

**LEASE AGREEMENT
BETWEEN THE CITY OF NEWPORT
AND THE FEDERAL EXPRESS CORPORATION**

THIS LEASE AGREEMENT ("Lease") is made and entered into as of JANUARY 6, 2015, but effective as of June 1, 2014 ("Effective Date"), by and between the **CITY OF NEWPORT**, an Oregon municipal corporation ("City"), and **FEDERAL EXPRESS CORPORATION**, a Delaware corporation ("Lessee").

RECITALS

A. City owns and operates the Newport Municipal Airport (the "Airport") and owns office space, aircraft tie downs, vehicle parking spaces, and equipment storage space on the airport property.

B. Subject to all of the terms, conditions, and provisions of this Lease, Lessee wishes to lease from City, and City is willing to lease to Lessee, a certain 2,400 square foot building for office space; one aircraft tie down space for a Cessna 208 aircraft, and ten (10) dedicated vehicle parking spaces (collectively "Premises"), which Premises is more particularly described in Exhibit A attached to this Agreement and made a part hereof. Lessee accepts the Premises in their current "AS IS" condition, except as specifically provided elsewhere in this Lease. Lessor shall not be required to perform any work on the Leased Premises.

C. Pursuant to permission from City, City has allowed Lessee to store its de-icing equipment in a bay within a maintenance building located on City property ("the Licensed Property"), which property has not been leased to Lessee. In addition to City's lease of the Premises to Lessee, City hereby grants Lessee a limited revocable license (the "License") to use the Licensed Property for de-icing equipment storage purposes only, for the entire duration of Term, or any Renewal Term, of this Lease. The consideration for this License is the sum of fifty (\$50.00) per month, payable in advance as provided in Section 1(D) below, which charge shall terminate upon Lessee's written notice to the City in the event the de-icing equipment is removed from the Licensed Property during the Term or any Renewal Term of the Lease, or when the City has revoked the License; provided, however, City shall not revoke Lessee's License unless (a) Lessee's actions or continued storage of the equipment has or will cause an increase in the risk of damage to the Licensed Property that is not covered by the liability insurance that Lessee must maintain as hereafter provided, or (b) if Lessee fails to make the license payments as provided for in Section 1(D) and such failure is not timely cured in accordance with the provisions of Section XI(A)(1) of this Lease. Revocation will require reasonable written notice to Lessee, as well as an opportunity for Lessee to cure as provided in Sections XI(A)(1) or XI(A)(3), whichever is applicable.

The parties recognize and agree that Lessee shall maintain adequate liability insurance, as provided below, covering the risks associated with storage of the de-icing equipment.

I. TERMS OF AGREEMENT

A. The RECITALS above are hereby incorporated into the TERMS OF AGREEMENT.

B. This Lease is effective for a period of five years from June 1, 2014 through May 31, 2019 (the "Term"). City grants Lessee one (1) option to extend the Term for a period of five (5) years (the "Renewal Term"), which option may be exercised by Lessee, as hereinafter provided, so long as Lessee is not in material breach of any of the terms of this Lease. Lessee may exercise the Option only by providing written notice to City at least one hundred eighty (180) days in advance of the expiration of initial Term stating Lessee's intent to renew the Lease for the Renewal Term, which Renewal Term shall be subject to all the same terms as set forth herein. For clarification purposes, Lessee and City agree that the Monthly Base Rent for the first twelve (12) months of the Renewal Term and for each twelve (12) month period of the Renewal Term thereafter shall be calculated and adjusted as provided for in Section I.(C)(1) below.

C. (1) Monthly Base Rent ("Monthly Base Rent") means the rent for the Premises.

The total Monthly Base Rent, effective June 1, 2014 and continuing throughout the first year of the initial Term, is \$1,442.00, calculated as follows:

\$6.96/SF, \$1,392.00/Month for the 2,400 square feet of office space; plus
\$50.00/Month for the Licensed Property.

The Monthly Base Rent shall be increased each year of the Term (and each year of the Renewal Term, if Lessee exercises the renewal option) by a percentage equal to the percentage change in the Consumer Price Index statistics published by the United States Bureau of Labor. Comparisons shall be made using the index entitled, "U.S. City Average/All Items and Major Group Figures for all Urban Consumers Portland Area (1982-84 = 100)," or the nearest comparable data on changes in the cost of living, if such index is no longer published. The change shall be determined by comparison of the figure for the previous January 1, with that of January 1 of the current year. In no event shall this calculation cause a reduction in Monthly Base Rent below that payable during the preceding year. Written notice of the proposed adjustment shall be delivered to Lessee by the City not less than thirty (30) days prior to the effective date of the adjustment to the Monthly Base Rent. Lessee shall make the Monthly Base Rent payments, in advance, on or before the first day of each month to the address set forth in Section XIV of the Lease or at such address as Lessor may from time to time designate.

(2) In addition to Monthly Base Rent, Lessee shall also be responsible for the timely payment of landing and tie-down fees set by the City Council by Resolution No. 3429, effective November 19, 2007, or successor resolution(s) which may be adopted by the City Council from time to time. Lessee will be invoiced by the City at the end of each

month for landing and tie down fees. Payment of the invoiced amount is due within thirty (30) days after the invoice date.

D. This Lease includes a nonexclusive right of ingress and egress to the Premises over Airport property as well as the right to use common areas in a manner that does not interfere or conflict with others' uses of the common areas.

Lessee and its customers shall also have the right to use the common parking spaces at the Airport on the same basis as other Airport users or visitors.

E. The terms of this Lease may be modified only by mutual agreement set forth in a written amendment to this Lease, signed by both parties. Lessee and the City agree to bargain in good faith regarding amending this Lease to include additional area and to adjust the rent accordingly if additional space becomes available.

II. HOLDOVER

If Lessee does not vacate the Premises at the time the Lease expires or is otherwise terminated, City shall have the option to treat Lessee as a tenant from month-to-month, subject to all of the provisions of the Lease (except the provisions for Term and Renewal Term) or to eject Lessee from the Premises and recover actual damages caused by the holdover. Failure of Lessee to remove fixtures that Lessee is required to remove under this Lease shall constitute a failure to vacate to which this section shall apply if the property that is not removed will substantially interfere with the legal right to occupancy of the Premises by another lessee or with occupancy by City for any purpose including preparation for a new lessee. City, at its option, may remove any and all property that Lessee fails to timely remove from the Premises and may charge reasonable storage fees to Lessee. If Lessee fails to redeem said property by timely payment of such fees, City may dispose of said property in the manner provided by law.

If a month-to-month tenancy results from a holdover by Lessee under this section, the tenancy shall be terminable by either party at the end of any monthly rental period, which termination shall be effected by written notice from the terminating party to the other party given not less than thirty (30) days prior to the termination date which shall be specified in the notice. In the event City terminates the holdover tenancy, Lessee waives any notice that would otherwise be provided by law with respect to a month-to-month tenancy.

III. TAXES

Lessee shall pay all taxes, real or personal, attributed to the Premises and to any items of Lessee's personal property located upon the Premises during the Term of this Lease. Lessee shall hold City harmless, defend, and indemnify City from any and all tax obligations as a result of Lessee's use of the Premises.

IV. PERMISSIBLE PROPERTY UPON PREMISES

The office space may be furnished with typical office furniture and equipment, but may not be used for storage of machinery or hazardous materials other than de minimus quantities of such materials as are normally used for ordinary office cleaning purposes. City shall have the right to immediately terminate this Lease if Lessee does not use the office area primarily as an office. Notwithstanding the foregoing, office machinery that is used in the conduct of Lessee's business operations from the office space shall not be deemed to be stored within said space.

V. COMPLIANCE WITH ENVIRONMENTAL LAWS

Lessee's obligations under this Lease specifically include, but are not limited to, strict and timely compliance with all applicable environmental laws with respect to Lessee's use and occupancy of, and business operations on, the Premises. Lessee shall promptly advise Lessor in writing of any hazardous substances regulated by such laws that are used, generated, manufactured, stored, transported or otherwise handled on the Premises. Lessee shall ensure that all of Lessee's operations on any of the Premises comply with all applicable environmental laws and orders of any governmental authorities having jurisdiction under any environmental laws. Lessee shall exercise extreme care in handling Hazardous Materials (hereinafter defined) and shall undertake any and all preventive, investigatory, or remedial action (including emergency response, removal, containment, and other remedial action) which is either required by any applicable environmental laws or orders of any governmental authority having jurisdiction under such laws, or necessary to prevent or minimize property damage, personal injury or damage to the environment or threat of any such damage or injury, by releases of, or exposure to, Hazardous Materials arising out of Lessee's use or occupancy of the Premises or Lessee's business operations thereon. Lessee shall immediately notify Lessor upon becoming aware of any Reportable Quantity (hereinafter defined) of Hazardous Materials on the Premises arising from any leak, spill, release or disposal on, under, or adjacent to the Premises. For purposes of this Section V, the term "Reportable Quantity" shall have the same meaning as (i) set forth in 40 CFR Part 302, or (ii) in the case of oils, the amount triggering notice requirements as set forth in 40 CFR Part 110. If required by applicable environmental laws and caused by Lessee or anyone acting under Lessee's direction or control (collectively, the "Lessee Parties"), Lessee shall then undertake any further action necessary to remediate the contamination to a level that is acceptable to the government agency having responsibility for enforcement of such laws. In the event Lessee fails to perform any of Lessee's obligations under this paragraph, Lessor may, but shall not be required to, perform such obligations at Lessee's expense. In performing any such obligations of Lessee, Lessor shall at all times be deemed the agent of Lessee and shall not, by reason of such performance, be deemed to be assuming any responsibility of Lessee under any environmental law or to any other third party. Notwithstanding the foregoing, Lessee shall have no responsibility or obligations with respect to environmental law compliance or remediation of any Hazardous Materials not brought onto the Premises, or used by, the Lessee Parties.

As used in this Agreement, the term "environmental laws" means all state, federal, and local statutes, regulations, and ordinances relating to the protection of human health and the environment.

In this Agreement, the term "Hazardous Materials" is used in its very broadest sense and refers to materials that, because of their quantity, concentration, or physical, chemical, or infectious characteristics, may cause or pose a present or potential hazard to human health and to the environment when improperly used, treated, stored, disposed of, generated, manufactured, transported, or otherwise handled on the Premises. The term includes, without limitation, petroleum products or crude oil or any fraction thereof, and any and all hazardous or toxic substances, materials, or wastes as defined by or listed under the Resource Conservation and Recovery Act, the Toxic Substances Control Act, the Comprehensive Environmental Response, Compensation, and Liability Act, and any other environmental laws.

VI. SUBLEASE OR ASSIGNMENT

Lessee shall not sublease, assign, or transfer any interest in the Premises or obligation under this Lease without the prior written consent of the City, which consent may be withheld at the sole discretion of the City. Further, in the event that City has given its prior written consent, no such assignment or sublease shall be effective until City has received a copy of the sublease or assignment, subscribed by the sublessee or assignee acknowledging the obligation of the sublessee or assignee to assume and comply with the terms, requirements, and obligations of this Lease that are applicable to Lessee, whereupon the sublessee, or assignee, shall be deemed to have assumed the obligations of the Lessee hereunder. Notwithstanding the foregoing to the contrary, Lessee may, however, assign all or any part of its rights, or delegate its duties, under this Lease or sublet any party of the Premises to an entity that controls, is controlled by, or is under common control with, Lessee, to the surviving corporation in a merger, consolidation or other reorganization involving Lessee, or to the purchaser of all or substantially all of Lessee's assets, without Lessor's consent. No subletting, assignment of rights or delegation of duties that Lessee may make without first obtaining Lessor's consent will relieve Lessee from liability for the performance of the obligations Lessee undertakes under the terms of this Lease.

VII. LIABILITY, INSURANCE, LIENS

A. Lessee agrees to release, hold harmless, indemnify, and defend City, its officers, agents, and employees, from all liability resulting from or related to Lessee's use of the Premises or arising out of any condition of the Premises that is Lessee's maintenance responsibility pursuant to the terms of this Lease. Lessee shall specifically save and hold harmless, indemnify, and defend City, its officers, agents, and employees, from and against all liability arising out of or in connection with acts or omissions to act by Lessee, Lessee's agents, employees, or invitees on or about the Premises or the Licensed Property. This indemnification, defense, and hold harmless provision shall extend to all claims, losses, damages, causes of action, or suits, in which the City is a named party or is claimed by third parties to be responsible in whole or in part for acts arising out of

Lessee's or Lessee's agents, employees, or invitees acts or omissions to act, whether or not occurring on the Premises, except and to the extent caused or contributed to by the negligence of City, its employees, agents, or invitees. The defense and indemnification obligations of this paragraph shall survive the termination of this agreement.

B. Lessee shall continuously carry comprehensive general liability insurance covering the public liability and property damage risks associated with Lessee's use of the Premises in the minimum amount of \$3,000,000 Combined Single Limit (CS) with an insurance carrier with an AM Best rating of no less than an A minus and shall provide bodily injury, death and property damage coverage. All insurance shall be carried with a responsible company, and the City shall be named as an additional insured. Lessee will provide the City with a current insurance certificate upon execution of this Lease, and update the insurance certificate for any renewal or material change thereto. Lessee, at its own expense, may insure its personal property, equipment and trade fixtures located on the Premises.

C. If fire or other casualty causes damage to any improvements on the Property, Lessee may, but shall not be required to, repair or replace the damaged improvements. Lessor shall not have any obligation to repair or replace any such property. Repair, replacement, or restoration of any fixtures, equipment and personal property owned by Lessee and any Lessee improvements shall be the responsibility of Lessee. Lessee shall pay all costs of moving its property when required in connection with the repairs of the Property. If Lessee elects not to rebuild or restore the damaged Premises, Lessee may terminate this Lease, whereupon Lessor shall be entitled to the insurance proceeds payable under Lessee's property damage insurance policy. Lessee's termination of this Lease shall be effected by written notice to Lessor given within sixty (60) days following the date of casualty and this Lease shall terminate and Lessee shall vacate the Premises and Licensed Property within thirty (30) days thereafter.

D. Lessee shall pay as due all claims for work contracted by Lessee for services rendered or material furnished to the Premises, and shall keep the Premises free from any liens or encumbrances. If the filing of a lien occurs in contravention of the foregoing, Lessee shall cause the lien to be discharged of record by payment, by the posting of a bond, by order of a court of competent jurisdiction, or by other lawful means within thirty (30) days after Lessee receives notice of the filing from City. If Lessee fails to discharge a lien within the time set forth above, City may discharge the lien in any lawful manner without investigating the validity of the lien claim and, in such event, Lessee shall, as additional rent, reimburse City for all reasonable costs City incurs in connection with the discharge of the lien, including, without limitation, reasonable attorneys' fees, within thirty (30) days after receipt of City's invoice. Any amount owed by Lessee to City and not timely remitted as provided herein shall bear interest at the then-current rate allowed by law from the date funds were expended by City until reimbursed by Lessee. Such action by City shall not constitute a waiver of any right or remedy which City may have on account of Lessee's default.

E. Neither City nor Lessee shall be liable to the other for loss arising out of damage to or destruction of the Premises, or the building or improvements of which the Premises are a part or with which they are connected, or to the contents thereof, when such loss is caused by any of the perils which are typically or traditionally included within or insured against by property insurance with special causes of loss coverage. All such claims for any and all loss, however caused, hereby are waived. Such absence of liability shall exist whether or not the damage or destruction is caused by the negligence of either Lessor or Lessee or by any of their respective agents, servants or employees. Each party shall fully provide its own insurance protection at its own expense, and each party shall look to its respective insurance carriers for reimbursement of any such loss, and the insurance carriers shall not be entitled to subrogation under any circumstance against any party to this Lease. Because this Section VII(E) will preclude the assignment of any claim mentioned in it by way of subrogation or otherwise to an insurance company or any other person, each party agrees to immediately give written notice to each insurance company that has issued such party's policies of insurance covering risks of direct physical loss, which notice shall set forth the terms of the mutual waivers contained in this Section VII(E). The parties further agree to have their respective insurance policies properly endorsed, if necessary, to prevent the invalidation of the insurance coverages by reason of the mutual waivers contained in this Section VII(E), and to secure from their respective insurers waivers of the insurers' subrogation rights. Neither City nor Lessee shall have any interest or claim in the other's insurance policy, or the proceeds thereof, unless specifically covered therein as an additional insured and expressly provided for in the provisions of this Lease.

VIII. SPECIFIC OBLIGATIONS OF LEASE

In connection with Lessee's occupancy and use of the Premises, the following specific conditions shall apply:

A. City shall not be obligated to furnish or pay for any utilities or utility services to the Premises. If, upon Lessee's request, City agrees to provide utility facilities to the Premises in order to accommodate Lessee's needs, Lessee shall be responsible for all costs of installation of such facilities, including transmission lines and connection fees. Prior to any construction, a payment agreement in a form acceptable to the City shall be entered into between the parties. Lessee shall promptly pay for all utilities supplied to the Premises which may include natural gas, electric, water, sewer, and any telephone or telecommunication equipment.

B. Lessee will maintain the Premises in good condition. Lessee will refrain from any use of the Premises that would be reasonably deemed offensive to other lessees or owners or users of neighboring premises or that would tend to create a health, safety, or legally defined nuisance condition or that would tend to damage the reputation of the City, the Newport Municipal Airport, or the Premises.

C. City shall have the right to inspect the Premises from time-to-time, including, without limitation, prior to any Lease renewal or extension, upon twenty-four (24) hours' prior

notice to Lessee or, in the case of urgency or emergency, such lesser notice as is reasonable under the circumstances.

D. Any structural or exterior improvements made by Lessee shall require pre-approval from City and shall be made at Lessee's sole expense. The construction of such improvements in all respects shall comply with applicable laws, rules, regulations, ordinances and resolutions of all governmental entities and shall be undertaken and diligently prosecuted until completion by a licensed contractor.

IX. REGULATIONS

Lessee agrees to comply with all City and Airport ordinances, rules and regulations, including but not limited to security regulations. Lessee is responsible for compliance with such ordinances, rules and regulations by its employees, agents, customers, and invitees. Security of the Premises and of the Cessna 208 aircraft that Lessee will use in its business operations (or any successor aircraft which may be permitted after notice in writing by Lessor) shall be the responsibility of Lessee. City shall not be responsible for the said Cessna 208 aircraft (or such other aircraft used by Lessee as may be permitted by the City in writing) on the Premises or for theft, vandalism, or other causes of damage, whether due to acts or omissions to act by third parties or acts of nature.

X. RELOCATION OR TERMINATION FOR AIRPORT DEVELOPMENT

In the event that the City determines that the Premises are required by City for airport or municipal development, City shall provide Lessee with comparable alternate space if available. If no comparable alternate space is available, either party may terminate this Lease by providing one hundred eighty (180) days' prior written notice to the other party. The City will use reasonable efforts to provide alternate space for Lessee.

XI. TERMINATION

A. This Lease may be terminated for the following material breaches by Lessee:

1. Failure to pay Monthly Base Rent by the 1st of any month and such failure continues for five (5) days after Lessee's receipt of City's written notice of such failure to pay;

2. The making by Lessee of any general assignment or general arrangement for the benefit of its creditors; the filing by or against Lessee of a petition seeking relief under any law relating to bankruptcy (unless, in the case of a petition filed against Lessee, Lessee causes the petition to be dismissed within sixty (60) days after the date of its filing); the appointment of a trustee or a receiver to take possession of substantially all of Lessee's assets located in the Premises or of Lessee's interest in this Lease, where possession is not restored to Lessee within sixty (60) days after the date of the appointment; or the attachment, execution or other judicial seizure of substantially all of Lessee's assets located in the Premises or of Lessee's interest in this Lease unless

Lessee causes the seizure to be discharged within sixty (60) days after the date of the initiation of the seizure;

3. Except as otherwise expressly provided in Section VI, a sublease, transfer, or assignment of the Lease, or any part thereof, without City having first provided consent in writing to such sublease, transfer, or assignment.

4. Any other material breach of the Lease that is not cured within thirty (30) days after Lessee's receipt of City's written notice of the breach or such longer period as may reasonably be necessary in the circumstances so long as Lessee commences the cure of such breach within thirty (30) days after receipt of City's notice and continuously and diligently thereafter prosecutes the cure to completion; provided, however, City may terminate the extended cure period if at any time Lessee fails to diligently attempt to cure the breach.

B. Lessee's liability to City for Monthly Base Rent and damages shall survive termination of this Lease due to a material breach by Lessee that is not timely cured. In the event of such termination, Lessee shall vacate the Premises immediately, remove Lessee's personal property, and leave the Premises in the condition they were in as of the start of this Lease, excepting ordinary wear and tear and damage by casualty that is covered by Lessee's insurance proceeds, which insurance proceeds shall, in this circumstance, belong to City. As an additional cumulative remedy, City may reenter, take possession of the Premises, and remove any person or property by legal action or by self-help with the use of legal force and without being deemed guilty of trespass or other wrongful act. In the event of termination for material breach of this Lease that is not timely cured, City shall be entitled to recover immediately, without waiting for the due date for payment of any future monthly fee or until the date fixed for expiration of the Lease Term, the following amounts as damages:

1. The loss of rental income from the date of the material breach until a new lease has been or could have been secured with City's reasonable effort or until the end of the Term, whichever is first.

2. The reasonable costs of reentry and reletting, including any cleanup or any other expense occasioned by Lessee's failure to quit the Premises upon termination and to leave it in the condition in which Lessee acquired it, less ordinary wear and tear and any casualty damage to the extent that Lessee makes the proceeds of its insurance coverage payable to City. Costs of reletting may include attorneys' fees, court costs, broker commissions, and advertising costs.

C. The foregoing remedies shall be in addition to and shall not exclude any other remedy available to City under applicable Oregon law.

D. Upon expiration of the Lease Term or earlier termination of the Lease:

1. Lessee shall surrender the Premises in the same or better condition as when received. Alterations constructed by Lessee with permission from City shall not be

removed or restored to the original condition unless the terms of permission for the alteration so require. Depreciation and wear from ordinary use for the purpose for which the Premises is leased, as well as damage to the Premises caused by casualty, shall be excepted, but repairs for which Lessee is responsible shall be completed prior to such surrender of the Premises.

2. All fixtures placed upon the Premises during the Term, other than Lessee's trade fixtures, shall, at City's option, become the property of City. If City so elects, Lessee shall remove any or all fixtures that would otherwise remain as the property of City, and shall repair any physical damage resulting from the removal. If Lessee fails to remove such fixtures, the City may do so and charge the actual and reasonable cost to Lessee with interest at the legal rate from the date of expenditure.

3. Prior to expiration or other termination of the Lease term, Lessee shall remove all fixtures that remain its property. If Lessee fails to do so, this shall be an abandonment of the property, and City may retain the property and all rights of Lessee with respect to the property shall cease, or, by notice in writing given to Lessee within thirty (30) days after removal was required, City may elect to hold Lessee to its obligation to remove the property. If City elects to require Lessee to remove the property and Lessee fails to do so within fifteen (15) days after receipt of City's notice, City may effect a removal and place the property in public storage for Lessee's account. Lessee shall be liable to City for the actual and reasonable costs of removal, transportation to storage, and the costs of storage, with interest at the legal rate on each such expense from the date of expenditure by City.

XII. JURISDICTION, JURY TRIAL WAIVER, AND ATTORNEY'S FEES

This Lease will be governed by and interpreted in accordance with the laws of the State of Oregon and the parties submit to the jurisdiction of any appropriate Lincoln County court within that State for adjudication of disputes arising from this Lease. The foregoing choice of jurisdiction is mandatory and not permissive in nature and precludes the possibility of litigation or trial in any jurisdiction other than as specified above. Each party waives trial by jury in any action, proceeding or counterclaim that the other party brings with respect to any matter arising out of, or in any way connected with, this Lease or the use and occupancy of the Premises. If any suit, action, or proceeding is initiated in connection with any controversy arising out of or in connection with this Lease, the prevailing party shall be entitled to recover, in addition to its costs, such sum as the court may adjudge reasonable as attorneys' fees, whether at trial or on appeal. The provisions of this Section XII will survive the expiration of the Term or any earlier termination of this Lease.

XIII. NO THIRD PARTY BENEFICIARIES

This Lease is for the benefit of City and Lessee only and not for the benefit of any third party. City shall incur no liability to any third party by reason of any failure to enforce compliance with any provision of this Lease.

XIV. NOTICE

Notices required or permitted under this Lease shall be sent by U.S.P.S. certified mail with return receipt requested and postage prepaid or by nationally recognized overnight courier service and shall be deemed given or delivered when received or when the recipient first refuses proper delivery as evidenced by the return receipt or courier's delivery manifest. All such notices shall be addressed as follows:

To Lessee:

Federal Express Corporation
Attn: Manager, Real Estate
3680 Hacks Cross Road
Building H, 3rd Floor (#08-0311)
Memphis, Tennessee 38125-7762

With a copy to:

Federal Express Corporation
Legal Department
3620 Hacks Cross Road
Building B, 3rd Floor
Memphis, Tennessee 38125
Attention: Managing Director, Business Transaction Group (#08-0311)

To City:

Spencer R. Nebel, City Manager
City of Newport
169 SW Coast Highway
Newport, Oregon 97365

Either party may specify a different address at any time and from time-to-time by giving written notice of such change of address to the other party in accordance with the terms of this Section XIV, which notice shall be deemed effective as of the tenth (10th) day after the other party receives such notice.

XV. COMPLIANCE WITH LAW

Lessee will conform to all applicable laws and regulations of any public authority affecting the Premises and the use thereof, and shall correct, at Lessee's own expense, any failure of compliance created through Lessee's fault or by reason of Lessee's use, but Lessee shall not be required to make any structural changes to improvements on the Premises to effect such compliance.

XVI. MEDIA INFORMATION RELEASES

City shall obtain, in each instance, Lessee's prior written approval regarding the exact text and timing of news releases, articles, brochures, advertisements, prepared speeches and other information releases relating to Lessee's execution of this Lease or any subsequent amendment of this Lease, the terms of this Lease, or the purpose for which Lessee is leasing the Premises. If City uses an agent in conducting its negotiations with Lessee or solicits information from any prospective contractor or consultant or other third party for use in its negotiations with Lessee, City shall require that such agent, prospective contractor, prospective consultant or other third party also observe the foregoing restriction. City's failure to observe the foregoing will constitute a default entitling Lessee to exercise all remedies available to it under the terms of this Lease or at law or in equity. In the case of any threatened breach of the foregoing, Lessee may seek an injunction or other equitable relief to enforce the foregoing obligations on City's part.

XVII. This Lease constitutes the full agreement between the parties related to the subject matter hereto and supersedes any and all other written and oral agreements.

IN WITNESS WHEREOF, the parties have executed this Lease as of, but not necessarily on, the date first set forth above, which Lease shall be deemed effective as of the Effective Date of June 1, 2014.

CITY OF NEWPORT

FEDERAL EXPRESS CORPORATION

By: *D. R. Nebel*

By: *Wiley Johnson, Jr.*

Name: *Spencer R. Nebel*

Name: *Wiley Johnson, Jr.*

Title: *City Manager*

Title: Managing Director, Real Estate
And Airport Development

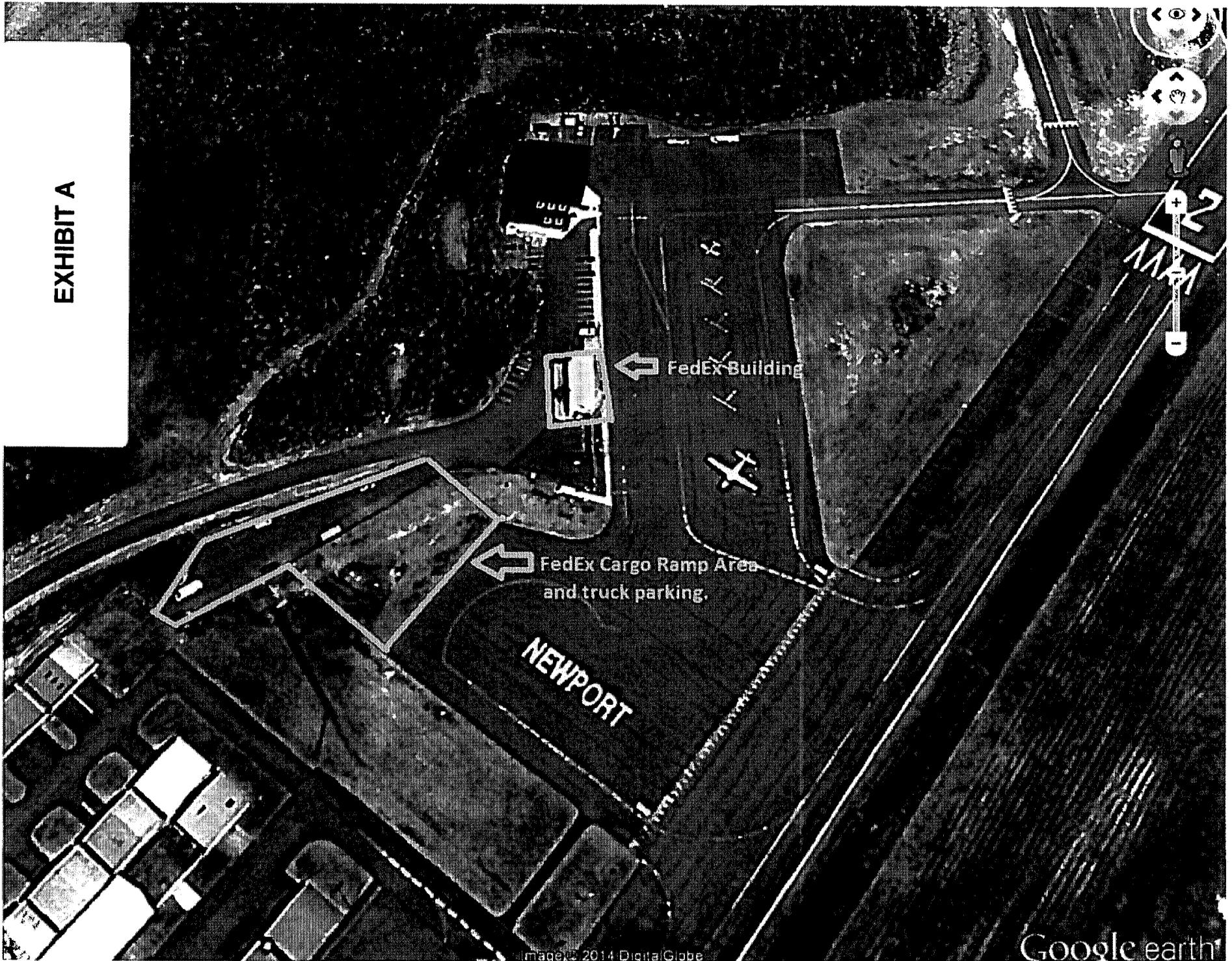
Date: *01-06-15*

Date: *12/30/14*

RJG 12-30-2014
Approved
Legal Department
signed 12/29/14
MCP 12/29/14

[FedEx Doc. No. 1093251]

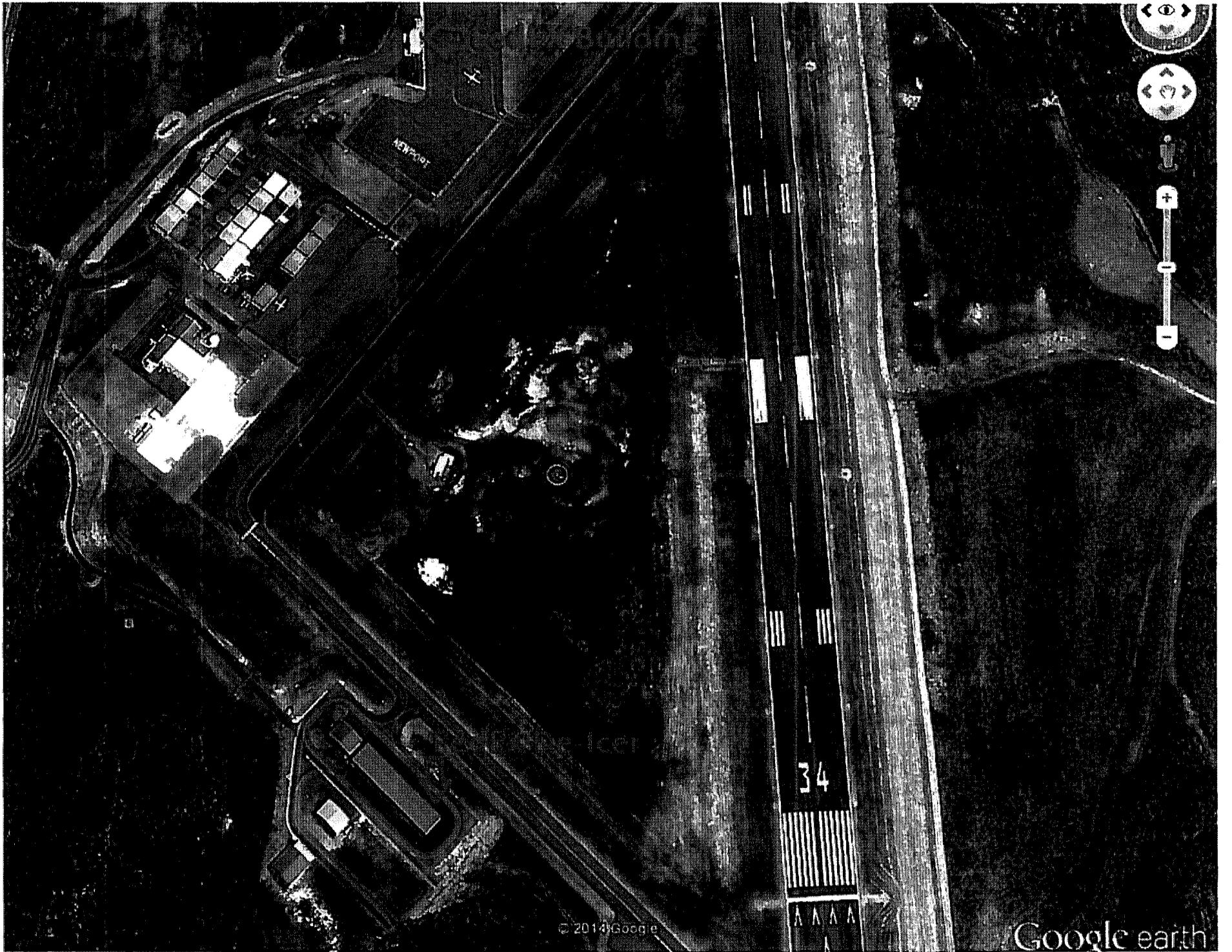
EXHIBIT A



FedEx Building

FedEx Cargo Ramp Area
and truck parking.

NEWPORT

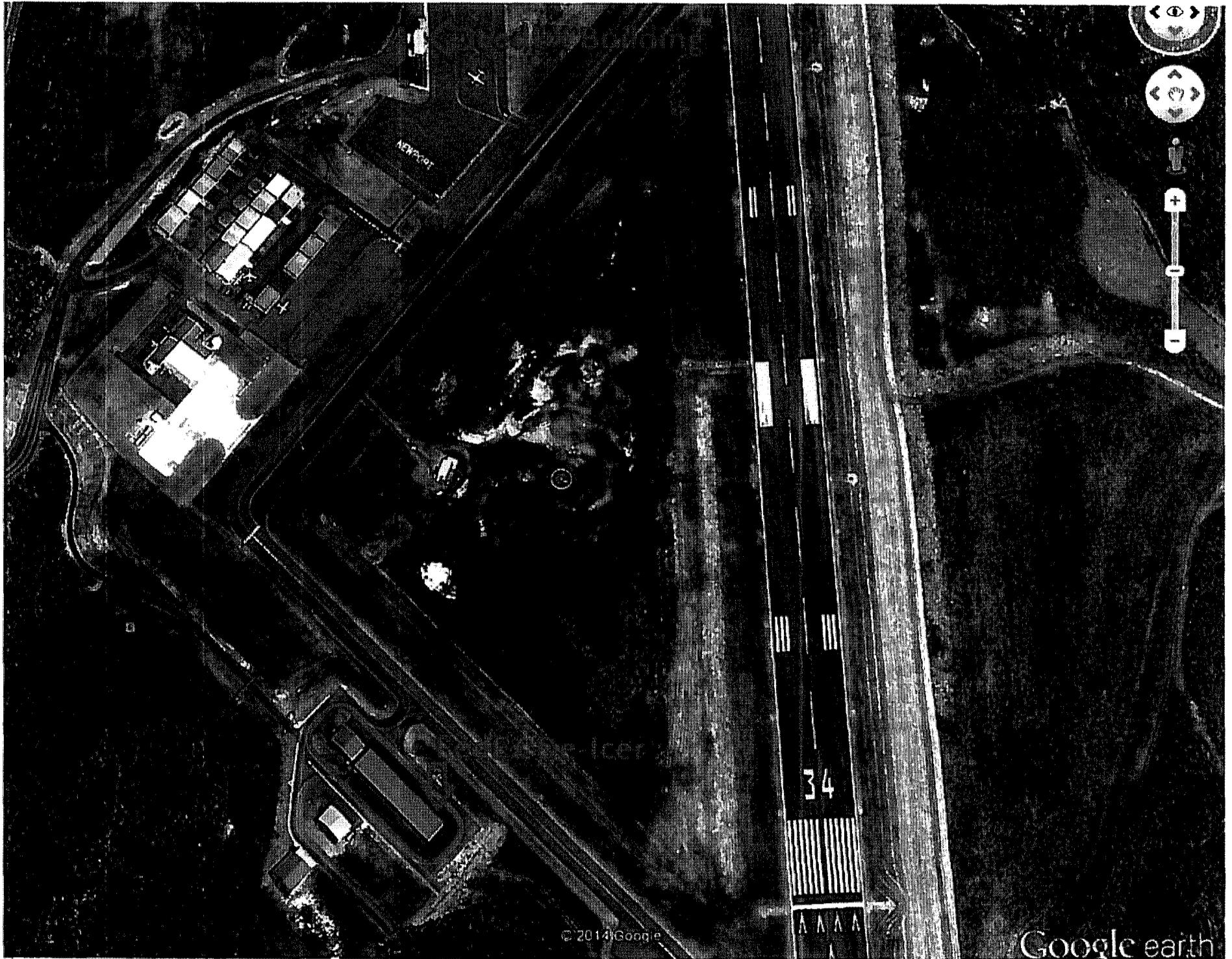


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EXHIBIT A





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