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BOOK 109 PAGE 614

FILED FOR RECORD
SKAMANIA CO. WASH
BY *Jan Killeen*

LEASE May 31 3 43 PM '88

AUDITOR

GARY M. OLSON

Lease made this 17th day of May, 1988, by and between the **PORT OF SKAMANIA COUNTY**, a corporation organized under the laws of the State of Washington, having its principal office at Stevenson, Skamania County, Washington, herein referred to as "Lessor", and **BRUCE FORD**, Incorporator, on behalf of **GORGE WEST ENTERPRISES, INC.**, a Washington corporation, of M.P. 63.5, Underwood, Skamania County, Washington, herein referred to as "Lessee".

Recitals

1. Lessor is the sole owner of the premises described in Exhibit "A", attached hereto and incorporated herein by reference, hereinafter referred to as "the Premises".

2. Lessee desires to lease the Premises for the purposes of conducting a sporting goods business and, perhaps, a deli.

3. The parties desire to enter into a lease agreement defining their respective rights, duties and liabilities with respect to the Premises.

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

SECTION ONE

Subject and Purpose

Lessor leases the Premises to Lessee for Lessee's use for the purpose of conducting a sporting goods business and, perhaps, a deli.

SECTION TWO

Term, Rent and Leasehold Tax

1. Lessor demises the Premises for a period of three (3) years, commencing the 17th day of May, 1988 and ending on the 16th day of May, 1991, unless sooner terminated or extended in accordance with the terms of this lease. For the use and occupancy of the Premises, Lessee shall pay Lessor rent in the amount of \$8,550.00 for the entire term of this lease. Rent shall be paid at the rate of \$300.00 per month for the months of April through October, inclusive, of each year and at the rate of \$150.00 per month for the months of November through March, inclusive, of each year, payable in advance, without demand, the 17th day of each calendar month.

Registered	<i>E</i>
Indexed, Dir.	<i>E</i>
Indirect	<i>E</i>
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Mated	<i>E</i>

2. Lessee shall pay for all labor and materials to provide certain capital improvements to the Saloon Building, as hereinafter specified, at a total cost of not more than \$7,500.00. All capital improvements shall be completed on or before May 1, 1989, and upon termination of this lease, shall become the sole and exclusive property of Lessor. The reasonable cost of the labor and materials paid for by Lessee shall be an offset against rent due from Lessee to Lessor pursuant to this lease, and said sums shall be deducted from rent due as and when said sums are paid by Lessee. Lessee shall furnish and pay for the following capital improvements pursuant to this Paragraph:

1. Install vinyl floors in the kitchen area.
2. Install a take-out window.
3. Install new hardwood floors in eating area.
4. Repair and refinish old floor and repair floor joists.
5. Sandblast, paint and stain the interior of the building.
6. Repair skylights.
7. Install acoustical or suspended ceiling.
8. Refurbish existing toilet.
9. Install one 220-volt receptacle.
10. Install vents in kitchen and store areas.
11. Install outside lighting.
12. Construct service area on deck.
13. Remodel basement area for rental, sales, service and manufacturing of sporting goods.
14. Landscape property.

3. All the above-listed improvements shall be subject to the consent and approval of the Port, and no off-set against any rents due hereunder shall be allowed for improvements made without the consent and approval of the Port, which consent and approval shall not be unreasonably withheld.

4. Lessee shall pay to the proper authority on or before the last day on which payment may be made without penalty or interest, all leasehold tax due the State of Washington which shall or may be imposed on, or arise in connection with the use of, the Premises, or any part thereof, during the lease term. Leasehold tax pertaining to any period in addition to the lease term shall be pro-rated and adjusted between the parties so that Lessee will pay the amounts allocable to the lease term. The intention of the parties is that the rent herein is net rental, and Lessor shall receive the same free from all Leasehold tax that is made payable by Lessee. At the time of execution of this Lease, leasehold tax is 12.84% per annum. Said rate is subject to change by the State, and Lessee understands and agrees that it shall pay said tax at whatever rate is established by the State from time to time.

5. Lessee shall have the option of renewing and extending this lease for one additional three year term, commencing the day following expiration of the original term.

6. All terms and conditions of this lease will remain the same during the extension term, except that the amount of rent to be paid shall be renegotiated by the parties at the expiration of the original term of this lease; provided that the rent set out in Section Two, paragraph 1 above, shall not be increased by greater than twenty-five (25%) percent for renewal period.

7. Exercise of the extension option shall be by written notice given at least 60 days prior to expiration of the original term.

SECTION THREE **Interest on Past Due Sums**

Lessee shall pay to Lessor interest at one (1%) per cent per month on all sums owing to Lessor (including but not limited to rental payments hereunder), commencing 1 day after the date such sums are due and payable.

SECTION FOUR **Inspection**

Lessee is leasing the Premises "as is", and Lessor makes no representations or warranties except as to title as set forth herein. Without limiting the generality of the foregoing, Lessee acknowledges that it has made its own independent investigation respecting the Premises and will be relying entirely thereon and on the advice of any consultant it may retain. Lessee may not rely upon any representation of any party, whether or not such party purports to act on behalf of Lessor, unless the representation is expressly set forth herein or in a subsequent document executed by Lessor. All representations, warranties, understandings and agreements between Lessee and Lessor are merged herein.

SECTION FIVE **Repairs; Surrender on Termination**

Lessee shall, at all times during the term of the lease and at its own cost and expense, maintain, in good order and condition, any buildings and improvements, and all additions and alterations thereto, located on the Premises; provided however, that Lessor shall be responsible for repairing and replacing the roof, foundation and structural components of any existing building(s), unless the use, conduct or activities of Lessee caused the problem which necessitated the repair or replacement work. Lessee shall use all reasonable precaution to prevent waste, damage or injury to the Premises.

Upon expiration or early termination of this lease, Lessee shall surrender the premises to Lessor in good order and condition, subject to depreciation, ordinary wear and tear, and damage by fire or other casualty. All repairs for which Lessee is

responsible shall be completed by the date of surrender. Lessee shall remove all of its equipment, machinery, fixtures and other personal property that remain its property by the date of surrender.

SECTION SIX **Utilities**

All applications and connections for necessary utility services on the 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. Lessor warrants to hold Lessee harmless from all obligations for cost of utility services incurred by previous Lessees of the Premises.

SECTION SEVEN **Security Deposit**

Lessee shall deposit with Lessor a cash deposit in the amount of \$600.00, which shall be held by Lessor for the full term of this lease as security for the full and timely performance by Lessee of the terms and conditions herein and for the payment of any final judgment that may be rendered against Lessee for a breach of those terms and conditions. The rights of Lessor against Lessee for a breach of this lease shall in no way be limited or restricted by this security deposit, but Lessor shall have the absolute right to pursue any available remedy to protect its interest herein, as if this security deposit had not been made. The deposit shall be returned to Lessee at the expiration of this lease provided that all the terms and conditions herein contained have been fully performed by Lessee. Should the demised premises be sold, Lessor may transfer or deliver the security deposit to the purchaser of the interest, and Lessor shall then be discharged from any further liability to Lessee with respect to the security deposit.

SECTION EIGHT **Insurance**

1. Fire Insurance. At all times during the term of this lease and for any further time that Lessee shall hold the Premises, Lessee shall obtain and maintain at its expense fire insurance on any and all buildings and improvements on the Premises, including all alterations and additions thereto, in an amount equal to the current full replacement cost of said buildings and improvements, 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 sole expense, personal injury and liability insurance in an amount not less than \$100,000.00 for injury to one person, \$300,000.00 for injuries arising from any one accident and not less than \$50,000.00 for property damage.

3. Other insurance. Lessee shall provide and keep in force other insurance in amounts that may from time to time be reasonably required by Lessor against other such 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 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 authorized to conduct business in the State of Washington. Lessee shall provide the names of all of Lessee's insurance carriers to Lessor and shall provide copies of all insurance policies to Lessor. All policies shall require 30 days' notice by registered mail to Lessor of any cancellation or change affecting any interest of Lessor.

5. In the event fire or other casualty causes damage to the buildings, Lessor shall restore any damaged buildings as soon as practicable to substantially their condition immediately before the casualty. Rent shall be abated during the period of restoration and to the extent the buildings and premises are not reasonably usable by Lessee, except that there will be no rent abatement if the casualty was caused by Lessee's negligence or failure to comply with the terms of this lease. Insurance proceeds pertaining to the buildings and improvements shall be applied to the costs of such restoration and repair.

SECTION NINE Unlawful or Dangerous Activity

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

SECTION TEN
Indemnity

Lessee shall indemnify Lessor against all expenses, liabilities and claims of every kind, including reasonable attorney fees, made by or on behalf of any person or entity arising out of either (1) a failure by Lessee to perform any of the terms or conditions of this lease, (2) any injury or damage happening on or about the Premises, (3) failure to comply with any law of any governmental authority, or (4) any mechanic's lien or security interest filed against the Premises or any buildings or improvements thereon as a result of Lessee's activities.

SECTION ELEVEN
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 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 30 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 30 days after notice thereof by Lessor to Lessee or, if the performance cannot be reasonably had within the 30-day period, Lessee shall not in good faith have commenced performance within the 30-day period and shall not diligently proceed to completion of performance.
5. If Lessee shall abandon the demised premises.
6. If this lease or the estate of Lessee hereunder shall be transferred to or shall pass to or devolve on any other person or party, except in the manner herein permitted.

SECTION TWELVE
Effect of Default

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

1. Lessor shall have the right to cancel and terminate this lease, as well as all of the right, title, and interest of Lessee hereunder, by giving to Lessee not less than 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 re-enter 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 re-entry Lessor may terminate the lease on giving 30 days' written notice of termination to Lessee. Without the notice, re-entry 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 worth of the balance of this lease over 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 re-entry, Lessor may relet the premises or any part thereof for any term without terminating the lease, at the rent and on the terms as Lessor may choose. Lessor may at any time after a reletting terminate the lease for the breach on which Lessor had based the re-entry and subsequently relet the premises.

SECTION THIRTEEN
Lessor's Access to Premises

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.

SECTION FOURTEEN
Port of Skamania County Land Standards

Lessee agrees to be bound by and comply with the Port of Skamania County Land Standards, a copy of which is incorporated herein and annexed hereto as Exhibit "B"; — provided, however, that Lessee shall not be obligated to improve the present condition of the demised premises.

SECTION FIFTEEN
Compliance with Port Regulations and with all Laws

Lessee 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 the fees for any so-called "Certificate of Occupancy" shall be paid by Lessee.

SECTION SIXTEEN
Easements, Agreements, or Encumbrances

The parties shall be bound by all existing easements, agreements, and encumbrances (if any) of record relating to the demised premises which Lessor has disclosed to Lessee in writing, 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 holder thereunder.

SECTION SEVENTEEN
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 or those claiming through Lessor, so long as Lessee pays the rent and other charges provided herein, and otherwise fully and punctually performs the terms and conditions imposed on Lessee.

SECTION EIGHTEEN
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 makes repairs that Lessee has failed to make. Lessor shall not be liable to Lessee for any entry on the premises for inspection purposes.

SECTION NINETEEN
Consents, Waivers

Whenever either party's consent or approval is required under this lease, the party shall promptly exercise its judgment in a reasonable manner. Failure of a party 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 the party 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
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:

Port of Skamania County
P.O. Box 413
Stevenson, WA 98648

Lessee:

Gorge West Enterprises, Inc.
130 SW Cascade
Stevenson WA 98648

SECTION TWENTY-ONE
Assignment, Mortgage, or Sublease

Neither Lessee nor its successors or assigns shall assign, mortgage, pledge or encumber this Lease for any reason nor shall this lease be assigned or transferred by operation of law, without the prior consent in writing of Lessor in each instance.

Lessee shall not have the right to sublet the demised premises, in whole or in part, or permit the premises to be used or occupied by others, without Lessor's prior written approval. Such approval shall not be unreasonably withheld.

SECTION TWENTY-TWO
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-THREE
Applicable Law

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

SECTION TWENTY-FOUR
Venue

In the event that any litigation should arise concerning the construction or interpretation of any of the terms of this lease, the venue of such action or litigation shall be in the Superior Court of the State of Washington and for the County of Skamania.

SECTION TWENTY-FIVE
Time of the Essence

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

IN WITNESS WHEREOF, the parties have executed this lease as of the day and year first above written.

LESSOR:

PORT OF SKAMANIA COUNTY

By: Elmer Stacy
Elmer Stacy, Manager

LESSEE:

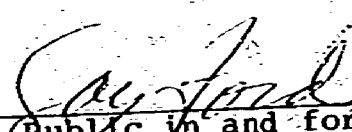
GORGE WEST ENTERPRISES, INC.

By: Bruce Ford
Bruce Ford, Incorporator

STATE OF WASHINGTON)
) ss.
County of Skamania)

On this day personally appeared before me Elmer Stacy, the Manager of the Port of Skamania County, 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 26th day of May, 1988.

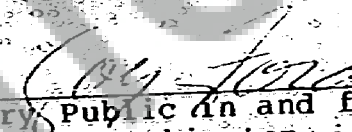

Notary Public in and for the
State of Washington, residing
at Carson, Wa.

Commission expires 8-15-89

STATE OF WASHINGTON)
) ss.
County of Skamania)

On this 26th day of May, 1988, before me,
the undersigned, a Notary Public in and for the State of
Washington, duly commissioned and sworn, personally appeared Bruce
Ford, an incorporator of Gorge West Enterprises, Inc., the
corporation on behalf of which he 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 he was
authorized to execute the said instrument.

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 Carson, Wa.

My commission expires: 8-15-89

EXHIBIT A

Lessor leases to Lessee the following described premises situated in Skamania County, Washington, under the terms and conditions set forth in the Lease to which this Exhibit A is attached and into which it is incorporated:

Lots 23 through 26, the North One-half (1/2) of Lot 27, Lots 7 through 10, the South One-half (1/2) of Lots 11 and 12 and all of Lots 13 and 14 of Block One of the town of Stevenson, according to the official plat thereof on file and recorded at page 11 of Book "A" of Plats, records of Skamania County, Washington.

As used herein, the term "the Premises" refers to the real property above-described and to any improvements located thereon from time to time during the term hereof, including specifically but not by way of limitation that certain building commonly known as "the Old Saloon Building".