

LONG TERM LEASE

EFFECTIVE DATE: JUNE 20, 2019

Between: Morrow County Grain Growers
Attn: Kevin Gray, General Manager
P.O. Box 367
Lexington, Oregon 97839 (herein "Landlord")

And: Morrow County School District
Attn: Matt Combe, Facilities Manager
P.O. Box 67
Heppner, Oregon 97836 (herein "Tenant")

AGREEMENT

For valuable consideration, Landlord and Tenant (herein collectively the "Parties") hereby covenant, contract and agree to all terms of this LONG-TERM LEASE AGREEMENT ("AGREEMENT") as follows:

Section 1. Description of Leased Property

Landlord leases to Tenant that certain real property more fully described on Exhibit "A" attached hereto located in the City of Heppner, Morrow County, Oregon.

Section 2. Term of Lease/Future Separation as a Legal Parcel

2.1 Initial Term. The term of this Lease shall be for *ninety-nine* (99) years, commencing with the above effective date and terminating *ninety-nine* (99) years thereafter, unless renewed by the party's respective heirs, successors and assigns upon such terms as those Parties shall mutually agree at that time.

2.2 Future Separation. If, at any time, and by any lawful means including subdivision, partition or other permitted land use planning process, the Property can be segregated to become a separate and distinct legal parcel, the parties shall take all steps reasonably required to separate and convey free title of the Property leased hereunder to Tenant, provided, however, all costs of such process shall be the sole obligation of Tenant. In such event, the Property will be conveyed by Landlord free of any financial liens or encumbrances created or suffered thereon by the Landlord during the term of this Lease.

Section 3. Representations and Warranties

3.1 Tenant accepts the Property, in its present condition, AS IS, without any representation or warranties, express or implied.

Section 4. Consideration

There shall be no monetary consideration due from Tenant to Landlord for either the Lease or subsequent conveyance of the Property, however, Landlord does hereby acknowledge that good and valuable consideration has been given by Tenant, and Landlord does hereby acknowledge the receipt and sufficiency thereof. As further consideration, Tenant shall maintain the liability insurance as required in Section 8 below.

Section 5. Tenant's Maintenance Obligation

Tenant shall be responsible for and pay all the costs of materials, labor, equipment, and other expenses necessary to fully maintain the property in a neat and presentable condition. Landlord shall have no obligations of any kind or nature related to maintenance of the Property.

Section 6. Compliance with Law/Use

Tenant, at Tenant's expense, shall comply with all laws, rules, orders, ordinances, directions, regulations and requirements of any federal, state, county and municipal authorities pertaining to Tenant's use of the property. Tenant may use the Property for any purpose permitted by applicable law.

Section 7. Assignment and Sublease

Tenant may assign this lease and may sublease all or any part of the Property at any time during the leasehold after first obtaining Landlord's consent, which consent Landlord may not unreasonably withhold or condition in any manner.

Section 8. Indemnity; and Liability Insurance

8.1 At all times during the term of this Lease, Tenant shall indemnify and defend Landlord from any claim, loss, or liability arising out of or relating to any activity of Tenant on the property. This indemnification of Landlord by Tenant includes, without limitation damages, fines, costs, liabilities, or losses that may arise during or after the Lease term. Tenant's duty to indemnify shall apply to and prevent any claim by Tenant against Landlord for injury or damage to Tenant or Tenant's property for which Landlord may otherwise be liable.

8.2 Further, during the term hereof, Tenant shall maintain public liability and property damage insurance with a combined single limit of not less than *one hundred thousand dollars* (\$100,000.00) for injury to one person and *three hundred thousand* (\$300,000.00) for injury to *two* (2) or more persons in one occurrence, and *fifty thousand dollars* (\$50,000.00) for damage to property. Such insurance shall be written on an occurrence basis and shall be primary with respect to all other insurance covering such insured risks; shall cover all risks arising directly or indirectly out of Tenant's activity on or any condition of the Property, whether or not related to an occurrence caused or contributed to by Landlord's negligence and shall protect Landlord and Tenant against claims of third persons. A certificate evidencing such coverage shall be delivered to Landlord upon request and shall contain a stipulation providing that coverage shall not be canceled or diminished without a minimum of *twenty* (20) days written notice to Seller.

Section 9. Default; Remedies

The following shall be an event of default:

Failure of Tenant to comply with any term or condition, or fulfill any other obligation of the lease within *thirty* (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 completely remedied within the *thirty* (30) day period, this provision shall be complied with if Tenant begins correction of the default within the *thirty* (30) day period and thereafter

proceeds with reasonable diligence and in good faith to effect the remedy as soon as possible.

Section 10. Successor Interests

Subject to the foregoing limited rights of Tenant to sublet all or any part of the property with Landlord's written consent, this Lease shall be binding upon and inure to the benefit of the parties, their successors, and assigns.

Section 11. Attorney Fees

If litigation is instituted arising directly or indirectly out of this Lease, the losing party shall pay to the prevailing party the prevailing party's reasonable attorney fees and court costs as determined by the court, at trial, or any appeal therefrom.

Section 12. Governing Law; Interpretation

This Agreement shall be governed by the laws of Oregon. If a Court of competent jurisdiction holds any portion of this Agreement to be void or unenforceable as written, Landlord and Tenant intend that (1) that portion of this Agreement be enforced to extent permitted by law, and (2) the balance of this Agreement remain in full force and effect.

IN WITNESS WHEREOF, the parties have executed this agreement as of the EFFECTIVE DATE first above written.

LANDLORD:

MORROW COUNTY GRAIN GROWERS

by:


KEVIN GRAY, General Manager

TENANT:

MORROW COUNTY SCHOOL DISTRICT

by:



MATT COMBE, Facilities Manager

Exhibit A

Legal Description

A tract of land in N1/2 SE1/4 of Section 27, T.2S., R.26E., W.M., in the City of City of Heppner, Morrow County, Oregon, said tract being a portion of the lands as described in Morrow County Deed Instrument M-46192, being more particularly described as follows:

Beginning at a point on the Westerly line of Block 2 of the Mt. Vernon Addition to the City of Heppner, said point being 304.84 feet South and 1262.17 feet West of the East 1/4 corner of said Section 27;

Thence N49°25'51"W along the Westerly line of said Block 2, 60.00 feet to a point;

Thence S40°34'09"W, 95.00 feet to a point;

Thence S49°25'51'E, 60.00 feet to a point;

Thence N40°34'09"E, 95.00 to the Point of Beginning.

Containing 0.13 acres, more or less.

This description was written by Kenny Delano, OR PLS 49865, on June 14, 2019.