

FARM LEASE

This Farm Lease is between the CITY OF OTHELLO, a municipal corporation, as Lessor, and A.A.C.C., LLC, as Lessee.

WITNESSETH:

On and subject to the covenants, terms, conditions and agreements herein contained, Lessor herewith leases to Lessee and Lessee herewith leases from Lessor, a portion of the following described real property situated in Adams County, Washington, as described herein and in paragraph 6 below, all hereinafter referred to as "the Property", to-wit:

FU 78, BLK 45, LESS REVISED TAX #668 & TAX'S 2515, 2516, 2517, 2518, 2519, 2520, 1014, 1068, 2056 (A/K/A PARCEL 6-CASCADE COMMODITIES BOUNDARY LINE ADJUSTMENT, PTN OUTSIDE CITY LIMITS) DESCRIBED AS FOLLOWS: THAT PORTION LYING IN THE NORTHEAST CORNER OF FU 78, BLK 45 LYING OUTSIDE OF CITY LIMITS AND CONSISTING OF APPROXIMATELY 11.85 ACRES. (Comment: SPLIT OFF PARCEL # 1529030682511 ON 08/27/2007) IDENTIFIED AS TAX PARCEL NO. #2100450780100 AND AS DEPICTED ON THE ATTACHED EXHIBITS A AND B WHICH ARE INCORPORATED HEREIN.

Lessor and Lessee agree that the primary use of the Property shall be for the location and operation of Lessor's municipal well site and that Lessee's use of the Property for farming shall be secondary to Lessor's use. Lessor and Lessee agree that the Property will contain approximately 9.81 irrigable acres for Lessee's farming use once the municipal well is drilled and operational. The municipal well site is estimated to cover approximately 2.04 acres.

1. **TERM OF LEASE.** The term of this Lease shall be for a period of five (5) year(s), commencing on Jan. 23, 2014 and terminating upon completion of harvest or crop year 2018 or November 15, 2018, whichever is sooner, unless sooner terminated in any manner hereinafter provided. Any extensions or renewals of this Lease shall be separately negotiated between the parties at least six months prior to the expiration of this Lease and shall be reduced to a separate writing which contains the terms and conditions of such renewal or extension.

2. **RENT.** As rent for the Property, Lessee will pay and Lessor shall receive the sum(s) as follows:

The sum of three hundred and no/100 (\$300.00) dollars per acre, per year plus leasehold tax.

Rent shall be paid ½ on or before April 1st and the second ½ on or before October 1st of each year for that year.

3. **LEASEHOLD EXCISE TAX.** Lessee shall be liable for, and shall pay throughout the term of this Lease the leasehold tax assessed by the State of Washington (which is currently 12.84%) in lieu of property tax. This tax is in addition to the base rent identified in paragraph 2.

4. **INTEREST ON DELINQUENT RENT.** In the event of the nonpayment of rent (including the leasehold tax) by Lessee to Lessor in the full amount and at the time(s) required by this Lease, with such nonpayment continuing for more than ten (10) days after due, then the full amount of delinquent rent, without notice or demand, shall commence to bear interest from the due date at the rate of eighteen percent (18%) per annum until paid in full. No default on account of delinquent rent payment(s) shall be cured until the interest required by this paragraph is paid in addition to the delinquent rent payment(s).

5. **OIL AND GAS LEASES AND HUNTING RIGHTS.** This Lease is subject to the right of Lessor to lease any portion or all of the Property for the purposes of exploring for, drilling for, producing, extracting and taking oil, gas and other hydrocarbons (and water for its operations on the Property) from the Property and to construct, erect, maintain, operate, use, repair and remove pipelines, telephone, telegraph and power lines, tanks, machinery, appliances, buildings and other structures useful, necessary or proper for carrying on its operations on the Property, together with rights of way for passage over, upon and across, and ingress and egress to and from the Property for any or all of the above-mentioned purposes; provided that any such activities do not unreasonably interfere with the farming operation.

Lessee agrees that the hunting rights are not to be leased, transferred or assigned to any third party and that Lessor reserves the right to authorize hunting upon the Property, provided that any hunting activities do not interfere with the farming operation.

6. **USE OF THE PROPERTY.** The Property shall only be used by Lessee for the growing and harvesting of farm crops. Lessee shall be prohibited from making any other use of the Property. Lessee agrees to farm the Property in accordance with the best farming practices of the region, including:

- 6.1 Protection of all growing crops from injury, trespass and waste and, in proper season, harvest and preparation for delivery or storage either upon the Property or such other location as may be designated by the Lessor of all severed crops;
- 6.2 Undertaking all reasonable efforts to eradicate and control noxious and annual weeds and promptly treating such weeds with appropriate herbicides and in the proper practices of application;
- 6.3 Maintaining crop production records as requested from time to time by the Lessor and providing any information concerning farming practices and crop production when requested by the Lessor;
- 6.4 Performing such farming practices in the manner and at the time as is consistent with good conservation practices and avoiding farming practices which will cause excessive erosion by wind or water;
- 6.5 Providing, at the Lessee's own cost and expense, all tools, machinery and seed, and providing all proper assistance and labor for the cultivation and management of the Property as may be necessary to carry out the terms of this Lease.
- 6.6 Disposing of waste water off the leased premises in a lawful manner without damage to adjoining or neighboring lands at the sole cost and expense of Lessee, and defending, indemnifying and holding Lessor harmless therefrom.

7. **RETURN OF THE PROPERTY.** At the termination of this Lease, Lessee shall deliver up the Property in as good a condition as the same was at the time Lessee took possession hereunder, natural deterioration, depreciation, reasonable wear and tear due to reasonable use and occupancy in conformance with the provisions of this Lease and acts of God alone excepted.

8. **CONDITION OF PROPERTY.** Lessee herewith certifies and agrees that Lessee has personally inspected the Property, including any equipment and improvements thereon, and that the Property and equipment is tenantable and suitable for the uses and purposes of Lessee. It is understood by Lessee that Lessor makes no express or implied warranties with respect to the Property or equipment, its condition, or its suitability for the uses and purposes of Lessee. Lessee hereby waives and releases Lessor from all warranties and liabilities and all claims, damages and remedies of Lessee with respect to any lack of suitability or defect in the Property or equipment, including any loss of revenue or profits or any other direct, incidental or consequential damages.

Lessee agrees to accept all equipment and improvements in their present condition, "as is", and hereby releases Lessor from any liability whatsoever regarding the use or operation of said equipment and improvements.

9. **WASTE OR ILLEGAL USE.** Lessee agrees not to commit spoil or waste on any of the Property, and shall not use or permit use of the Property for any illegal purpose, and to surrender peaceful possession thereof at the termination of this Lease in a clean and neat condition, free and clear of all refuse and debris. Use or permitting use of the Property for an illegal use shall constitute a default for which no opportunity to cure need be given, and shall result in the immediate and summary termination of this Lease.

Lessee shall not remove or permit removal of any soil, sand, or gravel from the leased premises. Lessee agrees that it will not use any portion of the leased premises in any manner which causes a public or private nuisance.

10. **TAXES.** Lessor hereby agrees to pay all real estate taxes levied against the Property during the term of this Lease. Lessee agrees to pay all personal property taxes assessed by any governmental agency against personal property owned by Lessee or in which Lessee has rights which is maintained or used any time on the Property.

11. **LESSOR'S USE OF PROPERTY FOR A MUNICIPAL WELL SITE.** Lessee acknowledges that Lessor purchased the Property for the purpose of locating a municipal well on the Property to provide a potable water supply to the City water utility customers. Accordingly, Lessee expressly agrees and acknowledges that its use of the Property pursuant to this Lease and its farming practices must not interfere with Lessor's use of the Property as a municipal well site. This includes compliance with any and all state, federal and local rules and regulations that may

apply to municipal well sites. Any activities or use by or permitted by the Lessee or anyone on its behalf which interferes with Lessor's use of the Property as a municipal well site shall constitute a material breach which shall entitle Lessor to terminate this Lease effective immediately upon delivery of written notice of such breach to Lessee. Lessor shall not be responsible for any damages that Lessee may suffer as a result of an immediate termination pursuant to this paragraph and Lessee shall forfeit its rights and interest in and to any growing crop(s) on the Property upon the date of termination as provided for above.

Preliminarily, Lessor has selected a site on the Property for the location of its new municipal well, which is depicted on the attached Exhibit A and described on the attached Exhibit B, both of which are incorporated herein. The location of the well on this site would permit Lessee to continue farming the remaining 9.81 acres without having to move Lessee's center pivot. However, in the event that location is not suitable as the location of the new well site and the Lessor needs to relocate its well site, Lessee understands and agrees that Lessee's farming operation is secondary to Lessor's use of the Property as a municipal well site and that Lessor may use any portion of the Property for the location of its municipal well site.

Accordingly, Lessee understands and agrees that its use of the Property shall be subject to, and subordinate to, Lessor's primary use of the Property for a municipal well site and that Lessee may be required to adjust its farming operations to accommodate Lessor's use of the Property.

12. **UTILITIES AND WATER.** Lessee agrees to pay all electrical charges assessed for electricity consumed by the Irrigation System and agrees to pay all water charges for delivery and use of irrigation water to the Property.

13. **INDEMNITY AND INSURANCE.** Lessee shall, at its own expense, maintain Commercial General Liability insurance, including premises and operations, completed operations and contractual liability, with a reputable insurance company or companies with an A.M. Best insurance rating of A- or better, in the minimum amounts of \$2,000,000.00 for bodily injury, death and for property damage and hereafter in such increased amounts as the parties may from time to time mutually agree upon to indemnify the Lessor against any such liability or expense. Lessee shall file with Landlord certificates of insurance which stipulate that the Landlord shall be notified thirty (30) days in advance, in writing, prior to cancellation of said policy, and which shall name Landlord as an additional insured. All policies of insurance

required to be procured and maintained by Tenant shall be primary to any policies of Landlord. Lessee shall defend, indemnify and hold Lessor harmless from all claims, liability and damages arising out of or in connection with the possession, use, occupation or operation of the Property or mere presence thereof by Lessee or Lessee's agents, employees, independent contractors, successors, assigns, family, invitees, licensees, or any third persons either lawfully or unlawfully on the Property and shall procure and keep in full force during the term of this Lease a policy or policies of liability and property damage insurance in amounts reasonably adequate to defend, indemnify and protect Lessee or any third person or persons and/or property arising out of or in connection with the possession, use, occupation and operation of the Property and shall also carry public liability and property damage insurance with reference to any motor vehicle used in connection with the possession, use, occupation and operation of the Property. Lessee's duty to defend, indemnify and hold Lessor harmless from all such claims, liability and damages arising out of the acts or omissions of Lessee shall survive the termination of this Lease. To fully effectuate this obligation of indemnification, Lessee agrees to waive any immunity from the actions of Lessee's employees which might otherwise be available to Lessee under the Washington Workers Compensation Laws, RCW 51.04.010 et seq. or any other similar law. This waiver has been specifically negotiated between the parties.

Failure to maintain the required coverages as provided for herein and failure to deliver the policies and renewals thereof to Lessor shall constitute a material default of this Lease.

14. **OPERATING EXPENSES.** Except as otherwise provided herein, Lessee shall defend, indemnify and hold Lessor completely harmless from and shall pay or provide for all expenses incurred in any way in the use and operation of the Property and performance of Lessee's covenants herein, and whether incurred by Lessee, Lessee's agents, employees, or by third persons, including but not limited to, costs of seed, sets, roots, nursery stock, fertilizer, pesticides, chemicals, cultivation and harvesting costs, transportation costs, labor, custom work, equipment hired, agricultural testing and consulting.

15. **ENCUMBRANCES.** Lessee covenants and agrees to keep the Property free and clear of all liens and encumbrances of any kind or nature; provided that, Lessee may, as is reasonably necessary to permit Lessee's effective agricultural use of the Property, encumber the crops growing or to be grown by Lessee on the Property with crop financing or operating loans,

but only to the extent that any such liens or encumbrances are subordinate to Lessor's right to receive full and timely rent as required herein.

16. **DISCHARGE OF ENCUMBRANCES.** Lessee agrees to discharge any and all liens, security interests or other encumbrances, all hereinafter "encumbrances" which may be recorded against the Property and all crops thereon for any reason arising out Lessee's possession, use, occupation and maintenance of the Property and to discharge any encumbrances at Lessee's own cost and expense; provided that, in the event encumbrances are recorded against the Property and/or crops thereon, Lessee shall have a reasonable time within which to discharge the same not to exceed thirty (30) days following harvest unless in good faith Lessee disputes the same in which case Lessee shall satisfy any encumbrances, if reduced to judgment, immediately after rendition of said judgment. In any event, any such lien against the Property shall be satisfied and released prior to the forced sale of the Property. Failure of Lessee to discharge any encumbrances in the manner herein provided, shall be deemed a material breach of this Lease entitling Lessor to demand immediate forfeiture of this Lease and surrender of the Property; provided further that, any such forfeiture shall not relieve Lessee of any obligation to discharge all encumbrances, nor shall it impair any other remedy provided to Lessor by law, in equity, or by other provisions of this Lease on account of Lessee's breach, including procurement of money damages.

In the case of any lien against any of the crops grown on the Property, in favor of a third party, which is inferior to any lien on any such crops in favor of Lessor, Lessee shall not pay all or any part of the obligation secured by the lien in favor of the third party until Lessee has fully paid all amounts due and payable under this Lease.

17. **IMPROVEMENTS.** Lessee shall not remove, destroy or substantially alter any existing improvements, including irrigation systems, structures or fences, without the prior written consent of Lessor. Lessee shall not put or place on the Property any improvements without first obtaining the written consent of the Lessor; which consent shall not be unreasonably withheld.. Any improvements put or placed on the Property during the term of this Lease shall become the property of Lessor upon termination or expiration of this Lease.

18. **WEEDS.** During the term of this Lease, particularly during the growing season and immediately after completion of harvest, Lessee shall, at the sole cost and expense of Lessee,

cut, burn, pull, treat or otherwise dispose of all noxious weeds on the Property, particularly those which may grow or accumulate along fences, ditches or other improvements, field borders, rights-of-way, drains, roads and other uncultivated areas, which shall include disposing of all noxious weeds before the same go to seed regardless of whether such disposal is required by law. In the event Lessee does not dispose of all weeds as required by this paragraph, Lessor shall have the right to dispose of the same and Lessee hereby specifically agrees that Lessee will, on demand of Lessor, reimburse Lessor for all costs and expenses incurred by Lessor in disposing thereof.

19. **CHEMICALS.** Lessee covenants and agrees that Lessee shall not, during the term of this Lease, use any chemicals, pesticides or fertilizers, where such use is prohibited by any product label or governmental authority; or, if such use is not prohibited but is restricted in any manner, Lessee will not violate any use restriction. Lessee further covenants and agrees that Lessee shall not apply any chemical or herbicide to crop ground which has a residual effect of any nature beyond the term of this Lease, except for herbicides used to control weeds or grass on the borders of the Property. Specifically, Lessee shall not use any more than one half pound ($\frac{1}{2}$ lb.) of Atrazine per acre per season and lessee shall not apply the herbicide known as Sinbar to the leased premises. Lessee further covenants and agrees not to dispose of or otherwise allow the storage or release of any hazardous, toxic or dangerous waste or materials in, on or under the Property not otherwise expressly authorized by this Lease. Lessee shall be solely responsible for any claims, liabilities and damages caused Lessor or any third party by a breach of this paragraph and shall defend, indemnify and hold Lessor completely harmless therefrom. Lessee's duty to defend, indemnify and hold Lessor harmless from any claims, liabilities and damages arising out of Lessee's acts or omissions shall survive the termination of this Lease.

20. **IRRIGATION SYSTEM.** Lessee agrees that is shall be solely responsible to provide the irrigation system, including all its component parts and pump, ("Irrigation System"), which shall be part of this Lease. Lessee agrees to be responsible for the cost and expense for all maintenance and repair of the Irrigation System during the term of this Lease, and Lessee shall responsible for wells, pumps, or mainline damage. Lessor agrees that Lessee owns the existing pivot irrigation system and any improvements made or caused to be made to the pivot irrigation system by Lessee during the term of this Lease. Lessee shall have the right to remove the pivot

irrigation system from the Property at the termination or expiration of its tenancy under this Lease, but shall surrender all underground components, pumps, distribution lines and mainline in as good a state of repair as they existed at the commencement of this Lease, reasonable wear and tear and acts of God alone accepted, which shall at that time become the property of the Lessor.

21. **INSPECTION AND ACCESS TO PROPERTY.** Lessee agrees to permit Lessor, and Lessor's agents, free and unlimited access to the Property at all reasonable times for the purpose of inspection or of making repairs, additions or alterations to portions of the Property under the control of Lessor, if any; provided that, this right to repair shall not be construed as an agreement or requirement on the part of Lessor to make any repairs, additions or alterations to the Property which are required by Lessee in this Lease.

22. **REPAIRS BY LESSOR.** Neither Lessor nor Lessor's successors or assigns shall be held to any covenant respecting the condition of the Property or improvements thereon, nor to any agreement for alterations, improvements or repairs unless said agreement is in writing and either contained in this Lease or attached to and made a part of this Lease.

23. **ABANDONMENT.** Should Lessee abandon the Property while in default, Lessor may take immediate possession of the Property for the purpose of protecting and preserving the Property and may mitigate damages by renting or operating the Property during the period of enforcement of Lessor's rights under this Lease without prejudicing Lessor's remedies under this Lease or which may be given by law or in equity.

24. **LANDLORD'S LIEN.** It is hereby mutually understood and agreed by the parties that, in order to secure the payment of rent and the faithful performance of all terms and conditions of this Lease by Lessee, Lessor has and shall retain a Landlord's Lien (i.e. UCC-4) upon all crops grown, growing or to be grown on the Property or proceeds thereof pursuant to RCW Ch. 60.11, Lessee shall execute any and all documents deemed necessary by Lessor to ensure that the security interest(s) and lien provided for herein are and remain continuously perfected until all rent plus any interest, costs and other charges or expenses to be paid by Lessee by the terms of this Lease are fully paid. This Landlord's lien shall not be subordinate to any other lien.

This Lease shall also serve as a security agreement and Lessor shall have the option of also perfecting a security interest in the crop(s) under RCW 62A.9, the Uniform Commercial

Code, by filing a UCC-1 statement. Lessee agrees on demand to execute a UCC-1 and any and documents necessary to complete and/or perfect any lien interest of Lessor hereunder.

25. **LESSEE'S DEFAULT.** Lessee shall be in default of this Lease if Lessee (a) fails to timely observe or perform any term, covenant, condition herein set forth; or (b) fails or neglects to make the full amount of any payment of rent, interest or any other amounts required to be paid by Lessee in the full amount and precisely when obligated to do so; or (c) becomes or is declared insolvent or makes an assignment for the benefit of creditors, or files any debtor's petition or any petition is filed against Lessee under any bankruptcy, wage earner's, reorganization or similar act; or (d) permits the Property or any part thereof or Lessee's interest therein to be attached, seized or in any manner restrained or impounded by process of any court; or (e) abandons the Property for more than thirty (30) consecutive days (unless the Property is otherwise occupied); or (f) assigns, transfers or sublets the Property or any portion thereof, or assigns or transfers this Lease or any interest therein in any manner other than as permitted by the terms of this Lease.

26. **LESSOR'S REMEDIES.** In the event Lessee is in default of this Lease, Lessor may, at Lessor's election, exercise the following remedies:

- (A) Suit for Delinquencies. Lessor may institute suit for any sums then due and payable under this Lease as of the date of the judgment and any sums which have been advanced by Lessor pursuant to the provisions of this Lease, together with interest on all of said sums at the rate or rates specified in this Lease from the date each such amount was advanced or due, as the case may be, to and including the date of collection;
- (B) Forfeiture and Repossession. Lessor may cancel and render void all rights, titles, and interests of Lessee and Lessee's assigns and successors in this Lease and in the Property (including all of Lessee's then existing rights, interest and estates herein and improvements thereto, including all crops, minerals, oil and gas) by giving a Notice of Intent to Forfeit and said cancellation and forfeiture shall become effective if the default specified in the Notice of Intent to Forfeit has not been fully cured within twenty (20) days thereafter. Upon forfeiture of this Lease, Lessor may retain all payments made hereunder by Lessee and may take immediate possession of the Property and summarily eject Lessee and any person or persons having possession of the Property by, through or under Lessee. In the event Lessee or any person or persons claiming by, through or under Lessee remain in possession of the Property more than three (3) days after such forfeiture, Lessee, or such person or persons, shall be deemed as unlawfully detaining the Property and Lessor shall be entitled to institute an action for

summary possession of the Property and may recover from Lessee or such other person or person in such proceedings, the fair rental value of the Property for the use thereof from and after the date of forfeiture, plus costs, including Lessor's reasonable attorneys' fees;

- (C) Specific Performance. Lessor may institute suit to specifically enforce any of Lessee's covenants hereunder, and the same may include redress by mandatory or prohibitive injunction;
- (D) Remedies Under the Uniform Commercial Code. Lessor shall have and Lessee hereby grants to Lessor, all of the rights and remedies contained in the Washington Uniform Commercial Code, RCW Title 62A, in effect as of the date of Lessee's default and to the extent such rights and remedies may be applicable to the type or types of collateral affected thereby; and/or
- (E) Unlawful Detainer Action. Lessor may pursue its rights and remedies under the unlawful detainer statutes, Chapter 59.12 RCW.

All the foregoing remedies are cumulative and are not mutually exclusive and may be exercised in conjunction with each other to the extent permitted by law or in equity and shall be in addition to other rights or remedies granted by law or in equity for breach of this Lease.

27. **NOTICE**. Any notice, declaration, demand or communication to be given by a party to this Lease to the other shall be in writing and transmitted to the other party by certified U.S. mail, return receipt requested, postage fully prepaid, addressed as follows:

To Lessor: City of Othello
500 East Main Street
Othello WA 99344

To Lessee: AACC, LLC
C/o Merle D. Booker
10971 Coyan Road
Connell, WA 99326

The mailing and certifying of any such notice as herein provided shall be sufficient service thereof. All notices complying with this paragraph shall be deemed effective two (2) business days following the deposit thereof in the U.S. mail, irrespective of the date of actual receipt of

such notice by the addressee. Either party may by notice change such address for notice and, if payments are not made to an escrow or collection account, Lessor may change the address for payments by notice and by causing a copy of such notice to be properly recorded.

28. **PEACEFULLY HOLD.** Lessor hereby covenants that upon Lessee paying the rent hereby reserved and observing and performing several covenants herein contained, Lessee shall peacefully hold and enjoy the Property during the term of this Lease.

29. **SUBLEASE OR ASSIGNMENT.** This Lease and the rights thereunder are personal to the Lessee, entered into on account of the knowledge and experience of the Lessee. Lessee shall not convey, transfer or assign this Lease or any interest in the Property, or any portion thereof, or enter into any sublease of all or any portion thereof, or enter into any sublease of all or any portion of the Property without first obtaining the written consent of Lessor which consent may or may not be given at the sole option and discretion of Lessor. On any such approved assignment or subletting, the Lessee and every person claiming under this Lease shall be and remain liable for the performance of all its obligations, with the Lessee remaining primarily liable to perform the same. On any violation or attempted violation of these provisions, then, at the Lessor's option, this Lease may be declared in default and the Lessor, at its option, may terminate this Lease as provided herein.

30. **LESSEE'S RIGHT OF FIRST REFUSAL:** If Lessor determines to sell all or any part of the leased premises, Lessor shall notify Lessee of the terms on which Lessor will be willing to sell.

(a) If Lessee, within thirty (30) days after receipt of Lessor's notice, indicates in writing an agreement to purchase the leased premises or a part thereof on the terms stated in Lessor's notice, Lessor shall sell and convey the leased premises or a part thereof to Lessee on

the terms stated in the notice. If Lessee does not indicate its agreement within thirty (30) days, Lessor thereafter shall have the right to sell and convey the leased premises or a part thereof to a third party on the same terms stated in the notice. If Lessor does not sell and convey the leased premises or a part thereof within ninety (90) days, any further transaction shall be deemed a new determination by Lessor to sell and convey the leased premises or a part thereof and Lessee shall again have the right of first refusal as herein provided.

(b) If Lessee purchases all of the leased premises, this lease shall terminate on the date title vests in Lessee, and Lessor shall remit to Lessee all prepaid and unearned rent.

31. **ATTORNEYS' FEES AND VENUE.** If either party shall be in default under this Lease, the non-defaulting party shall have the right, at the defaulting party's expense, to retain an attorney or collection agency to make any demand, enforce any remedy, or otherwise protect or enforce such party's right under this Lease. The defaulting party hereby covenants and agrees to pay all costs and expenses so incurred by the non-defaulting party, including but without limitation, arbitration and court costs, collection agency charges, notice expenses, title search expenses, and reasonable attorneys' fees (with or without arbitration or litigation), and the failure of the defaulting party to promptly pay the same shall cause a failure of cure of the specified default and shall in itself constitute a further and additional default of this Lease. In the event either party hereto institutes any action (including arbitration) to enforce the provisions of this Lease or for any cause arising out of this Lease, the prevailing party in such action shall be entitled to reimbursement from the losing party for all of its court costs and reasonable attorneys' fees and fees or costs normally charged or advanced by such attorneys for items such as reports, photocopies, telephone tolls, mileage, travel, boarding, expert fees, accounting fees or other advanced costs and fees, including such costs and fees that are incurred on appeal and in the

enforcement in any judgment. All payments and reimbursements required by this paragraph shall be due and payable on demand, and may be offset against any such owed to the party so liable in order of maturity, and shall bear interest at the rate of twelve percent (12%) per annum from the date of demand to and including the date of collection or the due date of any such against which the same is offset, as the case may be.

32. **NON-WAIVER.** Any extension of time in payments or acceptance of part thereof or failure of Lessor to promptly enforce any breach of this Lease shall not be construed as a waiver on the part of Lessor of the strict performance of all of the terms, covenants, agreements or conditions herein, and shall not prejudice any of Lessor's rights or remedies.

33. **TIME OF ESSENCE.** Time is specifically declared to be of the essence of this Lease and of the payment of all sums and the performance of all acts required to be done and performed by the parties hereto.

34. **PARAGRAPH HEADINGS.** The capitalized, bolded and underscored word or words appearing at the commencement of paragraphs and subparagraphs of this Lease are included only as a guide to the contents thereof and are not to be considered as controlling, enlarging or restricting the language or meaning of those paragraphs or subparagraphs.

35. **NUMBER AND GENDER.** The use of any gender or neutral term shall include all genders, and the use of any number shall be construed as singular or plural, as the case may require. The terms "Lessor" and "Lessee" refer to either the singular or the plural, as the case may be.

36. **INVALIDITY.** In the event any portion of this Lease should be held to be invalid by any court of competent jurisdiction, such holding shall not affect the remaining provisions hereof. In all provisions of this Lease where Lessee may be obligated to pay interest to Lessor, it

is the intention of Lessor to charge a lawful rate of interest, and in the event it is determined by any court of competent jurisdiction that any rate herein provided for exceeds the maximum permitted by law for the transaction of the character evidenced by these presents, the amount so determined to be above the legal rate shall be applied against principal due hereunder or, if such principals has been paid, or otherwise at the discretion of the then holder of this Lease, said excess shall be refunded to Lessee on demand without interest, and the interest rates specified hereunder shall be reduced to the maximum rate then permitted by law for the type of transaction to which this Lease pertains.

37. **LEGAL RELATIONSHIP.** The parties to this Lease execute the same solely as a landlord and a tenant. No partnership, joint venture or joint undertaking shall be construed from these presents, and except as herein specifically provided, neither party shall have the right to make any representations for, act on behalf of, or be liable for the debts of the other. All terms, covenants and conditions to be observed and performed by either of the parties hereto shall be joint and several if entered into by more than one person on behalf of such party, and a default by one or more of such persons shall be deemed a default on the part of the party with whom said person or persons are identified. Unless otherwise specifically provided herein, no third party is intended to be benefitted by this Lease. Any married person executing this Lease hereby pledges his or her separate property and marital communities in satisfaction hereof.

38. **APPLICABLE LAW/CONSTRUCTION.** This Lease shall be governed and interpreted in accordance with the laws of the State of Washington. All documents or exhibits attached to this Lease are incorporated into and made a part of this Lease as though fully set forth. In the event of conflict between this Lease and any exhibits or documents attached hereto, the terms of this Lease shall be controlling. In the event this Lease is in conflict with the

provisions of any law or statutes governing the subject matter hereof, such law or statute only to the extent of such conflict shall be controlling. The venue of any action brought to interpret or enforce any provision of this Lease shall be in Adams County, Washington. All sums herein referred to shall be calculated by and payable in the lawful currency of the United States.

39. **ENTIRE AGREEMENT.** This Lease contains the entire agreement of the parties hereto and, except for any agreements or warranties otherwise stated in writing to survive the execution and delivery of this Lease, supersedes all of their previous understandings and agreements, written and oral, with respect to this transaction. Neither Lessor nor Lessee shall be liable to the other for any representations made by any person concerning the Property or regarding the terms of this Lease, except to the extent that the same are expressed in this Lease. This Lease may be amended only by written instrument executed by Lessor and Lessee or their lawful successors and assigns subsequent to the date hereof.

40. **EFFECT OF SIGNATURES.** Each person signing below executes this Lease in his or her individual capacity and on behalf of any marital community of which he or she is a member, except where a signature is designated as a representative signature. It is further agreed that by the execution of this Lease all covenants, terms, conditions and agreements of this Lease shall extend and apply to and firmly bind the heirs, personal representatives, estates and successors and assigns of the parties as fully as the respective parties themselves are bound.

41. **SCRUTINY.** This Lease has been submitted to the scrutiny of all parties and their respective legal counsel, and shall be given a fair and reasonable interpretation in accordance with the words hereof without consideration or weight being given to its being drafted by or for one of the parties.

IN WITNESS WHEREOF, the parties hereto have executed this Lease the

23rd day of January, 2014.

LESSOR:

LESSEE:

CITY OF OTHELLO

AACC, LLC

By: *Shawn R Logan*
Shawn Logan, Mayor

By: *Merle Booker*
Merle Booker, Managing Member

STATE OF WASHINGTON

COUNTY OF GRANT

I certify that I know or have satisfactory evidence that Shawn Logan signed this instrument, on oath stated that he was authorized to execute the instrument and acknowledged it as the "Mayor" of the City of Othello to be the free and voluntary act of such party for the uses and purposes mentioned in this instrument.

DATED: Jan 23, 2014.



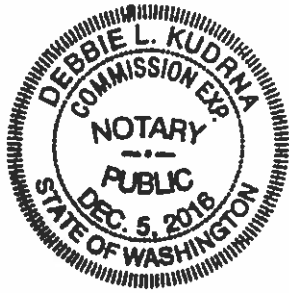
Type or print name
Notary Public for Washington State
My commission expires 12/05/2016

STATE OF WASHINGTON

COUNTY OF ADAMS

I certify that I know or have satisfactory evidence that Merle Booker signed this instrument, on oath stated that he was authorized to execute the instrument and acknowledged it as the "Managing Member" of A.A.C.C., LLC to be the free and voluntary act of such party for the uses and purposes mentioned in this instrument.

DATED: January 16, 2014.



TYPE OR PRINT NAME Debbie L. Kudrna
NOTARY PUBLIC for Washington State
My commission expires: Dec. 5, 2016

EXHIBIT B

LEGAL DESCRIPTION

That portion of Parcel 6 of Cascade Commodities, Boundary Line Adjustment, Record of Survey, as recorded in Volume 5 of Surveys, at Pages 813-815, under AFN 286571, records of Adams County, Washington, lying within the Southwest Quarter of Section 36, Township 16 North, Range 29 East, W.M., and described as follows:

BEGINNING at the most Easterly corner of said Parcel 6; THENCE along the boundary of said Parcel South $40^{\circ}41'00''$ West 187.70 feet to the beginning of a 114.60 foot radius curve to the right; THENCE 110.19 feet along the arc of said curve through a central angle of $55^{\circ}05'28''$; THENCE North $84^{\circ}13'32''$ West 140.65 feet to the beginning of a 81.90 foot radius curve to the left; THENCE leaving said boundary of Parcel 6, North $12^{\circ}06'25''$ East 435.64 feet, more or less, to an angle point in the North line of said Parcel 6; THENCE along the boundary of said Parcel South $46^{\circ}11'00''$ East 373.30 feet to the POINT OF BEGINNING.