

LEASE

Lease made this 22nd day of June, 19 87 between the CITY OF NORTH BONNEVILLE, a municipal corporation of the State of Washington, whose address is P. O. Box 7, North Bonneville, Skamania County, Washington, herein referred to as LESSOR, and RICHARD R. ROBERTS, a single person, and ELAINE H. HOLMES, a single person, D/B/A COLUMBIA GORGE GALLERIES, whose address is P. O. Box 37, North Bonneville, Skamania County, Washington, hereinafter referred to as LESSEE.

Recitals

1. Lessor is the sole owner of the premises described below, hereinafter called "the premises."
2. Lessee desires to lease the premises for the purpose of conducting a retail grocery business thereon.
3. The parties desire to enter into a lease agreement defining their rights, duties and liabilities relating to the premises.

In consideration of the mutual covenants contained herein, the parties agree as follows:

SECTION ONE  
Subject and Purpose

Lessor leases to Lessee the premises located in the City of North Bonneville, Skamania County, Washington, and more particularly described as follows:

Space C-7-2, Lot C-7, Plat of Relocated North Bonneville,

together with the appurtenances thereon, and together with the following described shelving and equipment located within the premises:

Shelving

- 3 8'x6'2"x20" natural plywood finished fixed shelves - 4 shelves plus top for each unit
- 1 5'x6'2"x20" natural plywood finished fixed shelf - 4 shelves plus top
- 12 1'x8' plywood shelves, painted white and edged one side
- 6 1'x4' plywood shelves, painted white and edged one side
- 8 wall mounted adjustable shelving standards
- 50 10½" polished aluminum shelving brackets (adjustable type)

Counters

- 30 lineal feet fixed floor mounted counters 36½" high with formica tops, natural finished birch, with back shelving - 22 shelves face edged and natural birch plywood

Registered  
Indexed, air  
Indirect  
Filmed  
Mailed

FILED FOR RECORD  
BY *[Signature]*  
JUL 15 12 42 PM '87  
GARY W. HILSON

SECTION TWO  
Term and Rent

1. The total rental to be paid over the term of this lease shall be \$7,200.00, payable as follows:

\$200.00 per month payable in advance on or before the 1st day of each month. The first month's rent shall be payable on July 1, 1987. The \$200.00 per month sum shall include a 12.84% leasehold tax levied by the State of Washington and collected by the Lessor.

2. If the monthly rental is not received by Lessor within thirty (30) days of the due date, Lessee agrees to pay to Lessor an additional sum equal to ten percent (10%) of the amount in default, said sum being liquidated damages and not a penalty.

3. The term of this lease shall be three (3) years, beginning on July 1, 1987 and ending on June 30, 1990. Lessee shall have an option to renew, exercisable on notice in writing given thirty (30) days prior to the termination date of this lease.

SECTION THREE  
Security Deposit

1. Lessee shall deposit with Lessor \$500.00 as a security deposit for the faithful performance of all the terms and conditions of this Lease.

SECTION FOUR  
Use of Premises

Lessee shall use the premises for the purpose of conducting a retail sales business and for related purposes and shall not use them for any other purpose without the written consent of the Lessor. Lessee shall use the entire premises for the conduct of said business in a strictly professional manner continuously during the entire term of this lease, with the exception of temporary closures for such periods as reasonably may be necessary for repairs or for reasons beyond Lessee's reasonable control.

SECTION FIVE  
Repairs

1. Lessee shall, at all times during the term of this lease, and at their own cost and expense, repair, replace and maintain in a good, safe and substantial condition, the interior of the building, including shelving and any improvements, additions and alterations thereto on the demised premises, and shall use all reasonable precaution to prevent waste, damage or injury to the demised premises.

The Lessee shall, at all times during the term of this Lease, and at Lessee's own cost and expense, keep the access walkway and lot free of litter, debris and garbage and provide for removal and disposal of same.

2. Lessor shall, at all times during the term of this Lease, and at Lessor's own cost and expense, repair, care for and maintain the exterior of the building and any improvements, additions and alterations thereto on the demised premises, and shall provide snow removal for vehicle access and parking to the demised premises.

SECTION SIX  
Acceptance of Premises

Lessee has examined the leased premises and accepts them in their present condition.

SECTION SEVEN  
Alterations and Improvements

Lessee shall make no alterations or improvements to or upon the premises or install or remove any fixtures (other than trade fixtures owned by Lessee which can be removed without injury to the premises) without first obtaining written approval from the Lessor. In the event any alterations or improvements

shall be made or fixtures, other than trade fixtures owned by Lessee which can be removed without injury to the premises, are installed by the Lessee, they shall at once become a part of the realty and become the property of the Lessor. Movable furniture and trade fixtures placed on the premises by Lessee which are removable without injury to the premises shall be and remain the property of Lessee.

#### SECTION EIGHT Inspection

Lessor reserves the right to inspect the leased premises at any and all reasonable times throughout the term of this Lease; provided, that it shall not interfere unduly with Lessee's operations. The right of inspection reserved to the Lessor hereunder shall impose no obligation on the Lessor to make inspections to ascertain the condition of the premises and shall impose no liability upon the Lessor for failure to make such inspections.

#### SECTION NINE Taxes

Lessee shall pay to the proper authority on or before the last day on which payment may be made without penalty or interest, all taxes due the State of Washington, assessments or other governmental charges that shall or may, during the lease term, be imposed on, or arise in connection with the use of, the demised premises or any part thereof.

#### SECTION TEN Utilities

All applications and connections for necessary utility services on the demised premises shall be made in the name of Lessee only, and Lessee shall be solely liable for utility charges as they become due, including those for sewer, water, gas, electricity and telephone services.

#### SECTION ELEVEN Insurance

1. Fire Insurance. At all times during the term of this lease, and for any further time that Lessee shall hold the demised premises, Lessee shall obtain and maintain, at its expense, fire insurance on all buildings and improvements on the demised premises, including all alterations and additions thereto in an amount equal to the current full replacement cost of the demised premises, excluding the cost of excavation and of foundations.

2. Personal Injury and Property Damage Insurance. During the term of this Lease, and for any further time that Lessee shall hold the demised premises, Lessee shall obtain and maintain, at its expense, personal injury and liability insurance in amounts and in forms of insurance policies as may from time to time be required by Lessor.

3. Other Insurance. Lessee shall provide and keep in force other insurance in amounts that may from time to time be required by Lessor against other insurable hazards as are commonly insured against for the type of business activity that Lessee will conduct.

4. All insurance provided by Lessee as required by this section shall be carried in favor of Lessor and Lessee, as their respective interests may appear, and, in the case of insurance against damage to the demised premises by fire or other casualty, shall provide that loss, if any, shall be adjusted with and be payable to Lessor. All insurance shall be written with responsible companies that Lessor shall approve, and the policies shall be held by Lessor. All policies shall require thirty (30) days' notice by registered mail to Lessor of any cancellation or change affecting any interest of Lessor.

#### SECTION TWELVE Unlawful or Dangerous Activity

Lessee shall neither use nor occupy the demised premises or any part thereof for any unlawful, disreputable or ultrahazardous business purpose nor operate or conduct its business in a manner constituting a nuisance of any kind. Lessee shall, immediately on discovery of any unlawful, disreputable or ultrahazardous use, take action to halt such activity.



### SECTION THIRTEEN Indemnity

Lessee, by signing this lease, does indemnify, save and hold harmless Lessor against all losses, damages, costs, changes, expenses, judgments, liabilities and claims of every kind, including reasonable attorneys' fees (including those arising in establishing indemnification of any kind), asserted by or on behalf of any person or entity arising directly or indirectly from: (1) any unreasonable delay in performance or any failure by Lessee to perform any of the terms or conditions of this Lease; (2) any personal injury or property damage occurring on or about the demised premises; (3) failure by Lessee to comply with any law of any governmental authority; (4) any mechanic's lien or security interest filed against the demised premises, or any equipment, materials or improvements thereon; and (5) occupancy and use of the demised premises for the conduct of business, as stated herein, by Lessee, Lessee's employees, agents, suppliers, customers and any other individuals or entities directly or indirectly associated with Lessee's occupancy and use of the demised premises.

### SECTION FOURTEEN Default or Breach

Each of the following events shall constitute a default or breach of this lease by Lessee:

1. If Lessee, or any successor or assignee of Lessee, while in possession, shall file a petition in bankruptcy or insolvency or for reorganization under any bankruptcy act, or shall voluntarily take advantage of any such act by answer or otherwise, or shall make an assignment for the benefit of creditors.
2. If involuntary proceedings under any bankruptcy law or insolvency act shall be instituted against Lessee, or if a receiver or trustee shall be appointed of all or substantially all of the property of Lessee, and such proceedings shall not be dismissed or the receivership or trusteeship vacated within ninety (90) days after the institution or appointment.
3. If Lessee shall fail to pay Lessor any rent when the same shall become due and shall not make the payment within five (5) days after notice in writing by Lessor to Lessee.
4. If Lessee shall fail to perform or comply with any of the conditions of this Lease, and if the nonperformance shall continue for a period of five (5) days after notice thereof by Lessor to Lessee or, if the performance cannot be reasonably had within the five-day period, Lessee shall not in good faith have commenced performance with the five-day period and shall not diligently proceed to completion of performance.
5. If Lessee shall vacate or abandon the demised premises.

### SECTION FIFTEEN Effect of Default

In the event of any default hereunder, as set forth in Section Fourteen, the rights of Lessor shall be as follows:

1. Lessor shall have the right to cancel and terminate this Lease, as well as of the right, title and interest of Lessee hereunder, by giving to Lessee not less than thirty (30) days' notice of the cancellation and termination. On expiration of the time fixed in this notice, this lease and the right, title and interest of Lessee hereunder, shall terminate in the same manner and with the same force and effect, except as to Lessee's liability, as if the date fixed in the notice of cancellation and termination were the end of the term herein originally determined.
2. Lessor may elect, but shall not be obligated, to make any payment required of Lessee herein or comply with any agreement, term or condition required hereby to be performed by Lessee, and Lessor shall have the right to enter the demised premises for the purpose of correcting or remedying any such default and to remain until the default has been corrected or remedied, but, any expenditure for the correction by Lessor shall not be deemed to waive or release the default of Lessee or the right of Lessor to take any action as may be otherwise permissible hereunder in the case of any default.

3. Lessor may reenter the premises immediately and remove the property and personnel of Lessee and store the property in a public warehouse or at a place selected by Lessor, at the expense of the Lessee. After reentry, Lessor may terminate the lease on giving five (5) days' written notice of termination to Lessee. Without the notice, reentry will not terminate the lease. On termination, Lessor may recover from Lessee all damages proximately resulting from the breach, including the cost of recovering the premises, and the value of the balance of this Lease, over and above the reasonable rental value of the premises for the remainder of the lease term, which sum shall be immediately due Lessor from Lessee.

4. After reentry, Lessor may relet the premises or any part thereof for any term without terminating the Lease, at such rent and upon such terms as Lessor may choose. Lessor may, at any time after a reletting, terminate the Lease for the breach on which Lessor has based the reentry and subsequently relet the premises.

#### SECTION SIXTEEN

##### Access to Premises; Signs Posted by Lessor

1. Lessee shall permit Lessor or its agents to enter the demised premises at all reasonable hours to inspect the premises or make repairs that Lessee may neglect or refuse to make in accordance with the provisions of this Lease.

2. Lessor may, within three months next preceding the expiration of the Lease term, place signs on the walls, doors or windows of the building or buildings on the leased premises, advertising that such premises are for rent or for sale, which signs shall remain thereon without hindrance or molestation by Lessee.

#### SECTION SEVENTEEN

##### Compliance with Laws and Regulations

Lessee agrees to comply with all applicable rules and regulations of the Lessor pertaining to the premises now in existence or hereafter promulgated for the general safety and convenience of the Lessor, its various tenants, invitees, licensees and the general public. Lessee further agrees to comply with all applicable federal, state and municipal laws, ordinances and regulations. Any fees for any inspection of the premises during or for the lease term by any federal, state or municipal officer and for any so-called "Certificate of Occupancy" shall be paid by Lessee.

#### SECTION EIGHTEEN

##### Easements, Agreements or Encumbrances

The parties shall be bound by all existing easements, agreements and encumbrances of record relating to the demised premises, and Lessor shall not be liable to Lessee for any damages resulting from any action taken by a holder of an interest pursuant to the rights of that hold thereunder.

#### SECTION NINETEEN

##### Quiet Enjoyment

Lessor warrants that Lessee shall be granted peaceable and quiet enjoyment of the demised premises free from any eviction or interference by Lessor if Lessee pays the rent and other charges provided herein and otherwise fully and punctually performs the terms and conditions imposed upon Lessee hereunder.

#### SECTION TWENTY

##### Liability of Lessor

Lessee shall be in exclusive control and possession of the demised premises, and Lessor shall not be liable for any injury or damages to any property or to any person on or about the demised premises nor for any injury or damage to any property of Lessee. The provisions herein permitting Lessor to enter and inspect the demised premises are made to insure that Lessee is in compliance with the terms and conditions hereof and to allow Lessor to make repairs that Lessee has failed to make. Lessor shall not be liable to Lessee for any entry on the premises for inspection purposes.

SECTION TWENTY-ONE  
Waivers

The failure of Lessor to insist on a strict performance of any of the terms and conditions hereof shall be deemed a waiver of the rights or remedies that Lessor may have regarding that specific instance only and shall not be deemed a waiver of any subsequent breach or default in any terms and conditions.

SECTION TWENTY-TWO  
Notice

1. All notices to be given with respect to this Lease shall be in writing. Each notice shall be sent by registered or certified mail, postage prepaid and return receipt requested, to the party to be notified at the address set forth herein or at such other address as either party may from time to time designate in writing.

2. Every notice shall be deemed to have been given at the time it shall be deposited in the United States mails in the manner prescribed herein.

LESSOR: City of North Bonneville  
P. O. Box 7  
North Bonneville, WA 98639

LESSEE: Columbia Gorge Galleries  
P. O. Box 37  
North Bonneville, WA 98639

SECTION TWENTY-THREE  
Assignment, Mortgage or Sublease

Neither Lessee nor their successors or assigns shall assign, mortgage, pledge or encumber this Lease or sublet the demised premises, in whole or in part, or permit the premises to be used or occupied by others, nor shall this lease be assigned or transferred by operation of law without the prior consent in writing of Lessor in each instance.

SECTION TWENTY-FOUR  
Option to Renew; Rent

Upon the natural expiration of the term of this lease, Lessee may, at their option, renew this lease for a term of three (3) years. In the event Lessee exercises their option to renew hereunder, the terms and conditions of this lease shall continue in full force and effect during the renewal term and shall fully govern the same except that the monthly rental rate under the renewal lease shall be adjusted to reflect the then reasonable rental for the premises. If the parties are not able to agree on such reasonable rental, they shall each appoint an arbitrator and the two arbitrators so appointed shall agree upon a referee, and the parties will be bound by the rental fixed by a majority of such three individuals.

SECTION TWENTY-FIVE  
Total Agreement; Applicable to Successors

This Lease contains the entire agreement between the parties and cannot be changed or terminated except by a written instrument subsequently executed by the parties hereto. This Lease and the terms and conditions hereof apply to and are binding on the heirs, legal representatives, successors and assigns of both parties.

SECTION TWENTY-SIX  
Applicable Law

This agreement shall be governed by, and construed in accordance with, the laws of the State of Washington.



SECTION TWENTY-SEVEN  
Time of the Essence

Time is of the essence in all provisions of this Lease.

IN WITNESS WHEREOF, the parties hereto have caused this Lease to be executed by their proper officers thereto authorized this 22<sup>nd</sup> day of June, 1987.

LESSOR:

CITY OF NORTH BONNEVILLE

BY:

Keith K. Windham  
KEITH K. WINDHAM, Mayor

LESSEE:

COLUMBIA GORGE GALLERIES

Richard R. Roberts  
RICHARD ROBERTS, a single person

Elaine Holmes  
ELAINE HOLMES, a single person

STATE OF WASHINGTON )  
County of Skamania ) ss.

On this day personally appeared before me KEITH K. WINDHAM, Mayor of the City of North Bonneville, to me known to be the individual described in and who executed the within and foregoing instrument, and acknowledged that he signed the same as his free and voluntary act and deed, for the uses and purposes therein mentioned.

GIVEN under my hand and official seal this 22<sup>nd</sup> day of June, 1987.



Paul J. Rose  
Notary Public in and for the State of Washington, residing at Steverson.  
My Commission expires: \_\_\_\_\_

STATE OF WASHINGTON )  
County of Skamania ) ss.

On this day personally appeared before me RICHARD ROBERTS, a single person, and ELAINE HOLMES, a single person, 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 22<sup>nd</sup> day of June, 1987.



Paul J. Rose  
Notary Public in and for the State of Washington, residing at Steverson.  
My Commission expires: \_\_\_\_\_