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LEASE

Lease made January 15, 1979, between PORT OF SKAMANIA, a corporation organized under the laws of the State of Washington, having its principal office at Stevenson, County of Skamania, State of Washington, herein referred to as Lessor, and WOOD I NORTHWEST, INC., of 21235 S.W. 108th, Tualatin, County of Washington, State of Oregon, herein referred to as Lessee.

Recitals

1. Lessor is the sole owner of the premises described below, and desires to construct a 70' x 420' general purpose building thereon for lease to a suitable lessee for commercial purposes.

2. Lessee desires to lease the premises together with the proposed building except for the NE 2,025 square feet of said building for the purpose of manufacturing secondary wood products.

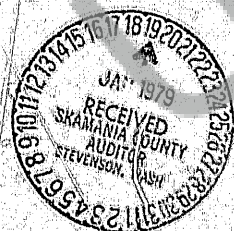
3. The parties desire to enter a lease agreement defining their rights, duties, and liabilities relating to the premises.

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

SECTION ONE
Subject and Purpose

Lessor leases the premises located in the County of Skamania, State of Washington, and more particularly described as follows:

See Exhibit I attached hereto and made a part hereof.



Together with the appurtenances thereon, except for the NE 2,025 square feet (measured 45' x 45') of a certain 70' x 420' general purpose building to be constructed thereon, together with the right of reasonable access thereto; to lessee for lessee's use to conduct a business of manufacturing secondary wood products.

SECTION TWO Term and Rent

Lessor demises the above premises for a term of 20 years commencing the first day of the first month following completion of a certain 70' x 420' general purpose building to be constructed by Lessor on the described premises. Lessee shall pay lessor for the use and occupancy of the demised premises \$2,100.00 per month, payable in advance without demand on the first day of each and every calendar month, which rental rate shall continue for two years from the first such payment. The amount of the rental is then to be increased to \$2,700.00 per month for the remaining 18 years of the lease term; Provided, however, that said monthly rental payments shall be reviewed by lessor four years from the date of the first payment under this lease and every four years thereafter for the duration of this lease. If the average of the United States Department of Labor, Bureau of Labor Statistics Wholesale Price Index for the preceding four years deviates from the Base Index the monthly rental shall be subject to adjustments of \$30.00 per month for each increment of 1% of such deviation; Provided, that in no event shall such adjustments reduce the monthly rental payments below \$2,700.00 per month.

The term "Base Index" shall mean the average Wholesale Price Index for the 1979 Calendar year as compiled by the United States Department of Labor, Bureau of Labor Statistics.

SECTION THREE Construction Dependent on Financing

Lessor shall not be obligated to proceed with the construction of any building on the leased premises unless and until financing acceptable to lessor is obtained and bids for the construction of such building in a form and amount satisfactory to lessor are submitted. Should such financing not be obtainable within 60 days from the date of execution of this lease, and such bids not be submitted within 90 days from the date of execution of this lease, lessor may so notify lessee in writing, and this lease shall thereupon cease and terminate and each of the parties hereto shall be released and discharged from any and all liability and responsibility hereunder.

SECTION FOUR Repairs

Lessee shall, at all times during the lease and at its own cost and expense, repair, replace, and maintain in a good, safe, and substantial condition, the building 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.

SECTION FIVE 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, including any leasehold tax 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. It is the intention of the parties that the rent herein is net rental, and lessor shall receive the same free from all taxes that are made payable by lessee.

SECTION SIX 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 SEVEN Security Deposit

Lessee shall deposit with lessor an irrevocable letter of credit from a banking institution acceptable to lessor, or other security satisfactory to lessor, in the amount of \$97,200.00 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 interests 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 this security deposit to the purchaser of the interest, and lessor shall then be discharged from any further liability 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 demised premises, lessee shall obtain and maintain at his 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 his 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 30 days' notice by registered mail to lessor of any cancellation or change affecting any interest of lessor.

SECTION NINE 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 his 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 TEN Indemnity

Lessee shall indemnify lessor against all expenses, liabilities, and claims of every kind, including reasonable counsel fees, 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 demised premises, (3) failure to comply with any law of any governmental authority, or (4) any mechanic's lien or security interest filed against the demised premises or equipment, materials, or alterations of buildings or improvements thereon.

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 30 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 14 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 14 days after notice thereof by lessor to lessee or, if the performance cannot be reasonably had within the 14-day period, lessee shall not in good faith have commenced performance within the 14-day period and shall not diligently proceed to completion of performance.

5. If lessee shall vacate or 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.

7. If lessee fails to take possession of the demised premises on the term commencement date, or within 60 days after notice that the demised premises are available for occupancy.

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 the 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 14 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

Access to Premises; Signs Posted by Lessor

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 A.

SECTION FIFTEEN

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 SIXTEEN

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 provide herein, and otherwise fully and punctually performs the terms and conditions imposed on lessee.

SECTION SEVENTEEN

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 EIGHTEEN
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 NINETEEN
Notice

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.

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:

Wood I Northwest, Inc.
21235 S.W. 108th
Tualatin, OR 97062

SECTION TWENTY
Assignment, Mortgage, or Sublease

Neither lessee nor his 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-ONE
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-TWO
Applicable Law

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

SECTION TWENTY-THREE
Time of the Essence

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

IN WITNESS WHEREOF, the parties have executed this lease at Stevenson, Washington, the day and year first above written.

PORT OF SKAMANIA COUNTY

BY:

Albert McKee
Albert McKee, President

Paul Frye
Paul Frye, Secretary

Robert Tichenor
Robert Tichenor, Commissioner

STATE OF WASHINGTON)
) ss.
County of Skamania)

On this day personally appeared before me ALBERT MCKEE, PAUL FRYE, and ROBERT TICHENOR, the President, Secretary and Commissioner, respectively, 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 15th day of January, 1979.

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

WOOD I NORTHWEST, INC.

BY:

Hal F. Broughton
Hal F. Broughton, Chairman of the
Board.

James R. Keller
James R. Keller, President

Robert R. LaDu
Robert R. LaDu, Secretary

STATE OF OREGON)
) ss.
County of Multnomah)

On this 4th day of January, 1979, before me, the undersigned, a Notary Public in and for the State of Oregon, duly commissioned and sworn, personally appeared HAL F. BROUGHTON, to me known to be the Chairman of the Board and JAMES R. KELLER, to me known to be the President of Wood I Northwest, Inc., 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 were 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.

Barbara C. Candlish
Notary Public in and for the State
of Oregon, residing at
Portland, Oregon 97201
Commission Expires 10/1/79

STATE OF OREGON

County of Multnomah

ss.

On this 4th day of January, 1979, before me, the undersigned, a Notary Public in and for the State of Oregon, duly commissioned and sworn, personally appeared ROBERT R. LADU, to me known to be the Secretary of Wood I Northwest, Inc., 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 he was 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.

Barbara C. Candlish
Notary Public in and for the State
of Oregon, residing at Portland, Oregon
Commission Expires 10/1/79

Certification of Authority

I, ROBERT R. LADU, certify that I am the Secretary of the corporation named as lessee herein; that HAL F. BROUGHTON and JAMES R. KELLER, who signed this lease on behalf of the lessee were then Chairman of the Board and President of the corporation, respectively; that said lease was duly signed for and in behalf of said corporation by authority of its governing body, and is within the scope of its corporate powers.

Robert R. Ladu (Corporate Seal)
ROBERT R. LADU, Secretary

EXHIBIT 1

A Tract of land located in the Northeast quarter of Section 1, Township 2 North, Range 7 E. of the W.M., described as follows:

Beginning at the Northeast corner of vacated Block 1, Riverview Addition, which was recorded in Book "A" of Plats, Page 21, Records of Skamania County, Washington; thence in a Southwesterly direction along the North line of said Block 1, a distance of 100 feet; thence in a Southeasterly direction parallel with the Easterly line of said vacated Block 1, a distance of 230 feet more or less, to the Southerly line of said vacated Block 1; thence in a Northeasterly direction along said Southerly line of vacated Block's 1 and 2, a distance of 265 feet; thence Southerly parallel with the East line of vacated Block 2, extended South, a distance of 60 feet to a point on the Southerly right of way line of vacated Front Street; thence in a Northeasterly direction along the vacated Southerly line of Front Street, a distance of 165 feet; thence in a Northerly direction to a point on the Easterly line of said vacated Block 2, that is 145 feet Southerly from the Northeast corner of vacated Block 2; thence in a Northerly direction along the Easterly line of vacated Block 2, to the Northeasterly corner of said vacated Block 2; thence in a Southwesterly direction along the Northerly line of vacated Block's 1 and 2, to the point of beginning.

Together with vacated streets and alleys attaching thereto by operation of law.

PORT OF SKAMANIA COUNTY LAND STANDARDS

All buildings, structures or improvements, storage or display areas, or any part or projection thereof, at any time constructed or maintained and extended above the ground surface on lands leased or purchased from the Port of Skamania County, shall conform with the following:

1. SETBACKS: The minimum setback shall be 30 feet from the street property line to the building and 10 feet from side or rear property lines to the building.

2. LANDSCAPING: The minimum landscaping shall be 100% of the area between the building line and the street property line. The minimum landscaping shall be located on the street side of all walls, barriers, fences and other screening. In addition to this minimum there shall be at least four major trees per acre on the site. All areas unpaved or reserved for future expansion shall be either entirely landscaped or screened from public view. Landscaping may consist of shrubbery to reasonably screen at the time of planting such features as undeveloped ground, parking areas, railroad spurs, storage or loading areas. When such features are not present, low ground covers, shrubs or lawns will be acceptable. Remaining landscaped yard areas may include the use of flagpoles, decorative walls, screens, terraces, fountains, pools and other water arrangements and various types of trees and shrubs.

All landscape development should be designed particularly to enhance the building scale and form; and be compatible with other nearby landscaping. New plantings shall be of such size and density that they are initially effective. The plantings shall be so maintained that they will blend into the industrial area in the shortest possible time.

3. WALLS AND FENCES: Walls and fences may be placed anywhere within the site except in the 30 foot front yard setback area.

4. SITE COVERAGE: The maximum area that may be covered by the principal building, accessory buildings, and future additions to either shall not exceed sixty (60) percent of the total area of the site.

5. BUILDING DESIGN AND FINISH: In general, buildings shall be kept simple in form. Special consideration shall be given in the design of each building to the surrounding environment such as adjacent buildings, water areas, landscaping, etc. Exterior walls of all buildings shall be of exposed concrete aggregate, stucco, glass, architectural metal, brick or other prefinished material. Concrete, concrete block or wood siding are also acceptable materials for exterior walls, but they shall be finished by painting, staining or other processing. The type, style and color of all exterior walls shall be approved by the Port.

6. SIGNS: No advertising signs or billboards are permitted except those identifying the names and business of the persons or firm occupying the site. Signs on roofs, fences, in front yard setback area, or painted on exterior faces of buildings are prohibited. Signs are permitted to be placed upon the outside walls of the buildings, but shall not extend above the line of the roof meeting that wall. Flashing, moving, or internally illuminated signs shall not be permitted, and signs shall not be placed or externally illuminated in a manner which is detrimental to neighboring occupancies or to the safe movement of traffic. Sign colors and details shall be submitted to the Port for approval prior to installation.

7. UTILITIES: All electrical and telephone service shall be brought underground into the site and to the buildings. The purchaser or lessee will be responsible for the cost of such underground service. Padmounted electrical transformers shall be located and screened so as to minimize viewing from any public area.

8. OUTSIDE STORAGE: All storage shall be visually screened by landscaping barriers, walls or coverings.

9. LOADING: All loading must be on the site and no on-street loading is permitted. All truck loading aprons and other loading areas shall be paved with a dust-free all-weather surface, be well drained and of a strength adequate for the truck traffic expected.

PORT OF SKAMANIA COUNTY LAND STANDARDS

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10. **PARKING:** All vehicles must be parked on the site as no on-street parking is permitted. Employee parking shall be at the minimum ratio of one space for every two employees. Spaces shall be provided for all Company vehicles. Visitor parking spaces shall be provided at the ratio of ten percent (10%) that of the total employee parking spaces. Minimum parking stall width shall be eight feet six inches (8' 6").

All parking areas shall be paved with a dust-free all-weather surface of a strength adequate for the traffic expected. Parking areas are to be well drained but shall not exceed a ground slope gradient of four percent (4%).

11. **AIR AND WATER POLLUTION:** Discharge of smoke, particulate matter and other pollutants into the air shall conform to standards of the Southwest Washington Pollution Control Authority. Firms responsible for a suspected source of air pollution shall provide the Authority with quantitative and qualitative information regarding the discharge that will adequately and accurately describe operating conditions.

The emission of offensive odors in such quantities as to be readily detectible at any point beyond the property line is prohibited. No open burning shall be permitted.

The discharge of any effluent, other than normal storm runoff, into either the Columbia River or any stream is prohibited unless prior permission has been received from the Port and the Washington State Department of Ecology.

12. **NOISE:** The lessee or purchaser of Port lands will conform to the 1972 Federal Health and Safety Act. A noise level of 90 decibels or higher at the property line will not be allowed. Noisemaking devices which are maintained and utilized solely to serve as warning devices and noise created by highway vehicles or trains are excluded.

13. **OTHER NOXIOUS EFFECTS:** No vibration other than that caused by highway vehicles or trains shall be permitted which is discernible at the property line of the use concerned.

Except for exterior lighting, operations producing light glare shall be conducted entirely within an enclosed building. Exterior lighting shall be directed away from adjacent properties.

All materials including wastes shall be stored and all grounds shall be maintained in a manner which will not attract or aid the propagation of insects or rodents or create a hazard.

No noxious or offensive trade, business or activity shall be conducted within the industrial, commercial or recreational areas of the Port of Skamania County, nor shall anything be done therein which may be or become a nuisance.

14. **VARIANCES:** If any of the standards set forth will, or do, cause burdens on a lessee or purchaser of Port property, variances may be granted by a majority vote by the Board of Commissioners of the Port of Skamania County at their regularly scheduled monthly meeting. There will be no variances granted on items eleven (11), twelve (12), or thirteen (13) of these Port of Skamania County Land Standards.

15. **REVIEW AND APPROVAL:** It is the responsibility of the Board of Commissioners of the Port of Skamania County, or their designee, to see that all of these standards are observed, and that proper review and approval is given on items one (1) through ten (10) prior to the commencement of any construction covered by these same items.

16. **SEVERABILITY:** If any provision of these land standards is held invalid, the remainder of these standards shall not be affected.