

WHEN RECORDED RETURN TO:
PUD #1 of Skamania County
PO Box 500
Carson, WA 98610

DOCUMENT TITLE(S)
Lease Agreement
REFERENCE NUMBER(S) of Documents assigned or released:
<input type="checkbox"/> Additional numbers on page ____ of document.
GRANTOR(S):
Thomas Linde, Seller/Landlord
<input type="checkbox"/> Additional names on page ____ of document.
GRANTEE(S):
Skamania County Public Utility District No. 1
<input type="checkbox"/> Additional names on page ____ of document.
LEGAL DESCRIPTION (Abbreviated: i.e. Lot, Block, Plat or Section, Township, Range, Quarter):
SW Quarter of the NE Quarter of Section 1, Township 3 N, Range 7 1/2 E of the Willamette Meridian in Skamania County, Washington.
<input type="checkbox"/> Complete legal on page <u>1</u> & <u>2</u> of document. Tax Parcel 03 75 01 0 0 1100 00
TAX PARCEL NUMBER(S):
03 75 01 0 0 1100 00
<input type="checkbox"/> Additional parcel numbers on page ____ of document.
The Auditor/Recorder will rely on the information provided on this form. The staff will not read the document to verify the accuracy or completeness of the indexing information.

{PRIVATE }

LEASE AGREEMENT

(With option to Lease)

This is a lease entered into this 29 day of February, 2008, by THOMAS LINDE, A Single Man, (hereinafter "Landlord"), and SKAMANIA COUNTY PUBLIC UTILITY DISTRICT NO. 1, A Washington Public Utility District, (hereinafter "Tenant").

RECITALS

WHEREAS, Skamania County Public Utility District No. 1 (Skamania PUD), owns and operates the Carson Water System for the benefit of the businesses and residents of the Carson, Washington area, and;

WHEREAS, Skamania PUD desires to drill a well for eventual production for the Carson Water System, and;

WHEREAS, Thomas Linde owns real property described below that may provide a suitable location for a new well and would lease said property to Skamania PUD.

THE PARTIES HERETO AGREE AS FOLLOWS:

- G.S. 3/12
- 1) **Leased Property.** Landlord does hereby lease to the Tenant and Tenant does hereby lease from the Landlord part (as described fully in Exhibit "A", attached) of that parcel in the SW $\frac{1}{4}$ of the NE $\frac{1}{4}$ of Section 1, T 3N R 7-1/2E of the Willamette Meridian in Skamania County, Washington commonly known as Tax parcel number 03 75 01 0 0 1100 00 and more fully described on page 52 of Book 101 in the Skamania County Auditors' Office, as *'that portion of Southwest Quarter of the Northeast Quarter of Section 1, Township 3 North, Range 7 $\frac{1}{2}$ East of the Willamette Meridian, Lying Northeasterly of the Northeasterly line of that certain strip of land 150 feet in width acquired by the State of Washington for Secondary Highway 8-C, by deed dated October 16, 1956, and recorded at Page 483 of Book 42 of Deeds and as more particularly described at Pages 6 and 7 of Book A of Highway Plats, Records of Skamania County, Washington; EXCEPT beginning at the Northeast corner of the Southwest Quarter of the Northeast Quarter of said Section 1; Thence South 00°51' 58"*

West along the East line of the Southwest Quarter of the Northeast Quarter of said Section 1 a distance of 208.71 feet; Thence North 88°46' 10" West parallel to the North line of the Southwest Quarter of the Northeast Quarter of the said Section 1 a distance of 208.71 feet; Thence North 43°57' 06" West 267.72 feet to a point 20 feet South of the North line of the Southwest Quarter of the Northeast Quarter of said Section 1 as measured at a right angle; Thence North 88°46' 10" West parallel to the North line of the Southwest Quarter of the Northeast Quarter of said Section 1 a distance of 176.42 feet to the East Right-of-Way line of County Road No. 2135, designated as the Wind River Road; Thence North 40°01' 59" West along the East Right-of-Way line of Wind River Road 26.61 feet to the North line of the Southwest Quarter of the Northeast Quarter of said Section 1; Thence South 88°46' 10" East along the North line of the Southwest Quarter of the Northeast Quarter of said Section 1 a distance of 591.24 feet to the point of beginning, plus the non-exclusive right of ingress and egress to the property from the Wind River Highway and the right to cross Landlord's property for placement of water and electrical lines as necessary for the well. 6.5.21/12

- 2) Term. This lease shall be for a term of twelve (12) successive one-month terms, commencing when the Tenant takes possession of the property and terminating twelve months thereafter unless extended by the parties pursuant to Section 9 of this Agreement.
- 3) Rent. Tenant covenants and agrees to pay to Landlord as rental the sum of One Hundred Dollars \$100.00 commencing on the date the Tenant takes possession of the property and \$100.00 per month for eleven months thereafter. The first rental payment shall be due on the date the Tenant takes possession of the property and additional payments shall be due on the same date of each subsequent month thereafter. Payments shall be made to Landlord, or such other place as Landlord shall direct in writing. Tenant shall have the right to terminate this lease at any time prior to the expiration of the lease term by giving Landlord not less than thirty (30) notice in writing.
- 4) Condition of Premises/Use by Tenant. Landlord understands that Tenant is leasing the said real property for the purposes of drilling a test well. Landlord will not obstruct any of Tenant's activities on the property in connection with Tenant's desire to test suitability for a well, nor require Tenant to obtain any consents from Landlord regarding activities that may be required to perform said tests. Landlord further agrees to cooperate with any third parties conducting tests on the Tenant's behalf to the extent that the legal owner's participation is required.
- 5) Option to Lease. If the Tenant is not in default, Tenant shall have an exclusive right at any time after the date Tenant takes possession of the property, but not later than twelve months from the date Tenant takes possession of the property, to enter into a long-term lease of the above-described real property under the terms of the Lease set forth as Exhibit "B", attached. PROVIDED THAT, Tenant may terminate this lease prior to the expiration of the twelve-month period upon written notice to the Landlord. The notice to exercise the option to lease shall be accompanied by a long-term Lease in the form set forth as Exhibit "B", and incorporated herein by this reference.
- 6) Exercise of Option. Notice of exercise of this option must be in writing and may be mailed or personally delivered to the Landlord. If notice is provided by mail, such notice shall be

postmarked no later than 5 days prior to the termination of the option period. If mailed, the notice shall be sent postage prepaid, certified or registered mail, return receipt requested, and the date marked on the return receipt by the U.S. Postal Service shall be deemed the date upon which the Landlord received notice.

- 7) Consideration for Option. The parties hereby agree that Tenant's expenses to test the site for a well shall be considered consideration for its option to a long-term lease of the premises.
- 8) Notices. Any notices required to be served in accordance with the terms of this lease shall be personally served or shall be sent by registered or certified mail to the following address, or to such other address as the parties may designate in writing:

Landlord: Thomas Linde
5312 Wind River Road
Carson, WA. 98610

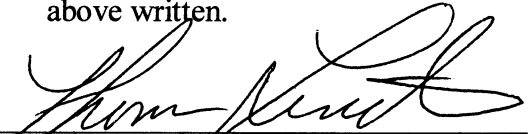
Tenant: Skamania PUD
Robert Wittenberg Jr., Manager
P.O. Box 500
Carson, WA. 98610


- 9) Termination of Option. The option to lease granted to the Tenant hereunder shall terminate no later than twelve months from the date that Tenant takes possession of the property unless the parties mutually agree to extend the Option Agreement term. The Option may terminate earlier in the event of the Tenant's exercise of Option, or in the event of default after notice and opportunity to cure and termination of this Lease Agreement under the terms thereof. All improvements to the land made by the Tenant shall revert to the Landlord at no cost.
- 10) Alterations. Landlord shall hold Tenant harmless for all acts taken in connection with its testing activities, and Tenant agrees to comply with all laws, ordinances, rules and regulations of any public authority, obtaining all necessary permits, approvals or authorizations.
- 11) Costs and Attorney's Fees. If either party is forced to bring an action claim or demand to enforce their rights under this agreement, the prevailing party shall be entitled to their reasonable attorneys' fees, including attorneys' fees on appeal.
- 12) Default and Re-Entry. Time is of the essence with respect to all matters herein, and if any rents above reserved, or any part thereof, shall be and remain unpaid when the same shall become due, then the Landlord may cancel this lease upon giving the notice required by law, and re-enter said premises, but notwithstanding such re-entry by the Landlord, the liability of the Tenant for the rent provided for herein shall not be extinguished for the balance of the term of this lease.
- 13) Entire Agreement. There are no verbal or other agreements, (unless attached hereto), which modify or affect this lease. This lease supersedes any and all prior agreements executed by or on behalf of the parties hereto regarding the leased premises. Neither Landlord nor Tenant shall be bound by any understanding, agreement, promise or representation expressed or implied not

specified herein or attached hereto.

14) Partial Invalidity. Any provision of this lease which shall prove to be invalid, void, or illegal shall in no way affect, impair or invalidate any other provision hereof and such other provisions shall remain in full force and effect.


IN WITNESS WHEREOF the parties have hereunto set their hand the date and year first above written.


THOMAS LINDE, SELLER


ROBERT WITTENBERG JR, Mgr
Skamania County Public Utility
District No. 1

STATE OF WASHINGTON)
)
COUNTY OF SKAMANIA)

I certify that I know or have satisfactory evidence that THOMAS LINDE is the person who appeared before me and said person acknowledged that he/she signed this instrument and acknowledged it to be his/her free and voluntary act for the uses and purposes mentioned in the instrument.


NOTARY PUBLIC

Shonna S Taylor
(Print or Type Name of Notary)
My Appointment Expires

NOTARY PUBLIC
SHONNA S. TAYLOR
STATE OF WASHINGTON
My Commission Expires Feb. 13, 2010

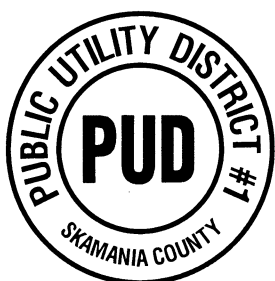
STATE OF WASHINGTON)
)
COUNTY OF SKAMANIA)

I certify that I know or have satisfactory evidence that ROBERT WITTENBERG JR. is the person who appeared before me and said person acknowledged that he/she signed this instrument and acknowledged it to be his/her free and voluntary act for the uses and purposes mentioned in the instrument.


NOTARY PUBLIC

Shonna S Taylor
(Print or Type Name of Notary)
My Appointment Expires

RY PUBLIC
A S. TAYLOR
ST WASHINGTON
My Co Expires Feb. 13, 2010



Public Utility District No. 1

of Skamania County

Post Office Box 500 • Carson, WA 98610
Phone (509) 427-5126 • Fax (509) 427-8416
Toll Free (800) 922-5329

March 2nd, 2010

Mr. Tom Linde
5312 Wind River Hwy
Carson, WA 98610

Dear Tom:

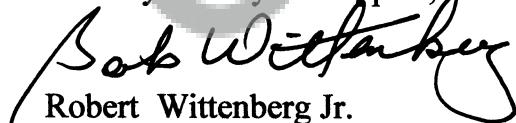
I write today concerning the Lease Agreement executed between Skamania County PUD No. 1 and yourself on February 29th, 2008.

While the PUD has continued to pay you the monthly lease payments of \$100.00 per month, it seems to me we have not strictly followed the terms of our written lease agreement. I read the Agreement to say it is a one year lease, and if the PUD wanted to extend, the provision was for a 50-year lease. Yet, the PUD has chosen to extend the monthly payments, and to delay its decision to either develop the well and execute the long term lease or to walk away and return your land to you. We still have not decided.

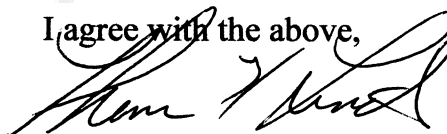
I hope this letter will serve as documentation of our agreement to continue with the short-term lease until the PUD decides what it is going to do with the well drilled on your land. The PUD will continue to pay you the \$100.00 per month, and will continue to participate in the WRIA 29 planning process to gain additional water for the Carson Water System. Concurrently, the PUD is preparing our 6-year Update to the Water System Plan, due to be completed in December, 2010. Both of these efforts will help the PUD decide what to do with the well.

If you agree with this letter and situation, please so indicate by signing below and returning this letter to me.

Thank you for your support,


Robert Wittenberg Jr.
Manager for the PUD

I agree with the above,


Thomas V, Linde

www.skamaniapud.com

Exhibit "B"

LEASE AGREEMENT
(With option to Lease)

This is a lease entered into this _____ day of February, 2008, by THOMAS LINDE, A Single Man, (hereinafter "Landlord"), and SKAMANIA COUNTY PUBLIC UTILITY DISTRICT NO. 1, A Washington Public Utility District, (hereinafter "Tenant").

RECITALS

WHEREAS, Skamania County Public Utility District No. 1 (Skamania PUD), owns and operates the Carson Water System for the benefit of the businesses and residents of the Carson, Washington area, and;

WHEREAS, the parties have previously entered into a short-term lease for the purpose of testing the leased property for a well site, with an option to enter into a long-term lease for perpetual operation of the well, and;

WHEREAS, Skamania PUD has drilled a well for production for the Carson Water System that has proven to be a source for public water, and;

WHEREAS, Thomas Linde owns real property described below and would lease said property to Skamania PUD.

THE PARTIES HERETO AGREE AS FOLLOWS:

- 1) **Leased Property.** Landlord does hereby lease to the Tenant and Tenant does hereby lease from the Landlord part of that parcel (as fully set forth on Exhibit "A") in the SW ¼ of the NE ¼ of Section 1, T 3N R 7-1/2E of the Willamette Meridian in Skamania County, Washington commonly known as Tax parcel number 03 75 01 0 0 1100 00 and more fully described on page 52 of Book 101 in the Skamania County Auditors' Office, as *'that portion of Southwest Quarter of the Northeast Quarter of Section 1, Township 3 North, Range 7 ½ East of the Willamette Meridian, Lying Northeasterly of the Northeasterly line of that certain strip of land 150 feet in width acquired by the State of Washington for Secondary Highway 8-C, by deed dated October 16, 1956, and recorded at Page 483 of Book 42 of Deeds and as more particularly described at Pages 6 and 7 of Book A of Highway Plats,*

Records of Skamania County, Washington; EXCEPT beginning at the Northeast corner of the Southwest Quarter of the Northeast Quarter of said Section 1; Thence South 00°51' 58" West along the East line of the Southwest Quarter of the Northeast Quarter of said Section 1 a distance of 208.71 feet; Thence North 88°46' 10" West parallel to the North line of the Southwest Quarter of the Northeast Quarter of the said Section 1 a distance of 208.71 feet; Thence North 43°57' 06" West 267.72 feet to a point 20 feet South of the North line of the Southwest Quarter of the Northeast Quarter of said Section 1 as measured at a right angle; Thence North 88°46' 10" West parallel to the North line of the Southwest Quarter of the Northeast Quarter of said Section 1 a distance of 176.42 feet to the East Right-of-Way line of County Road No. 2135, designated as the Wind River Road; Thence North 40°01' 59" West along the East Right-of-Way line of Wind River Road 26.61 feet to the North line of the Southwest Quarter of the Northeast Quarter of said Section 1; Thence South 88°46' 10" East along the North line of the Southwest Quarter of the Northeast Quarter of said Section 1 a distance of 591.24 feet to the point of beginning, plus the non-exclusive right of ingress and egress to the property from the Wind River Highway and the right to cross Landlord's property for placement of water and electrical lines as necessary for the well.

- 2) Term. This lease shall be for a term of fifty (50) years, commencing exactly one year from the date of this Lease written above, unless sooner terminated by the Tenant commencing at the same date in the year 2059, unless sooner purchased by Tenant as provided below.
- 3) Renewal – Option to Purchase. This lease agreement shall automatically renew for an unlimited number of successive periods unless and until Tenant terminates the lease as provided herein, or unless Landlord terminates the Lease upon Tenant's material default after notice and an opportunity to cure as provided below. In the event of the death of Landlord or Landlord's election to sell the subject property, Tenant shall have an unqualified option to purchase the leased property for the sum of Two Thousand dollars (\$2,000) cash, payable to Landlord's estate in the event of Landlord's death, or to Landlord in the event of a sale of the property. Tenant shall bear all costs of sale. Tenant's substantial contribution of infrastructure to the property shall be treated as Tenant's consideration for the Option to Purchase. In the event Tenant declines to exercise its option to purchase, Landlord shall be entitled to retain any improvements left on the property by Tenant at no cost to Landlord.
- 4) Rent. Tenant covenants and agrees to pay to Landlord as rental the sum of One Thousand Twelve Hundred Dollars \$1,200.00 per year, payable in advance annually, commencing on the expiration of the short-term lease and thereafter on the same day of each year thereafter for the duration of the Lease and all extensions. Payments shall be made to Landlord, or such other place as Landlord shall direct in writing. Every (month) rent shall automatically increase on an annual basis to the Landlord's previous twelve month's electrical and water charges, rounded to the next \$100 increment. Tenant shall waive one water connect fee to Landlord for the duration of this Lease.
- 5) Condition of Premises/Use by Tenant. Landlord understands that Tenant is leasing the said real property for the purposes of operating a public well. Landlord will not obstruct any of Tenant's activities on the property in connection with Tenant's construction, repair, maintenance, or improvement of the well,

nor require Tenant to obtain any consents from Landlord regarding activities that may be required to operate and maintain the well. Landlord further agrees to cooperate with any third parties conducting tests on the Tenant's behalf to the extent that the legal owner's participation is required.

- 6) Improvements. Tenant shall provide fencing for the well at Tenant's expense, and provide Landlord with a key to any access gate. The parties may negotiate a sharing costs to provide fencing that benefits both properties. Tenant may install at its expense small structures that are necessary for the well and pump, but shall not place storage reservoirs on the premises without the prior express written consent of Landlord.
- 7) Maintenance. Tenant shall maintain the access road in good condition, and shall be responsible for snow removal as needed by Tenant for access. Landlord shall be permitted non-exclusive use of the access road at all times. Tenant may further provide parking on the premises as necessary for the construction, maintenance and operation of the well. Landlord agrees to limit activities on the leased premises within a 100-foot radius around any well site to those allowed within a "sanitary control zone" for the duration of the lease.
- 8) Exercise of Option. In the event of Landlord's death or election to sell the subject property, Landlord or his heirs shall provide Tenant notice in writing of the event. Tenant shall thereafter have one hundred twenty (120) days to exercise its option to purchase the subject property for the sum of Two Thousand Dollars (\$2,000.00) as set forth above. The parties shall thereafter sign an Earnest Money Agreement containing the terms of sale described herein, with the sale price a net sum to Landlord or Landlord's heirs as the case may be. In order to exercise this option Tenant shall be current under this Lease or be permitted to pay any rental arrearages or prorated rental payments due at closing of the sale in addition to the sale price. Notice of the event of Landlord's death or election to sell as well as the exercise of this option must be in writing and may be mailed or personally delivered to the other party. If mailed, the notice shall be sent postage prepaid, certified or registered mail, return receipt requested, and the date marked on the return receipt by the U.S. Postal Service shall be deemed the date upon which the party received notice.

Upon receipt of Notice from Landlord as provided above, Landlord or his heirs shall submit an application to the Skamania County Planning Department for a land division within 60 days, with Tenant's assistance as requested. Tenant agrees to reimburse Landlord and/or his heirs for all reasonable invoiced costs incurred by Landlord in connection with the land division application and required surveys and documents for the Tenant's parcel. Any additional costs incurred for other land divisions for Landlord's or his heirs' benefit alone shall be borne by Landlord or the heirs

- 9) Consideration for Option. The parties hereby agree that Tenant's financial contribution to the property in drilling the well and supplying the infrastructure shall constitute the consideration for the Option to Purchase.
- 10) Notices. Any notices required to be served in accordance with the terms of this lease shall be personally served or shall be sent by registered or certified mail to the following address, or

to such other address as the parties may designate in writing:

Landlord: Thomas Linde
5312 Wind River Road
Carson, WA. 98610

Tenant: Skamania PUD
Robert Wittenberg Jr., Manager
P.O. Box 500
Carson, WA. 98610

- 11) Termination of Option. The option to purchase granted to the Lessee hereunder shall terminate after the sixty (60) day period set forth in paragraph 7, above, or in the event of default after notice and opportunity to cure and termination of the Lease Agreement under the terms thereof.
- 12) Closing Following Exercise of Option. Both parties agree to use their best efforts to cause the purchase and sale, pursuant to the option, to close on or before six months from the date that Tenant takes possession of the property or on such other date as the parties may mutually agree upon in writing. Either party may sue for specific performance to enforce the terms of this agreement.
- 13) Alterations. Tenant shall hold Landlord harmless for all acts taken in connection with its well activities, and Tenant agrees to comply with all laws, ordinances, rules and regulations of any public authority, obtaining all necessary permits, approvals or authorizations
- 14) Costs and Attorney's Fees. If either party is forced to bring an action claim or demand to enforce their rights under this agreement, the prevailing party shall be entitled to their reasonable attorneys' fees, including attorneys' fees on appeal.
- 15) Default and Re-Entry. Time is of the essence with respect to all matters herein, and if any rents above reserved, or any part thereof, shall be and remain unpaid after the same shall become due and following a written Notice of Default from Landlord as provided in paragraph 9, above, of not fewer than twenty (20) days giving Tenant an opportunity to cure the Default, then the Landlord may cancel this lease upon giving the notice required by law, and re-enter said premises, but notwithstanding such re-entry by the Landlord, the liability of the Tenant for the rent provided for herein shall not be extinguished for the balance of the term of this lease.
- 16) Entire Agreement. There are no verbal or other agreements, (unless attached hereto and initialed by the parties), which modify or affect this lease. This lease supersedes any and all prior agreements executed by or on behalf of the parties hereto regarding the leased premises. Neither Landlord nor Tenant shall be bound by any understanding, agreement, promise or representation expressed or implied not specified herein or attached hereto.
- 17) Partial Invalidity. Any provision of this lease which shall prove to be invalid, void, or illegal shall in no way affect, impair or invalidate any other provision hereof and such other provisions shall remain in full force and effect.

IN WITNESS WHEREOF the parties have hereunto set their hand the date and year first above written.

THOMAS LINDE, SELLER

ROBERT WITTENBERG JR, Mgr
Skamania County Public Utility
District No. 1

STATE OF WASHINGTON)
)
COUNTY OF SKAMANIA)

I certify that I know or have satisfactory evidence that THOMAS LINDE is the person who appeared before me and said person acknowledged that he/she signed this instrument and acknowledged it to be his/her free and voluntary act for the uses and purposes mentioned in the instrument.

NOTARY PUBLIC

(Print or Type Name of Notary)

My Appointment Expires

STATE OF WASHINGTON)
)
COUNTY OF SKAMANIA)

I certify that I know or have satisfactory evidence that ROBERT WITTENBERG JR. is the person who appeared before me and said person acknowledged that he/she signed this instrument and acknowledged it to be his/her free and voluntary act for the uses and purposes mentioned in the instrument.

NOTARY PUBLIC

(Print or Type Name of Notary)

My Appointment Expires