of the proceeds of condemnation, except that Farm-City shall be entitled to all proceeds arising out of Farm-City's leasehold interest and improvements, and Farm-City will have no claim against EOTEC as a result of the condemnation.

Section 11. Quiet Enjoyment

EOTEC warrants that EOTEC is the owner of the Premises, that EOTEC has the right to lease them, and that Farm-City will be entitled to quiet enjoyment of them during the term of the Lease. Farm-City shall not interfere with the quiet enjoyment by EOTEC of EOTEC's other real property, nor with the quiet enjoyment of any of EOTEC's other tenants or invitees.

Section 12. Assignment and Sublease

Farm-City may sublease any part of the Premises without the prior consent of EOTEC but with notification. Farm-City may not assign this Lease, in whole or in part.

Section 13. Default; Remedies

13.1 Default. The following will be events of default: (1) Failure by Farm-City to pay any rent or other amount required to be paid by Farm-City to EOTEC under this Lease within 10 days after the giving of written notice of such nonpayment by EOTEC to Farm-City; (2) Failure by Farm-City to secure or maintain any insurance or provide evidence of insurance as required by this Lease and the continuation of such failure for more than 10 days after notice by EOTEC; (3) Farm-City abandons the Property which means a failure to use or occupy the Property for one or more of the purposes permitted under this Lease for a total of six (6) months or more during the lease term; or (4) Failure of Farm-City to comply with any term or condition or fulfill any obligation of this Lease within 30 days after written notice by EOTEC specifying the nature of the default with reasonable particularity. If the default is of such a nature that it cannot be completely remedied within the 30-day period, this provision will be complied with if Farm-City begins correction of the default within the 30-day period and thereafter proceeds with reasonable diligence and in good faith to affect the remedy.

13.2 Remedies on Default. If Farm-City defaults, this Lease may be terminated at the option of EOTEC by written notice to Farm-City. Whether or not this Lease is terminated by the election of EOTEC or otherwise, EOTEC will be entitled to recover damages from Farm-City for the default, and EOTEC may reenter, take possession of the Premises, and remove any persons or property by legal action or by self-help with the use of reasonable force and without liability for damages and without having accepted a surrender. Following reentry, EOTEC will use reasonable efforts to relet the Premises. The foregoing remedies will be in addition to and will not exclude any other remedy available to EOTEC under applicable law.

Section 14. Miscellaneous

14.1 Nonwaiver. Waiver by either party of strict performance of any provision of this Lease, including acceptance by EOTEC of late payment of rent, will not waive or prejudice the party's right to require strict performance of the same provision in the future or of any other provisions.

14.2 Attorney Fees and Costs. If suit or action is instituted in connection with any controversy arising out of this Lease, each party will pay its own attorney fees and costs.

14.3 Notices. Any notice permitted or required hereunder shall be in writing and shall be deemed given on the date deposited in the U.S. mail as certified or registered mail, postage prepaid and addressed to the parties at their addresses shown above. Such addresses may be changed by either party, by ten days' written notice to the other party.

14.4 Succession. Subject to the provisions of section 11, this Lease will be binding on and inure to the benefit of the parties and their respective successors and permitted assigns.

14.5 No Appurtenances. This Lease does not create any rights to light and air, any rights, any view rights, or any other rights, easements or licenses, by implication or otherwise, except as expressly set forth in this Lease or its exhibits. This Lease is an unsubordinated lease covering the Property, and any financing by Farm-City will encumber only Farm-City's leasehold interest. EOTEC will not subordinate the fee title or EOTEC's interest to any

mortgage or other lien securing any financing by Farm-City. Farm-City will have access to parking facilities during events.

14.6 Number, Gender, and Captions. As used in this Lease, the singular includes the plural, and the plural the singular. The masculine and neuter each include the masculine, feminine, and neuter, as the context requires. All captions used in this Lease are intended solely for convenience of reference and in no way limit any of the provisions of this Lease agreement.

14.7 Prior Agreements. This document is the entire, final, and complete agreement of the parties pertaining to the Lease and supersedes and replaces all written and oral agreements heretofore made or existing by and between the parties or their representatives insofar as the Lease or the Premises are concerned (save and except for the application, if any, recited in this Lease).

14.8 Modification. No modification of this Lease will be valid unless in writing and signed by the parties hereto.

The parties have executed this Lease effective as of the date first written above.

<p>EOTEC:</p> <p>By: _____</p> <p>Print Name: _____</p> <p>Its: _____</p> <p>Dated: _____, 2016</p>	<p>FARM-CITY:</p> <p>By: _____</p> <p>Print Name: _____</p> <p>Its: _____</p> <p>Dated: _____, 2016</p>
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LEASE
Fairgrounds

Effective Date: _____, 2017

Between: Eastern Oregon Trade and Events Center Authority, pursuant to
an Intergovernmental Agreement between Umatilla County and
the City of Hermiston, Oregon
1705 E. Airport Road
Hermiston, Oregon 97838 (“EOTEC”)

And: Umatilla County Fair/Umatilla County
1705 E. Airport Road
Hermiston, Oregon 97838 (“UCF”)

Recitals:

A. EOTEC owns certain real property in Hermiston, Umatilla County, Oregon, described at **Exhibit A**. Upon said real property is, or will be constructed, an event center, animal barns related improvements (the “Premises”). The Premises are that real property and improvements depicted at **Exhibit B**, together with that 20-acre unimproved parcel situated immediately west of the driveway off of East Airport Road.

B. UCF desires to use the Premises for purposes of holding an annual county fair and EOTEC desires that UCF have the use of the Premises for the same. Therefore, EOTEC hereby leases the Premises to UCF on the terms and conditions stated below.

Agreement:

Section 1. Occupancy

1.1 Term. The term of this Lease shall be for the following periods:

1.1.1 Fair Week. UCF shall have exclusive use and occupation of the Premises Sunday through Saturday of that week in August in which the Umatilla County Fair takes place (“Fair Week”), and for three weeks prior to Fair Week and two weeks after, for a period of fifty (50) years beginning with the effective date and ending after the fiftieth Fair Week after the Effective Date.

1.1.2 Additional Usage. UCF shall also have use of the premises for the following events:

- Fair Appreciation Dinner To Be Held in January of each year
- Fair Court Appreciation Luncheon To be held in February of each year

Each of these dates will be established within two weeks of the prior year event being held.

- UCF will also have the use of two offices for Fair staff.
- UCF will have access to the storage area. Access will not be exclusive.
- UCF will have the use of the EOTEC Board Room for UCF Board meetings held at least monthly. During the four to five months preceding

the fair, meetings become more frequent. During that time the UCF Board will work with EOTEC to find space for those meetings in conjunction with other scheduled events.

With the prior consent of EOTEC, which shall not be unreasonably withheld, UCF shall have the right, during said fifty-year term, in addition to Fair Week, to enter upon the Premises to make inspections, repairs and improvements as approved by EOTEC.

1.2 Purpose of Occupancy. With the prior consent of EOTEC, which shall not be unreasonably withheld, UCF's tenancy shall be for the purpose of holding an annual county fair and attendant activities, including, but not limited to, hospitality or other "VIP" events, a beer garden, concerts, carnival, concessions, parking, and livestock shows. In particular, with respect to the 20-acre unimproved parcel, UCF shall have the use of that parcel for contestant or public parking, or the other uses permitted to UCF hereunder. UCF will have access to parking facilities during events.

1.2.1 Concessions. Regardless of whether EOTEC or the Farm-City Pro Rodeo have entered into agreements with any food, beverage or other concessions supplier, UCF shall have absolutely no limitations on its ability to contract with any concessions supplier for any concessions products. By way of example, if Coors is the exclusive provider of alcoholic beverages for the Farm-City Pro Rodeo in a given year, UCF shall not be obligated to serve Coors products but may instead serve Budweiser products or another brand. By way of further example, if the Farm-City Pro Rodeo contracts with a particular concessions supplier for food products, UCF shall not be obligated to contract with that supplier.

1.3 Other Proposed Concert Events. If EOTEC wishes to lease the Premises to any third party for any concerts during the period that is sixty days prior to the start of and thirty days after the end of Fair Week, EOTEC will first obtain UCF's prior written consent, which consent shall not be unreasonably withheld by UCF.

Section 2. Rents, Utilities, and Other Charges

2.1 Basic Rent. UCF shall pay to EOTEC as rent the sum of TEN THOUSAND DOLLARS (\$10,000.00) per calendar year (or partial calendar year), payable no later than September 15th of each year, at EOTEC's address. This rent clause is open for renegotiation between the end of Fair Week and the end of that calendar year each year in the first five years of this agreement. After the first five years of this agreement, the rent clause is open for renegotiation every five years during the above referenced time frame.

2.1.1 Rent Credit. UCF shall receive credit towards their basic rent based on improvements and work performed on the Premises. After all improvements are completed UCF and EOTEC will agree on the amount of contribution that will be allocated as rent credit.

2.1.2 Ticket Sales, Revenues. UCF shall keep all ticket sales, concessions revenues, merchandise sales, vendor fees, parking or stabling fees, or other revenue generated by UCF from the use of the Premises under this Lease and EOTEC shall have no share of the same.

2.2 Utilities and Taxes. UCF will pay the costs of all custodial (including supplies) and utilities, including electricity, natural gas, water, sewage, and all real property taxes assessed by Umatilla County against the Premises during Fair Week.

Section 3. Improvements

3.1 Construction of Improvements. EOTEC shall construct the improvements portion of the Premises (as the Premises are defined at Recital A, above) as depicted at **Exhibit B** with the limitations of available funding. If at all possible construction shall be completed on or

before July 30, 2017. Ownership of all improvements shall remain with EOTEC, unless the parties agree otherwise, in writing.

3.2 Improvements Constructed on Unimproved Parcel. During the term of this Lease, EOTEC will not construct any improvements or make any changes to the 20-acre unimproved parcel situated along the entry road, which parcel may be used by UCF for those purposes set forth at section 1.2 without consultation with UCF. Consultation is not to be interpreted as requiring approval.

3.3 Alterations. UCF shall not make or permit any addition or alteration, structural or otherwise, to be made on the Premises without the prior discussion, agreement and written consent of EOTEC. Even if EOTEC consents to any such alteration, EOTEC shall not have any duty to reimburse UCF for the cost of any alterations made to the Premises by UCF, unless EOTEC and UCF otherwise agree, in writing. Any alteration shall belong to EOTEC unless the parties otherwise agree, in writing. This paragraph shall include alterations already made prior to the execution of this lease.

3.4 Lien-Free Construction. UCF will pay as due all claims for work done on the Premises and for services rendered or material furnished to the Premises, and will keep the Premises free from any liens caused by UCF's failure to meet UCF's obligations.

3.5 Personal Property Any personal property brought onto the Premises by UCF shall remain the property of UCF unless otherwise agreed by the parties in writing. UCF shall allow EOTEC the use of UCF's personal property (including, but not limited to, UCF's existing gates and panels, tractor, etc.) to facilitate the hosting of other events on the premises with prior written approval. Upon or at any time prior to termination of this Lease, UCF shall remove UCF's personal property (including, but not limited to, UCF's existing gates and panels, tractor, etc.) from the Premises. Any personal property not removed within ninety (90) days after termination of this Lease shall belong to EOTEC.

Section 4. Repairs and Maintenance

4.1 EOTEC's Responsibilities. EOTEC will be responsible for all maintenance and repairs related to the Premises and UCF's personal property thereon, except as otherwise specified at section 4.2, below. EOTEC's duties under this section shall include, but not be limited to, keeping fences and gates in good repair, keeping the Premises free of litter, mowing and watering grass areas, and maintaining the sound system and lighting in good working order.

4.2 Umatilla County Fair's Responsibilities. UCF shall repair at its own expense any damage caused by UCF, its attendees, or any individual working under the direction of UCF, to the Premises or to UCF's personal property thereon, this will include all impact of the fair operations.

4.3 EOTEC's Right of Access. EOTEC will have the reasonable right to enter the Premises to make necessary inspections, make necessary or agreed repairs or carry out maintenance activities, supply necessary or agreed services, or otherwise to carry out EOTEC's obligations under this Lease. UCF will not unreasonably withhold consent for EOTEC or EOTEC's authorized agents to enter upon the Premises for purposes set forth in this section.

Section 5. EOTEC's Funding

The parties recognize that the revenue needed by EOTEC related to this Lease must be approved by legally established budget procedures. All obligations and expenditures by EOTEC herein are contingent upon sources of revenue, and, where applicable, voter budget levy approval. In the event EOTEC is unable to obtain revenue to meet its obligations hereunder, then all provisions of this Lease relating to the loss of revenue shall be subject to good faith renegotiation between the parties upon request made by EOTEC.

Section 6. Insurance

6.1 UCF. During the term of this Lease, UCF shall maintain public liability and property damage insurance with limits of not less than \$1,000,000.00 for injury to persons and property. EOTEC shall be named as an additional insured. Such insurance shall cover all risks arising directly or indirectly out of UCF's activities in or on the Premises but only during those time periods as set out in sections 1.1.1 and 1.1.2; shall protect UCF against the claims of EOTEC on account of obligations assumed by UCF under section 7.1; and shall protect EOTEC and UCF against claims of third persons. Such policies shall be written in such form with such terms and such insurance companies reasonably acceptable to EOTEC. UCF shall deliver to EOTEC certificates of coverage from each insurer containing a stipulation that coverage will not be canceled or diminished without a minimum of ten days written notice to EOTEC. Proof of insurance shall be provided to EOTEC annually or by EOTEC's other reasonable demand. Failure to provide proof of insurance will constitute grounds for termination of the Lease by EOTEC.

6.2 EOTEC. During the term of the Lease, EOTEC shall maintain public liability and property damage insurance with limits of not less than \$1,000,000.00 for injury to persons and property. Such insurance shall cover all risks arising directly or indirectly out of EOTEC's activities in or on the Premises; shall protect EOTEC against the claims of UCF on account of obligations assumed by EOTEC under section 7.2, and shall protect EOTEC and UCF against claims of third persons. Such policies shall be written in such form, with such terms and such insurance companies reasonably acceptable to UCF. EOTEC shall deliver to UCF certificates of coverage from each insurer containing a stipulation that coverage will not be canceled or diminished without a minimum of ten days written notice to UCF. Proof of insurance shall be provided to UCF annually or by UCF's other reasonable demand. Failure to provide proof of insurance will constitute grounds for termination of the Lease by UCF.

Section 7. Indemnity

7.1 UCF. UCF shall forever defend, indemnify and hold EOTEC harmless from any claim, loss or liability arising out of or in any way connected with UCF's possession or use of the Premises or UCF's conduct with respect to the Premises. In the event of any litigation or proceeding brought against EOTEC and arising out of or in any way connected with any of the above events, or claims, against which UCF agrees to defend EOTEC, UCF shall upon agreement by the EOTEC vigorously resist and defend such actions or proceedings through legal counsel.

7.2 EOTEC. To extent allowed and limited by the Oregon Constitution and the Oregon Tort Claims Act, EOTEC shall forever defend, indemnify and hold UCF harmless from any claim, loss or liability arising out of or in any way connected with EOTEC's possession or use of the Premises or EOTEC's conduct with respect to the Premises. In the event of any litigation or proceeding brought against UCF and arising out of or in any way connected with any of the above events, or claims, against which EOTEC agrees to defend UCF, EOTEC shall upon agreement by UCF vigorously resist and defend such actions or proceedings through legal counsel.

Section 8. Destruction.

If the Premises are destroyed or damaged such that the cost of repair exceeds 40 percent of their value before the damage, either party may elect to terminate the Lease as of the date of the damage or destruction by notice given to the other in writing not later than 45 days following the date of damage. In such event, all rights and obligations of the parties shall cease as of the date of

termination and UCF shall be entitled to the reimbursement of any prepaid amounts paid by UCF and attributable to the anticipated term. If neither party elects to terminate, EOTEC shall proceed to restore the Premises to substantially the same form as prior to the damage or destruction. Work shall be commenced as soon as reasonably possible and thereafter shall proceed without interruption except for work stoppages on account of labor disputes and matters not under EOTEC's control.

Section 9. Eminent Domain

If a condemning authority takes all of the Premises or a portion sufficient to render the remaining Premises reasonably unsuitable for UCF's use, the Lease will terminate as of the earlier of the date that title or possession is taken by the condemning authority. EOTEC will be entitled to all of the proceeds of condemnation, except that UCF shall be entitled to all proceeds arising out of UCF's leasehold interest, and UCF will have no claim against EOTEC as a result of the condemnation.

Section 10. Quiet Enjoyment

EOTEC warrants that EOTEC is the owner of the Premises, that EOTEC has the right to lease them, and that UCF will be entitled to quiet enjoyment of them during the term of the Lease. UCF shall not interfere with the quiet enjoyment by EOTEC of EOTEC's other real property or of these premises outside the timeframe of this lease, nor with the quiet enjoyment of any of EOTEC's other tenants or invitees.

Section 11. Assignment and Sublease

UCF may sublease any part of the Premises without the prior consent of EOTEC. UCF may not assign this Lease, in whole or in part.

Section 12. Default; Remedies

12.1 Default. The following will be events of default: (1) Failure by UCF to pay any rent or other amount required to be paid by UCF to EOTEC under this Lease within 10 days after the giving of written notice of such nonpayment by EOTEC to UCF; (2) Failure by UCF to secure or maintain any insurance or provide evidence of insurance as required by this Lease and the continuation of such failure for more than 10 days after notice by EOTEC; or (3) Failure of UCF to comply with any term or condition or fulfill any obligation of this Lease within 30 days after written notice by EOTEC specifying the nature of the default with reasonable particularity. If the default is of such a nature that it cannot be completely remedied within the 30-day period, this provision will be complied with if UCF begins correction of the default within the 30-day period and thereafter proceeds with reasonable diligence and in good faith to affect the remedy.

12.2 Remedies on Default. If UCF defaults, this Lease may be terminated at the option of EOTEC by written notice to UCF. Whether or not this Lease is terminated by the election of EOTEC or otherwise, EOTEC will be entitled to recover damages from UCF for the default, and EOTEC may reenter, take possession of the Premises, and remove any persons or property by legal action or by self-help with the use of reasonable force and without liability for damages and without having accepted a surrender. Following reentry, EOTEC will use reasonable efforts to relet the Premises. The foregoing remedies will be in addition to and will not exclude any other remedy available to EOTEC under applicable law.

Section 13. Miscellaneous

13.1 Nonwaiver. Waiver by either party of strict performance of any provision of this

Lease, including acceptance by EOTEC of late payment of rent, will not waive or prejudice the party's right to require strict performance of the same provision in the future or of any other provisions.

13.2 Attorney Fees and Costs. If suit or action is instituted in connection with any controversy arising out of this Lease, each party will pay its own attorney fees and costs.

13.3 Notices. Any notice permitted or required hereunder shall be in writing and shall be deemed given on the date deposited in the U.S. mail as certified or registered mail, postage prepaid and addressed to the parties at their addresses shown above. Such addresses may be changed by either party, by ten days' written notice to the other party.

13.4 Succession. Subject to the provisions of section 11, this Lease will be binding on and inure to the benefit of the parties and their respective successors and permitted assigns.

13.5 Number, Gender, and Captions. As used in this Lease, the singular includes the plural, and the plural the singular. The masculine and neuter each include the masculine, feminine, and neuter, as the context requires. All captions used in this Lease are intended solely for convenience of reference and in no way limit any of the provisions of this Lease agreement.

13.6 Prior Agreements. This document is the entire, final, and complete agreement of the parties pertaining to the Lease and supersedes and replaces all written and oral agreements heretofore made or existing by and between the parties or their representatives insofar as the Lease or the Premises are concerned (save and except for the application, if any, recited in this Lease).

13.7 Modification. No modification of this Lease will be valid unless in writing and signed by the parties hereto.

The parties have executed this Lease effective as of the date first written above.

<p>EOTEC:</p> <p>By: _____</p> <p>Print Name: _____</p> <p>Its: _____</p> <p>Dated: _____, 2017</p>	<p>Umatilla County Fair:</p> <p>By: _____</p> <p>Print Name: _____</p> <p>Its: _____</p> <p>Dated: _____, 2017</p>
<p>Umatilla County:</p> <p>By: _____</p> <p>Print Name: _____</p> <p>Its: _____</p> <p>Dated: _____, 2017</p>	<p>City of Hermiston:</p> <p>By: _____</p> <p>Print Name: _____</p> <p>Its: _____</p> <p>Dated: _____, 2017</p>