



Location: City Hall – Council Chambers
Date: September 10, 2024
Time: 6:00 PM

City Council Meeting Agenda

Mayor Jason Beebe, Council Members Steve Uffelman, Janet Hutchison, Shane Howard, Gail Merritt, Scott Smith, Marv Sumner and City Manager Steve Forrester
ATTEND TELEPHONICALLY BY CALLING 346-248-7799 Meeting ID: 947 5839 2608 Passcode: 123456

Call to Order

Flag Salute

Additions to Agenda

Consent Agenda

- [1.](#) Regular Meeting Brief 8-27-2024
- [2.](#) Corral Tap Room Change in Ownership Liquor Application
- [3.](#) Annual Liquor License Renewals

Visitors, Appearances and Requests

Council Presentations

Council Business

- [4.](#) Reading of a Proclamation - Constitution Week - Mayor Beebe
- [5.](#) Intent to Award 2024 Madras Hwy Sewer & Water Extension Project

Staff Reports and Requests

- [6.](#) City Manager's Report - Steve Forrester

Council Reports

Ordinances

Resolutions

- [7.](#) Resolution No 1603 - Authorizing a Sublease Agreement - James Wilson

Visitors, Appearances and Requests

Adjourn

Agenda items maybe added or removed as necessary after publication deadline



CITY OF PRINEVILLE
Regular Meeting Brief
387 NE Third Street – Prineville, OR 97754
541.447.5627 ph 541-447-5628 fax

Full Meeting Recordings Available at:
<http://cityofprineville.com/meetings/>

City Council Meeting Brief
August 27, 2024

Council Members Present:

Gail Merritt
Shane Howard
Jason Beebe
Steve Uffelman

Scott Smith
Janet Hutchison
Marv Sumner

Council Members Absent

None.

Additions to the Agenda

None.

Consent Agenda

1. Regular Meeting Brief 8-13-2024
2. PD Property Conversion
3. Annual Liquor License Renewals

Councilor Uffelman asked Interim Chief Shane Wilson if the Police Department had any issues with the annual liquor license renewals, and he did not.

Councilor Hutchison made a motion to approve consent agenda as presented. Motion seconded. No discussion on motion. Motion carried.

Visitors, Appearances and Requests

No one came forward.

Council Presentations

None.

Council Business

4. Consideration of a Proclamation – Constitution Week – Sponsor Mayor Beebe

Mayor Beebe explained that he has sponsored this proclamation in the past and asked if any councilors were opposed to reading at the next meeting.

Councilor Smith made a motion to approve reading the proclamation at the next meeting. No discussion on motion. All in favor, motion carried.

Staff Reports and Requests:

5. City Manager’s Report– Steve Forrester

Steve Forrester, City Manager went through his report that highlights recent activity for each department.

There were discussions regarding the radio communication system going digital, dead spots and if other dispatch centers would still be able to consolidate with your dispatch if needed.

Interim Chief Wilson explained that the new system will improve dead spots and other dispatch centers would still be able to communicate with a new system.

6. Quarterly Financial Report – Lori Hooper Antram

Lori Hooper Antram, Finance Director went through a power point presentation that highlighted all city funds.

Mrs. Hooper Antram went through each of the fund balances for the ending fiscal year.

Mrs. Hooper Antram went through a couple of the budget adjustments on the horizon that were not previously discussed with Council.

There were no questions.

7. Legal Update Regarding HB 3115 – Jered Reid

Jered Reid, City Attorney provided an update regarding a recent Supreme Court ruling regarding a federal case for the unsheltered population and handed out a memorandum regarding the Supreme Court cases.

Mr. Reid explained that though the Supreme Court decision overruled the federal cases, it doesn’t have much effect in Oregon due to HB 3115. Our city camping ordinance is still in line with the state for determining time, place and manner.

Committee Reports

Councilor Hutchison provided a full group Ochoco Collaborative meeting. She said that John Shelk spoke at the meeting about how their family has been in the timber industry for 85 years and it has become more challenging and therefore will be shutting down the Malheur mill.

The report continued with the biomass facility in John Day will be shutting down for various reasons such as staffing, supply and only being able to run three days a week doesn't work. Ochoco Forest will not be able to manage forest maintenance, a wildfire update and the environmental analysis (EA) area are having adjustments made due to a wildfire being in part of the area.

There were no other reports.

Ordinances:

None.

Resolutions:

None.

Visitors, Appearances and Requests:

No one came forward.

Adjourn

Councilor Howard made a motion to adjourn the meeting. Motion seconded. No discussion on motion. All in favor, motion carried.

Meeting adjourned at 6:43 P.M.

Motions and Outcomes:

Motion:	Outcome	Beebe	Howard	Hutchison	Merritt	Smith	Sumner	Uffelman
Consent Agenda as Presented	PASSED	Y	Y	Y	Y	Y	-	Y
Consideration of a Proclamation – Constitution Week	PASSED	Y	Y	Y	Y	Y	Y	Y
Adjourn Meeting	PASSED	Y	Y	Y	Y	Y	Y	Y

Public Records Disclosure

Under the Oregon public records law, all meeting information, agenda packets, ordinances, resolutions, audio and meeting briefs are available at the following URL:

<https://www.cityofprineville.com/meetings> .



Instructions for Local Government Recommendation – Liquor License

Per OAR 845-005-0304(3): The Commission requires an applicant for issuance of a new license issued under ORS chapter 471, to provide written notice of the application to the local government in the form of a complete, accurate, and legible Commission form.

The local government is as follows:

- (a) If the address of the premises proposed to be licensed is within a city’s limits, the local government is the city.
- (b) If the address of the premises proposed to be licensed is not within a city’s limits, the local government is the county.

INSTRUCTIONS:

- **Section 1: Applicant** completes Section 1 of this form and submits it to the appropriate city or county jurisdiction. Applicant verifies with the local government whether additional forms or fees are required. **Applicant completes payment to local jurisdiction for processing application if they require fees. This does not include OLCC license fees.**
- **Section 2: Local government** completes Section 2 to prove acceptance of recommendation form and returns form to the applicant. **Applicant** may upload the accepted form with Sections 1 & 2 filled out to CAMP or wait until recommendation is made before submitting to OLCC via CAMP.
- **Section 3: Once recommendation is determined, local government** completes Section 3 of this form and returns it to the applicant. **Applicant** uploads the complete form and any supporting information provided by the city or county to CAMP.

Annual Liquor License Types	
Off-Premises Sales	Brewery
Limited On-Premises Sales	Distillery
Full On-Premises, Commercial	Grower Sales Privilege
Full On-Premises, Caterer	Winery
Full On-Premises, Other Public Location	Wholesale Malt Beverage & Wine
Full On-Premises, For Profit Private Club	
Full On-Premises, Non Profit Private Club	Warehouse
Full On-Premises, Public Passenger Carrier	
Brewery Public House	



OREGON LIQUOR & CANNABIS COMMISSION
Local Government Recommendation – Liquor License

Section 1 – Submission - To be completed by Applicant:

License Information

Legal Entity/Individual Applicant Name(s): Jarry Holdings LLC

Proposed Trade Name: Corral Taproom

Premises Address: 791 NW 3rd St

Ste: OR

City: Prineville

County: Crook

Zip: 97754

Application Type: New License Application Change of Ownership Change of Location

License Type: Limited On Premises Sales

Additional Location for an Existing License

Application Contact Information

Contact Name: Anna Kimball

Phone: [REDACTED]

Mailing Address: [REDACTED]

City: Bend

State: OR

Zip: 97702

Email Address: [REDACTED]

Business Details

Please check all that apply to your proposed business operations at this location:

- Manufacturing/Production at this location
- Retail Off-Premises Sales at this location
- Retail On-Premises Sales & Consumption at this location

If there will be On-Premises Consumption at this location:

- Indoor Consumption Outdoor Consumption
- Malt Beverage/Wine/Cider Consumption Distilled Spirits Consumption
- Proposing to Allow Minors

Section 1 Continued on next page



Local Government Recommendation – Liquor License

Section 1 Continued – Submission - To be completed by Applicant:

Legal Entity/Individual Applicant Name(s): Jarry Holdings LLC

Proposed Trade Name: Corral Taproom

After completing section 1, please submit your application to the local government for recommendation

Section 2 – Acceptance - To be completed by Local Government:

Local Government Recommendation Proof of Acceptance

After accepting this form, please return a copy to the applicant with received and accepted information

City or County Name: City of Prineville

Optional Date Received Stamp

Date Application Received: 8-30-2024

Received by:

lm

Section 3 – Recommendation - To be completed by Local Government:

- Recommend this license be granted
- Recommend this license be denied (Please include documentation that meets [OAR 845-005-0308](#))
- No Recommendation/Neutral

Name of Reviewing Official:

Title:

Date:

Signature:

After providing your recommendation and signature, please return this form to the applicant.

Annual Liquor License Renewals

9-1-2024

Bi-Mart

Rite Aid

Club Pioneer

Proclamation

A proclamation designating September 17-23, 2024, as
CONSTITUTION WEEK

WHEREAS, The Constitution of the United States of America, the guardian of our liberties, embodies the principals of limited government in a Republic dedicated to rule by law; and

WHEREAS, September 17, 2024, marks the two hundred and thirty-seventh anniversary of the framing of the Constitution of the United States of America by the Constitutional Convention; and

WHEREAS, it is fitting and proper to accord official recognition to this magnificent document and its memorable anniversary, and to the patriotic celebrations which will commemorate it; and

WHEREAS, Public Law 915 guarantees the issuing of a proclamation each year by the President of the United States of America designating September 17 through 23 as Constitution Week.

NOW, THEREFORE BE IT RESOLVED THAT the week of September 17-23, 2024, is hereby designated to be **CONSTITUTION WEEK** in the City of Prineville.

All citizens are urged to study and reaffirm the ideals the Framers of the Constitution had in 1787 by vigilantly protecting the freedoms guaranteed to us through this guardian of our liberties.

Approved by the City Council and **SIGNED** by the Mayor this 10th day of September, in the year of our Lord 2024.



City of Prineville, Oregon

Jason Beebe, Mayor



STAFF REPORT

MEETING DATE:	9/10/2024	PREPARED BY:	Casey Kaiser
SECTION:	Council Business	DEPARTMENT:	Public Works
CITY GOAL:	Quality Municipal Services & Programs		
SUBJECT:	Intent to Award 2024 Madras Hwy Sewer & Water Extension Project		

REASON FOR CONSIDERATION:

The proposed project will construct approximately 1,000 lineal feet of 12" water transmission line connecting to existing 12" C-900 line at 1436 NW Madras highway. The project also includes constructing approximately 1,350 lf. of pressure sewer line that will transition from existing gravity sewer on the south side of the highway, bore under the highway and continue west to terminate near the end of the 12" waterline. This project is needed to extend city services to and through a large multi-family housing development proposed on the north side of the highway.

BACKGROUND:

In 2024 the City received funding through Senate Bill 1530 to construct infrastructure to serve multi-family housing projects. The city identified 4 projects that required infrastructure upgrades in order to move forward. The proposed contract is for the first of an anticipated 4 total infrastructure projects that will be constructed with the funding.

The City of Prineville received proposals September 3, 2024 for the proposed 2024 Madras Highway Sewer & Water Extension Project. There were six responsive bidders on the project.

McKernan Enterprises	\$277,252.00
K3 Construction	\$387,000.00
Taylor Northwest	\$387,517.66
K&E Excavating	\$392,750.00
SMAF Construction	\$403,341.00
Steele Earthworks	\$435,800.00

The apparent low bidder is McKernan Enterprises at \$277,252.00.

FISCAL IMPACT: This project is being funded in whole by Senate Bill 1530.

RECOMMENDATION: After reviewing the bid documents and bid bonds, staff recommends Council approve the Intent to Award for the 2024 Madras Highway Sewer & Water Extension Project to **McKernan Enterprises, Inc. in the amount of \$277,252.00.**

City Manager Update to Council

September 10, 2024

Public Safety / Dispatch

The Shop With a Cop next fundraiser is coming up on October 12 with Poker Night, or you can make a donation to help this program.

Officer Gabriel Gibson started last week and will also have a ceremonial Oath coming up in the future. There are some candidates still in background with one who is certified in mental health already through background and moving forward.

Sam is working on the final steps for Dispatch accreditation and is working on setting up interviews for dispatch candidates.

PD evidence will be going through a 3rd party audit and inventorying everything which will help with the PD accreditation coming up soon.

Public Works

The Third Street ODOT project still anticipates completion of the project in October and well as the South Main Street waterline project.

The bid opening for the Madras Highway waterline and sewer line project is on the agenda for an intent to award this evening. The bids came in lower than estimated so that money can be possibly used towards another project. The money received from the state allowed four projects to be selected.

Railroad

The Railroad is staying extremely busy and exceeded budgeted expectations for traffic and revenue.

The Railroad will be working with the School District to have the kiddo's design a wrap for the new locomotive and will be working with ShanRae on getting community involvement in having ideas submitted for a name for the locomotive.

Meadow Lakes Golf

Meadow Lakes closed August with another record-breaking month, and Zach is staying busy with end of season activities before winding down for the winter months.

Airport

Wildfire traffic has increased significantly over the last couple of days due to lightening strikes which is keeping Kelly running.

The Airport was successful in securing \$4M federal funding which will be going through the county.

Planning

Josh has received confirmation that the Ochoco Mill apartments are moving forward with final design.

The multi-family project behind Ray's is moving along with the next steps going to the Planning Commission and will be a duplex design development. The convenience store, restaurant and other phased development of this project is still going strong on the hill. The Humane Society of the Ochocos expansion project has broke ground thanks to Kevin Spencer.

Human Resources – No Update

Information Technology

Completion of the new justice center is in the final stages which is all of the security equipment installations which is taking up a significant amount of time.

Radio programing for the Sheriff's office is underway and PD will be training in September for the new body cams coming online.

Finance

Finance will be presenting the supplemental budget at our next meeting as well as budget adjustments.

City Recorder/Risk Management

An email has been sent to all department heads, Planning Commission and Council to sign up for a Public Meetings Law webinar coming up in October and November with the Oregon Government Ethics Commission. Please check your emails and register for this required training.

City Legal – No Update

EDCO – No Update

Public Relations

September social media has rolled out. Part of September's post will be another round of notifying the public that leashes are required for pets at any city owned property such as Barnes Butte Recreation and the Wetlands.

Mayor/Council

There is a workshop scheduled for October 8th prior to our regular Council meeting. An invite will be coming out soon if it hasn't already.

Economic Development and Strategic

Caroline is still working on several grants as well as trying to align with the state as the tax exemptions start expiring. This work has been underway for the last couple of years to make sure the city is well positioned and prepared.

Other

An email has been sent to City Council and department heads with the League of Oregon Cities 2025 legislative priorities. Please review the League's handbook that was sent and select your top five priorities for LOC and get them to Lisa. The results will be tallied, and the results will be on the next Council Consent agenda to approve and submit to LOC.

RESOLUTION NO. 1603

A RESOLUTION AUTHORIZING A SUBLEASE AGREEMENT

Whereas, the City of Prineville (“City”) desires to lease a portion of property for the placement of Antenna Facilities.

Whereas, the City has negotiated a Sublease Agreement with PrineTIME Internet Solutions, LLC, which has a Site Lease Agreement dated July 29, 2016.

Whereas, the Sublease Agreement is attached to this Resolution and incorporated herein.

Whereas, City staff believes it is in the best interest of the City to approve and execute the Sublease Agreement.

Now, Therefore, the City of Prineville resolves that the Sublease Agreement between PrineTIME Internet Solutions, LLC and the City of Prineville is hereby approved, and the City Manager is authorized and instructed to sign such Sublease Agreement on behalf of the City.

Approved by the City Council this ____ day of September, 2024.

Rodney J. Beebe, Mayor

ATTEST:

Lisa Morgan, City Recorder

SUBLEASE AGREEMENT

This Sublease Agreement (this “Agreement”) is made and entered into effective on August 15th, 2024 (the “Effective Date”) between City of Prineville, an Oregon municipal corporation (“Subtenant”), whose mailing address is 387 NE Third Street, Prineville, Oregon 97754, and whose email address for purposes of this Agreement is jwilson@cityofprineville.com, and PrineTIME Internet Solutions, L.L.C., an Oregon limited liability company (“Tenant”), whose mailing address is 976 NW Third Street, Prineville, Oregon 97754, and whose email address for purposes of this Agreement is jasonw@prinetime.net.

RECITALS:

A. Tenant and Leslie Lehmann (“Landlord”), are parties to that certain Site Lease Agreement dated effective July 29, 2016 (the “Master Lease”) under which Landlord leased to Tenant a portion of the real property described in attached Exhibit A (the “Property”), for the placement of Antenna Facilities (as defined in the Master Lease) in the area marked as “PRINETIME LEASE AREA” in attached Exhibit B, together with all necessary space and easements for access and utilities (the “Premises”).

B. Section 15 of the Master Lease authorizes Tenant to sublease the Premises or portions thereof to third parties without the prior consent of Landlord.

C. Subject to the terms and conditions contained in this Agreement, Tenant desires to sublease that portion of the Premises described in attached Exhibit C (the “Subleased Premises”) to Subtenant, and Subtenant desires to sublease the Subleased Premises from Tenant.

AGREEMENT:

NOW, THEREFORE, in consideration of the parties’ mutual obligations contained in this Agreement, and other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the parties hereto hereby agree as follows:

- 1. Definitions.** Unless defined in this Agreement, capitalized terms contained in this Agreement have the meanings assigned to them in the Master Lease.
- 2. Sublease.** Tenant hereby subleases the Subleased Premises to Subtenant and Subtenant subleases the Subleased Premises from Tenant, for a term commencing on the Effective Date and continuing until June 29th, 2037 (the “Sublease Term”). Tenant makes no representations and/or warranties as to the condition of the Property, the Premises, or the Subleased Premises, or any improvements thereon including Tenant’s Antenna Facilities. Subtenant accepts the Subleased Premises “as is” and “with all defects.” Tenant is not obligated to make any alterations and/or improvements in or to the Subleased Premises.
- 3. Rent.** Subtenant will pay Tenant monthly rent, without offset, in the amount of \$600.00. All rent is payable in advance on the 1st day of each calendar month. Subtenant will

make all rent payments due under this Agreement to Tenant at Tenant's mailing address first provided above. Rent for any partial month will be prorated. Commencing on the first anniversary of the commencement date and each anniversary thereafter, a 5% annual increase will apply.

4. Reserved.

5. No Security Deposit. Subtenant will not be obligated to pay Tenant a security deposit.

6. Master Lease; Subtenant Insurance. Except as otherwise provided in this Agreement, (a) Subtenant will have no rights under the Master Lease, and all of Tenant's rights under the Master Lease will be retained by Tenant, and (b) Tenant has no obligation to perform any of Landlord's obligations under the Master Lease. Subtenant will obtain and maintain the commercial general liability insurance in an aggregate amount of \$1,000,000.00 and name Landlord and Tenant as additional insureds on the policy or policies; Subtenant may satisfy this requirement by obtaining appropriate endorsement(s) to any master policy of liability insurance Subtenant may now or hereafter maintain. The insurance policies required by this Section may not be amended or cancelled without providing Tenant thirty (30) days' prior written notice and, contemporaneously with the signing and delivery of this Agreement, Subtenant will deliver a copy of each policy to Tenant.

7. Access. Subject at all times to the terms of the Master Lease, Subtenant will may access the Subleased Premises 24 hours per day, 7 days per week for the Sublease Term. Subtenant will notify Tenant prior to entry of the Property and/or Subleased Premises. Subtenant will access the Subleased Premises via the route marked "PRINETIME ACCESS EASEMENT" in Exhibit B, or any other route designated by Tenant. Subtenant will access the Subleased Premises to avoid causing damage to the access road(s) during wet conditions, including use of all terrain vehicles (instead of trucks) if reasonably necessary to prevent such damage.

8. Installation and Interference. Tenant authorizes Subtenant to install the equipment and improvements described in Schedule 1 at the Subleased Premises (the "Equipment"). Subtenant shall not install any equipment or improvements not described on Schedule 1 without Tenant's written consent, which consent may be withheld in Tenant's sole discretion. Any equipment or improvements not described in Schedule 1, but which Tenant subsequently authorizes Subtenant to install on the Subleased Premises, shall be deemed "Equipment" for purposes of this Agreement. Subtenant will install, operate and maintain the Equipment in accordance with all applicable laws and regulations, including, without limitation, all rules and regulations set by the Federal Communications Commission ("FCC"). Subtenant will not cause or permit interference with any other transmitting or receiving equipment pre-existing prior to Subtenant's colocation, whether located on the Premises or not, including the Tenant's Antenna Facilities as may be determined by the FCC or by Tenant in Tenant's sole discretion ("Interference"). In the event of an Interference, then at Subtenant's sole cost and expense, Subtenant shall immediately take all steps necessary to correct and eliminate such Interference. If the Interference cannot be eliminated within forty-eight (48) hours to Tenant's satisfaction,

Tenant may (in Tenant's sole and absolute discretion) terminate this Agreement or disconnect and remove any Equipment not in compliance with this Section 8 and charge the costs to Subtenant.

8.1 Tower. All installations, repair, and maintenance of Equipment, antennas and other apparatus upon the radio tower located on the Subleased Premises shall be made and performed by Subtenant, Tenant, or a contractor pre-approved by Tenant. Subtenant must obtain and renew Tenant's pre-approval for tower climbing annually, on or before the anniversary of the Effective Date, by providing an updated insurance certificate and climbing certification(s) for each of Subtenant's climber(s). If Subtenant does not provide climbing certifications to Tenant on or before the annual anniversary of the Effective Date, Subtenant will not hold authority to repair or maintain Equipment, antennas or other apparatus on the tower until Subtenant receives written approval from Tenant's Safety Specialist or obtains the necessary climbing certification(s).

8.2 Outdoor Enclosure. Tenant shall have the right to specify the location and means of installation of Subtenant's Equipment. All of Subtenant's work will be completed at Subtenant's sole cost expense and risk. Tenant's review or approval of any equipment is solely to protect the interests of Tenant in the Premises, and Tenant shall not be the guarantor of, nor responsible for, the correctness or accuracy of Subtenant's equipment, construction, or compliance of Subtenant with any Legal Requirements (as defined below).

9. Systems Installation Standards. Subtenant acknowledges and shall comply with, and shall cause all of its contractors to comply with, the Systems and Installation Standards on Exhibit D.

10. Subtenant Representations, Warranties, and Covenants. Subtenant represents, warrants, and covenants to Tenant as follows:

10.1 Authority; Binding Obligation. Subtenant has full power and authority to sign and deliver this Agreement and to perform all of Subtenant's obligations under this Agreement. This Agreement is the legal, valid, and binding obligation of Subtenant, enforceable against Subtenant in accordance with its terms, except as enforceability may be limited by bankruptcy, insolvency, or other similar laws of general application. The signing and delivery of this Agreement by Subtenant and the performance by Subtenant of all of Subtenant's obligations under this Agreement will not: (a) breach any agreement to which Subtenant is a party, or give any person the right to accelerate any obligation of Subtenant; (b) violate any law, judgment, or order to which Subtenant is subject; and/or (c) require the consent, authorization, or approval of any person.

10.2 Use of Subleased Premises; Master Lease. Subtenant will use the Subleased Premises for the purpose of installing, maintaining, and operating the Equipment. Subtenant will not use the Subleased Premises for any other purpose without the written consent of Tenant, which Tenant may withhold in Tenant's sole and absolute discretion. Subtenant will comply with each provision of the Master Lease relating to the possession and use of the Subleased Premises as if Subtenant were the tenant under the Master Lease. Subtenant will not, by any act or omission, cause a default by Tenant under the Master Lease.

10.3 Condition of Premises. Subtenant will keep the Subleased Premises and Equipment in good repair and condition, reasonable wear and tear excepted, and will not commit or permit any waste of the Subleased Premises. Subtenant will not remove, demolish, and/or materially alter any improvement on the Subleased Premises (including the Antenna Facilities) without the prior written consent of Tenant, which consent Tenant may withhold in its sole and absolute discretion. Subtenant will comply with all applicable federal, state, and local laws, regulations, ordinances, and codes relating to the possession and/or use of the Subleased Premises now existing or hereinafter enacted or promulgated, including, without limitation, all rules and regulations of the FCC (“Legal Requirements”). Subtenant will correct, at Subtenant’s own expense, any failure of compliance created through Subtenant’s fault or by reason of Subtenant’s use of the Subleased Premises. Subtenant will refrain from causing any excessive noise and/or disturbances and/or engaging in any other act and/or omission which would be reasonably offensive to Landlord, Tenant, other tenants or subtenants or users of the Property, or Landlord’s neighbors, or which would tend to create a nuisance or damage the reputation of the Property, Premises, or Subleased Premises. Subtenant will not make any marks on or attach any sign, insignia, antenna, aerial, or other device to the exterior or interior walls, windows, and/or roof of the Subleased Premises except as necessary to install the Equipment or as otherwise authorized by Tenant.

10.4 Subordination; Estoppel Certificate. This Agreement, and all rights of Subtenant, will be subject and subordinate to any mortgage or deed of trust secured by or encumbering the Subleased Premises. In confirmation of such subordination, Subtenant will promptly execute and deliver any instrument that Landlord or Tenant may reasonably request to evidence such subordination. Upon Tenant’s request, Subtenant will deliver to Tenant an estoppel certificate signed by Subtenant, in form and substance reasonably satisfactory to Tenant.

10.5 No Mortgages. Subtenant will not place encumbrances on the Property, Premises, or Subleased Premises, including but not limited to mortgages and deeds of trust, without the consent of Tenant and Landlord.

10.6 Hazardous Waste/Substances. Subtenant will not introduce any “Hazardous Substance” (as defined in the Comprehensive Environmental Response, Compensation and Liability Act of 1980, as amended, and including petroleum or petroleum products, radioactive materials, friable asbestos, and equipment containing chlorinated biphenyls) or “Hazardous Waste” (as defined in the Resource Conservation and Recovery Act of 1976, as amended) to the Property, Premises, or Subleased Premises. Subtenant will remediate any Hazardous Substance or Hazardous Waste that Subtenant introduces to the Property, Premises, or Subleased Premises, and such obligation will survive the termination of this Agreement.

10.7 Structural Integrity. Use of the Subleased Premises by Subtenant and its contractors will not threaten or damage the structural integrity of any structure comprising part of the Subleased Premises. If Subtenant or its contractors make alterations to the Subleased Premises that threaten the structural integrity thereof, Subtenant will bear all costs of any engineer recommended improvements necessary to remedy the structural problems.

11. Default; Remedies.

11.1 Subtenant Default. The occurrence of any one or more of the following events constitutes an event of default by Subtenant under this Agreement (each an “Event of Default”): (a) Subtenant fails to pay rent or any other charge, cost, or expenses owing pursuant to this Agreement within five (5) days after written notice from Tenant; provided, however, that Tenant will not be required to provide such notice more than once in any calendar year, and thereafter, failure to pay rent or any other charge, cost, or expense within five (5) days of its due date will be deemed an Event of Default for which no additional notice or cure period need be granted; (b) if Subtenant breaches Section 8 the terms of Section 8 will control; (c) Subtenant breaches and/or fails to perform any non-payment obligation of this Sublease (other than the payment of rent or other charges and other than the terms of Section 8) within ten (10) days after written notice from Tenant specifying the nature of the default; (d) Subtenant assigns, subleases, and/or otherwise transfers any of Subtenant’s rights or obligations under this Agreement, unless the assignment, transfer, and/or sublease is expressly permitted by Tenant in writing which consent may be withheld in Tenant’s sole discretion; (e) Subtenant fails to occupy and/or use the Subleased Premises for more than twenty (20) consecutive days, or otherwise abandons the Subleased Premises; (f) Subtenant becomes insolvent within the meaning of the United States Bankruptcy Code, as amended from time to time, or makes a general assignment for the benefit of creditors; and/or (g) a proceeding with respect to Subtenant is commenced under any applicable law for the benefit of creditors, including, without limitation, any bankruptcy or insolvency law and the Subtenant fails to secure a dismissal within thirty (30) days after filing, or an order for the appointment of a receiver, liquidator, trustee, custodian, or other officer having similar powers over Subtenant is entered.

11.2 Tenant’s Remedies. On and after an Event of Default, Tenant may exercise the following remedies, which remedies are cumulative and which may be exercised singularly or concurrently: (a) upon notice to Subtenant, the right to accelerate the due dates of the rent payment obligations so that the rent payment obligations are immediately due and payable in their entirety; (b) upon notice to Subtenant, the right to terminate this Agreement; (c) upon notice to Subtenant, the right to retake possession, control, and charge of the Subleased Premises and the Equipment; (d) the right to institute an action to evict Subtenant from the Subleased Premises; (e) the right to institute an action to obtain a temporary restraining order against Subtenant without posting a bond or other surety; (f) upon notice to Subtenant, the right to pay and perform any of Subtenant’s payment or non-payment obligations; (g) any remedy available to Landlord under the Master Lease, regardless of whether the Event of Default by Subtenant constitutes or results in a default by Tenant under the Master Lease; (h) any other remedy specified in this Agreement; and (i) any other remedy available to Tenant at law or in equity.

11.3 No Obligation to Pay or Perform. Tenant has no obligation to pay or perform any obligation of Subtenant arising out of this Agreement and Subtenant has no obligation to pay or perform any obligation of Tenant arising out of this Agreement. Whenever Subtenant fails to make any payment of an obligation to Tenant when due, Tenant may pay the same. To the extent any payment by Tenant fails to be paid within five (5) days of its due date,

such amount will bear interest at an annual rate of twelve percent (12%), and will be due upon Tenant's demand.

11.4 Subtenant's Release and Indemnification. Subtenant releases and will defend, indemnify, and hold Tenant and Tenant's current and future officers, directors, employees, members, managers, shareholders, agents, and representatives harmless for, from, and against any and all claims, actions, proceedings, damages, liabilities, and expenses of every kind, whether known or unknown, including, without limitation, attorney fees and expert fees, resulting from or arising out of the following: (a) Subtenant's possession or use of the Subleased Premises and/or any portion of the Property, including, without limitation, any use of the Subleased Premises and/or any portion of the Property by Subtenant and/or any Subtenant employee, contractor, representative, agent, customer, and/or invitee, or any other person, without regard to cause or the negligence of Subtenant or any other person; (b) Subtenant's operation of the Equipment; (c) Subtenant's breach and/or failure to perform any Subtenant representation, warranty, covenant, and/or obligation under this Agreement; and (d) the exercise of any remedy available to Tenant under this Agreement, without regard to cause or the negligence of Tenant or any other person.

12. Termination. This Agreement will terminate upon the earliest to occur of the following: (a) upon the expiration of the Lease Term under Section 2; (b) upon the written agreement of Tenant and Subtenant; and/or (c) upon notice by Tenant to Subtenant (i) on and after an Event of Default, (ii) if the Master Lease is terminated for any reason, (iii) if all or any material portion of the Subleased Premises is damaged or destroyed, (iv) if all or any material portion of the Subleased Premises is condemned, (v) in accordance with Section 8 regarding Interference.

13. Surrender of Subleased Premises. On or before the date on which this Agreement terminates, (a) Subtenant will deliver to Tenant all keys relating to the Subleased Premises and will make available to Tenant all information relating to all combination locks relating to the Subleased Premises; (b) Subtenant will remove Subtenant's personal property and fixtures from the Subleased Premises (including the Equipment) in a manner that does not damage the Subleased Premises or the Premises described in the Master Lease, or disrupt Tenant or Landlord's use of the Subleased Premises or the Premises described in the Master Lease, and (c) Subtenant will surrender possession of the Subleased Premises to Tenant in good repair and condition, reasonable wear and tear excepted.

14. Reserved.

15. Miscellaneous Provisions.

15.1 No Assignment or Subleasing. Subtenant will not assign, sublease, or otherwise transfer any of Subtenant's rights and/or interests in and to the Subleased Premises, Equipment, and/or this Agreement to any person without the prior written consent of Tenant, which Tenant may withhold in Tenant's sole and absolute discretion. Time is of the essence with respect to all dates and time periods in this Agreement. Except as otherwise provided in this Agreement, each party will bear the party's own fees, costs, and expenses incurred in connection

with the sublease of the Subleased Premises, including, without limitation, the preparation, negotiation, signing, and performance of this Agreement and the other agreements and documents relating to the sublease of the Subleased Premises.

15.2 Time; Expenses; Interpretation. For purposes of this Agreement, the term “person” means any natural person, corporation, limited liability company, partnership, joint venture, firm, association, trust, unincorporated organization, government or governmental agency or political subdivision, or any other entity. All pronouns contained herein and any variations thereof will be deemed to refer to the masculine, feminine, or neutral, singular or plural, as the identity of the parties may require. The singular includes the plural and the plural includes the singular. The word “or” is not exclusive. The words “include,” “includes,” and “including” are not limiting. The word “shall” means must and is mandatory. The language in all parts of this Agreement shall in all cases be construed according to its fair meaning and not strictly for or against any of the parties to this Agreement. Without limitation, there shall be no presumption against any party on the ground that such party was responsible for drafting this Agreement or any part of it.

15.3 Binding Effect; Amendment; Waiver. Subject to the limitations concerning the transfer of this Agreement under Section 15.1, this Agreement will be binding on the parties and their respective heirs, personal representatives, successors, and permitted assigns, and will inure to their benefit. This Agreement may be amended only by a written document signed by the party against whom enforcement is sought. No waiver will be binding on Tenant unless it is in writing and signed by Tenant. Tenant’s waiver of a breach of a provision of this Agreement will not be a waiver of any other provision or a waiver of a subsequent breach of the same provision. Tenant’s failure to exercise any remedy under this Agreement will not be considered a waiver by Tenant of Tenant’s right to exercise the remedy.

15.4 Addresses for Payments and Notices; Attachments. All notices and/or other communications required or permitted by this Agreement must be in writing, must be delivered to the parties at the addresses or email addresses first set forth above, or at any other address that a party may designate by prior notice to the other party, and will be considered delivered upon actual receipt if delivered personally, by e-mail, or by fax or an overnight delivery service, or at the end of the third (3rd) business day after the date deposited in the United States mail, postage pre-paid, Certified Mail, return receipt requested. Any exhibits, schedules, and other attachments referenced in this Agreement are part of this Agreement.

15.5 Severability; Further Assurances; Termination. If a provision of this Agreement is determined to be unenforceable in any respect, the enforceability of the provision in any other respect and of the remaining provisions of this Agreement will not be impaired. The parties will sign other documents and take other actions reasonably necessary to further effect and evidence this Agreement. The termination of this Agreement, regardless of how it occurs, will not relieve a party of obligations that have accrued before the termination. All provisions of this Agreement that would reasonably be expected to survive the termination of this Agreement will do so.

15.6 Remedies; Governing Law; Arbitration. The parties will have all remedies available to them at law or in equity. All available remedies are cumulative and may be

exercised singularly or concurrently. This Agreement is governed by the laws of the State of Oregon, without giving effect to any conflict-of-law principle that would result in the laws of any other jurisdiction governing this Agreement. Except for an eviction action under ORS 105 which may be pursued in Crook County Circuit Court, if any claim, dispute, or controversy arising out of or related to this Sublease occurs, the dispute will be settled by arbitration before a single arbitrator in Prineville, Oregon. If the parties agree on an arbitrator, the arbitration will be held before the arbitrator selected by the parties. If the parties do not agree on an arbitrator, each party will designate an arbitrator and the arbitration will be held before a third arbitrator selected by the designated arbitrators. Each arbitrator will be an attorney knowledgeable in the area of real estate law. The arbitration will be conducted in accordance with the then-current rules of the Arbitration Service of Portland, Inc. The resolution of any controversy or claim as determined by the arbitrator will be binding on the parties and judgment upon the award rendered may be entered in any court having jurisdiction. A party may seek from a court an order to compel arbitration, or any other interim relief or provisional remedies, pending an arbitrator's resolution of any controversy or claim. The prevailing party in the litigation or arbitration will be entitled to recover from the other party all expenses incurred, including arbitration fees, attorneys' fees, expert fees, and all costs and expenses.

15.7 Attorney Fees. If any arbitration, action, suit, or proceeding is instituted to interpret, enforce, or rescind this Agreement, or otherwise in connection with the subject matter of this Agreement, including, without limitation, any proceeding brought under the United States Bankruptcy Code, the prevailing party on a claim will be entitled to recover with respect to the claim, in addition to any other relief awarded, the prevailing party's reasonable attorneys' fees, expert fees, and other fees, costs, and expenses of every kind, including, without limitation, the costs and disbursements specified in ORCP 68 A(2), incurred in connection with the arbitration, action, suit, or proceeding, any appeal or petition for review, the collection of any award, or the enforcement of any order, as determined by the arbitrator or court.

15.8 Entire Agreement; Signatures. This Agreement contains the entire understanding of the parties regarding the subject matter of this Agreement and supersedes all prior and contemporaneous negotiations and agreements, whether written or oral, between the parties with respect to the subject matter of this Agreement. This Agreement may be signed in counterparts. A fax transmission or electronic transmission of a signature page will be considered an original signature page. At the request of a party, the other party will confirm a fax-transmitted or electronically transmitted signature page by delivering an original signature page to the requesting party.

IN WITNESS WHEREOF, the parties have caused this Agreement to be binding and effective as of the Effective Date.

Subtenant:

City of Prineville,
an Oregon municipal corporation

By: _____
Name: _____
Its: _____

Tenant:

PrineTIME Internet Solutions, L.L.C.,
an Oregon limited liability company

By: Jason S. Wilkins
Its: Manager