

Return Address:

Skamania County Commissioners
PO Box 790
Stevenson, WA 98648

<i>Document Title(s) or transactions contained herein:</i>	
1. Lease Agreement	
<i>GRANTOR(S) (Last name, first name, middle initial)</i>	
1. Skamania County	
<input type="checkbox"/> Additional names on page _____ of document.	
<i>GRANTEE(S) (Last name, first name, middle initial)</i>	
1. A & B Rock Distributors, LLC	
<input type="checkbox"/> Additional names on page _____ of document.	
<i>LEGAL DESCRIPTION (Abbreviated: i.e., Lot, Block, Plat or Section, Township, Range, Quarter/Quarter)</i>	
Section 19 of Township 2 North, Range 7 East, W.M.	
<input checked="" type="checkbox"/> Complete legal on page 11 of document.	
<i>REFERENCE NUMBER(S) of Documents assigned or released:</i>	
<input type="checkbox"/> Additional numbers on page _____ of document.	
<i>ASSESSOR'S PROPERTY TAX PARCEL/ACCOUNT NUMBER</i>	
02-07-19-0-0-1100-00 ¹⁰⁻²⁰⁻⁰⁴ EWM	
<input type="checkbox"/> Property Tax Parcel ID is not yet assigned	
<input type="checkbox"/> Additional parcel numbers on page _____ of document. ad4	
The Auditor/Recorder will rely on the information provided on the form. The Staff will not read the document to verify the accuracy or completeness of the indexing information.	

After Recording Return To:

Skamania County Commissioners
PO Box 790
Stevenson, WA 98648

LEASE
SKAMANIA COUNTY AND A & B ROCK DISTRIBUTORS, LLC

THIS AGREEMENT, made and entered into this 12th day of October 2004, between SKAMANIA COUNTY, by and through its Board of County Commissioners, hereinafter referred to as the "County", and A & B Rock Distributors, LLC, a corporation, hereinafter referred to as the "Lessee",

The lessee, upon the conditions and covenants provided herein, hereby leases the following property (herein after "premises") from the County as follows:

WITNESSETH:

1. PREMISES: That the County does hereby lease a parcel of land located in the South East Corner of the North Bonneville Industrial Site consisting of approximately 31,000 square feet (.75 acres) of land as generally depicted on "Attachment A". This parcel is located within Parcel Number 02-07-19-0-0-1100-00, Lot 20, in the city of North Bonneville and owned by Skamania County. Deed recorded in file 152308.

2. TERM: The Lessee shall lease the premises for a term of twelve (12) months, beginning on October 15, 2004 and ending on October 15, 2005; PROVIDED that this lease may be renewed at the end of said 12-month period upon terms to be negotiated at that time. Lessee shall surrender the premises on the expiration or termination of the lease.

3. TERMINATION: Either party, upon giving 30 days written notice to the other party, may terminate this lease.

4. CONSIDERATION: In consideration for lease of this parcel, the lessee shall pay the County the sum of \$100.00 per month for the first six (6) months and \$150.00 for the second six (6) months, plus applicable leasehold excise tax of (12.84%) and the satisfaction of all implied conditions of the lease. The Lessee shall be fully responsible for providing a rock base for its operations and installing a gate to the property that does not block County access to the field.

5. PERMITTED USES: The Lessee may place and store decorative rock on the leased property for the purposes as part of a commercial business; PROVIDED the Lessee complies with A&B Rock Distributors Lease

the provisions of Section 13 of this lease. Access to the Lot shall be from Evergreen Drive immediately West of Pack Rat Storage property line. Said Access is public access for the entire parcel and this access road shall be open at all times. The existing loop road that services the property shall provide internal access to the subject lease property.

6. ALTERATIONS/ENCUMBRANCES: The Lessee agrees that the property is provided as raw land. The Lessee shall add rock material and aggregate necessary to provide base course material to the roads and stockpile areas to facilitate access and storage of materials involved in said business. No alterations or permanent structures shall be constructed on the subject premises or in any way encumber the premises without the written consent of the County.

7. UTILITIES: The County shall provide no utility services to this parcel.

8. SUBLETTING: The Lessee agrees not to sublet or assign any part of this lease or agreement and to return the subject premises to the County in as good a condition as they are in now if for any reason this lease, or any subsequent extension of this lease, is terminated.

9. COVENANT TO REPAIR: Lessee, at its expense, shall maintain the premises in good repair and in at least as good condition as that in which they were delivered. The County shall have no obligation whatsoever with respect to the premises. Without limiting the foregoing, the Lessee shall be solely responsible to repair or replace any damage caused to the premises or its improvements regardless of the cause. Lessee shall provide for drainage and road structure that will facilitate storage and hauling operations in such condition that vehicles entering and exiting will not track mud onto Evergreen drive. In the event that mud and /or other material is tracked onto Evergreen drive it shall immediately be removed and the road cleaned. If this is not accomplished in a timely manner the County will remove the material and charge the lessee for the work expended. A second occurrence of tracking material onto Evergreen Drive will be cause to void this lease.

10. COMPLIANCE WITH LAWS AND REGULATIONS: Lessee agrees to comply with all applicable local, state, and federal laws and regulations.

11. ATTORNEYS FEES: In the event suit or action is brought to enforce any of the terms of this agreement, the prevailing party shall be entitled to costs, including reasonable attorneys fees.

12. INDEMNIFICATION---USE AND OCCUPANCY OF PREMISES: Lessee agrees to hold the County harmless from any liability that might otherwise attach to the County as a result of Lessee's occupancy or use of said premises. Lessee shall further indemnify and hold the County harmless against any and all claims, demands, causes of action, suits, or judgments, including expenses incurred in connection with such matters, for death or injuries to persons or for loss of or damage to premises arising out of or in connection with the use, occupancy or performance of duties arising under this agreement.

The lessee shall at all times maintain liability insurance in the amount \$1,000,000 and shall provide a certificate of insurance naming the County, its elected and appointed officials, and agents of the County as additional insured. The County is not responsible for the premises and the lessee

specifically waives its immunity under the Industrial Insurance Act (Title 51) in the event an employee, or the lessee brings a claim or cause of action against the County.

13. INSPECTION OF PREMISES AND RIGHT TO MAKE REPAIRS: The County shall have free access to the premises at all reasonable times and after providing the lessee reasonable notice, for the purpose of examining or inspecting the condition of the premises or to make such repairs and alterations as shall be necessary for the safety and preservation of the premises.

14. ENVIRONMENTAL MANAGEMENT AND COMPLIANCE:

A. Definitions. For the purposes of this Lease the following definitions shall apply:

1. Hazardous Substance -- includes any and all substances defined or designated as hazardous, toxic, radioactive, dangerous or regulated wastes or materials of any other similar term in or under any applicable laws and regulations. Hazardous Substance shall also include, but not be limited to, fuels, petroleum and petroleum-derived products.
2. Environmental Cost -- includes, but it not limited to, costs and damages arising from or relating to:
 - i. any actual or claimed violation of or noncompliance with any applicable laws and regulations;
 - ii. claims for damages, response costs, Special Audit costs, fines, fees or other relief relating to matters addressed in any applicable laws and regulations;
 - iii. injunctive relief relating to matters addressed in any applicable laws and regulations;
 - iv. Hazardous Substance Releases; and
 - v. Shall include but not be limited to:
 - a. costs of evaluation, testing, analysis, cleanup, remediation, removal, disposal, monitoring and maintenance;
 - b. fees of attorneys, engineers, consultants, and experts, whether or not taxable as costs, incurred at, before or after trial, appeal or administrative proceedings;
 - c. lost revenue; and
 - d. diminution of value, loss, or restriction on use of premises.
3. Hazardous Substance Release -- shall be interpreted in the broadest sense to include the spilling, discharge, deposit, injection, dumping, emitting, migration, releasing, leaking or placing of any Hazardous Substance into the air or into or on any land or waters, except as authorized by a then-current and valid permit issued under applicable laws and regulations.

B. General Environmental Obligations of Lessee. Lessee shall manage and conduct all of its activities on or relating to the Premises:

1. in compliance with applicable laws and regulations and the environmental provisions of this Lease;

2. in cooperation with the County's efforts to comply with applicable laws and regulations; and
 3. in adherence with best management practices applicable to Lessee's use of the Premises. Lessee shall manage and, as appropriate, secure the Premises and its occupation or use of the Premises so as to prevent any violation of law or regulations by any party on or relating to the Premises.
- C. Use of Hazardous Substances. Lessee shall be permitted to use Hazardous Substances described on the attached "Exhibit C" on the Premises solely as necessary to conduct Permitted Uses and in compliance with applicable laws and regulations, and may not use or store, permanently or temporarily, other Hazardous Substances on the Premises.
- D. Hazardous Substance Storage Tanks. Lessee may not install and operate underground storage tanks, mobile storage tanks (including fueling trucks), or above-ground storage tanks for the storage of Hazardous Substances.
- E. Soil or Waste: Lessee shall not store, treat, deposit, place or dispose of treated or contaminated soil, industrial by-products, or waste on the premises, without the prior written consent of County, which consent may be granted or denied in County's sole discretion.
- F. Lessee's Liability.
1. Hazardous Substance Releases. Lessee shall be responsible for any Hazardous Substance Release on the Premises, on other properties, in the air or in adjacent or nearby waterways (including groundwater) which results from or occurs in connection with
 - i. any condition existing or arising during the term of this Lease; or
 - ii. otherwise arising from Lessee's occupancy or use of the Premises and that of Lessee's contractors occurring during the Lease Term or occurring or continuing to occur or continuing after the Lease Term.
 2. County's Liability for Environmental Cost. Lessee shall be responsible for all Environmental Costs arising under this Lease. Lessee shall indemnify, defend and hold harmless the County, its appointed and elected officials, employees and agents of the County from all Environmental Costs arising from Hazardous Substance Releases in, on or under the Premises or adjoining properties, prior to or during the term of this Lease, including the continuing effects following the expiration of the Lease.
- G. Environmental Remediation.
1. Immediate Response. In the event of a violation of applicable laws and regulations, a violation of an environmental provision of this Lease a Hazardous Substance Release, or the treat of or reasonable suspicion of the same for which Lessee is

responsible under this Lease, Lessee shall immediately undertake and diligently pursue all acts necessary or appropriate to correct the violation or investigate, contain, and stop, the Hazardous Substance Release and remove the Hazardous Substance.

2. Remediation. Lessee shall promptly undertake all actions necessary or appropriate to ensure that any Hazardous Substance Release is remediated and that any violation of any applicable laws and regulations or environmental provision of this Lease is corrected. Lessee shall remediate, at Lessee's sole expense, all Hazardous Substances for which Lessee is responsible under this Lease or under any applicable laws and regulations.
 3. Report to County. Within thirty (30) days following completion of any investigatory, containment, remediation and/or removal action required by this Lease, Lessee shall provide the County with a written report outlining, in detail, what has been done and the results thereof.
 4. County's Approval Rights. Except in the case of an emergency or an agency order requiring immediate action, Lessee shall give the County advance written notice before beginning any investigatory, remediation or removal procedures. The County shall have the right to approve or disapprove the proposed investigatory, remediation and removal procedures and the company(ies) and/or individuals conducting such procedures which are required by this Lease or by applicable laws and regulations, whether on the Premises or on any affected premises or water. The County will have the right to require Lessee to request oversight from the Washington Department of Ecology ("Ecology") of any investigatory, containment, remediation and removal activities and/or require Lessee to seek a statement from Ecology of "No Further Action".
- H. Notice. Lessee shall promptly notify the County upon becoming aware of any Hazardous Substance Release on, under or adjacent to the Premises or threat of or reasonable suspicion of any of the same.
- I. County's Right to Perform on Behalf of Lessee. The County shall have the right, upon giving Lessee seven (7) days written notice to perform Lessee's obligations arising under this Lease and charge Lessee the resulting Environmental Cost. The County may not commence performance on behalf of Lessee under this Section J if, within the seven (7) day notice period, Lessee promptly begins and diligently pursues to completion the performance of the obligations set forth in the County's notice. In the event of an emergency or an agency order requiring immediate action, the County may perform Lessee's obligations under this Article without giving Lessee prior notice.
- J. County's Audit Rights. If the County at any time during the Lease Term or any extension thereof, has reason to suspect that Hazardous Substances are being, or have been used, handled, stored, generated, disposed, placed and/or transported contrary to the requirements of this Lease, in violation of applicable laws and regulations, or in any manner that has

resulted, or is likely to result, in a Hazardous Substance Release, then the County may, after written communication of those reasons to Lessee, without limiting its other rights and remedies, conduct, at its cost during regular business hours of Lessee, an Audit of the Premises with respect to the environmental matters of concern to the County. If the Audit reveals the presence of Hazardous Substances in violation of applicable laws and regulation or contrary to the requirements of this Lease, or evidence of a Hazardous Substance Release, then Lessee shall be responsible to reimburse the County for the cost of performing the Audit.

- K. Exit Audit. Upon the expiration or termination of this Lease, the County may conduct, and furnish a copy of the report thereof to the Lessee, an Environmental Audit ("Exit Audit") of the Premises to determine:
1. the environmental condition of the Premises;
 2. whether any Hazardous Substances Release has occurred or exists on or about the Premises; and
 3. whether there is evidence of any violation of applicable laws and regulations or the environmental provisions of this Lease.

If the Exit Audit reveals the presence of Hazardous Substances, then Lessee shall be responsible to reimburse the County for the cost of performing the Exit Audit and shall be responsible for conducting Environmental Remediation consistent with the terms and conditions of this Lease.

- L. Audit Requirements. The scope and procedures of any environmental audit and the environmental firm which is to conduct any audit shall be determined by the County in its sole discretion. If any Environmental audit performed under this Lease recommends additional testing or analysis or recommends an additional audit then, unless otherwise agreed to in writing by the County and Lessee, Lessee shall perform the additional recommended testing, analysis or audit and the records and results of such additional work shall be considered a part of the audit that triggered the need for the additional work. The County and Lessee shall each receive a signed copy of any Environmental Audit report prepared pursuant to this Lease.
- M. Environmental Inspection. The County reserves the right, at any time and from time to time, after reasonable notice to Lessee to inspect the Premises, Lessee's operations on and use of the Premises, and Lessee's environmental records, at its sole cost during regular business hours of Lessee. Lessee shall have the right to be present and observe the environmental inspection and the County shall provide Lessee with any written conclusions generated with respect to the environmental audit.
- N. Remedies. The County shall have a right to enforce these environmental management and compliance provisions of the Lease even after the termination or expiration of the Lease. These provisions are intended to survive the actual term of the Lease.

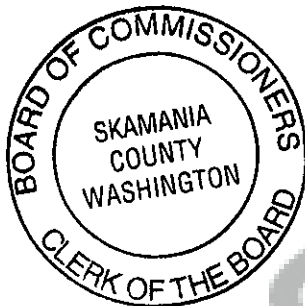
15. GOVERNING LAW: This lease shall be governed, construed and enforced under

Washington law.

16. ANTI WAIVER/TIME IS OF THE ESSENCE: Parties mutually agree that timely performance is of the essence and that the County's waiver of one breach of a covenant will not be deemed a waiver of its right to enforce other breaches.

17. AMENDMENTS: This agreement can only be amended upon the mutual written consent of the parties.

ATTEST:



Pamela Johnson
Clerk of the Board

BOARD OF COMMISSIONERS
SKAMANIA COUNTY, WASHINGTON

Albert E. McKee
Chairman

[Signature]
Commissioner

[Signature]
Commissioner

Approved as to form only:

[Signature]
Prosecuting Attorney

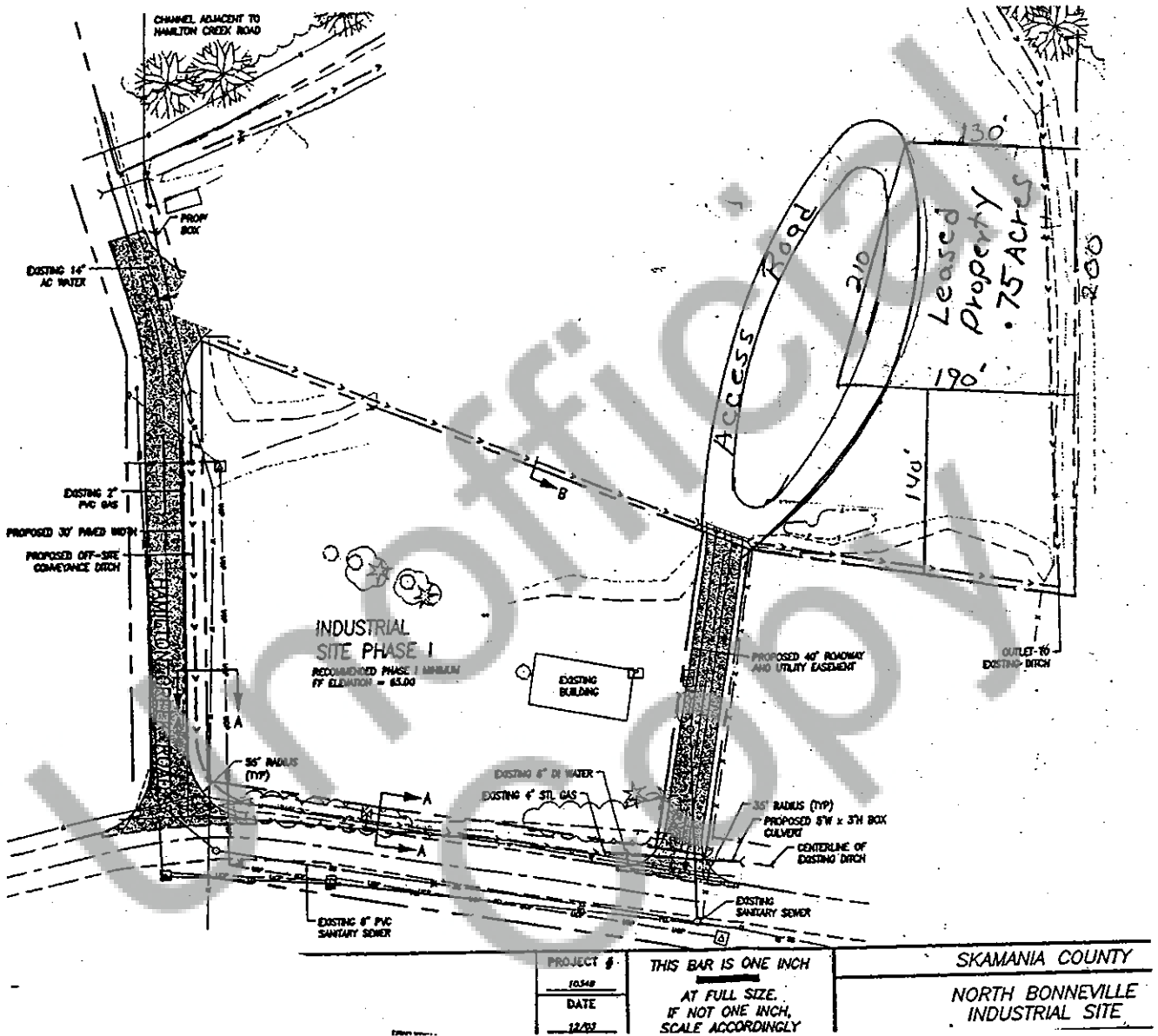
A & B Rock Distributors

by: [Signature]

Title: CEO

ATTACHMENT "A"

SITE MAP OF LEASED PREMISES



[Signature]
County

[Signature]
A&B Rock Distributors


ATTACHMENT "B"

PERMITTED ENVIRONMENTAL SUBSTANCES

The Lessee, in demonstrating soil remediation processes on the leased premises may use the following hazardous substances, PROVIDED that the conditions of Section 13 of the lease are met:

None.


County


A&B Rock Distributors

LEGAL DESCRIPTION

TAX PARCEL 02-07-19-0-0-1100

All that portion of land recorded in Book 140 at page 598 described as: Beginning at the point of intersection with the East boundary of Section 19 and the South boundary of the BPA right-of-way as recorded in Skamania County Deed record Volume 27, Page 320. Said point of beginning bears South 0 degrees 16' 33" West 1948.56 feet from the corner common to Sections 17, 18, 19 and 20 in the aforesaid Township and Range. Thence South 0 degrees 16' 33" West along the section line 430.44 feet, more or less, to the North boundary of that parcel described in Skamania County Deed record Volume 114, Page 502; thence South 60 degrees 57' 19" West along the said north boundary 1365.00 feet, more or less, to the West boundary of the Samuel and Mary Jane Hamilton Donation Land Claim No. 40; thence along the West boundary of the said DLC No. 40 North 26 degrees 03' 45" West 375.81 feet, more or less, to the aforesaid South boundary of the BPA right-of-way, thence North 60 degrees 57' 19" East along the said South boundary 1556.23 feet, more or less, to the Point of beginning. INCLUDING, Lot 2 of the Peterson Industrial Park Short Plat as filed in Book 3 of Short Plats at Page 251. EXCLUDING that portion as described in Book 161 at Page 770. ALSO EXCLUDING the following described tract: Commencing at the NW Corner of Lot 3 of the said Peterson Industrial Park Short Plat; thence along the west boundary line of said Lot 3, S 09° 34' 58" W, 241.56'; thence along the south boundary of Lot 2 of Peterson Industrial Park Short Plat and along the north right-of-way of Evergreen Drive, N 81° 11' 45" E, 405.22'; thence along the west boundary of said Lot 2 N 00° 04' 17" E, 342.15'; thence leaving said west boundary line S 69° 20' 31" E, 470.48' to the point of beginning. Containing 18.33 acres, more or less, and as shown in the attached EXHIBIT A.

INCLUDING all of the qualifying statements subject to Tax Parcel 02-07-19-0-0-1100 set forth in Book 140 at Page 599.

TOGETHER WITH an easement for ingress, egress and utilities described as follows: the easterly line of a forty (40) foot wide easement for ingress, egress and utilities commencing along the north right-of-way line at the Southeast Corner of said Tax Parcel 02-07-19-0-0-0902, this corner is common to the Southwest Corner of Tax Parcel 02-07-19-0-0-0903, recorded in Book 195 at Page 537; thence leaving said right-of-way line along the west line of said Tax Parcel 02-07-19-0-0-0902, said line common to the east line of said Tax Parcel 02-07-19-0-0-0903, N 09° 34' 58" E, 241.56' to the terminus of this line. The sidelines being prolonged or shortened to conform with the north boundary line of said Tax Parcel 02-07-19-0-0-0902.

SUBJECT to easements of record.

2-7-19-1100
10-20-04
ZFM