



PORT COMMISSION MEETING

100 E STREET, COLUMBIA CITY, OR 97018

July 9, 2025 8:30 A.M.

The Port of Columbia County Commission Meeting will be in person. In accordance with state law, the meeting will also be accessible via telephone or Zoom. Members of the public may attend the meeting electronically by:

<https://us02web.zoom.us/j/82434941497>

Call-In: (253) 205-0468

Meeting ID: 824 3494 1497

Passcode: 839304

I. CALL MEETING TO ORDER (President, Brian Fawcett)

- A. Flag Salute
- B. Roll Call
- C. Oath of Office
- D. Election of Officers

Bob Salisbury
Commission

II. ADDITIONS TO AGENDA

III. CONSENT AGENDA

- A. Approval of Minutes: June 11, 2025

IV. COMMENTS FROM THE PUBLIC

(Limited to 2 min. per person unless prior authorization is obtained)

V. OLD BUSINESS

- A. Airport Update
- B. Marina Update
- C. Lignetics/Neighbors Update

Lacey Tolles
Sean P. Clark
Sean P. Clark

VI. NEW BUSINESS

- A. Columbia Pacific Bio-Refinery (CPBR) Update
- B. Annual Code of Ethics Acknowledgment
- C. **Resolution 2025-20**
Port Westward: Columbia River Ranch Lease
Staff Report and Lease

Kevin Jones
Bob Salisbury
Elliot Levin



VII. EXECUTIVE DIRECTOR'S REPORT

VIII. COMMISSIONER REPORTS

IX. EXECUTIVE SESSION

The Board will hold an Executive Session to consider exempt public records, including written legal advice from Port General Counsel, which is privileged under ORS 40.225, exempt from disclosure under ORS 192.355(9)(a), pursuant to ORS 192.660(2)(f).

X. ADJOURNMENT

Upcoming Meetings & Events

July 23	TBD	Commission Work Session
July 28	5:00 p.m.	Scappoose Airport Advisory Committee Meeting
July 29	6:30 p.m.	Columbia City Community Meeting (Lignetics) Columbia City Community Hall, 1850 2 nd St.
August 13	8:30 a.m.	Commission Meeting

Community Events

July 11	Rainier Days in the Park
July 17	Columbia County Fair & Rodeo
July 31	13 Nights on the River
August 9	Columbia City Celebration

Agenda times and order of items listed are estimated and are subject to change without notice. This facility is ADA-accessible. If you need special accommodation, please contact the Port office at (503) 397-2888 or TTY (800) 735-1232, at least 48 hours before the meeting.

Pursuant to ORS 192.640 (1), the Port of Columbia County Commission reserves the right to consider and discuss, in either Open Session or Executive Session, additional subjects which may arise after the agenda is published.

OATH OF OFFICE 2025
BRIAN FAWCETT

STATE OF OREGON }
COUNTY OF COLUMBIA } SS.
PORT OF COLUMBIA COUNTY }

I, **Brian Fawcett**, do hereby swear and affirm that I will support the Constitution of the United States, the Constitution of the great State of Oregon, and all the laws thereof. During my term of office, I promise to faithfully perform my duties as a Commissioner of the Port of Columbia County and to follow the State of Oregon Code of Ethics. As a Port Commissioner, I pledge to uphold the goals, mission, and objectives of the Port throughout my term of office, to the best of my ability and understanding.

Brian Fawcett

SUBSCRIBED and **SWORN** before me on this 9th day of July 2025.

NOTARY PUBLIC for Oregon
My Commission Expires: _____

OATH OF OFFICE 2025
ROBERT KEYSER

STATE OF OREGON }
COUNTY OF COLUMBIA } SS.
PORT OF COLUMBIA COUNTY }

I, **Robert Keyser**, do hereby swear and affirm that I will support the Constitution of the United States, the Constitution of the great State of Oregon, and all the laws thereof. During my term of office, I promise to faithfully perform my duties as a Commissioner of the Port of Columbia County and to follow the State of Oregon Code of Ethics. As a Port Commissioner, I pledge to uphold the goals, mission, and objectives of the Port throughout my term of office, to the best of my ability and understanding.

Robert Keyser

SUBSCRIBED and **SWORN** before me on this 9th day of July 2025.

NOTARY PUBLIC for Oregon
My Commission Expires: _____



COMMISSION MEETING MINUTES

Budget Hearing and Board Meeting

June 11, 2025, 8:30 am

100 E. STREET, COLUMBIA CITY, OREGON 97018

The Port of Columbia County held both a Budget Hearing at 8:30 am and then a Board meeting immediately after the Budget Hearing concluded on Wednesday, June 11, 2025 at the Port office and via Zoom (*) video conferencing with the following people present:

Commissioners

Brian Fawcett	President
Chip Bubl	Vice President
Nancy Ward	2nd Vice President
Nick Sorber	Treasurer
Robert Keyser*	Secretary

Staff

Sean P. Clark	Executive Director
Amy Bynum	Deputy Executive Director
Bob Salisbury	Port General Counsel
Guy Glenn*	Executive Finance Manager
Miriam House	Operations Manager
Elliot Levin	North County Ops. & Terminal Mgr.
Elizabeth Millager*	Property Manager
Lacey Tolles	Airport Manager
Christa Burns	Administrative Assistant II
Noelle Linden*	Administrative Assistant

Guests

Steve Nelson	Lignetics
Sarah Stephenson	Humane Resources
Paul Vogel*	Columbia Economic Team
Bob Gadotti*	Scappoose
Denis Mouterde*	American Jet Center
Jasmine Lillich*	Clatskanie
Brendan Clarke*	FL500 Inc.
Aaron Jones*	IPS Global
Betsy Johnson	Scappoose
Mark Smith	Kelso
Ralph Culpepper	Scappoose
John Helm	Scappoose
Natasha Parvey	NXT Clean Fuels
Henry Schulte	Scappoose
Brady Preheim	St. Helens
Jan Schollenberger	Columbia City
Kim Karber	Columbia City, City
Jason Moon	Scappoose
Mike Sykes	Columbia River P.U.D

Commission President Brian Fawcett called the Port of Columbia County Budget Hearing to order at 8:30 a.m. Commissioners Bubl, Sorber and Fawcett were present in person. Commissioners Ward and Keyser attended via Zoom.

Budget Hearing

President Brian Fawcett opened the Budget Hearing to take comments from the public.

Public Comment

Brady Preheim, St. Helens, opined that the Port previously made a mistake by removing the tax and that he supports restoring it going forward. Mr. Preheim also voiced his concern that NXT Energy has deferred their rent to a later date.

Mike Sykes, Columbia River PUD, spoke in favor of the Port tax. Mr. Sykes stated that the work of the Port is some of the most critical work for the economy and we are all in a tough situation. Mr. Sykes pointed out that the tax gives the Port seed money to grow through grants, constructing new SPEC buildings and creating more jobs. He added that it is the responsibility and leadership of the Board to invest.

The Budget Hearing closed at 8:35 a.m. The Port of Columbia County regular Board meeting was then called to order at 8:36 a.m. by Mr. Fawcett.



Additions To Agenda

Brian Fawcett asked the Commission if there were any additions to the agenda. There were no additions.

Consent Agenda

Chip Bubl moved, Nick Sorber seconded a motion to adopt consent agenda items A, B, and C: April 29, 2025 Budget Committee Minutes, May 14, 2025 Commission Meeting Minutes, June 2025 Finance Report, and May 2025 Check Register and electronic payments in the total amount of \$453,954.91. Motion carried, 5-0.

Comments From the Public

Betsy Johnson asked to reserve her comments for later in the meeting. The Commission agreed.

New Business

Resolutions 2025-15

REINSTATING THE PORT TAX

Port Executive Finance Manager Guy Glenn presented Resolution 2025-15. Mr. Glenn explained that the budget process started late last year with internal staff meetings in which priority projects were identified and staff projected upcoming revenue and expenses. Several Commission meetings earlier this year focused on priorities for fiscal year (FY) 2026. In April, the Budget Committee met, discussed, and approved the proposed budget with a tax rate of \$0.0886 per \$1,000 of assessed value. Commissioners expressed mixed feelings about reinstating the tax and several acknowledged the financial necessity due to obligations like the Oregon Department of Environmental Quality (DEQ) compliance, seismic upgrades at Port Westward, and improvements at Scappoose Bay Marine Park (SBMP) and Railroad Avenue. However, concerns were raised about inadequate public outreach and transparency. Some Commissioners expressed regret over how the tax was previously removed and emphasized the importance of being efficient with public funds. Robert Keyser asked if the funds from the tax could be isolated and tracked, requiring Commission approval for use. Mr. Glenn agreed and offered to work with the Commission on a method for regular reporting.

Chip Bubl moved, Nick Sorber seconded a motion to adopt Resolution 2025-15 to set the Port tax at the rate of \$0.0886 per \$1,000 of assessed value. Commissioners Fawcett, Bubl, Sorber and Keyser voted yes. Commissioner Ward voted no. The motion carried 4-1.

Resolution 2025-16

ADOPTING THE FY 2025-26 BUDGET, MAKING APPROPRIATIONS

Mr. Glenn presented Resolution 2025-16 and explained that the Port has followed the legal budget process. The Budget Committee met on April 29, 2025 including public comment and then a Budget Hearing was held at the start of today's meeting and public comment was taken on the Budget. Following the Commission's approval of the FY 2025-26 budget, the adopted budget will be submitted to the County by the required June 30, 2025 deadline.

Chip Bubl moved, Nick Sorber seconded a motion to adopt Resolution 2025-16, adopting the fiscal year 2025-26 budget in the total amount of \$23,108,209. Commissioners Fawcett, Bubl, Sorber and Keyser voted yes. Commissioner Ward voted no. The motion carried 4-1.



Old Business

Lignetics/Neighbors Update

Lignetics Plant Manager Steve Nelson provided an update on recent equipment installations and operational progress of the plant. Mr. Nelson explained that a new press system and scrubber were installed in early 2024. There were some initial startup issues like calibration errors and communication problems between meters which have been resolved. The system is now functioning well with some control upgrades still in progress. Mr. Nelson stated that the bag house, a key dust control component, is in the FY26 budget starting July 1, but installation is likely delayed until fall or spring 2026. Most components are on hand, but DEQ permitting and final installation are pending and expected in the next few weeks. Columbia City Manager Kim Karber and Columbia City resident Jan Schollenberger came forward to report that, despite system improvements, residents continue to experience dust issues and multiple complaints have been received. Although conditions are marginally better, expectations for cleaner air have not been fully met. Ms. Schollenberger shared a photo of a birdbath coated in dust as evidence of ongoing particulate issues, especially when the dust mixes with moisture and hardens. There was also mention of improperly stored material and debris blowing during dry, windy conditions. Road watering and ductwork improvements are being implemented, but full resolution awaits the bag house completion. Ms. Schollenberger acknowledged the need for a community meeting to provide updates and manage expectations, particularly since some residents feel over-promised results. While technical upgrades have improved operations overall, community concerns remain, and further communication and dust mitigation efforts are necessary. The Commission agreed that such outreach is important moving forward.

Marina Update

Port Operations Manager Miriam House provided an update on recent and upcoming maintenance and improvement projects at Scappoose Bay Marine Park (SBMP). Ms. House explained that as a major recreation destination, it is imperative to protect the marina infrastructure. The Port is conducting routine asphalt maintenance, including crack sealing, seal coating, and restriping as part of a regular 3-year cycle. This project includes Bayport RV Park, boat ramp, and car and trailer parking areas, as well as painting and maintenance to the public restrooms. The project is supported by a \$45,597.48 grant from the Oregon State Marine Board (OSMB) with a \$15,199.16 Port grant match, for a total project cost of \$60,796.64. Ms. House went over the project timeline and displayed two depictions showing Phase 1 and Phase 2 with a traffic flow plan. The boat launch is planned to be closed only on June 16 and 17. Extensive outreach was done via signage, mail, phone calls, and posting to the Port's website and Facebook page. Weather permitting, the project is expected to be completed by June 17, 2025.

The Commission decided to vote on Resolutions 2025-09, 2025-10, 2025-11 and 2025-12 collectively, and the results are reflected below.

New Business (cont.)

Resolution 2025-09

MARINA MOORAGE RATES

Nick Sorber moved, Chip Bubl seconded a motion to adopt Resolution 2025-09. The motion carried unanimously, 5-0.

Resolution 2025-10

MARINA MOORAGE FEES

Nick Sorber moved, Chip Bubl seconded a motion to adopt Resolution 2025-10. The motion carried unanimously, 5-0.

**Resolution 2025-11****MARINA RV PARK & DUMP STATION FEES**

Nick Sorber moved, Chip Bubl seconded a motion to adopt Resolution 2025-11. The motion carried unanimously, 5-0.

Resolution 2025-12**MARINA: OSMB GRANT FOR PAVEMENT MAINTENANCE**

Nick Sorber moved, Chip Bubl seconded a motion to adopt Resolution 2025-12. The motion carried unanimously, 5-0.

Resolution 2025-13**AIRPORT: RUNWAY REHAB CONSTRUCTION CONTRACT**

Airport Manager Lacey Tolles stated that the Oregon Department of Aviation (ODAV) commissioned a 2021 study to evaluate the pavement at Scappoose Airport and the runway condition was determined to need rehabilitation by 2026. In 2025, Airport Engineer Century West submitted a Federal Aviation Administration (FAA) grant on behalf of the Port for Phase 3 of the Runway Rehabilitation Project. Following a public Invitation to Bid (ITB) process, the Port selected Western United Civil Group, LLC as the lowest cost, most responsible bidder. Ms. Tolles explained that the FAA would fund 95%, or \$3,571,135.55, with ODAV and the Port funding the remaining 5%. ODAV will match \$147,200.00 and the Port will be responsible for \$40,754.00. The total project cost amounts to \$3,759,089.00. Ms. Tolles recommended the adoption of Resolution 2025-13 authorizing Mr. Clark to sign the contract with Western United Civil Group, LLC, to be completed in summer 2026. Airport Advisory Committee member Betsy Johnson asked the Commission to request that Port staff continue efforts to develop innovative solutions to avoid business closures during the planned two-month runway closure. Commissioners and Port staff confirmed their commitment to considering other options. The Commission decided to vote together on Resolutions 2025-13 and 2025-14, which is reflected below.

Nick Sorber moved, Chip Bubl seconded a motion to adopt Resolution 2025-13. The motion carried unanimously, 5-0.

Resolution 2025-14**AIRPORT: EASTSIDE PAVEMENT MAINTENANCE SCOPE OF WORK**

Nick Sorber moved, Chip Bubl seconded a motion to adopt Resolution 2025-14. The motion carried unanimously, 5-0.

Resolution 2025-19**INTERGOVERNMENTAL AGREEMENT WITH CLATSKANIE FIRE DISTRICT**

Port General Counsel Bob Salisbury introduced Resolution 2025-19 which would authorize Mr. Clark to sign an Intergovernmental Agreement (IGA) with the Clatskanie Fire District to take over ownership and maintenance of the Clatskanie Business Center in "AS IS" condition. Mr. Salisbury indicated that the building will be used as a training center for fire and emergency services. Additionally, the facility has drawn interest from other agencies for training purposes, and improvements are planned for summer. Mr. Salisbury explained that if the building is sold within five years, sale proceeds will be split between the Port and the fire district, excluding up to \$200,000 in capital improvements made by the fire district. By owning the property, Clatskanie Fire District will be better able to serve the citizens of Clatskanie and the surrounding area. Mr. Salisbury stated that the IGA has already been signed by the fire district.

Nick Sorber moved, Chip Bubl seconded a motion to adopt Resolution 2025-19. The motion carried unanimously, 5-0.



Executive Session

The Board held an Executive Session to deliberate with persons designated to negotiate real property transactions under ORS 192.660(2)(e) and to consider exempt public records, including written legal advice from Port General Counsel, which is privileged under ORS 40.225, exempt from disclosure under ORS 192.355(9)(a), and pursuant to ORS 192.660(2)(f).

THE COMMISSION RETURNED TO OPEN SESSION AT 9:24 A.M.

New Business (cont.)

Resolution 2025-17

AIRPORT: AMERICAN JET CENTER PURCHASE & SALE AGREEMENT

Port Deputy Executive Director Amy Bynum presented Resolutions 2025-17 and 2025-18 which would authorize Mr. Clark to sign a Purchase & Sale Agreement and Ground Lease with American Jet Center (AJC). Ms. Bynum explained that in 2021, the Port completed construction of a 13,500 square foot hangar as a build-to-suit project. The original tenant went out of business during COVID, and the building remained vacant for over two years. The Port hired aviation real estate expert Brendan Clarke to market the building for sale and for lease. In April, AJC expressed interest in purchasing the hangar and quickly submitted a competitive offer of \$3.76 million. AJC found the hangar to be well-suited for its needs, primarily health transportation. They operate in lower-traffic secondary and tertiary airports, making Scappoose Airport a good fit. AJC has seven locations nationwide and operates business lines including jet maintenance, upgrades, drone services, fueling, and fire safety. Ms. Bynum explained that AJC plans to make the Scappoose location its West Coast hub for health transportation, eventually housing surgical staff and performing on-site medical procedures as necessary. They will operate 24/7 and employ over twenty (20) staff initially. Ms. Tolles is working with AJC and other workforce community partners to hold a job fair to aid in the recruitment of those positions. Port staff negotiated fuel-flowage fees of six cents per gallon of jet fuel delivered to the premises. Ms. Bynum indicated to the Commission that those details are outlined in the Ground Lease which includes a 30-year term with two 10-year extensions. At lease end, ownership of the building reverts to the Port, in line with FAA grant requirements. Ms. Bynum coordinated with Business Oregon to ensure compliance with their loan terms, and the loan must be paid off before the title transfer. Ms. Bynum stated that the agreement includes protections for the Port. One example of that is in the case of any default, the building reverts to the Port and payments made are non-refundable. Ms. Bynum remarked on the professionalism and collaborative negotiation process with AJC.

Ms. Bynum introduced Dennis Mouterde, CEO of American Jet Center, and Airport Realtor Brendan Clarke to join the discussion via Zoom. Mr. Mouterde gave a brief introduction and stated that AJC is a family business dedicated to the mission of helping families by saving and transporting human organs that would otherwise be discarded. He explained that about 23,000 human organs go to waste every year due to lack of transportation and AJC can help to solve this problem. Mr. Mouterde expressed that he and his team have had a very positive experience in Scappoose and that the Port of Columbia County has been one of the smartest and most pragmatic government agencies they have ever worked with in the efficient and professional way that Port staff handled the whole transaction. They are happy to be a part of the Scappoose Airport community. Brenden Clark added that this is a good deal in terms of a big ramp up with the promissory note and a solid ground lease adding in more land to the south of the building and increasing ramp space. AJC is going to offer something Scappoose has not had, which is jet fuel sales and the ability for other jets to fly in and out of the Scappoose Airport. Ms. Johnson stated that Transwestern has been fueling jets successfully at Scappoose Airport for a long time. She asked for clarification on the transportation of human organs and performing medical procedures at the airport and a discussion followed. Port staff, including legal counsel Mr. Salisbury, confirmed that the Lease requires AJC to follow all state and federal laws. Mr.



Fawcett confirmed that it also extends to anyone that they allow into the building. Port staff also highlighted that the Ground Lease on today's public Agenda does include the mention of medical transportation by AJC. Mr. Mouterde ensured that AJC and their medical partner will comply with all relevant regulations for organ transportation and medical procedures. Ms. Johnson requested a list of aircrafts be provided and Mr. Mouterde indicated that AJC will provide a list of aircraft types that will be operating at Scappoose Airport. Ms. Johnson asked who their medical partner is, and Mr. Mouterde responded that it is a nonprofit organization called House Transplant and Cancer. Mr. Mouterde also clarified that AJC only provides the space and transportation and would not be performing any medical procedures. Ms. Bynum offered to have Port staff arrange a visit for Commissioners to the AJC facility at Scappoose Airport. The Commission thanked Mr. Mouterde for bringing a valuable service to Scappoose and Columbia County.

Chip Bubl moved, Nick Sorber seconded a motion to adopt Resolution 2025-17. The motion carried unanimously, 5-0.

Resolution 2025-18

AIRPORT: AMERICAN JET CENTER GROUND LEASE

Chip Bubl moved, Nick Sorber seconded a motion to adopt Resolution 2025-18. The motion carried unanimously, 5-0.

Executive Director's Report

Executive Director Sean P. Clark reported that Port staff met earlier this month for an internal discussion on strategic planning for the Marina. Mr. Clark attended a meeting and tour with NXTClean Fuels on site at Port Westward on June 3 followed by an event at Colvin's on June 4. The Columbia Pacific Economic Development District (Col-Pac) / Northwest Oregon Economic Alliance (NOEA) Board will meet on June 12 followed by the Northwest Oregon Area Commission on Transportation (NWACT) meeting on the same day. Mr. Clark will be presenting at the Infrastructure Finance Authority meeting on June 13 in Albany. Columbia Economic Team is holding a special board meeting on June 17 and Col-Pac will be having a Mass Timber webinar, both of which Mr. Clark will attend. The Port office will be closed on June 19 for the Juneteenth holiday. Mr. Clark will attend a Marine Highway 84 workshop at the Port of Kalama on June 24, and the Marina Advisory Committee will meet at the Port office on July 1.

Commissioner Reports

Robert Keyser thanked Port staff for working together on the Clatskanie Business Center (CBC) project which he said will do good things for the community and the fire district.

Nancy Ward thanked Mr. Keyser for making the CBC project happen as well and added that it will be important for both the Port and community and she is anxious to see what is going to come of the building. Ms. Ward reported that she is currently in Bellingham, WA attending the Pacific Northwest Waterways Association (PNWA) Summer Conference. She looks forward to sharing information from the PNWA conference and the Port of Vancouver's community informational meetings with Port staff and Commissioners.

Chip Bubl attended the Marina Advisory Committee meeting on June 2 and said that despite the challenges, it is a good property, and the Port needs to figure out how to make it work. Mr. Bubl also acknowledged the transfer of the CBC building is a great success and said he hopes it works well for everyone involved.

Nick Sorber echoed the previous comments about the CBC building being great for the community and said he appreciates the hard work that goes into all of the Marina and Airport projects.



Brian Fawcett echoed previous Commissioner comments as well. Mr. Fawcett also recognized the hard work that goes into preparing the budget, stating that it was a difficult decision and hopefully the Port will be able to make good use of the money and learn more going forward through public outreach. He thinks it will set the Port up well for the future and the revenue will be impactful for the Port. Mr. Fawcett also thanked Mr. Keyser for helping with the CBC building in Clatskanie. He thinks it will be a good partnership and looks forward to seeing how it goes. Mr. Fawcett provided a detailed list of the Port's summer outreach events and encouraged Commissioners to attend when possible.

Executive Session

The Board held an Executive Session to review and evaluate the employment-related performance of the Port Executive Director pursuant to ORS 192.660(2)(i).

THE COMMISSION RETURNED TO OPEN SESSION AT 11:27 A.M.

**THERE BEING NO FURTHER BUSINESS BEFORE THE COMMISSION, THE MEETING
ADJOURNED AT 11:30 A.M.**

President

July 9, 2025
Date Adopted

Secretary

CODE OF ETHICS
ORS Chapter 244
Port of Columbia County

Port of Columbia County Commissioners and Port Staff shall be aware of and follow the State of Oregon Code of Ethics. This Code of Ethics shall be acknowledged by the members of the Port Commission in a public meeting at least once every calendar year. **The following actions are prohibited** regardless of whether actual conflicts of interest or potential conflicts of interest are announced or disclosed pursuant to ORS 244.120:

- (1) **Financial Gain.** A public official **may not use or attempt to use official position or office** to obtain financial gain or avoidance of financial detriment for the public official, a relative or member of the household of the public official, or any business with which the public official or a relative or member of the household of the public official is associated, if the financial gain or avoidance of financial detriment would not otherwise be available but for the public officials holding of the official position or office. ORS 244.040 (1). Subsection (1) does not apply to:
 - (a) Any part of an official compensation package as determined by the public body that the public official serves;
 - (b) The receipt by a public official or a relative or member of the household of the public official of an honorarium or any other item allowed under ORS 244.042 (Honoraria);
 - (c) Reimbursement of expenses;
 - (d) An unsolicited award for professional achievement;
 - (e) Gifts that do not exceed the limits specified in ORS 244.025 (**Gift limit**) received by a public official or a relative or member of the household of the public official from a source that could reasonably be known to have a legislative or administrative interest;
 - (f) Gifts received by a public official or a relative or member of the household of the public official from a source that could not reasonably be known to have a legislative or administrative interest;
 - (g) The receipt by a public official or a relative or member of the household of the public official of any item, regardless of value, that is expressly excluded from the definition of gift in ORS 244.020 (Definitions);
 - (h) Contributions made to a legal expense trust fund established under ORS 244.209 (Application to establish fund) for the benefit of the public official.
- (2) **Gift Limit.** **During a calendar year**, a public official, a candidate or a relative or member of the household of the public official or candidate **may not solicit or receive**, directly or indirectly, **any gift or gifts with an aggregate value in excess of \$50** from any single source that could reasonably be known to have a legislative or administrative interest.
“Legislative or administrative interest” means an economic interest, distinct from that of the general public, in: (a) Any matter subject to the decision or vote of the public official acting in the public officials capacity as a public official; or (b) Any matter that would be subject to the decision or vote of the candidate who, if elected, would be acting in the capacity of a public official. ORS 244.025 (1) and ORS 244.020 (9).
- (3) **Future Employment.** A public official **may not solicit or receive**, either directly or indirectly, and a person may not offer or give to any public official any pledge or promise of future employment, based on any understanding that the vote, official action or judgment of the public official would be influenced by the pledge or promise. ORS 244.040 (3).
- (4) **Personal Gain from Confidential Information.** A public official **may not attempt** to further the personal gain of the public official through the use of confidential information gained in the course of or by reason of holding position as a public official or activities of the public official. ORS 244.040 (4).



RES. 2025-20 STAFF REPORT

Columbia River Ranch Agricultural Lease

DATE: July 9, 2025

TO: Port Commission

FROM: Elliot Levin, North County Operations & Terminal Manager

RE: **Columbia River Ranch – Agricultural Lease**

Discussion

Columbia River Ranch (CRR) initially leased the 243 acres of this parcel through a 5-year lease effective June 2020. In addition, they currently lease several small parcels of land under permits with the Port. They currently use the land to graze cattle; however, they are considering adding crops such as corn which we believe will improve CRR's ability to improve the land and prevent the return of the hybrid poplar trees harvested from this parcel just before CRR leased the property.

Columbia River Ranch has been a dependable tenant, and we like their fit with the Port's other agricultural tenants. We have negotiated a revised lease for a five-year term that includes the option for two-year renewals.

Summary of Terms:

1. Premises: 243 Acres
2. Purpose: Primarily Cattle Grazing
3. Term: 5 years, with five 2-year renewal options
4. Rent: \$50/acre per year for the first 4 years, \$80/Acre/Year for the final year.

Recommendation

Adopt Resolution No. 2025-20, authorizing the Executive Director to execute a new Agricultural Lease with Columbia River Ranch.

RESOLUTION NO. 2025-20

A RESOLUTION APPROVING A LEASE WITH COLUMBIA RIVER RANCH AT PORT WESTWARD INDUSTRIAL PARK

WHEREAS, the Port and Clatskanie River Ranch (CRR) entered a five-year agricultural lease for 243 acres of Port-owned land at the Port Westward Industrial Park in 2020 that has now expired; and

WHEREAS, CRR uses this land primarily for grazing cattle but may add corn or similar crops during the term of the new Lease; and

WHEREAS, the Port finds the CRR has been a dependable tenant and would like to continue to lease this property to them; and

WHEREAS, the Port and CRR have negotiated and agreed to the terms of a new five-year Lease; and

WHEREAS, Port Staff recommends adoption of the Lease, which is attached with exhibits; Now therefore,

BE IT RESOLVED by the Board of Commissioners of the Port of Columbia County as follows:

The Board authorizes the Executive Director to execute the attached lease with Columbia River Ranch.

PASSED AND ADOPTED this 9th day of July 2025, by the following vote:

AYES: _____ **NAYS:** _____

Port of Columbia County

ABSTAINED: _____

By: _____
President

Attested By:

Secretary

AGRICULTURAL LEASE AGREEMENT
BETWEEN

PORT OF COLUMBIA COUNTY

AND

COLUMBIA RIVER RANCH, INC.

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AGRICULTURAL LEASE AGREEMENT

This Agricultural Lease Agreement ("Lease") is effective the 1ST day of July, 2025, ("**Effective Date**") by and between The Port of Columbia County, a Municipal corporation of the State of Oregon ("**Port**"), and Columbia River Ranch, Inc. as Tenant or Lessee ("**Lessee**").

1. Lease

Subject to the terms and conditions herein, the Port hereby leases to Lessee, and Lessee leases from the Port, the real property "AS IS" as described in the attached **Exhibit A** ("Premises"). Lessee shall be liable for the breach of any representation or warranty herein as well as any liability or obligation to the extent incurred after the Effective Date and throughout the Term, including any Extension Terms, of this Lease.

2. Term: 5 Years

The Premises are leased for a term ("Term") commencing on the Effective Date and ending on June 30, 2030.

3. Rent

A. July 1, 2025– June 30, 2029

Rent to be paid by Lessee to Port shall be set for the first lease year will be at the fixed amount of \$50 per acre per year, and based upon the 243 acres outlined in **Exhibit A**, the first annual payment due to the Port shall be **\$12,150.00** ("Rent") and will be subject to the Rent Adjustment as outline in Section 6 and Section 7. The \$12,150.00 payment, as well as all Rent thereafter under this Lease, is due and payable annually on or before June 30th of each year of the Term or Extension Term.

B. July 1, 2029 – June 30, 2030

Rent will continue at the rate of **\$80** per acre per year (\$19,440) and will be subject to the Rent Adjustment as outlined in Section 6 and Section 7. The \$19,440.00 payment, as well as all Rent thereafter under this Lease, is due and payable annually on or before June 30th of each year of the Term or Extension Term.

At Lessee's option, Rent payments may be made either annually or in four (4) quarterly installments ("Quarterly Payments"). Quarterly Payments are due on or before the first day of July, October, January, and April. If any prorations of Rent are necessary, such Rent shall be prorated on a thirty (30) day month. Whether Lessee chooses annual Rent payments or Quarterly Payments, failure to pay Rent is an immediate Event of Default per Section 19.

4. Five Two-year Extension Terms

Starting in 2030, the Lessee shall submit a written request to the Port between January 1st and April 30th for up to five two-year extensions of the then-current Term ("Extension Term"). If the Port approves Lessee's request for an extension and the parties agree to renewal terms per Section 5, the Extension Term will begin on July 1st. If the parties do not

agree to such an extension, or a written notice to extend is not received, this Lease will terminate on November 1st following the current Term's expiration to allow Lessee to harvest the current crop. Should the lease terminate, Lessee shall make a lump sum payment for all Rent due at the then-current rate for the period from July 1st to November 1st. Such Rent shall be paid prior to June 30th, failing which the lease will terminate on June 30th and Lessee must vacate. If Lessee fails to vacate by June 30th, Lessee will be considered a Holdover Lessee pursuant to Section 24 of this Lease.

For example, if the parties agree to an Extension Term on April 30, 2030, the Lease expiration date will be extended one year from November 1, 2030 to November 1, 2032, and if the parties do not agree to an Extension Term by April 30, 2030, the Lease will terminate on November 1, 2030 (provided the Lessee pays July 1 – November 1st Rent by June 30th) and Lessee must vacate the Premises. Should the Lessee fail to pay rent prior to June 30th, the Lessee must vacate by June 30th or be considered a "Holdover Lessee pursuant to Section 24 of this Lease.

5. Conditions of Extension

The terms and conditions of the Lease for each Extension Term shall be the same as those for the Term except that: (a) Approval of any Extension Term shall be in the Port's sole discretion (b) The parties will negotiate and agree to the applicable Rent. (c) the Security Deposit will be adjusted to reflect the adjustment in Rent; (d) insurance provisions will be updated if requested by the Port in the Port's sole discretion; and (e) the Port will require any modifications or changes legally required to bring the Lease into compliance with then-current law (collectively, "**Extension Amendments**"). Should the Port approve Lessee's request for an Extension Term, the Port shall have thirty (30) days thereafter to notify Lessee, in writing, of the proposed Rent, any proposed adjustments to the Security Deposit, including the basis for the adjustment, and any Extension Amendments (including the proposed Rent). Lessee shall then have thirty (30) days to accept the Extension Amendments or the Lease terminates.

6. Rent Adjustment

Beginning on July 1, 2026, and continuing throughout the Term and any Extension Term thereafter, the amount of Rent will be adjusted annually to reflect the effect which inflation has had on the purchasing power of the dollar, but in no event will said rent be less than the Rent paid during the immediately preceding Term ("Rent Adjustment"). The Rent Adjustment will be based upon the change, if any, from the CONSUMER PRICE INDEX FOR ALL URBAN CONSUMERS (CPI-U) EXCLUDING FOOD AND ENERGY FOR WEST REGION as published by the U.S. Bureau of Labor for the month of December preceding the Rent Adjustment, as compared with the same Consumer Price Index published as of the period preceding the expiration of the preceding year of any Extension Term (the "CPI Rate").

7. Effective Date of Rent Adjustment

Lessee acknowledges that adjustments to Rent will be effective as of July 1 of any then-applicable Term or Extension Term. Lessee agrees to (i) begin paying the

increased Rent upon notification by the Port; and (ii) pay any difference between the Rent actually paid to the Port and the adjusted Rent due for the then-applicable Term or Extension Term under the schedule outlined in Section 4. In the event that proration of Rent is required under this Lease, Rent shall be prorated based upon a thirty (30)-day month.

8. Use by Lessee

8.1 Allowed Use. Lessee shall use the Premises primarily for the grazing of livestock, however the Lessee may also use the Premises for planting and harvesting of grass, corn, and other purposes directly related thereto, and all federally approved farming and ranching, specifically excluding marijuana and/or hemp farming ("Allowed Use"). Lessee shall further comply with all applicable state, local and federal laws, rules and regulations and Lessee must conduct his operations in a way that does not impact adjacent agricultural or industrial landowners and/or Tenants. No use other than the Allowed Use may be made of the Premises without the prior written approval of the Port, which approval shall be given or denied in the sole discretion of the Port.

8.2 Hazardous Substances. The Port and Lessee recognize that as part of Lessee's Allowed Use, Lessee will use some Hazardous Substances as defined by state and federal law ("Hazardous Substances"). Lessee agrees not to violate any legal requirements regarding Hazardous Substances and Lessee shall furnish to Port, upon request, all information regarding such alleged material violation of legal requirements in the use of Hazardous Substances. Failure to provide information to Port upon request, or any finding in Port's sole discretion of a material violation of the use of Hazardous Substances, shall be considered an Event of Default by Lessee.

8.3 Property Leased "AS IS." Lessee acknowledges and agrees that Lessee has made its determination to lease the Premises based upon Lessee's inspection, prior use, and investigation of the Premises, and is leasing the Premises "AS IS," without any representations or warranties by Port. Lessee specifically acknowledges that Port makes no representations or warranties regarding environmental matters or hazardous substances, as defined under state and federal law. Lessee has, prior to the execution hereof, had the opportunity to conduct all tests and inspections deemed necessary or appropriate by Lessee with respect to the Premises and the suitability of the Premises for Lessee's intended use. Port shall have no liability because of, or as a result of, the existence of any law, regulation, or condition, either on the Premises or on adjacent land, that might affect Lessee's intended use of the Property. Notwithstanding the foregoing, Lessee shall not be liable for any costs or required actions related to any cleanup or remedial action required by any governmental agency under any statute or regulation for any hazardous material on the Premises which existed prior to the date of possession by Lessee.

9. Lessee's Duties

In addition to the obligations set forth herein, Lessee, at Lessee's expense, shall provide all necessary labor and take all action necessary to accomplish the following:

9.1 Fences and Facilities. Lessee will be responsible for all fencing required to keep livestock within the Premises. Any existing fencing and like farm infrastructure on Port property will be maintained by Lessee. Use of existing infrastructure, replacement of, and/or amending of any such existing infrastructure requires Port approval. Installation of additional permanent fencing requires Port approval. Use of real property (including, but not limited to, barns, sheds, utilities, and the like) within the Premises is not inherent in this agreement. Additional terms, conditions, and rental may be required as Port dictates.

9.2 Grazing Practices. Best Management Practices (BMP) shall be used by Lessee for the care of the livestock and forage resources within the Premises. BMP shall include, but not limited to, protection of sod cover on levees and ditch banks and immediate removal of carcasses. Lessee shall keep materials and supplies commonly used for agricultural grazing operations in a neat and orderly manner when such items are stored in any manner on Port property. Trash, refuse, and/or used materials must be immediately removed. Creation of ruts and/or damage to access roads, levee embankments, levee crowns, and ditch banks are prohibited. If such damage occurs immediate notification to Port is required. Additional fencing may be required by Port to exclude areas within the Premises where grazing will not be permitted. In Port's sole discretion, Lessee may be required to add additional fencing to create a buffer area between the Premises and other Port tenants and/or Port property.

9.3 Land Management. The Lessee acknowledges that the leased land was previously used as a tree farm. The Lessee is responsible for maintaining the property to prevent a substantial return and regrowth of these trees and to remove the trees that regrew on the property during the Lessee's prior tenancy. Failing to manage these trees shall be cause for the Port to terminate this lease. The Port expects to see the situation rectified within the first 28 months of this lease.

9.4 Water Management. Maintain contouring and level the ground to be a slope necessary for efficient runoff and minimal topsoil erosion. Ditch cleaning and ditch maintenance (including repair and maintenance of culverts) shall be the responsibility of the Lessee. Ditch cleaning and ditch maintenance (including the repair and maintenance of culverts) shall be split equally by Port tenants on both sides if a ditch acts as a boundary between two leases. Spoils are considered beneficial, and the costs of spreading them will be borne by the parties who elect to take them. In the event of any disagreement between Port tenants, the Port retains sole authority to resolve all disputes regarding any such costs.

9.5 Weed Control. Control the weeds on and along the boundaries of the Premises, roadways, driveways, and drainage ditches. Maintain a high level of weed control in the field employing sound agricultural practices and registered herbicides.

9.6 Beaver Drainage Improvement Company ("BDIC"). Port will pay all annual assessments owed to BDIC, and Port will retain all voting rights related to the acreage on the Premises. Lessee is otherwise responsible for compliance with all BDIC

requirements and restrictions, including but not limited to, compliance with requirements regarding access roads, field surfaces, levee embankments, levee crowns and maintenance of all BDIC-owned and Port-owned ditches on the Premises.

9.7 NRCS Payments. Lessee is entitled to all receive all payments from the Natural Resources Conservation Service ("NRCS") for agricultural enhancement programs on the Premises. The Port is under no obligation to apply for any such NRCS grant funding or benefits.

10. Liens Not Permitted

Lessee shall not suffer or permit any liens (excluding agricultural liens attached to Lessee crops) to attach to the interest of Lessee in all or any part the Premises by reason of any work, labor, services, or materials done for, or supplied to, or claimed to have been done for or supplied to, Lessee or anyone occupying or holding an interest in all or any part of the Premises through or under Lessee. If any such lien shall at any time be filed against the Premises, Lessee shall cause the same to be discharged of record within thirty (30) days after the date of filing the same, by either payment, deposit, or bond. Nothing in this Lease shall be deemed to be, or be construed in any way as constituting, the consent or request of Port, express or implied, by inference or otherwise, to any person, firm, or corporation for the performance of any labor or the furnishing of any materials for any construction, rebuilding, alteration, or repair of or to the Premises, or as giving Lessee any right, power, or authority to contract for or permit the rendering of any services or the furnishing of any materials that might in any way give rise to the right to file any lien against Port's interest in the Premises or against Port's interest, if any. Lessee is not intended to be an agent of Port for the construction of Improvements on the Premises. Port shall have the right to post and keep posted at all reasonable times on the Premises any notices that Port shall be required to post for the protection of Port and of the Premises from any such lien.

11. Taxes, Security Deposit, Attorney Fees

11.1 Taxes. Lessee shall pay all taxes and assessments levied against the Premises or upon any taxable interest of Lessee acquired pursuant to this Lease or any taxable possessory right Lessee may have in or to the Premises or the improvements located thereon, as well as all taxes on all taxable Premises, real or personal, owned by Lessee in or about the Premises, including any other tax or charge levied wholly or partly in lieu thereof (together, "Taxes"). Lessee shall make all payments on or before the date payment is due. Lessee shall supply the Port with proof that Taxes have been timely paid. In the event that Lessee fails to pay Taxes on or before their due date, then, in addition to all other remedies set forth herein, the Port shall automatically have the right, but not the obligation, to pay the Taxes and any interest and penalties due thereon, with no notice to Lessee, and Lessee shall immediately reimburse the Port for any sums so paid. Lessee understands and agrees that should this Lease expire or be terminated prior to the end of any given fiscal tax year ("Tax Year") that Lessee will nonetheless be responsible to pay Taxes assessed for the entire Tax Year. The Tax Year for Columbia County is currently July 1 through June 30.

11.2 Security Deposit. On or before the Effective Date, Lessee shall deposit with the Port **\$5,454.89** as a Security Deposit, defined as the sum of three (3) months of prorated Rent and one year of estimated taxes. The Security Deposit shall be in the form of cash or letter of credit in favor of the Port without penalty and without approval of Lessee, in a form and bank acceptable to the Port. The Security Deposit shall secure Lessee's full and faithful performance and observance of all of Lessee's obligations under this Lease and under any other written agreement between Lessee and the Port. The Security Deposit shall not be considered to be held in trust by the Port for the benefit of Lessee and shall not be considered an advance payment of Rent or a measure of the Port's damages in the case of an Event of Default by Lessee. The Port may, but shall not be obligated to, draw upon and apply the Security Deposit to: (a) pay any Rent or any other sums due to the Port by Lessee and not paid on or before the date it is due and the Port shall not be required to give notice or opportunity to cure before drawing on the Security Deposit; or (b) to pay attorney fees and costs for any legal work which has been requested by Lessee as outlined herein and **Exhibit B**; or (c) to remedy any other Event of Default of this Lease, after Lessee has received notice and opportunity to cure, if such notice and opportunity to cure is required under this Lease. If the Port applies any of the Security Deposit to any of the above, Lessee shall, immediately upon demand, replenish the Security Deposit to its full amount. If Lessee fully performs all of its obligations under this Lease, the Security Deposit, or any balance remaining, will be released within thirty (30) days from the Expiration Date or termination of this Lease and delivery of the Premises to the Port. However, if any question exists concerning Lessee's full compliance with the Lease or if there is any obligation under this Lease to be performed after the Expiration Date or earlier termination of this Lease, the Port shall be entitled to require that the Security Deposit remain in place until the Port is fully satisfied that there has been no Default of the Lease and all obligations due under this Lease have been fully performed. In addition to any other remedy provided in this Lease or at law, the Port shall have the option but not the obligation to use the Security Deposit or a portion thereof to offset any costs or damages incurred as a result of Lessee's failure to perform its obligations at the termination or expiration of the Lease. The Security Deposit will be adjusted at any Extension Term in the sole discretion of the Port, but in no event less than the most recently adjusted Security Deposit. Notwithstanding the above provisions of this Section, the Port shall have the right at any time during the Lease Term or any Extension Term to require Lessee to deposit an additional Security Deposit with the Port and/or provide additional financial assurance reasonably acceptable to the Port, in an amount or amounts reasonably determined by the Port to be commensurate with any increased risk associated with any of the following events: (i) as a condition of Port approval of Lessee's use, storage, handling, processing, manufacturing or recycling of Hazardous Substances not authorized; (ii) if the Port has given notice of violation of any provision of this Lease more than two (2) times during any consecutive twelve (12) month period; or (iii) upon Lessee's exercise of the Renewal Option, to adjust for added risks such as increases in basic rent, property taxes, and other additional rent.

11.3 Attorney Fees to be Paid by Lessee. Lessee hereby acknowledges and agrees that, in the event Lessee requests that the Port incur attorney fees for legal work which is solely the result of Lessee requesting that such legal work be completed, then

Lessee shall bear the responsibility to pay for any and all Port legal costs associated with such a request made by Lessee. Prior to the commencement of any legal work, Lessee agrees to sign an Agreement to Pay Costs for Attorney's Fees (attached example as **Exhibit B**, incorporated by reference). Under this arrangement, if the funds are unavailable or the Port chooses not to withdraw the funds directly from the Security Deposit, Lessee will pay a deposit to the Port prior to commencement of any legal work. The Port General Counsel or other Port legal representative ("Port Attorney") will then bill against the deposited funds at an hourly rate established by the Port Attorney. If the deposited funds are exhausted or are otherwise unavailable to be withdrawn from the Security Deposit, Port Attorney may cease legal work until such time as Lessee makes an additional deposit for legal costs as determined by Port in consultation with Port Attorney. Any such additional deposit(s) shall be paid immediately by Lessee in order for any legal work to continue. In the event any legal costs remain unpaid by Lessee after legal work is completed and such funds cannot be withdrawn from the Security Deposit, Lessee shall pay all such additional legal costs in full to Port within 30 days after receiving notice from the Port. If there are funds remaining upon completion of the legal work, any remaining balance will be returned to Lessee at the sole discretion of Port. Port will provide an itemized billing summary upon request by Lessee.

12. Insurance

At all times during this Lease, Lessee shall provide and maintain the following types of coverage. Insurance requirements set forth below do not in any way limit the amount or scope of liability of Lessee under this Lease. The amounts listed indicate only the minimum amounts of insurance coverage the Port is willing to accept to help ensure full performance of all terms and conditions of this Lease. All insurance required by Lessee under this Lease shall meet the following minimum requirements. The Port requires and shall be entitled to any broader coverage and/or higher policy limits maintained by the Licensee. Any and all available insurance proceeds in excess of the specified minimum limits of insurance and coverage shall be made available to the Port.

12.1 General Liability Insurance. Lessee shall maintain an occurrence form commercial general liability policy or policies insuring against liability arising from premises operations, independent contractors, products completed operations, personal injury and advertising injury, and liability assumed under an insured contract (including the tort liability of another assumed in a business contract) occurring on or in any way related to the Premises or occasioned by reason of the operations of Lessee in an amount of not less than TWO MILLION DOLLARS (\$2,000,000) per occurrence.

12.2 Property Insurance. Lessee shall throughout the Lease Term keep the Premises and all other buildings which are owned by Lessee on the Premises insured against loss by fire and other hazards by such policies as determined by the Port. The amount of the insurance shall be equal to the full insurable replacement cost of the building and all other Improvements located on the Premises. If the coverage is available and commercially appropriate, the policy or policies must insure against all risks of direct physical loss or damage, including coverage for debris removal and the enforcement of any applicable requirements requiring the upgrading, demolition, reconstruction, or replacement of any portion of the Property as the result of a covered loss. Lessee shall

bear the expense of any insurance insuring the property of Lessee on the Premises against such risks.

12.3 Automobile Liability Insurance. In the event that automobiles are used in connection with Lessee's business or operations at the Premises, Lessee shall maintain an automobile liability policy or policies insuring against liability for bodily injury, death, or damage to Premises, including loss of use thereof, and occurring in any way related to the use, loading or unloading of any of Lessee's automobiles (including owned, hired and nonowned vehicles) on and around the Premises. Coverage shall be in an amount of not less than TWO MILLION DOLLARS (\$2,000,000) for each accident.

12.4 Workers' Compensation Insurance. Lessee shall maintain in force Workers' Compensation insurance for all of Lessee's employees in accordance with all requirements of Oregon law. Lessee shall also maintain employer's liability coverage in an amount of not less than ONE MILLION DOLLARS (\$1,000,000) per accident and ONE MILLION DOLLARS (\$1,000,000) per employee for disease.

12.5 Personal Property Insurance. Lessee will be responsible to insure all Lessee's own Personal Property such as removable decorations, detached floor coverings, signs, blinds, furnishings, improvements, betterments, and trade fixtures, which items will not be covered by Port's insurance and for which Port and its insurance carriers will have no liability.

12.6 Lessee's Risks. Lessee shall be responsible for obtaining any insurance it deems necessary to cover its own risks, including without limitation: (a) personal property, and/or (b) automobile physical damage and/or theft. In no event shall the Port be liable for any: (i) business interruption or other consequential loss sustained by Lessee; (ii) damage to, or loss of, personal property; or (iii) damage to, or loss of, an automobile, whether or not such loss is insured, even if such loss is caused by the negligence of the Port.

12.7 Waiver of Subrogation. Lessee waives any right of action that it and/or its insurance carrier(s) might have against the Port (including the Port's commissioners, employees and agents) for any loss, cost, damage, or expense (collectively "**Loss**") covered by any property insurance policy or policies maintained or required to be maintained pursuant to this Lease. Lessee also waives any right of action it and/or its insurance carrier(s) might have against the Port (including the Port's commissioners, employees and agents) for any Loss to the extent such Loss is a property loss covered under any applicable automobile liability policy or policies required by this Lease. If any of Lessee's applicable insurance policies does not allow the insured to waive the insurer's rights of recovery prior to a Loss, Lessee shall cause such policies to be endorsed to allow the waivers of subrogation required by this Section.

12.8 Periodic Review. The Port shall have the right to periodically review, the types, minimum coverage, limits and terms of insurance coverage for consistency with then current types, minimum coverage, limits and terms of insurance coverage for similar operations. If the Port determines that certain types of insurance are not generally available in the marketplace at reasonable terms and pricing for similar operations,

Lessee shall not be required to carry such insurance until such insurance becomes available for similar operations. In the event the Port reasonably determines that such types, minimum coverage, limits, and/or terms should be changed to be consistent with then current types, minimum coverage, limits and terms of insurance coverage generally available in the marketplace at reasonable terms and pricing for similar operations, the Port will give Lessee a minimum of thirty (30) days' notice of such determination and Lessee shall modify its coverage to comply with the new insurance requirements of the Port. Lessee shall also provide the Port with proof of such compliance by giving the Port an updated certificate of insurance within fifteen (15) calendar days of Lessee's receipt of such updates. Lessee shall have the right to periodically request the Port to conduct a review of the then current types, minimum coverage, limits and terms of insurance coverage generally available in the marketplace at reasonable terms and pricing for similar operations if Lessee believes the current types, minimum coverage, limits and terms of insurance coverage generally available in the marketplace at reasonable terms and pricing for similar operations have changed. The Port shall reasonably consider such request to determine if Lessee's current coverage comports with what is generally available in the marketplace at reasonable terms and pricing for similar operations, and make changes to the insurance requirements under this Lease accordingly.

12.9 Certificates; Notice of Cancellation. On or before the Effective Date and thereafter during the Lease Term (and any extension thereof), Lessee shall provide the Port with current certificates of insurance, including a copy of the additional insured endorsement, executed by a duly authorized representative of each insurer, evidencing the existence of all insurance policies required under this Section. The Port shall receive at least thirty (30) days' written notice prior to cancellation, non-renewal, or material change in any policy required under this Section. Insurance must be maintained without any lapse in coverage during the Lease Term. The Port shall also be given copies of Lessee's policies of insurance, upon request. Failure of the Port to demand such certificates or other evidence of full compliance with these insurance requirements or failure of the Port to identify any deficiency or noncompliance with coverage requirements shall not be construed as a waiver of Lessee's obligation to maintain the insurance required by this Lease.

12.10 Additional Insured; Separation of Insureds. The Port shall be named as an additional insured in each general liability policy, other than employer's liability. Such insurance shall provide cross liability coverage equivalent to the standard Separation of Insureds clause published by the Insurance Services Offices ("ISO") or a successor organization.

12.11 Primary Coverage. The required policies shall provide that the coverage is primary and will not seek any contribution from any insurance or self-insurance carried by the Port.

12.12 Company Ratings. All policies of insurance must be written by companies having an A.M. Best rating of "A" or better, or equivalent. The Port may, upon thirty (30) days' written notice to Lessee, require Lessee to change any carrier whose rating drops below an "A" rating.

12.13 Deductibles and Retentions. Any deductible or self-insured retention of the per occurrence or per accident limit of a required policy in excess of the following is subject to approval by the Port: FIVE THOUSAND DOLLARS (\$5,000) for any other coverage required in this Section.

13. Port Rights and Responsibilities

13.1 24 Hour Notice for Port Access. Excluding emergencies, upon providing twenty-four (24) hour notice to Lessee, Port and Port's agents shall have unlimited access to the Premises. Port shall not be required to furnish to Lessee any facilities, utilities, or services of any kind whatsoever, such as, but not limited to, water, steam, heat, gas, hot water, electricity, light, and power, and the like, nor does Port make any warranty or representation in any way associated with the ability of Lessee to obtain such utilities or services from third parties. Lessee shall permit Port to enter the Premises for the purpose of inspecting the same and making any repairs or performing any work that Lessee has neglected or refused to make in accordance with the terms, covenants, and conditions of this Lease.

13.2 No Obligations. Nothing in this Lease shall imply any duty or obligation on the part of Port to do any such work or to make any Improvements of any kind whatsoever to the Premises (including, but not limited to, repairs and other restoration work made necessary due to any fire, other casualty, or partial condemnation, irrespective of the sufficiency or availability of any fire or other insurance proceeds, or any award in condemnation, which may be payable). The performance of any work by Port shall not constitute a waiver of Lessee's default in failing to perform the same.

13.3 Port Right to Perform Lessee's Covenants. If Lessee at any time fails to pay any Tax in accordance with the provisions of this Lease or fails to make any other payment or perform any other act on its part to be made or performed, then Port, after ten (10) days' notice to Lessee (or without notice in case of an emergency) and without waiving or releasing Lessee from any obligation of Lessee contained in this Lease or from any default by Lessee and without waiving Port's right to take such action as may be permissible under this Lease as a result of such default, may (but shall be under no obligation to):

13.3.1 Pay any Tax payable by Lessee pursuant to the provisions of this Lease; or

13.3.2 Make any other payment or perform any other act on Lessee's part to be made or performed as provided in this Lease, and may enter the Premises for any such purpose, and take all such action, as may be necessary.

13.3.3 All sums so paid by Port and all costs and expenses incurred by Port, including reasonable attorney fees, in connection with the performance of any such act, together with, if Lessee does not pay the same within the thirty (30) day period after notice from Port, interest from the date of such payment or incurrence by Port of such cost and expense until paid, at the annual rate of twelve percent (12), shall constitute Additional Rent payable by Lessee under this Lease and shall be paid by Lessee to Port on demand.

13.4 Port's Option to Reduce Acreage or Terminate Lease. The Port shall have the right and option in the Port's sole and absolute discretion to reduce the acreage constituting the Premises or terminate this Lease with not less than one (1) year notice provided to Lessee.

14. Indemnification

Lessee agrees to indemnify, hold harmless, and defend Port, including its Commissioners, officers, employees, agents and volunteers (using legal counsel acceptable and approved by Port) for, from and against any and all costs, claims, actions, liabilities or expenses (including, without limitation, all costs, demands, charges, suits, judgments, fines, penalties, liabilities, debts, attorneys' fees and causes of action), of whatsoever nature of character, including without limitation, claims, losses and expenses for property damage, bodily injury or death, which may be imposed upon or claimed against or incurred by the Port and which arise from any of the following, except and to the extent of any Port gross negligence or willful misconduct:

- (a) any act, omission or negligence of the Lessee or Lessee's partners, officers, directors, agents, employees or invitees;
- (b) any use, occupation, management or control of Port property by the Lessee or the Lessee's employees, agents, subcontractors, or suppliers, whether or not due to the Lessee's own act or omission;
- (c) any condition created on Port property by the Lessee or the Lessee's employees, agents, Subcontractors, or suppliers, and any accident, injury or damage arising from the condition;
- (d) any breach, violation, or nonperformance of any of the Lessee's obligations under this Lease or
- (e) any damage caused by the Lessee or the Lessee's employees, agents, subcontractors, or suppliers on or to any Port property.

The provisions of this Section shall survive the expiration or termination of this Lease or of Lessee's right of possession with respect to any claim, loss, damage, liability or cause of action accruing or occurring prior to such expiration or termination and shall remain fully enforceable thereafter.

15. Port Control and Services

It is understood that the Port, as a municipal corporation created as a Port District under the laws of the State of Oregon, has certain legislative control and authority over all of its properties and within its geographical boundaries. None of such legislative authority is hereby ceded, delegated, or diminished. It is expressly recognized by the parties that the Port shall have the authority to determine rules regulating the use and conduct upon such Premises, penalties therefore and other matters not involving the direct management and operation of the facility. Nothing herein contained shall be deemed to constitute the Lessee an agent, employee or other representative of the Port; the status of Lessee with respect to the Port is strictly that of Lessee and the Port reserves no power to control or direct Lessee in the manner of performance of its duties and obligation, other than through its legislative authority and its right to enforce the provisions of this Lease.

16. Condemnation

16.1 General. In the event any public or private entity having the power of eminent domain exercises its right or power of eminent domain, the parties' rights and obligations shall be governed by the common law of the State of Oregon, the applicable Oregon statutes, and this Lease. To the extent allowed by law, in the event of conflict among the statute, common law and this Lease, this Lease shall prevail. If the condemning authority is the Port, Lessee agrees that it will not contest the Port's right to condemn the Premises, or any portion thereof, for whatever purpose the Port deems necessary, but Lessee may contest the value payable to Lessee due to such condemnation. In cases where the condemning authority is an entity other than the Port, Lessee and the Port agree to cooperate, in good faith, to resolve any issues relating to value and/or authority to condemn.

16.2 Definitions. As used in this Lease, the following definitions shall apply:

16.2.1 Partial Taking. "Partial Taking" ("Partial Taking") means the taking by right of eminent domain or other authority of law, or a voluntary transfer under the threat of the exercise of the right of eminent domain or other authority, of any portion of the Premises which does not constitute a Total Taking.

16.2.2 Total Taking. "Total Taking" ("Total Taking") means the taking by right of eminent domain or other authority of law, or a voluntary transfer under the threat of the exercise of the right of eminent domain or other authority, of so much of the Premises as is necessary for Lessee's occupancy that the Premises, after the taking, is no longer suitable for Lessee's intended use.

16.2.3 Taking. "Taking" ("Taking") refers to either a Partial Taking or a Total Taking.

16.2.4 Date of Taking. The "Date of Taking" ("Date of Taking") means: (i) the date on which the condemning authority takes legal ownership or actual physical possession of the Premises being condemned; (ii) the date given in a written notice from the condemning authority as the date that it is deemed to have taken possession or is granted possession by a court; or (iii) such date as is agreed to, in writing, in the event of a sale in lieu of condemnation.

16.2.5 Premises Award. The "Premises Award" ("Premises Award") shall mean the Fair Market Value of the Premises, including the Premises and all infrastructure improvements made to the Premises by any party and including the Port's Reversionary Interest in Lessee Improvements, but excluding the Leasehold Award, which Lessee shall be entitled to claim. The Premises Award shall also include any consequential damages to any part of the Premises that may not be taken. The Premises Award is payable solely to the Port.

16.2.6 Leasehold Award: The "Leasehold Award" ("Leasehold Award") shall mean the sum of: (i) the present value, determined as of the Date of Taking, of

Lessee's Improvements; (ii) the present value, determined as of the Date of Taking, of Lessee's interest in the leasehold estate, including any claim for reimbursement of any prepaid Rent including prepaid Basic Rent; and (iii) provided the Lease is not terminated, any consequential damages such as the cost of any alterations, modifications, or repairs which may be reasonably required by Lessee in order to place the remaining portion of the Premises not taken in a suitable condition for the continuance of Lessee's occupancy. The Leasehold Award is payable solely to Lessee. No portion of the value attributable to the Premises or improvements owned, made by, or paid for by the Port or other government authority, or any infrastructure improvements, or the Port's residual interest in other improvements, shall be considered a part of the Leasehold Award.

16.2.7 Port's Reversionary Interest: The "Port's Reversionary Interest" ("Port Reversionary Interest") shall mean the present value, determined as of the Date of Taking, of any right of the Port under this Lease to receive the taken Lessee Improvements at the end of the Lease Term.

16.3 Distribution of Takings Award. The Port shall have the right to and shall be entitled to receive directly from the condemning authority, in its entirety and not subject to any trust, the entire Premises Award. Lessee shall have the right to and shall be entitled to receive directly from the condemning authority, in its entirety and not subject to any trust, the entire Leasehold Award. It is the intent of the parties that the Premises Award and the Leasehold Award will equal the total amount of the award paid as a result of a Taking of the Premises.

16.4 Total Taking. If a Total Taking occurs during the Lease Term, this Lease will terminate as of the Date of Taking.

16.5 Partial Taking. If a Partial Taking occurs during the Lease Term, this Lease shall terminate as of the Date of Taking as to the portion of the Premises taken. The Lease will continue in full force and effect as to the remainder of the Premises unless Lessee reasonably determines that the remaining portion of the Premises is inadequate for Lessee's purposes, in which event Lessee may elect to terminate the Lease within thirty (30) days of the date of the Taking by providing the Port written notice of termination. If notice of termination is not received by the Port within thirty (30) days of the Partial Taking, the Lease will continue in full force and effect as to the remainder of the Premises. Unless the Taking is by the Port, there shall be no refund of any prepaid Basic Rent by the Port to Lessee, but Lessee may make a claim for such prepaid Rent against the condemning authority, as part of the Leasehold Award. Lessee shall promptly make, at Lessee's sole expense, all necessary repairs or alterations to restore the remaining Premises after a Partial Taking.

16.6 Claims Against Condemning Authority. In any case where the Port is not the condemning authority, Lessee and the Port agree to work together, in good faith, in making their respective claims against the condemning authority, in accordance with the provisions of this Section. The Port also agrees to work together, in good faith, with any of Lessee's Permitted Leasehold Mortgagees, in making their respective claims against the condemning authority, in accordance with the provisions of this Section. Each

party shall be responsible for making its own claim for court costs and attorney fees incurred in the condemnation proceedings.

16.7 Adjustment of Award. To the extent that the court does not distribute the Takings award in accordance with the distribution rights set forth in this Section, the parties agree, upon receipt of the award, to promptly pay to the other any amount of the award belonging to the other in accordance with the distribution set forth in this Section. If the parties cannot agree upon the distribution within twenty (20) days of the date the judgment or decree is entered in the condemnation proceedings, the controversy shall be resolved in the same court as the condemnation action was brought. The cost of resolving any such controversy, including the prevailing party's attorney fees, shall be paid by the losing party, as determined by the court. The award allocation may also be resolved by mediation or arbitration if the Port and Lessee both agree to submit the issue to mediation or arbitration.

16.8 Effect of Termination. If this Lease is terminated pursuant to the provisions of this Section, then all charges payable by Lessee to the Port under this Lease, if applicable, will be paid up to the Date of Taking. In the event of termination as a result of a Total Taking, the Port and Lessee will then be released from all further liability under this Lease or, in the event of a Partial Taking, from all further liability under this Lease with respect to the portion of the Premises so taken, except such liability which survives termination.

16.9 Notice of Taking. Either party receiving any notice of intended taking, any service of legal process relating to condemnation, or any other notification in connection with any taking, condemnation, or sale or transfer in lieu of condemnation, shall promptly give the other party notice of such receipt. No sale, transfer, agreement, or settlement with the condemning authority shall be made without the written consent of the Port and Lessee.

17. Port Condemnation Rights

Nothing in this Lease shall in any way limit the powers and rights of the Port to exercise its governmental rights and powers, including its powers of condemnation and eminent domain. Lessee hereby agrees to waive any right it may have to contest the Port's right or authority to condemn, or its rights of condemnation based on a qualifying public purpose. Lessee agrees that it shall limit any contest with the Port relating to the Port's condemnation/eminent domain rights or authority only to the issue of Lessee's interest in the value of the Premises being condemned. Lessee hereby agrees that the Port will have the full right and authority to condemn this Leasehold interest as long as Lessee is paid for its value.

18. Assignment and Subletting Prohibited

Lessee shall not, either voluntarily or by operation of law, assign all or any part of Lessee's leasehold estate hereunder, permit the Premises to be occupied by anyone other than Lessee or Lessee's employees, sublet the Premises or any portion thereof, or encumber or pledge all or any portion of this Lease or Lessee's leasehold estate hereunder, without Port's express prior written consent in each and every instance, which

consent may be withheld or issued subject to conditions, in Port's sole discretion. Any assignment, encumbrance, pledge, or Lease without Port's prior written consent shall be void and shall constitute a default hereunder. This provision shall apply to all mergers and changes in control of Lessee of any type or nature, each of which shall be deemed assignments for the purposes of this Section. Regardless of Port's consent, no subletting or assignment shall release Lessee's obligation or alter the primary liability of Lessee to pay the rent and to perform all other obligations to be performed by Lessee hereunder. The acceptance of rent by Port from any other person shall not be deemed to be a waiver by Port of any provision hereof. Consent to one assignment, encumbrance, pledge, or subletting shall not be deemed consent to any subsequent assignment, encumbrance, pledge, or subletting. If any assignee of Lessee or any successor of Lessee defaults in the performance of any of the terms hereof, Port may proceed directly against Lessee without the necessity of exhausting remedies against such assignee or successor. Port may consent to subsequent assignments, encumbrances, pledges, or subletting of this Lease or amendments or modifications to this Lease with assignees of Lessee, without notifying Lessee, or any successor of Lessee, and without obtaining its or their consent thereto, and such action shall not relieve Lessee of its liability under this Lease. If Lessee assigns this Lease, encumbers, pledges, or sublets all or a portion of the Premises, or requests the consent of Port to any assignment, encumbrance, pledge, or subletting, or if Lessee requests the consent of Port for any act that Lessee proposes to do, then Lessee shall pay Port's reasonable attorneys' fees incurred in connection therewith.

19. Default and Remedies

19.1 Event of Default. The occurrence of any one or more of the following Events of Default ("Event of Default") constitutes a material breach of this Lease by Lessee:

19.1.1 If Lessee fails to pay any monetary obligation required under this Lease and such failure to pay is not cured within ten (10) days of written notice from Port, except that a failure to make an annual Rental Payment is an automatic Event of Default, without any notice required from Port to Lessee; or

19.1.2 If Lessee dies or becomes disabled to the extent that Lessee is unable to fulfill the purpose of this Lease; or

19.1.3 If Lessee (or, if more than one person or entity constitutes Lessee, then by or against any such person or entity) shall: (i) make a general assignment for the benefit of creditors; (ii) admit in writing its inability to pay its debts as they become due; (iii) file a petition in bankruptcy; (iv) be adjudicated as bankrupt or insolvent; (v) file a petition seeking any reorganization, arrangement, composition, readjustment, liquidation, dissolution or similar relief under any present or future statute, law or regulation; (vi) fail to timely contest the material allegations of petition filed against it in any bankruptcy proceeding; (vii) seek or consent to or acquiesce in the appointment of any trustee, receiver or liquidator of Lessee or any material part of its properties; or (viii) is dissolved or Lessee's existence as a going business is terminated; or

19.1.4 If Lessee shall file a petition in bankruptcy or be the subject of involuntary proceedings in bankruptcy not vacated within thirty (30) calendar days, or if a receiver or trustee shall be appointed of Lessee's property, or if Lessee shall make an assignment for the benefit of creditors, or if this Lease shall, by operation of law or otherwise, pass to any person or persons other than Lessee. For purposes of this

Subsection, "Lessee" shall mean and include the Lessee named herein (or: if more than one person or entity constitutes Lessee, then by or against any such person or entity), any assignee or sublessee, and any partner, co-Lessee, or guarantor in or of such Lessee or any assignee or sublessee; or

19.1.5 If this Lease or any estate of Lessee hereunder shall be levied upon under any attachment or execution and such attachment or execution is not vacated within ten (10) calendar days of the issuance of such attachment or execution; or

19.1.6 If Lessee, whether by action or inaction, is in default of any of its obligations under this Lease (other than a default in the payment of Rent by Lessee) and such default continues and is not remedied within thirty (30) days after Port has given Lessee a notice specifying the same, or, in the case of a default that can be cured but not within a period of thirty (30) days, if Lessee has not (1) commenced curing such default within such 30-day period; (2) notified Port of Lessee's intention to cure the default; or (3) continuously and diligently completed the cure of the default.

19.2 Port Remedies Upon Default. Upon the occurrence of an event of default, Port may exercise any one or more of the remedies set forth in this section or any other remedy available under applicable law or contained in this Lease, including the following:

19.2.1 Port or Port's agents and/or employees may immediately or at any time thereafter reenter the Premises either by summary eviction proceedings or by any suitable action or proceeding at law, or by force or otherwise, without being liable to indictment, prosecution, or damages, and may repossess the same, and may remove any person from the Premises, to the end that Port may have, hold, and enjoy the Premises.

19.2.2 Port may relet the whole or any part of the Premises from time to time, either in the name of Port or otherwise, to such Lessees, for such terms ending before, on, or after the expiration date of the Lease Term, at such rentals and on such other conditions (including concessions and free rent) as Port may determine to be appropriate. To the extent allowed under Oregon law, Port shall have no obligation to relet all or any part of the Premises and shall not be liable for refusal to relet the Premises, or, in the event of such reletting, for refusal or failure to collect any rent due on such reletting; and any action of Port shall not operate to relieve Lessee of any liability under this Lease or otherwise affect such liability. Port at its option may make such physical changes to the Premises as Port, in its sole discretion, considers advisable and necessary in connection with any such reletting or proposed reletting, without relieving Lessee of any liability under this Lease or otherwise affecting Lessee's liability.

19.2.3 Whether or not Port retakes possession or relets the Premises, Port has the right to recover its damages, including without limitation all lost rentals, all legal expenses, all costs incurred by Port in restoring the Premises or otherwise preparing the Premises for reletting, and all costs incurred by Port in reletting the Premises.

19.2.4 To the extent permitted under Oregon law, Port may sue periodically for damages as they accrue without barring a later action for further damages. Port may in one action recover accrued damages plus damages attributable to the remaining Lease Term equal to the difference between the Rent reserved in this Lease for the balance of the Lease Term after the time of award, and the fair rental value of the Premises for the same period, discounted at the time of award at a reasonable rate not to exceed ten percent (10%) per annum. If Port has relet the Premises for the period that otherwise would have constituted all or part of the unexpired portion of the Term, the

amount of rent reserved on such reletting shall be deemed; prima facie, to be the fair and reasonable rental value for the part or the whole of the Premises so relet during the term of the reletting.

19.3 No failure by Port to insist on the strict performance of any agreement, term, covenant, or condition of this Lease or to exercise any right or remedy consequent upon a breach, and no acceptance of full or partial Rent during the continuance of any such breach, constitutes a waiver of any such breach or of such agreement, term, covenant, or condition. No agreement, term, covenant, or condition to be performed or complied with by Lessee, and no breach by Lessee, shall be waived, altered, or modified except by a written instrument executed by Port. No waiver of any breach shall affect or alter this Lease, but each and every agreement, term, covenant, and condition of this Lease shall continue in full force and effect with respect to any other then-existing or subsequent breach.

19.4 Port shall only be deemed to be in default under the terms of this Lease in the event Port shall fail to observe, keep, or perform any covenant or agreement that is not observed, kept, or performed by Port within thirty (30) calendar days after the receipt by Port of written notice from Lessee of such failure, which notice shall specifically set out the failure. Port shall not be considered in default so long as Port commences to cure the failure in a diligent manner and Port shall thereafter be allowed such additional time as reasonably necessary to correct the failure. Lessee specifically agrees to look solely to Port's interest in the Premises for the recovery of any personal judgment from Port, it being agreed that Port, including its Commissioners, directors, agents, or employees, shall not be personally liable for any such judgment. Lessee agrees that Port shall in no event and under no circumstances be responsible for any consequential damages.

19.5 In no event shall Port be liable to Lessee for any lost or prospective profits or any other special, punitive, exemplary, consequential, incidental, or indirect losses or damages (in tort, contract or otherwise) under or in respect of this Lease or for any failure or performance related hereto howsoever caused, whether or not arising from Port's sole, joint or concurrent negligence. To the extent any payment required to be made under this Lease is agreed by the parties to constitute liquidated damages, the parties acknowledge that the damages are difficult or impossible to determine and that such payment constitutes a reasonable approximation of such damages, and not a penalty. The obligations of Port under this Lease shall not be personally binding on, nor shall any resort be had to the private properties of, any of its trustees or board of directors and officers, as the case may be, the general partners thereof, or any beneficiaries, stockholders, employees, or agents of Port, or its property managers. It is expressly understood and agreed that any money judgment against Port resulting from any default of other claim arising under this Lease shall be satisfied only out of the rents, issues, profits, and other income actually received from the operation of the Premises from and after the accrual of said default or claim. No other real, personal or mixed property of Port, wherever situated, shall be subject to levy on any such judgment obtained against Port. If such income is insufficient for the payment of such judgment, Lessee shall not institute any further action, suit, claim, or demand, in law or in equity, against Port for or on account of such deficiency. Lessee hereby waives, to the fullest extent waivable under law, any right to satisfy said money judgment against Port except from income received by Port from the Premises during the Term hereof.

19.6 Each right and remedy of Port provided for in this Lease shall be cumulative and shall be in addition to every other right or remedy provided for in this Lease or now or hereafter existing at law or in equity or by statute or otherwise, and the exercise or

beginning of the exercise by Port or Lessee of any one or more of the rights or remedies provided for in this Lease or now or hereafter existing at law or in equity or by statute or otherwise shall not preclude the simultaneous or later exercise by the party in question of any or all other rights or remedies provided for in this Lease or now or hereafter existing at law or in equity or by statute or otherwise.

20. No Abatement of Rent

Except as otherwise specifically provided in this Lease, no abatement, refund, diminution, or reduction of Rent or other compensation shall be claimed by or allowed to Lessee, or any person claiming under it, under any circumstances, whether for inconvenience, discomfort, interruption of business, or otherwise, arising from work on Improvements, by virtue or because of Legal Requirements, or the occurrence of any matters referred to in this Lease regarding casualty damage and/or condemnation, or for any other reason, cause, or occurrence. Unless caused by Port, if any adjoining Premises or structure encroaches on the Premises, no claim, demand, or objection of any kind shall be made by Lessee against Port by reason of such encroachments; no claim for abatement of Rent due under this Lease shall be made by reason of such encroachments or acts of, or in connection with, removal of the encroachments. The rights, liabilities, and obligations of the parties shall be the same as if there were no encroachments. In any related legal proceedings, the Premises may properly and without prejudice be described according to the description previously used without reference to any such encroachments. Port agrees to cooperate with Lessee in any proceedings sought by Lessee to remove such encroachments, provided such cooperation does not cause Port to incur any expense.

21. Transfer of Interest by Port

Port may sell, exchange, assign, transfer, convey, contribute, distribute, or otherwise dispose of all or any part of its interest (called "Port's Interest") in the Premises or this Lease (including but not limited to Port's reversion).

22. Quiet Enjoyment

Subject to the provisions of this Lease, Lessee may peacefully have, hold, and enjoy the Premises, subject to the other provisions hereof, provided that Lessee performs all of Lessee's covenants and agreements herein contained, subject to any mortgage or other recorded documents having priority over this Lease. Lessee specifically acknowledges the grant of a *Gas Pipeline Easement in Gross* allowing Northwest Natural Gas access over, under, upon, and across the Premises as outlined on the attached **Exhibit C**, subject to the 24-hour access restrictions contained in Section 13.1. Notwithstanding the foregoing, Port shall not be responsible or liable for the interference, disturbance, acts, or omissions of any third party, including without limitation, occupants of the Premises, nor shall Lessee be released from any of the obligations of this Lease because of such interference, disturbance, acts, or omissions. It is understood and agreed that this covenant and any and all other covenants of Port contained in this Lease shall be binding upon Port and its successors only with respect to breaches occurring during their respective ownership of Port's interest hereunder.

23. Surrender

Except as otherwise provided, Lessee, on the last day of the Term, shall surrender and deliver up the Premises and all Improvements (excluding direct agricultural improvements including fencing, stock watering equipment, irrigation pumps, irrigation pipe and related infrastructure, and irrigation power cable installed solely at lessee's expense) to the possession and use of Port without fraud or delay, free and clear of all lettings and occupancies other than Leases then terminable at the option of Port or Leases to which Port shall have specifically consented, and free and clear of all liens and encumbrances other than those, if any, presently existing or created or suffered by Port, without any payment or allowance whatever by Port on account of any Improvements on the Premises.

23.1 When furnished by or at the expense of Lessee or any sublessee, furniture, fixtures, and equipment may be removed by Lessee at or before this Lease terminates, provided, however, that the removal will not injure the Premises or necessitate changes in or repairs to the same. Lessee shall pay or cause to be paid to Port the cost of repairing any damage arising from such removal and restoration of the Premises to the condition before such removal.

23.2 Any personal property of Lessee or any sublessee that shall remain on the Premises after the termination of this Lease and the removal of Lessee or such sublessee from the Premises may, at the option of Port, be deemed to have been abandoned by Lessee or such sublessee and may either be retained by Port as its property or be disposed of, without accountability, in such manner as Port may see fit, or if Port gives written notice to Lessee to such effect, such property shall be removed by Lessee at Lessee's sole cost and expense. If this Lease terminates early for any reason other than the default of Lessee then, anything to the contrary notwithstanding, Lessee or any sublessee shall have a reasonable time thereafter to remove its personal property.

23.3 Port shall not be responsible for any loss or damage occurring to any property owned by Lessee or any sublessee.

23.4 The provisions of this section shall survive any termination of this Lease.

24. Holdover Rent Increase: 150%

If Lessee does not vacate the Premises at the time required (upon expiration or termination of the Lease), the Port shall have the option, in Port's sole discretion, to treat Lessee as a tenant from month-to-month and Lessee shall pay Rent at an increased rate of 150% above the then-applicable annual rent payment ("Holdover Rent Increase"). The Holdover Rent Increase shall take effect immediately on the first day of the month after the expiration or termination of the Lease and shall be calculated by dividing the annual rent payment into twelve (12) monthly payments. The holdover tenancy shall be terminable at the end of any monthly rental period on written notice from Port given not less than 30 days prior to the termination date, which shall be specified in the notice. Lessee waives any notice which would otherwise be provided by law with respect to a month-to-month tenancy.

25. Notices

Except for routine operational communications (which may be delivered personally or by mail or transmitted by electronic mail), any notice required or permitted by the terms of this Lease shall be deemed given if delivered personally to an officer of the party to be notified or sent by United States registered or certified mail, postage prepaid, return-receipt requested, and addressed as follows:

If to Port: Port of Columbia County
PO Box 190
Columbia City, Oregon 97018

If to Lessee: Columbia River Ranch
PO Box 1545
Clatskanie, Oregon 97016

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or such other addresses as may be designated by either party by written notice to the other, including electronic mail if both parties consent in writing to such notice and receipt is confirmed. Except as otherwise provided in this Lease, every notice, demand, request, or other communication shall be deemed to have been given or served on actual receipt.

25.1 Lessee shall immediately send to Port, in the manner prescribed above for giving notice, copies of all notices given by it to any mortgagee or received by it from such mortgagee, and copies of all notices that it receives with respect to the Premises or Improvements from any government authorities, fire regulatory agencies, and similarly constituted bodies, and copies of its responses to such notices.

25.2 Notwithstanding anything in this section to the contrary, any notice mailed to the last designated address of any person or party to which a notice may be or is required to be delivered pursuant to this Lease or this section shall not be deemed ineffective if actual delivery cannot be made due to a change of address of the person or party to which the notice is directed or the failure or refusal of such person or party to accept delivery of the notice.

26. Miscellaneous Provisions

26.1 Costs and Attorney Fees. In the event suit, action, arbitration or mediation is instituted in connection with this Lease, including but not limited to litigation or proceedings in Bankruptcy Court whether or not regarding issues which are unique to bankruptcy law, the losing party shall pay the prevailing party's reasonable attorneys' and paralegals' fees and court costs at and in preparation for any proceeding, whether at trial, appeal therefrom, on any petition for review, or in any arbitration or mediation.

26.2 Entire Agreement. This Lease contains the entire agreement between the parties and, except as otherwise provided, can be changed, modified, amended, or terminated only by an instrument in writing executed by the parties. It is mutually acknowledged and agreed by Lessee and Port that there are no verbal agreements, representations, warranties, or other understandings affecting this Lease.

26.3 Applicable Law. This Lease shall be governed by, and construed in accordance with, the laws of the state of Oregon. In the event any action is brought to enforce this Lease, venue shall exclusively be in Columbia County, Oregon, and each party hereby unconditionally and irrevocably consents to the jurisdiction of the Oregon state courts.

26.4 Delinquency Charge. 18%. All Rent and other amounts not paid when due shall bear a "Delinquency Charge" of eighteen percent (18%) per annum, if Rent remains unpaid for five (5) or more days following its due date. Such interest shall be charged from the date due until the Rent or other amount is paid in full. This Delinquency Charge is subject to periodic change, subject to any limitation on the maximum rate of interest allowed by law, at the Port's sole discretion. No change shall occur, however, without at least thirty (30) calendar days prior written notice to Lessee. Imposition of a Delinquency Charge shall not constitute a waiver of any other remedies available to the Port for failure to timely pay Rent.

26.5 Definition of "Lessee". As used herein, the term "Lessee" means each person hereinabove named as such and such person's heirs, personal representatives, successors and assigns, each of whom shall have the same obligations, liabilities, rights and privileges as it would have possessed had it originally executed this Lease as Lessee; provided, that no such right or privilege shall inure to the benefit of any assignee of Lessee, immediate or remote, unless the assignment to such assignee is made in accordance with the provisions herein. Whenever two or more persons constitute Lessee, all such persons shall be jointly and severally liable for performing Lessee's obligations hereunder. To the extent the context of any provisions of this Lease makes it appropriate, including without limitation any representation, warranty or covenant, the word "Lessee" as used herein shall include all subsidiaries and affiliates of the Lessee. Notwithstanding the foregoing however, under no circumstances shall this Lease be construed to require Port to formally recognize or make any accommodation to any subsidiary or affiliate of Lessee.

26.6 Consent. Wherever in this Lease Lessee is required to obtain Port's consent, Lessee shall reimburse Port for all reasonable costs and expenses associated with processing any request for approval, regardless of whether such proposal is approved or denied, including, but not limited to, attorneys' fees for outside counsel. No consent required by Port under this Lease shall be granted unless in writing. Unless otherwise specifically set forth herein, consent by Port may be withheld or conditioned in the sole discretion of Port. Specifically, without limitation, Port's consent may be denied or conditioned upon Port's determination of the environmental aspects of the use of the property by Lessee and/or by the proposed assignee or sublessee. As a condition to any consent, Port may require that any other party or parties with a right of consent issue such consent on terms acceptable to Port. The consent or approval of Port to or of any act by Lessee requiring Port's consent or approval shall not be deemed to waive or render unnecessary Port's consent to or approval of any subsequent similar acts by Lessee. In no event shall Lessee have the right to terminate this Lease, and in no event shall Port be liable for monetary damages, based on a claim that consent has been unreasonably withheld or conditioned or otherwise arising from the withholding or conditioning of consent.

26.7 Third Parties. Nothing contained herein nor the transactions contemplated hereby, express or implied, shall be deemed to inure to the benefit of any person or entity not a party to this Lease, this Lease being intended solely for the benefit of Port and Lessee, nor shall it confer upon any such party or entity any right or remedy of any nature whatsoever.

26.8 Survival. The release and indemnity covenants of Lessee, the limitations of liability, the right of Port to enforce its remedies hereunder, the attorneys' fees provisions hereof, as well as all provisions of this Lease which contemplate performance after the expiration or termination hereof or the termination of Lessee's right to possession hereunder, shall survive any such expiration or termination.

26.9 Recording. Lessee shall not record this Lease or any memoranda hereof without the prior written consent of Port, and if such consent is forthcoming, Lessee shall pay all charges and taxes incident to such recording.

26.10 Necessary Documents. Each party at the request of any other party shall provide any information and execute, acknowledge, and deliver any and all documents and instruments reasonably necessary to complete the protection contemplated by this Lease and to give full effect to this Lease.

26.11 Authorization. The execution, delivery, and performance of this Lease by Lessee, to the extent to be executed, delivered or performed by Lessee, have been duly authorized by all necessary action by Lessee; do not require the consent or approval of any other person, regulatory authority or governmental body; and do not conflict with, result in a violation of; or constitute a default under (a) any provision of its articles of incorporation or organization, or bylaws, or any agreement or other instrument binding upon Lessee or (b) any law, governmental regulation, court decree, or order applicable to Lessee. Lessee agrees to furnish Port promptly upon request a corporate resolution, proof of due authorization by partners, or other appropriate documentation evidencing the due authorization of Lessee to enter into this Lease.

26.12 Invalidity of Particular Provisions. If any term or provision of this Lease or the application of the Lease to any person or circumstances is, to any extent, invalid or unenforceable, the remainder of this Lease, or the application of such term or provision to persons or circumstances other than those as to which it is held invalid or unenforceable, shall not be affected, and each term and provision of this Lease shall be valid and be enforced to the fullest extent permitted by law.

26.13 Force Majeure. If the performance by either of the parties of their respective obligations under this Lease (excluding monetary obligations) is delayed or prevented in whole or in part by any Legal Requirement (and not attributable to an act or omission of the party), or by any acts of God, fire or other casualty, floods, storms, explosions, accidents, epidemics, war, civil disorders, strikes or other labor difficulties, shortage or failure of supply of materials, labor, fuel, power, equipment, supplies or transportation, or by any other cause not reasonably within the party's control, whether or not specifically mentioned, the party shall be excused, discharged, and released of performance to the extent such performance or obligation (excluding any monetary obligation) is so limited or prevented by such occurrence without liability of any kind.

26.14 Good Faith. The parties agree that the phrase "good faith" will mean honesty in fact and the observance of reasonable commercial standards of the trade as used in or

applied by any mediator, arbitrator, or judge to the performance or enforcement of this Lease, including the rights and obligations of the parties hereunder.

26.15 Counterparts. This Lease may be executed in any number of counterparts and by the parties hereto on separate counterparts, each of which when so executed and delivered shall be an original but such counterparts together shall constitute one and the same instrument.

IN WITNESS WHEREOF, Lessee and Port have caused this Lease to be executed by their duly authorized officers, acknowledging their agreement that this Lease is effective as of the Effective Date.

PORT:

LESSEE:

Sean Clark, Executive Director
Port of Columbia County

Gary M Bailey Pres...
Gary Bailey, Owner
Columbia River Ranch, Inc.

EXHIBIT A

Depiction of Premises

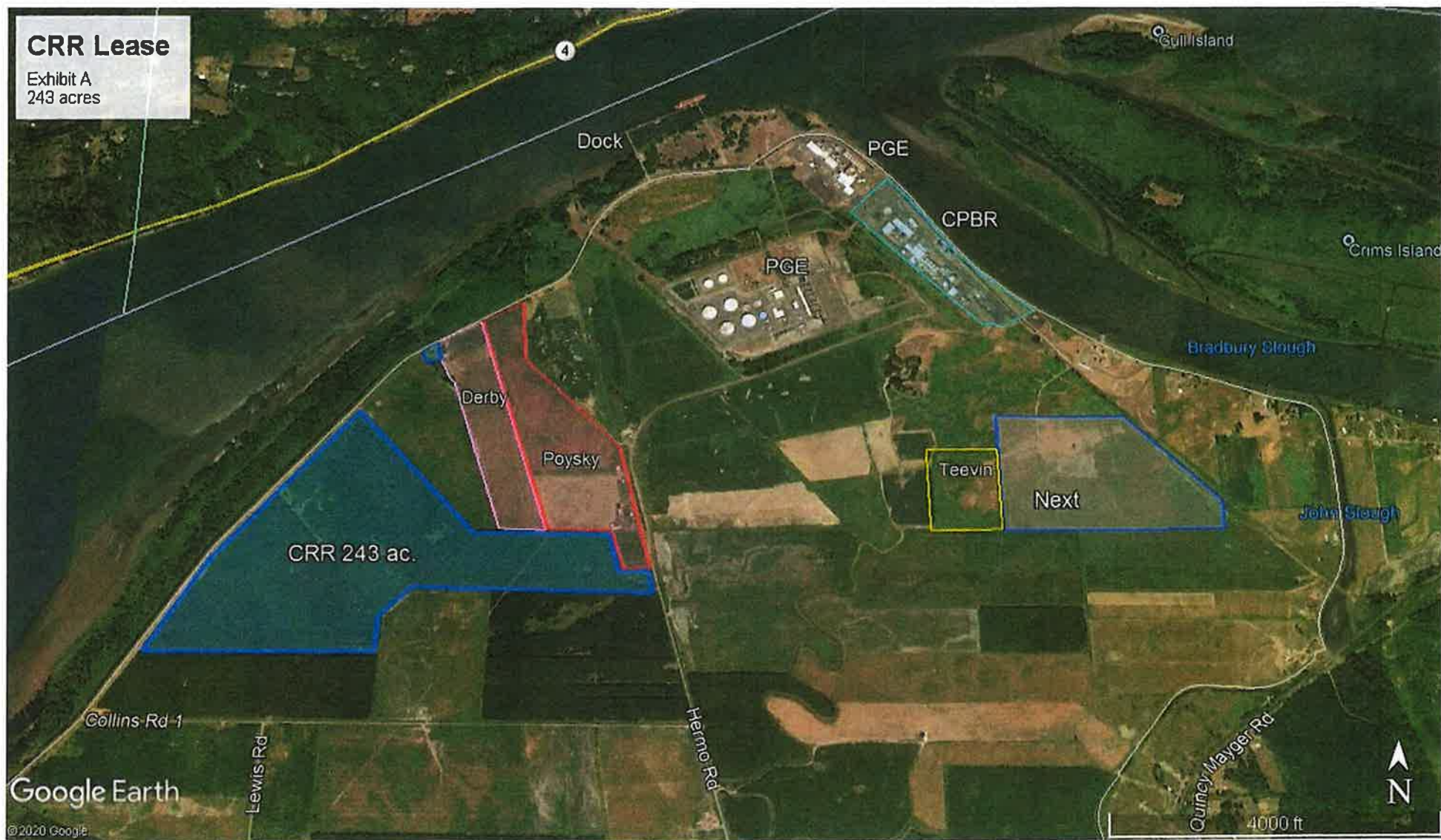


EXHIBIT B

Attorney Fees to be Paid by Lessee

EXHIBIT B

AGREEMENT TO PAY COSTS

This Agreement to Pay Costs ("Agreement") is made and entered into this ____ day of _____, 20__ ("Effective Date"), by and between the Port of Columbia County, formerly known as the Port of St. Helens, a municipal corporation of the State of Oregon ("the Port"), and Columbia River Ranch, Inc. As Tenant or Lessee ("Lessee") (collectively, "the Parties").

RECITALS

WHEREAS, Lessee approached the Port and requested that the Port incur costs, including staff and attorney time, for the Parties to engage in discussions and negotiations with Port Staff and have Port General Counsel draft [insert text] _____, and

WHEREAS, Lessee's request for Port Staff and Port General Counsel to do work on Lessee's behalf has resulted in additional time and costs for which it is appropriate that Lessee compensate the Port through this Agreement ("Port Work"), and

WHEREAS, the Port Work will include all work done by Port Staff and Port General Counsel from the Effective Date until _____ [insert date], and

WHEREAS, the Parties intend to carry out their rights, duties, and obligations in such a manner so as to avoid action that would increase, directly or indirectly, the Parties exposure to liability,

NOW, THEREFORE, for good, fair and valuable consideration, the receipt and sufficiency of which is acknowledged, and in consideration of the mutual covenants and agreements set forth herein, the Parties hereby agree as follows:

1. INCORPORATION OF RECITALS. The above-stated Recitals are true and correct to the best of their knowledge and are incorporated into this Agreement as though fully set forth herein.

2. NONREFUNDABLE PAYMENT. Lessee agrees to pay a To Be Determined nonrefundable, fixed fee payment to the Port ("Nonrefundable Payment") for Port Work. The Nonrefundable Payment is due in full immediately and must be received by the Port prior to the _____ being placed on the Port of Columbia County Commission Agenda.

3. LIMITATION OF LIABILITY. The Port makes no representation or warranty, express or implied, as to the nature, quantity or quality of any Port Work. In no event shall the Port be liable to Lessee for damages of any kind, including but not limited to any special, indirect, incidental, consequential or punitive damages (including any claim for lost profits or revenues).

4. COUNTERPARTS. This Agreement may be executed in identical counterparts, all of which shall be considered one and the same agreement and shall become effective when counterparts have been signed by each party and delivered to the other party. In the event that any signature is delivered by facsimile transmission or by an e-mail which contains an electronic file of an executed signature page, such signature page shall be deemed to constitute an original instrument, with the same force and effect as execution and delivery of an original and shall create a valid and binding obligation of the party executing this Agreement.

IT IS SO AGREED by the Parties as of the Effective Date set forth above.

Columbia River Ranch, Inc.

PORT OF COLUMBIA COUNTY

By: _____

By: _____

Gary Bailey

Sean P. Clark Executive Director

EXHIBIT C

NW Natural Gas Easement

CRR Lease

Exhibit C
NW Natural Gas Pipeline Easement

