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MODIFICATION AND CONSENT TO ASSIGNMENT
OF LEASE

This Modification and Consent to Assignment of Lease made this 12th day of November, 1986, between the Port of Skamania County, a municipal corporation organized under the laws of the State of Washington, as Lessor, and Beacon Rock Public Golf Course, a non-profit corporation organized under the laws of the State of Washington, as Lessee/Assignee of that certain Assignment of Lease dated the 19th day of May, 1986, wherein Skamania County Development Council, a Washington corporation, as Lessee/Assignor, assigned their Lessee's interest in a certain lease, hereinafter referred to as 'the Lease', dated the 7th day of May, 1968 to the Beacon Rock Public Golf Course, as Lessee/Assignee, hereinafter referred to as Lessee. A copy of the Lease is attached hereto as Exhibit "A" and hereby incorporated herein.

The Port of Skamania County, Washington, in consideration of the Lessee's agreement to modify said Lease as hereinafter set forth and the mutual promises contained herein, hereby consents and agrees to said assignment of the Lessee's interest in said lease from Skamania County Development Council to the Beacon Rock Public Golf Course pursuant to paragraph XIII of said lease, agrees to continue to be bound as Lessor by all of the terms and conditions of the lease as modified herein and further, Lessor agrees to forgive Lessee the overdue lease payments totalling \$12,351.35 in their entirety; provided, however, that the foregoing is in no way intended to effect that indebtedness owed to the State of Washington by Lessee as Leasehold Tax for those lease payments forgiven hereunder.

The Beacon Rock Public Golf Course, in consideration of Lessor forgiving overdue lease payments in the amount of \$12,351.35, the mutual promises contained herein and the benefits

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derived from the assignment of the lease herein described, hereby agrees to be bound as Lessee by all of the terms and conditions of the lease, as the original Lessee/Assignor was and would have been, including, but not limited to, all outstanding indebtedness of the Lessee/Assignor incurred in favor of Lessor under the terms of the lease to date except to the extent that any of said terms and conditions are specifically modified herein.

Modification

The terms and conditions of that lease dated the 7th day of May, 1968, between the Port of Skamania County, as Lessor, and the Beacon Rock Public Golf Course, as Lessee-Assignee are hereby retained, modified, stricken or added as follows:

Paragraph I of the Lease is hereby retained in its entirety without modification:

I.

PREMISES LEASED: For and in consideration of the payment unto it by the Lessee of the rentals hereinafter specified and the performance by Lessee of the covenants and obligations herein provided to be kept and performed by Lessee, the Lessor does hereby lease, demise and let unto the Lessee all of that certain tract of real property situated within the said Port District in Skamania County, Washington, and particularly described in "EXHIBIT A" which is attached hereto and by reference made a part hereof.

Paragraph II of the Lease is hereby retained in its entirety without modification:

II.

TERM: The term of this Lease shall be for a period of twenty-

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BY JAN C. KIELPINSKI

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cl. News, Dep.
AUDITOR
GARY M. OLSON

five (25) years, commencing April 1, 1968 and terminating March 31, 1993.

Paragraph III of the Lease shall be modified to read as follows:

III.

RENTAL: The basic rental to be paid by Lessee to Lessor shall be the sum of \$3,600.00 per year payable monthly in advance on the 1st day of each calendar month of each year during the remaining term of the lease. In addition to said basic rental, Lessee shall pay to Lessor a percentage rent calculated as follows:

5% of all gross income in excess of \$75,000.00 derived from all activities on the demised premises including, but not limited to, greens fees, dues and assessments, rental income and retail sales calculated on an annual basis and payable no later than ninety (90) days after the end of Lessee's tax year. In the event Lessee sublets all or a portion of the demised premises, or grants any concession on said premises, the percentage rental shall be determined by inclusion of the gross revenues of the sublessee or concessioner. Lessee agrees to provide Lessor with an accounting of all revenues and expenditures connected with the operation of Lessee's business on a quarterly basis.

Paragraph IV of the Lease is hereby stricken in its entirety.

Paragraph V of the Lease is modified as follows:

IV.

IMPROVEMENT BY LESSEE: The Lessee shall have the right and privilege of erecting such additional facilities and structures and further improvements upon the premises as it may desire, subject to the written approval of the Lessor, and the further right and privilege of altering structures on such premises in such manner as may be required for the efficient conduct of its business, but no such alterations shall materially change the original structure without the written consent of the Lessor having first been obtained.

Paragraph VI of the Lease is hereby stricken in its entirety.

Paragraph VII of the Lease is hereby modified to read as follows:

V.

LESSEE TO CONDUCT BUSINESS: Lessee agrees that it will use the leased premises only for the purpose of conducting a golf course business and to sell such merchandise and perform such services in connection therewith as are usually and customarily connected with and incidental to the business for which this property is being leased.

Lessee further covenants and agrees to abide by the laws of the State of Washington in the conduct and operation of its business and in the use of the leased premises and covenants to conduct the business in such manner as not to become a public nuisance. Lessee also covenants to operate its business in a respectable businesslike and competitive manner and to keep the leased premises neat and clean at all times.

Lessee covenants and agrees to keep said golf course open for business at all times, weather permitting, unless Lessor gives its written consent to close the business at other times.

Lessee further covenants and agrees to advertise and market said golf course in a professional manner with the objective of maximizing gross revenues.

All facilities on the leased premises shall be available to the public without discrimination.

Paragraph VIII of the Lease is modified to read as follows:

VI.

TRADE FIXTURES: The golf course constructed by Lessee, including all underground water pipes and irrigation systems, and pumps, with appurtenances, together with any and all other buildings or improvements constructed on the leased premises, and any machinery, fixtures, equipment or other trade fixtures located thereon, shall immediately become and shall be part of the real estate and shall be the property of the Lessor. It is the intent and understanding of the parties hereto that personal property such as tractors and mowers do not constitute trade fixtures but that personal property attached to the reality which is the subject of this lease modification which are incident to the operation of the Golf Course are trade fixtures.

Paragraph IX of the Lease is retained in its entirety as follows:

VII.

UTILITIES: Lessee agrees to supply all electricity, water and all other utilities to be used on the leased premises at their own expense. Lessee agrees to pay such utility charges as are incurred by it in the use and occupation of said premises and not

to allow any such charges to become a lien on the real estate.

Paragraph X of the Lease is retained in its entirety as follows:

VIII.

FIRE OR OTHER CASUALTY AND FIRE INSURANCE: The Lessee agrees that it will, at all times, keep the buildings and facilities on the leased premises and any additions and improvements made thereto by the Lessee insured against loss or damage by fire, with extended coverage in an amount equal to the full insurable value of said buildings, improvements and additions. Said insurance policy shall be written with loss payable to Lessor and the policies shall be delivered to Lessor.

If any of the said buildings or other improvements shall be destroyed or damaged by fire or other insured casualty during the term of this Lease, the Lessor, at the request of Lessee, shall rebuild and repair said destroyed or damaged buildings or other improvements. Should said buildings or other improvements be destroyed or so damaged as to preclude or substantially interfere with the usual business and operation of Lessee, then an extension, without rent, shall be added to this Lease equal to the time required to rebuild or repair such buildings or other improvements or to make them again available for Lessee's use. It is agreed that in repairing or reconstructing said buildings or other improvements, proceeds from the fire insurance policy shall be used to the extent of the cost of such repair or reconstruction. The provisions of this paragraph are subject to the provision that nothing contained herein or elsewhere in this Lease shall obligate Lessor to expend more than the net proceeds of insurance in the repair or rebuilding of any buildings or other improvements so damaged or destroyed. It is also provided further

that there shall be no abatement of rent for any reason whatsoever, including non-occupancy because of fire or other casualty, except as expressly provided herein, unless there has been an interference with occupancy by reason of any act of the Lessor.

Paragraph XI of the Lease is retained in its entirety as follows:

IX.

LESSEE TO MAINTAIN IMPROVEMENTS: The Lessee covenants and agrees to keep the golf course constructed on the leased premises in good playable condition equal to playing conditions maintained on other golf courses in the area. The Lessee further agrees to maintain all buildings and improvements upon the leased premises or hereafter constructed thereon and used by it in a good state of repair. Lessee agrees to keep the leased premises outside of buildings free from debris and objectionable materials arising out of or resulting from its operation.

Paragraph XII of the Lease is modified to read as follows:

X.

INJURIES-INDEMNITY FROM LOSS: Lessee covenants and agrees not to do or suffer anything done by which persons or property in or about or adjacent to the leased premises may be injured or endangered and the Lessee agrees to indemnify and save harmless the Lessor from any claim of persons for injuries to life, person or property by reason of anything done or permitted to be done or suffered or omitted to be done by Lessee or its agents in and about the occupation of said premises. Lessee further agrees to carry liability insurance and to deliver to Lessor a certificate of such insurance and Lessor shall always be provided with

evidence of the existence of such insurance. Said insurance shall be in the minimum amount of \$ 50,000.00 for any one person, \$ 100,000.00 for any one accident or casualty, and \$ 10,000.00 property damage and shall provide that the Lessor shall be notified in case of cancellation.

Paragraph XIII of the Lease is modified to read as follows:

XI.

ASSIGNMENT: The Lessee shall not assign this Lease, nor sublet the whole or any part of the premises, without the written consent of the Lessor, but Lessor agrees that such consent to an assignment shall not be unreasonably withheld. Any such assignment or sub-lease shall not relieve this Lessee from the responsibility of paying the rentals accruing under this Lease provided in Paragraph III hereof, or from keeping and performing all other obligations herein imposed upon and assumed by it. It is understood and agreed that any consent by the Lessor to any assignment or subletting by the Lessee shall not be considered or construed to be a consent to any subsequent assignment or subletting nor as a waiver of the right of the Lessor to refuse to consent to any subsequent assignment or subletting.

Paragraph XIV of the Lease is retained in its entirety as follows:

XII.

FORFEITURE: Time and exact performance are of the essence of this Lease Agreement, and in case of the failure of the Lessee to make the specified payments of rental as required or to perform any of the other of its covenants and obligations herein set forth within sixty (60) days after the same should be paid or performed, then, Lessor may, at its option, forfeit and terminate this Lease

and re-enter and repossess the premises and either operate said facilities itself or rent it to other operators, and apply any of the surplus over and above the cost of so operating on the payment of the monthly rental installments, all without prejudice to Lessors' rights to recover from Lessee or on its bond any damages suffered by reason of such defaults or failure to pay rentals as they accrue, or to enforce any other right or remedy provided or recognized by law.

Paragraph XV of the Lease is retained in its entirety as follows:

XIII.

USE OF PREMISES: Lessee covenants and agrees as follows:

- (a) To keep the leased real estate free and clear of all liens and charges whatsoever.
- (b) Not to commit or permit any waste.
- (c) To conform to and abide by all lawful rules, laws and regulations in connection with the use of said premises and the operation of Lessee's business thereon and not permit said premises to be used in violation of any lawful rule, law, regulation or other authority.

Paragraph XVI of the Lease is retained in its entirety as follows:

XIV.

INSPECTION: It is agreed that the duly authorized officers or agents of Lessor may enter to view said premises at any time and if the business or normal functions of the Lessor should at any time require that it enter upon the premises to do any work or make any improvements it may do so, but not in such manner as to materially damage the Lessee or interfere with its normal usual operation.

Paragraph XVII of the Lease is stricken in its entirety.

Paragraph XVIII of the Lease is retained in its entirety as follows:

XV.

ARBITRATION: In the event any dispute should arise hereunder between the Lessor and the Lessee on the rights, duties and liabilities of either party hereto, or in the setting of rates which the parties have indicated are to be mutually agreed upon, then such controversy should be determined by a Board of Arbitrators, composed of three (3) disinterested competent parties, one to be chosen by the Lessor, one by the Lessee, and the third to be selected by the two (2) so chosen. The decision of the three arbitrators or a majority of them shall be final and binding upon the parties hereto. One-half (½) of the cost of arbitrating any controversy submitted to said arbitrators shall be borne and paid for by each party hereto.

Paragraph XIX of the Lease is modified to read as follows:

XVI.

CONDEMNATION: In the event any part of the leased premises is taken by the exercise of the power of eminent domain, the Lessee may, at its option, elect to terminate this Lease. Such election must be in writing and made within 120 days of such condemnation. In the event of such termination, Lessee will not be responsible for rent accruing subsequent to the effective date of such termination.

Paragraph XX of the Lease is modified to read as follows:

XVII.

LESSOR'S RIGHT TO TERMINATE LEASE: It is recognized that Lessor acquired the leased premises for the purpose of developing it and devoting it to Port or industrial uses. At this time, the Lessor believes that said real estate will not be used for Port or industrial purposes during the term of this Lease. Nevertheless, the Lessor reserves the right to terminate this Lease at any time the land is developed for Port purposes or sold or leased for industrial development. In such event, Lessor will give 120 days written notice to Lessee of its intention to cancel and terminate the unexpired portion of the term. Rental for the year of any such cancellation shall be pro-rated between Lessor and Lessee.

The following paragraphs are hereby added to said Lease and hereby fully incorporated herein:

XVIII.

LEASEHOLD TAX: Lessee agrees to pay, in addition to the rent specified in Paragraph III hereof, any tax which may now or hereafter be levied by the State of Washington or any subdivision thereof, on the leasehold interest which is the subject of this Lease.

XVIX.

ABANDONMENT OF PREMISES: Lessee shall not vacate or abandon the premises at any time during the term hereof; if Lessee shall abandon, vacate or surrender the demised premises, or be dispossessed by process of law, or otherwise, any personal property belonging to Lessee and left on the premises shall be deemed to be abandoned, at the option of Lessor, except such property as may be encumbered to Lessor.

XX.

NOTICES: All notices, demands or other writings in this Lease provided to be given or made or sent, or which may be given or made or sent, by either party hereto to the other, shall be deemed to have been fully given or made or sent when made in writing and deposited in the United States Mail, registered and postage prepaid, and addressed as follows:

TO LESSOR: Port of Skamania County
PO Box 413
Stevenson, Wa. 98648

TO LESSEE: Beacon Rock Public Golf Course
PO Box 162
North Bonneville, Wa. 98639

The address to which any notice, demand or other writing may be given or made or sent to any party as above provided may be changed by written notice given by such party as above provided.

XXI.

ATTORNEYS' FEES: If any action at law or in equity shall be brought to recover any rent under this Lease, or for or on account of any breach of, or to enforce or interpret any of the covenants, terms, or conditions of this Lease, or for the recovery of the possession of the demised premises, the prevailing party shall be entitled to recover from the other party as part of the prevailing party's costs reasonable attorneys' fees, the amount of which shall be fixed by the Court and shall be made a party of any judgment or decree rendered.

XXII.

WAIVER: The failure of Lessor to take action with respect to any breach of any term, covenant, or condition herein contained shall not be deemed to be a waiver of such term, covenant, or condition, or subsequent breach of the same, or any other term, covenant, or condition therein contained. The subsequent acceptance of rent by Lessor shall not be deemed to be a waiver of

any preceding breach by Lessee of any term, covenant, or condition of this Lease, regardless of Lessor's knowledge of such preceding breach at the time of acceptance of such rent.

XXIII.

SECTION CAPTIONS: The captions appearing under the section number designations of this Lease and the advisements regarding whether each particular paragraph of the Lease was retained, modified, stricken or added are for convenience only and are not a part of this Lease and do not in any way limit or amplify the terms and provisions of this Lease.

XXIV.

MODIFICATION: All other terms and conditions of the Lease shall remain in full force and effect, unless specifically amended, modified or stricken herein.

Dated this 12th day of November, 1986.

LESSOR:

PORT OF SKAMANIA COUNTY

By

By

STATE OF WASHINGTON

) SS

County of Skamania

LESSOR/ASSIGNEE:

BEACON ROCK PUBLIC GOLF COURSE

By

President

By

Secretary/Treasurer

On this day personally appeared before me ROBERT H. TICHENOR and DARYL L. PETERSON, Commissioners of the Port of Skamania County, to me known to be the individuals described in and who executed the within and foregoing instrument, and acknowledged that they signed the same as their free and voluntary act and deed, for the uses and purposes therein mentioned.

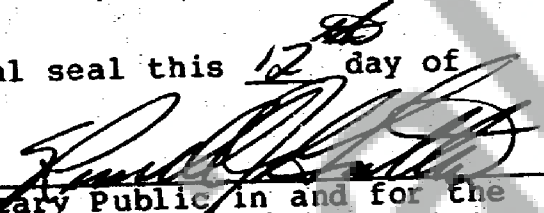
GIVEN under my hand and official seal this 12 day of November, 1986.

Notary Public in and for the
State of Washington, residing
at *[Signature]*

STATE OF WASHINGTON)
County of Skamania) ss

On this day personally appeared before me DOUGLAS AALVIK
and FRANCES CHILDERS, to me known to be the President and
Secretary/Treasurer of Beacon Rock Public Golf Course,
respectively, and the individuals described in and who executed
the within and foregoing instrument, and acknowledged that they
signed the same as their free and voluntary act and deed, for the
uses and purposes therein mentioned.

GIVEN under my hand and official seal this 12th day of
November, 1986.


Notary Public in and for the
State of Washington, residing
at Prindle.



LEASE

THIS LEASE AGREEMENT made and entered into by and between the PORT OF SKAMANIA COUNTY, a municipal corporation of the State of Washington, hereinafter called "Lessor", and SKAMANIA COUNTY DEVELOPMENT COUNCIL, a Washington corporation, called "Lessee",

WITNESSETH:

I

PREMISES LEASED: For and in consideration of the payment unto it by the Lessee of the rentals hereinafter specified and the performance by Lessee of the covenants and obligations herein provided to be kept and performed by Lessee, the Lessor does hereby lease, demise and let unto the Lessee all of that certain tract of real property situated within the said Port District in Skamania County, Washington, and particularly described in "EXHIBIT A" which is attached hereto and by reference made a part hereof.

II

TERM: The term of this Lease shall be for a period of twenty-five (25) years, commencing April 1, 1968 and terminating March 31, 1993.

III

RENTAL: The basic rental to be paid by Lessee to Lessor shall be the sum of Twelve Hundred and no/100 (\$1,200.00) Dollars per year payable quarterly in advance on the first days of March, June, September and December of each year during the term of the Lease. In addition to said basic rental, Lessee shall pay to Lessor a "percentage rent" as hereinafter provided for in Paragraph XVII hercof.

IV

GOLF COURSE AND FACILITIES TO BE CONSTRUCTED BY LESSEE:

The Lessee covenants and agrees to construct on the leased premises a nine-hole golf course in substantial compliance with the diagram thereof attached hereto as "EXHIBIT B" and the description thereof contained in the document entitled "Golf Course Improvements" attached hereto as "EXHIBIT C". Said golf course shall be constructed in a workmanlike manner and shall be of

Lease:

quality comparable to other golf courses in the area.

The Lessee also covenants and agrees to remodel and refurbish the house on the leased premises to make it usable as a club house. Other buildings on the leased premises may be refurbished to be used for storage or other purposes incidental to the use of the leased premises as a golf course. Such remodeling and refurbishing shall be in substantial compliance with plans and specifications therefor to be proposed by Lessee from time to time and subject to the written approval of Lessor.

Lessee covenants and agrees to commence construction on said golf course and the remodeling of said house on or before the 1st day of June, 1968, and to proceed therewith so that said golf course will be substantially completed and the remodeling and refurbishing of the house shall be substantially completed on or before June 1, 1969.

V

IMPROVEMENT BY LESSEE: The Lessee shall have the right and privilege of erecting such additional facilities and structures and further improvements upon the premises as it may desire, subject to the written approval of the Lessor, and the further right and privilege of altering structures on such premises in such manner as may be required for the efficient conduct of its business, but no such alterations shall materially change the original structure without the consent of the Lessor having first been obtained.

VI

PERFORMANCE BOND: As a prerequisite to the validity of this Lease, Lessee shall post a performance bond in compliance with Revised Code of Washington 53.08.080.

VII

LESSEE TO CONDUCT BUSINESS: Lessees agree that it will use the leased premises only for the purpose of conducting a golf course business and to sell such merchandise and perform such services in connection therewith as are usually and customarily connected with and incidental to the business for which this property is being leased.

Lease:

Lessee further covenants and agrees to abide by the laws of the State of Washington in the conduct and operation of its business and in the use of the leased premises and covenants to conduct the business in such manner as not to become a public nuisance. Lessee also covenants to operate its business in a respectable businesslike and competitive manner and to keep the leased premises neat and clean at all times.

Lessee covenants and agrees to keep said golf course open for business at all times, weather permitting, unless Lessor gives its written consent to close the business at other times.

All facilities on the leased premises shall be available to the public without discrimination.

VIII

TRADE FIXTURES: The golf course to be constructed by Lessee, including all underground water pipes and irrigation systems, and pumps, with appurtenances, together with any and all other buildings or improvements constructed on the leased premises, shall immediately become and shall be part of the real estate and shall be the property of the Lessor; provided however, it is agreed that all machinery, fixtures and equipment installed by Lessee shall be considered trade fixtures and may be removed by Lessee at any time, provided such removal may be effected without materially and adversely affecting the building or buildings or other improvements on the leased premises.

IX

UTILITIES: Lessee agrees to supply all electricity, water and all other utilities to be used on the leased premises at their own expense. Lessee agrees to pay such utility charges as are incurred by it in the use and occupation of said premises and not to allow any such charges to become a lien on the real estate.

X

FIRE OR OTHER CASUALTY AND FIRE INSURANCE: The Lessee agrees that it will, at all times, keep the buildings and facilities on the leased premises and any additions and improvements made thereto by the

Lease:

Lessee insured against loss or damage by fire, with extended coverage in an amount equal to the full insurable value of said buildings, improvements and additions. Said insurance policy shall be written with loss payable to Lessor and the policies shall be delivered to Lessor.

If any of the said buildings or other improvements shall be destroyed or damaged by fire or other insured casualty during the term of this Lease, the Lessor, at the request of Lessee, shall rebuild and repair said destroyed or damaged buildings or other improvements. Should said buildings or other improvements be destroyed or so damaged as to preclude or substantially interfere with the usual business and operation of Lessee, then an extension, without rent, shall be added to this Lease equal to the time required to rebuild or repair such buildings or other improvements or to make them again available for Lessees' use. It is agreed that in repairing or reconstructing said buildings or other improvements, proceeds from the fire insurance policy shall be used to the extent of the cost of such repair or reconstruction. The provisions of this paragraph are subject to the proviso that nothing contained herein or elsewhere in this Lease shall obligate Lessor to expend more than the net proceeds of insurance in the repair or rebuildings of any buildings or other improvements so damaged or destroyed. It is also provided further that there shall be no abatement of rent for any reason whatsoever, including non-occupancy because of fire or other casualty, except as expressly provided herein, unless there has been an interference with occupancy by reason of any act of the Lessor.

XI

LESSEE TO MAINTAIN IMPROVEMENTS: The Lessee covenants and agrees to keep the golf course constructed on the leased premises in good playable condition equal to playing conditions maintained on other golf courses in the area. The Lessee further agrees to maintain all buildings and improvements upon the leased premises or hereafter constructed thereon and used by it in a good state of repair. Lessee agrees to keep the leased premises outside of buildings free from debris and objectionable materials arising out of or resulting from its operation.

Lease:

XII

INJURIES-INDEMNITY FROM LOSS: Lessee covenants and agrees not to do or suffer anything done by which persons or property in or about or adjacent to the leased premises may be injured or endangered and the Lessee agrees to indemnify and save harmless the Lessor from any claim of persons for injuries to life, person or property by reason of anything done or permitted to be done or suffered or omitted to be done by Lessee or its agents in and about the occupation of said premises. Lessee further agrees to carry liability and to deliver to Lessor a certificate of such insurance and Lessor shall always be provided with evidence of the existence of such insurance. Said insurance shall be in the minimum amount of \$50,000.00 for any one person, \$100,000.00 for any one accident or casualty, and \$10,000.00 property damage and shall provide that the Lessor shall be notified in case of cancellation.

XIII

ASSIGNMENT: The Lessee shall not assign this Lease, nor sublet the whole or any part of the premises, without the written consent of the Lessor, but Lessor agrees that it will consent to an assignment to any subsidiary or affiliate of Lessee and will not be arbitrary regarding the granting of such consent to any financially responsible party or concern. Any such assignment or sub-lease shall not relieve this Lessee from the responsibility of paying the rentals accruing under this Lease provided in Paragraph III hereof, or from keeping and performing all other obligations herein imposed upon and assumed by it. It is understood and agreed that any consent by the Lessor to any assignment or subletting by the Lessee shall not be considered or construed to be a consent to any subsequent assignment or subletting nor as a waiver of the right of the Lessor to refuse to consent to any subsequent assignment or subletting.

XIV

FORFEITURE: Time and exact performance are of the essence of this Lease Agreement, and in case of the failure of the Lessee to make the specified payments of rental as required or to perform any of the other of

Lease:

its covenants and obligations herein set forth within sixty (60) days after the same should be paid or performed, then, Lessor may, at its option, forfeit and terminate this Lease and re-enter and repossess the premises and either operate said facilities itself or rent it to other operators, and apply any of the surplus over and above the cost of so operating on the payment of the monthly rental installments, all without prejudice to Lessors' rights to recover from Lessee or on its bond any damages suffered by reason of such defaults or failure to pay rentals as they accrue, or to enforce any other right or remedy provided or recognized by law.

XV

USE OF PREMISES: Lessee covenants and agrees as follows:

- (a) To keep the leased real estate free and clear of all liens and charges whatsoever.
- (b) Not to commit or permit any waste.
- (c) To conform to and abide by all lawful rules, laws and regulations in connection with the use of said premises and the operation of Lessee's business thereon and not permit said premises to be used in violation of any lawful rule, law, regulation or other authority.

XVI

INSPECTION: It is agreed that the duly authorized officers or agents of Lessor may enter to view said premises at any time and if the business or normal functions of the Lessor should at any time require that it enter upon the premises to do any work or make any improvements it may do so, but not in such manner as to materially damage the Lessee or interfere with its normal usual operation.

XVII

PERCENTAGE RENTAL: In addition to the annual rental provided for in Paragraph III hereof, Lessee covenants and agrees to pay a percentage rental as hereinafter provided. Said percentage rental shall be in an amount equal to ten (10%) per cent of the annual gross revenues in excess of \$16,500.00 of all activities on the leased premises except retail sales of merchandise (whether such activity is conducted by Lessee or by some other person). Without limiting the generality of the foregoing, it is specifically agreed that the term "gross revenues" shall include all greens fees, dues

Lease:

and assessments charged against members and rental income. On or before January 15, 1969, and each January 15 thereafter, Lessee will certify to Lessor in writing the total amount of its said gross revenues for the preceeding calendar year. At that time Lessee shall also pay to Lessor the percentage rental provided for above for the preceding calendar year. Lessor shall be given free access to Lessee's books of account to verify the accuracy of Lessee's certificate of gross revenues.

In the event Lessee sublets all or a portion of the leased premises, or grants any concession on the leased premises, the percentage rental shall be based upon the gross revenues of the sub-lessee or concessioner.

XVIII

ARBITRATION: In the event any dispute should arise hereunder between the Lessor and the Lessee on the rights, duties and liabilities of either party hereto, or in the setting of rates which the parties have indicated are to be mutually agreed upon, then such controversy should be determined by a Board of Arbitrators, composed of three (3) disinterested competent parties, one to be chosen by the Lessor, one by the Lessee, and the third to be selected by the two (2) so chosen. The decision of the three arbitrators or a majority of them shall be final and binding upon the parties hereto. One-half (1/2) of the cost of arbitrating any controversy submitted to said arbitrators shall be borne and paid for by each party hereto.

XIX

CONDEMNATION: In the event any part of the leased premises is taken by the exercise of the power of eminent domain, the Lessee may, at its option, elect to terminate this Lease. Such election must be in writing and made within 120 days of such condemnation. In the event of such termination, Lessee will not be responsible for rent accruing subsequent to the effective date of such termination. In such event, Lessor shall pay to Lessee a sum equal to book value of improvements placed on the leased premises by Lessee as provided for in Paragraph XX below; provided however, it is agreed that in the event of termination by Lessee following

Lease:

condemnation, Lessor's payment to Lessee shall not exceed the net proceeds of such condemnation received by Lessor.

XX

LESSORS' RIGHT TO TERMINATE LEASE: It is recognized that Lessor acquired the leased premises for the purpose of developing it and devoting it to Port or industrial uses. At this time, the Lessor believes that said real estate will not be used for Port or industrial purposes during the term of this Lease. Nevertheless, the Lessor reserves the right to terminate this Lease at any time the land is developed for Port purposes or sold or leased for industrial development. In such event, Lessor will give 120 days written notice to Lessee of its intention to cancel and terminate the unexpired portion of the term. Rental for the year of any such cancellation shall be pro rated between Lessor and Lessee.

Should Lessor effect a cancellation of this Lease as above provided, it shall pay to Lessee a sum equal to the book value of the improvements placed on the leased premises by Lessee. Book value shall be computed by amortizing the cost of any such improvement over the term of the Lease remaining unexpired at the time the improvement is made. Amortization shall be by the straight line method. Book value of any such improvement shall be the unamortized portion of the cost of such improvement. "Cost of such improvement" shall be deemed to include only actual out-of-pocket cost of capital improvements to the leased real estate and shall be exclusive of any grants from any governmental body.

DATED this 7th day of May, 1968.

PORT OF SKAMANIA COUNTY

SKAMANIA COUNTY DEVELOPMENT COUNCIL

By: Leonard Foster
President

By: Robert G. Salmon
President

T. E. Gale
Secretary

Wayne L. Gorman
Commissioner

Samuel V. McEvoy Jr.
Secretary

LESSOR


LESSEE

Lease:

STATE OF WASHINGTON)
COUNTY OF SKAMANIA) ss.

On this 7th day of May, 1968, before me, the undersigned, a Notary Public in and for the State of Washington, duly commissioned and sworn, personally appeared LEONARD FOSTER, WAYNE AMAN and A. E. COLE, to me known to be the Commissioners of the Port of Skamania County, the corporation that executed the foregoing instrument and acknowledged the said instrument to be the free and voluntary act and deed of said corporation, for the uses and purposes therein mentioned, and on oath stated that they authorized to execute the said instrument and that the seal affixed is the corporate seal of said corporation.

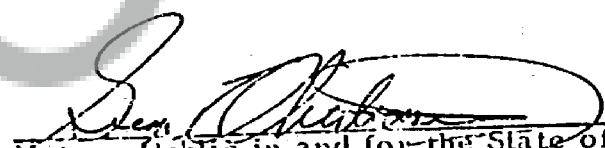
WITNESS my hand and official seal hereto affixed the day and year first above written.


Notary Public in and for the State of
Washington, Residing at STEVENSON.

STATE OF WASHINGTON)
COUNTY OF SKAMANIA) ss.

On this 7th day of May, 1968, before me, the undersigned, a Notary Public in and for the State of Washington, duly commissioned and sworn, personally appeared R. M. HEGEWALD and ROBERT J. SALVESEN, to me known to be the President and Secretary, respectively, of Skamania County Development Council, the corporation that executed the foregoing instrument, and acknowledged the said instrument to be the free and voluntary act and deed of said corporation, for the uses and purposes therein mentioned, and on oath stated that they authorized to execute the said instrument and that the seal affixed is the corporate seal of said corporation.

WITNESS my hand and official seal hereto affixed the day and year first above written.


Notary Public in and for the State of
Washington, Residing at STEVENSON.

"EXHIBIT A"

The following described real estate in Skamania County, Washington, to-wit:

That portion of Section Nineteen (19), Township Two (2) North, Range Seven (7) East of the Willamette Meridian described as follows:

Commencing at the intersection of the west boundary line of the Hamilton Donation Land Claim No. 40 and the South boundary of Primary State Highway 830 and running thence Westerly along the South boundary of said State Highway to the Sixteenth section line on the East line of the Northwest Quarter of the Southeast Quarter (NW $\frac{1}{4}$ SE $\frac{1}{4}$) of said Section Nineteen (19); thence South along said Sixteen section line to the South boundary of the Spokane, Portland and Seattle Railway Company right of way; thence Westerly along the South boundary of said railroad right of way to its intersection with the South boundary line of said Section Nineteen (19); thence Easterly along the South boundary of said Section Nineteen (19) to its intersection with the West boundary line of the Hamilton Donation Land Claim No. 40; thence North-westerly along the West boundary of said Donation Land Claim to the point of beginning.

GOLF COURSE IMPROVEMENTS

HEAVY EQUIPMENT COST

Clearing fairways	\$ 3,000.00
Developing Ponds-Diking	2,000.00
Trenching streams	2,000.00
Tiling surface water	1,000.00
Labor	6,000.00
Sub Total	\$ 14,000.00

WATER SYSTEMS

Pipe, 15,000 ft. 2" plastic	\$ 3,067.00
80# test @ \$20.45 End. FOB	450.00
Hardware Sprinklers	1,011.00
Water pump	3,000.00
Labor	7,528.00
Sub Total	\$ 7,528.00

FAIRWAYS AND TEES

Sand, 20 yds ea Tee @ 2.00 yd. x 9	\$ 360.00
Cinders, 20 yds ea Tee @ 5.00 yd x 9	900.00
Seed, \$150 hole x 9	1,013.00
Fertilizer, Est. 1 ton	170.00
Markers, 20 per hole x 9	180.00
Labor	5,000.00
Sub Total	\$ 7,623.00

GREENS

Sand, 2.00 yd x 40 yd. ea hole x 9	\$ 720.00
Cinders, 5 yd x 20 yd ea hole x 9	900.00
Rock, 4.50 yd x 20 ea hole x 9	810.00
Seed, 25.00 per green x 9	225.00
Fertilizer & conditioners 10.00 per hole	
x 9	90.00
Flags and cups, 20.00 per hole x 9	180.00
Labor	10,000.00
Sub Total	\$ 12,925.00

EQUIPMENT

Tractor	\$ 2,000.00
Fairway Mower	500.00
Greens Mower	450.00
Fertilizer Spreader-Hand	100.00
Misc. Tool and equipment	500.00
Sub Total	\$ 3,550.00

DRIVEWAY-PARKING

Black top

Sub Total

\$ 5,000.00
\$ 5,000.00

CLUB HOUSE-PRO SHOP-STORAGE

Remodel Lounge, Kitchen and Basement
Kitchen-Bar-Pro Shop Equipment

Sub Total

\$ 4,000.00
3,500.00
\$ 7,500.00

ENGINEERING AND ARCHITECT FEES

Engineering and Architect Fees

Sub Total

\$ 3,000.00
\$ 3,000.00

GRAND TOTAL

\$ 61,126.00