

After Recording return to:

Skamania County PUD
1492 Wind River Hwy
Carson, WA 98610

LEASE AGREEMENT

THIS AGREEMENT entered into this 14th of Dec 2015, between Joseph A. Birkenfeld and Diane M. Birkenfeld, a Washington Marital Community, hereinafter called Lessor, and P.U.D. No. 1 of Skamania County, a municipal corporation of the State of Washington, hereinafter called Lessee.

WHEREAS, Lessee intends to construct potable water reservoir on property located in Skamania County owned by Lessor. Lessor and Lessee mutually desire to enter into a long-term lease for this use under the terms and conditions set forth below.

IT IS AGREED AS FOLLOWS: Lessor does hereby lease to Lessee the (real property) located in Skamania County, Washington, consisting of a 87,294 square foot site, together with related easements in Skamania County, Washington, Township 3 North, Range 8 East, Section 18, being a portion of Tax Lot 03081800040000 and as hereinafter described in and shown on the attached Exhibit A.

Section 1: TERM

Initial Term. The term of this lease shall commence upon execution by both parties or upon completion of Lessor's logging of the site, whichever shall last occur, and shall terminate on December 31, 2114.

Renewal Term. Lessee shall have the option to renew this lease for an additional ninety-nine (99) years as provided in this lease.

Condition of the Premises. Lessor agrees to remove timber from the site at Lessor's expense prior to Lessees's possession, and to leave the site free of slash. Lessor shall be entitled to keep any proceeds from the sale of merchantable timber prior to closing.

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Basic Rent. As consideration for the initial term of this lease, Lessee shall provide to Lessor the following:

A one-time lump-sum payment Sixty Thousand and 00/100 Dollars (\$60,000.00), plus two (2) water system development charges for connections to the Carson Water System at no cost, plus two (2) Two Thousand Five Hundred and 00/100 Dollars (\$2,500.00) discounts against PUD labor, equipment use and materials (\$2,500 per connection) toward the cost of up to two line extensions and laterals necessary to connect to the system. Lessor shall be responsible for any portion of the cost of line extensions and laterals necessary to connect to the system greater than the stated discount. This payment shall be due on closing of this transaction. Closing shall occur on or before December 31, 2015 at Columbia Gorge Title Insurance Company and Lessee shall be responsible for all closing costs, taxes and costs of sale.

Renewal Term Rent. Lessee may, at Lessee's sole option, renew this lease for an additional term of ninety-nine (99) years as provided in Section 7, below.

Section 2: ADDITIONAL PAYMENTS

In addition to the rental payments, Lessee shall pay the following amounts:

- A. Any taxes which Lessee may be required to pay in connection with the leased property.
- B. Any charges for power, water, sewage and other services, utilities and benefits used by Lessee for the leased property.
- C. The cost for all insurance which Lessee is required to carry in Section 5, below with Lessor and Lessor's successors and assigns included as an additional insured for the duration of the Lease and any renewal terms.
- D. During the term of this lease, Lessee shall be solely responsible for the costs of any improvements made by Lessee to the leased property.

Section 3: USE AND MAINTENANCE OF PREMISES

- A. Lessee will use the property for the construction, maintenance and operation of one or more storage reservoir(s) and related appurtenances necessary to operate a municipal type water supply storage and distribution system.
- B. Lessee shall conform to all applicable laws and regulations of any public authority affecting the leased property and its use.
- C. Lessee shall commit no waste of the leased property. As the term "waste" is used herein, it shall be limited to irreparable damage to the property lasting beyond the term of the lease.
- D. Lessee shall conform to all covenants, conditions, and restrictions with respect to the leased property.

- E. Lessee shall be solely responsible for all repairs and maintenance required for any improvement on the leased property. Lessor shall have no responsibility whatsoever for repairs, maintenance, or improvements to the leased property.
- F. Lessee agrees to keep the leased property neat, clean and free of refuse during the term of this lease.
- G. The parties shall enter into a Road Maintenance Agreement for the maintenance of the access road and gate, and shall sign any easements necessary to ensure continued access to and use of the subject property, and for Lessor's access to the remaining property adjacent to the site.

Section 4: INSPECTION OF PREMISES

Lessor shall have the right to inspect the premises at any reasonable time.

Section 5: LIABILITY TO THIRD PERSONS

Indemnification. Lessee shall indemnify and defend Lessor from any claim, loss or liability to any person or property in or upon the demised premises arising out of or related to any activity of Lessee on the leased premises or because of any condition of the leased property in the possession or under the control of the Lessee.

Liability Insurance. Before taking possession of the property, Lessee shall procure and thereafter during the term of the lease shall continue to carry public liability and property damage insurance which shall cover all risks arising directly or indirectly out of Lessee's activities on or any condition of the leased property whether or not related to an occurrence caused or contributed to by Lessor's negligence. The policy limits shall not be less than \$1,000,000 combined with single limits per occurrence for bodily injury and property damage, \$2,000,000 annual aggregate. Lessee shall maintain Lessor or Lessors successors and assigns as additional insureds on any such policy.

Section 6: TERMINATION

Upon termination of this lease, Lessee shall vacate the property as soon as reasonable or practicable, and remove any property of Lessee, perform any cleanup and other work required to leave the property in at least as good a condition as existed at the time this lease was executed.

Section 7: RENEWAL OPTION

If this lease is current and in good standing at the end of the basic term, Lessee shall have the option to renew this lease for the renewal term described above, as follows:

- A. The renewal term shall commence on the day following the date of termination of the preceding term.
- B. This option shall automatically renew unless Lessee opts out of the renewal by written notice to Lessor or Lessor's successors and assigns as reflected in the property tax assessor records at the time of renewal, prior to the expiration of the basic term, or renewal term, of not less than six (6) months.
- C. The terms and conditions of the Lease for the renewal term shall be the same as the original term except the sum to be paid for this renewal term shall be the sum of \$10.

Section 8: OPTION TO PURCHASE

The present National Scenic Area ordinances prohibit platting of lands in the F-1 classification, which covers the Lessor's ownership, including the leased premises. In the event these ordinances are revised, making it possible to divide the subject leased 87,294 square foot site and related easements from the parcel of land of which it is a part at any time during this lease term and any renewal term, the Lessee may at its expense create such a plat to create the legal smaller tract. The Lessor and its successors and assigns agree to freely join in such platting and upon the creation of a legal parcel for the leased premises sell such parcel and related easements to the Lessee for the purchase price of \$1.00. The costs of such partitioning and transfer of titles shall be entirely borne by the Lessee.

Section 9: SUCCESSOR IN INTEREST

This Lease Agreement shall run with the land and shall be binding upon the heirs, successors, and assigns of the parties hereto. This Lease shall be recorded with the Skamania County Auditor.

DATED this 14 day of Dec, 2015.

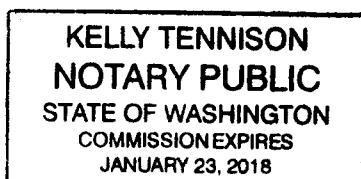
Lessor:

JOSEPH A. BIRKENFELD

Joseph A. Birkenfeld

DIANE M. BIRKENFELD

Diane M. Birkenfeld



STATE OF WASHINGTON

)

) ss.

County of Skamania

)

Personally appearing before me JOSEPH A. BIRKENFELD and DIANE M. BIRKENFELD, Lessor, to me known to be the individuals described in and who executed the within and foregoing instrument, and acknowledged to me that they executed the said instrument of their own free and voluntary act and deed for the uses and purposes therein mentioned.

Before me this 14 day of December 2015.

Kelly Tey

Notary Public

in and for the state of Washington

Commission expires: 1/23/18

Lessee:

P.U.D. No. 1 of Skamania County, Lessee

Curt Esch

Curt Esch, Board President

Liz Green

Liz Green, Board Secretary

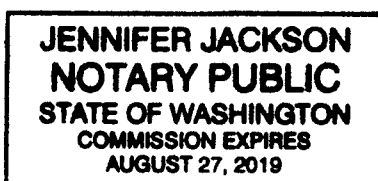
STATE OF WASHINGTON)

) ss.

County of Skamania)

Personally appearing before me Curt Esch as President and Liz Green and Secretary of P.U.D. No. 1 of Skamania County, Lessee, to me known to be the individuals described in and who executed the within instrument, and acknowledged the foregoing instrument to be the duly authorized and the free and voluntary act of the Agency.

Before me this 21 day of December, 2015.

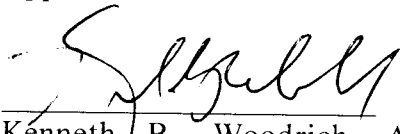


[Signature]
Notary Public

in and for the state of Washington

Commission expires: 9/27/19

Approved as to form:



Kenneth B., Woodrich, Attorney for
Lessee

Unofficial
Copy

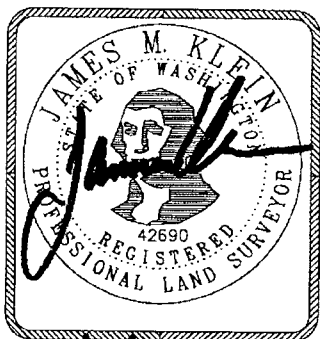
EXHIBIT A. PAGE 1.

LEGAL DESCRIPTION LEASE AREA

A TRACT OF LAND BEING A PORTION OF THAT CERTAIN TRACT OF LAND DESCRIBED IN QUIT CLAIM DEED, RECORDED IN AUDITORS FILE NUMBER 2014000866, SKAMANIA COUNTY RECORDS, LOCATED IN THE SOUTHEAST 1/4 OF SECTION 18, TOWNSHIP 3 NORTH, RANGE 8 EAST, OF THE WILLAMETTE MERIDIAN, SKAMANIA COUNTY, WASHINGTON. SAID TRACT OF LAND BEING MORE PARTICULARLY DESCRIBED AS FOLLOWS:

BEGINNING AT THE SOUTHEAST CORNER OF SAID SECTION 18; THENCE NORTH 01°23'04" EAST ALONG THE EAST LINE OF THE SOUTHEAST QUARTER OF SAID SECTION 18, A DISTANCE OF 349.96 FEET; THENCE SOUTH 87°34'51" WEST, PARALLEL WITH THE SOUTH LINE OF THE SOUTHEAST QUARTER OF SAID SECTION 18, 249.99 FEET; THENCE SOUTH 01°23'04" WEST, PARALLEL WITH THE EAST LINE OF THE SOUTHEAST QUARTER OF SECTION 18, TO A POINT ON THE SOUTH LINE OF THE SOUTHEAST QUARTER OF SAID SECTION 18, A DISTANCE OF 349.96 FEET; THENCE NORTH 87°34'51" EAST, ALONG THE SOUTH LINE OF THE SOUTHEAST QUARTER OF SAID SECTION 18, 249.99 FEET, BACK TO THE POINT OF BEGINNING.

CONTAINING 2.0 ACRES, MORE OR LESS



LEASE AREA EXHIBIT
LOCATED IN THE SE 1/4 SECTION 18,
T. 3 N., R. 8 E., W.M.
SKAMANIA COUNTY, STATE OF WASHINGTON

KA
Klein & Associates, Inc.
ENGINEERING • SURVEYING • PLANNING
1411 13th Street • Hood River, OR 97031
TEL: 541-386-3222 • FAX: 541-386-2515

PROJECT:	14-06-19
FILE No:	140619-PARCELEXH
FILE PATH	
FILEPATH	
LAYOUT:	8X11K
SURVEYED:	KA
DESIGN:	DESIGN_BY
DRAFT:	GJD
APPROVE:	JK CW
DATE:	09-01-2015
SHEET	1 OF 2 SHEETS

EXHIBIT A. PAGE 2.

EXHIBIT

PARCEL NO. 03081800040000

S87°34'51"W 249.99'

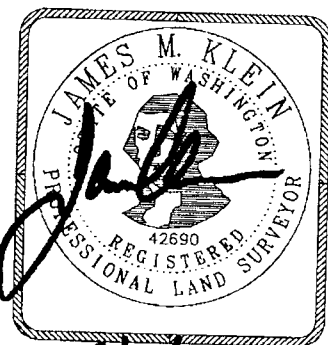
87294 SQ. FT.
2.0 ACRES

LEASE AREA

POINT OF BEGINNING
SOUTHEAST CORNER OF
SECTION 18

N87°34'51"E 249.99'

18 17
19 20



PRELIMINARY

PLOTTED: 9/15/2015
SAVED: 9/15/2015



SCALE - FEET
1" = 60'



LEASE AREA EXHIBIT
LOCATED IN THE SE 1/4 SECTION 18,
T. 3 N., R. 8 E., W.M.
SKAMANIA COUNTY, STATE OF WASHINGTON

KA
Klein & Associates, Inc.
ENGINEERING • SURVEYING • PLANNING
1411 13th Street • Hood River, OR 97031
TEL: 541-386-3322 • FAX: 541-386-2515

PROJECT:	14-06-19
FILE No:	140619-PARCELEXH
FILE PATH:	
LAYOUT:	8X11K
SURVEYED:	KA
DESIGN:	DESIGN_BY
DRAFT:	CJD
APPROVE:	JMK
DATE:	09-01-2015
SHEET	2 OF 2 SHEETS