

**BASIC LEASE PROVISIONS
FOR COMMERCIAL LEASE**

The following lease provisions are incorporated into and made a part of the Commercial Lease (the "Lease") to which they are attached:

A. EFFECTIVE DATE OF LEASE: _____.

B. NAMES AND ADDRESSES OF PARTIES:

LESSOR: Suncadia Environmental Company, LLC

LESSEE: Suncadia Water Company, LLC

C. PREMISES: The Premises consist of the real property and the commercial building(s) located thereon, which is legally described on Exhibit A, attached hereto and by reference incorporated herein (the "Premises"), and commonly known as and located at 2906 Upper Peoh Point Road, Cle Elm, WA 98922.

D. SHARED USE OF PREMISES: Lessor and Lessee acknowledge and agree that they will share use of the Premises.

E. TERM: five years.

F. COMMENCEMENT DATE: _____.

G. MINIMUM MONTHLY RENTAL:

\$3,000. Rental will be payable to Lessor at the address set forth above or such other address as Lessor may designate in writing.

H. RENTAL ESCALATOR: Exhibit B.

I. LESSEE'S USE: operation of a water utility business.

COMMERCIAL LEASE

1. **Parties.** This Lease is made between Lessor and Lessee named in the Basic Lease Provisions as of the date set forth in Section A of the Basic Lease Provisions.

2. **Premises and Building, Definitions.** Unless the context otherwise specifies or requires, the terms listed below will have the following meanings:

(a) The term “Building” will mean the building described in Section C of the Basic Lease Provisions.

(b) The term “Premises” will mean the Building, the land associated therewith and all appurtenances thereto.

Lessee acknowledges that Lessor’s title to the Premises may be subject to certain (i) easements, covenants, conditions, restrictions, setbacks, zoning ordinances, use restrictions (collectively, “Nonmonetary Encumbrances”) and (ii) certain present or future mortgages, trust deeds, land sale contracts, ground leases or similar security interests (“Monetary Encumbrances”). Lessee accepts the Premises, subject to the Nonmonetary Encumbrances and the Monetary Encumbrances; provided, however, that Lessor covenants and warrants, so long as Lessee is not in default hereunder, the quiet possession and use of the Premises free and clear of all prior possessory interests of the holders of the Monetary Encumbrances.

3. **Term and Possession.** The term of this Lease will be for the period specified in the Basic Lease Provisions and will commence on the Commencement Date designated in the Basic Lease Provisions. If the first day of the term of this Lease will be a day other than the first day of a calendar month, then the term of this Lease will be deemed extended by the number of days between the Commencement Date of the Lease and the first day of the first calendar month thereafter so that the term of this Lease will expire at the end of a calendar month.

4. **Rental.** Beginning on the Commencement Date and continuing during the entire Lease term, Lessee will pay to Lessor the “Minimum Monthly Rental” as described in the Basic Lease Provisions. The Minimum Monthly Rental will be paid in advance, without offset, notice or demand, on or before the first day of each calendar month during the term of this Lease. For the purpose of this Lease, the term “Rental” will mean Minimum Monthly Rental, together with any and all other amounts payable by Lessee to Lessor hereunder. If a partial month will exist at the Commencement Date, the Minimum Monthly Rental will be prorated daily based on a thirty (30-) day month, and the amount due for such partial month will be paid on or before the first day of the first calendar month following the Commencement Date. If Section H of the Basic Lease Provisions so provides, then the Minimum Monthly Rental will be adjusted in accordance with the Exhibit attached hereto and referenced in Section H.

5. **Use of Premises.** The Premises will be used for the Use set forth in the Basic Lease Provisions and for no other purpose without Lessor's prior written consent. In connection with the Use of the Premises, Lessee will:

(a) Conform to all applicable laws and regulations of any public authority affecting the Premises and the use of the Premises and correct at Lessee's own expense any failure of compliance

created through Lessee's fault or by reason of Lessee's use, unless such failure is due to Lessor's fault in performance of the agreements hereof to be kept and performed by Lessor.

(b) Refrain from any activity that would be reasonably offensive to Lessor, or to owners or users of adjoining premises, or that would tend to create a nuisance or damage the reputation of the Premises.

(c) Comply with any reasonable rules respecting the use of the Premises promulgated by Lessor from time to time and communicated to Lessee in writing.

(f) Not commit or suffer any waste of the Premises or the improvements thereon or any part thereof.

6. **Tenant Improvements and Alterations.** Lessee will make no improvements or alterations on the Premises of any kind without the prior written consent of Lessor, which consent will not be unreasonably held. All work performed by the Lessee will be done in compliance with all applicable building, fire, sanitary, and safety codes, and other applicable laws, statutes, regulations, and ordinances, and Lessee will secure all necessary permits for the same. Lessee will keep the Premises free from all liens in connection with any such work. All work performed by the Lessee will be carried forward expeditiously and completed within a reasonable time. Lessor or Lessor's agents will have the right at all reasonable times to inspect the quality and progress of such work. All improvements, alterations and other work performed on the Premises by either Lessor or Lessee will be the property of Lessor when installed, except for Lessee's trade fixtures, and may not be removed at the expiration of this Lease unless the applicable Lessor's consent specifically provides otherwise. Notwithstanding Lessor's consent to improvements or alterations by Lessee, all such improvements, alterations and other work to be performed by Lessee will be at the sole cost and expense of Lessee.

7. **Repairs and Maintenance.**

(a) The following will be the responsibility of the Lessor:

(i) Repairs and replacements of the exterior walls, roof and foundation of the Building.

(ii) Maintenance and repair of the heating, ventilating and air conditioning systems and maintenance and repair of the sprinkler systems, if any.

(iii) Maintenance and repair of the interior walls and floor coverings.

(iv) All other repairs and maintenance to the Premises that Lessee is not required to make under subparagraph (b) below.

(b) The following will be the responsibility of Lessee:

(i) Any repairs necessitated by the negligence of Lessee, its agents, employees, and invitees.

(ii) Any repairs or alterations required under Lessee's obligation to comply with laws and regulations as set forth in paragraph 5(a) above.

(c) Lessor will have the right to inspect the Premises at any reasonable time or times to determine the necessity of repair.

(d) All repairs, replacements, alterations, or other work performed on or about the Premises by Lessor will be done in such a way as to interfere as little as reasonably possible with the use of the Premises by Lessee. Lessee will have no right to an abatement of rental or any claim against Lessor for any inconvenience or disturbance resulting from Lessor's performance of repairs and maintenance pursuant to this paragraph.

8. **Liens.** Lessee will keep the Premises free from all liens, including construction liens, arising from any act or omission of Lessee or those claiming under Lessee. Lessor will have the right to post and maintain on the Premises such notices of nonresponsibility as are provided for under the lien laws of the state in which the Premises are located.

9. **Utilities.** Lessor will pay for (i) all water charges, (ii) all storm water sewer charges including storm water discharge fees, (iii) all sanitary sewer charges and fees, (iv) all natural gas and other petroleum-based utility charges, (v) all telephone and communication-related utility charges, (vi) all garbage collection, and (vii) other utility services used by Lessee during the term of this Lease. Lessor makes no warranties or representations as to the quantity, quality, availability, amount or duration of any of the utility services referred to in this paragraph. Lessor will arrange for regular and prompt pick up of trash and garbage.

10. **Indemnity.**

(a) Lessee will defend, indemnify, and hold harmless Lessor and its officers, directors, and employees for, from and against any claims, liability, loss, damages, costs, and attorney fees (collectively, "Claims") to the extent arising from the negligence, breach of contract, or willful misconduct of Lessee, its employees, agents or independent contractors. If any action is brought against Lessor by reason of any such Claim, Lessee will defend such action by counsel satisfactory to Lessor upon Lessor's demand.

(b) Lessor will defend, indemnify, and hold harmless Lessee and its officers, directors, and employees for, from and against Claims to the extent arising from the negligence, breach of contract, or intentional misconduct of Lessor, its employees, agents or independent contractors. In the event any action is brought against Lessee by reason of any such Claim, Lessor will defend such action by counsel satisfactory to Lessee upon Lessee's demand.

11. **Waiver of Subrogation.** Lessor and Lessee hereby mutually release each other (and their successors or assigns) from liability and waive all right of recovery against the other for any loss or damage that would be covered (regardless of whether Lessor and Lessee maintain such coverage) by an "all risk" property insurance policy. In the event of any casualty loss (whether actually insured or not), neither party nor their respective insurer will have a subrogated claim against the other party.

12. **Injury To Lessee's Property.** Lessor will not be liable for any injury to the goods, stock, merchandise or other property of Lessee or to any person in or about the Premises resulting from fire or collapse of the Building or any portion thereof or any other cause, including, but not limited to, damage by water, gas or steam, or by reason of any electrical apparatus in or about the Premises.

13. **Damage or Destruction.**

(a) If the Premises will be partially damaged by fire or other cause, and subparagraph (b) below does not apply, the damage to the Premises will be repaired by Lessor, and Minimum Monthly Rental, until such repair will be made, will be apportioned according to the part of the Premises that is usable by Lessee, except when such damage occurs because of the fault of Lessee. The repairs will be accomplished with all reasonable dispatch.

(b) If the Building or the Premises are fifty (50%) percent or more destroyed during the term of this Lease by any cause, Lessor may elect to terminate this Lease as of the date of damage or destruction by notice given to Lessee in writing not more than sixty (60) days following the date of damage. In such event, all rights and obligations of the parties will cease as of the date of termination. In the absence of an election to terminate, Lessor will proceed to restore the Premises (if damaged) to substantially the same form as prior to the damage or destruction so as to provide Lessee usable space equivalent in quantity and character to that before the damage or destruction. Work will be commenced as soon as reasonably possible, and thereafter proceed without interruption, except for work stoppages on account of matters beyond the reasonable control of Lessor. From the date of damage until the Premises are restored or repaired, Minimum Monthly Rental will be abated or apportioned according to the part of the Premises usable by Lessee.

(c) Notwithstanding the provisions of subparagraphs (a) and (b) above, Lessee will have the right, at any time within sixty (60) days following the date of any damage or destruction covered under subparagraphs (a) and (b) above, to request written confirmation from Lessor that all restoration can be substantially completed within six (6) months following the date of the damage or destruction. Lessor will have five (5) business days after receipt of the request to commit to such restoration within the six (6) month period. If Lessor does not give written notice to Lessee of its commitment to substantially complete such restoration within the six (6) month period, Lessee will have a period of five (5) business days thereafter in which to elect to terminate this Lease. If Lessee does not give notice of termination within the five (5) business day period, the provisions of subparagraph (a) or (b), as applicable, will control. If Lessor commits to complete such restoration within the six (6) month period, but fails to do so, Lessee will have the right to terminate this Lease by giving five (5) days' prior written notice and Lessor will be liable to Lessee for any resulting damages suffered by Lessee, unless the delays in completion were due to acts of God, shortages in labor or materials, or other causes beyond the reasonable control of Lessor.

14. **Eminent Domain:**

(a) If a portion of the Premises is condemned and neither subparagraph (b) nor subparagraph (c) apply, this Lease will continue in effect. Lessor will be entitled to all the proceeds of condemnation, and Lessee will have no claim against Lessor as a result of condemnation. Lessor will proceed as soon as reasonably possible to make such repairs and alterations to the Premises as are necessary to restore the remaining Premises to a condition as comparable as reasonably practical to that existing at the time of condemnation; provided, however, that Lessor will not be required to expend more on the restoration than the amount of condemnation proceeds actually received by Lessor. Minimum Monthly Rental will be abated to the extent that the Premises are untenable during the period of alteration and repair. After the date on which title vests in the condemning authority, Minimum Monthly Rental will be reduced commensurately with the reduction in value of the Premises as an economic unit on account of the partial taking.

(b) If a condemning authority takes any substantial part of the Building, this Lease will, at the option of Lessor or Lessee, terminate as of the date title vests in the condemning authority. In

such event, all rights and obligations of the parties will cease as of the date of termination. Subject to subparagraph (e) below, Lessor will be entitled to all of the proceeds of condemnation, and Lessee will have no claim against Lessor as a result of the condemnation. For the purpose of this subparagraph, the word "substantial" will mean more than fifty percent (50%) of the usable square footage of the Building.

(c) If a condemning authority takes all of the Premises or a portion sufficient to render the remaining Premises reasonably unsuitable for Lessee's use, this Lease will terminate as of the date title vests in the condemning authority. In such event, all rights and obligations of the parties will cease as of the date of termination. Subject to subparagraph (e) below, Lessor will be entitled to all of the proceeds of condemnation, and Lessee will have no claim against Lessor as a result of the condemnation.

(d) Sale of all or any part of the Premises or the Building to a purchaser with the power of eminent domain in the face of a threat or probability of the exercise of the powers will be treated for the purposes of this Lease as a taking by condemnation.

(e) Lessee reserves all rights it may have against the governmental entity in any condemnation action, including, but not limited to, damages for leasehold improvements or any damage to its business.

15. **Bankruptcy.** Subject to paragraph 19, this Lease will not be assigned or transferred voluntarily or involuntarily by operation of law. It may, at the option of Lessor, be terminated if Lessee is adjudged bankrupt or insolvent, or makes an assignment for the benefit of creditors, or files or is a party to the filing of a petition in bankruptcy, or commits an act of bankruptcy, or in case a receiver or a trustee is appointed to take charge of any of the assets of Lessee or assigns in or about the Premises and such receiver or trustee is not removed within thirty (30) days after the date of appointment, or in the event of judicial sale of the personal property in or on the Premises upon judgment against Lessee or any assignee, unless such property or reasonable replacement thereof is installed on the Premises. To the extent permitted by law, this Lease or any sublease hereunder will not be considered as an asset of a debtor in possession, or an asset in bankruptcy, insolvency, receivership or other judicial proceedings.

16. **Default.** The following will be events of default.

(a) Failure of Lessee to pay any Rental when due or failure of Lessee to pay any other charge required hereunder within ten (10) days after it is due.

(b) The abandonment of the Premises by Lessee or the failure of Lessee for thirty (30) days or more to occupy the Premises for one or more of the designated purposes of this Lease.

(c) If Lessee or any guarantor of Lessee's obligations will (a) make a general assignment for the benefit of creditors, (b) will admit in writing its inability to pay its debts as they become due, (c) will file a petition in bankruptcy, (d) will be adjudicated as bankrupt or insolvent, (e) will file a petition seeking any reorganization, arrangement, composition, readjustment, liquidation, dissolution or similar relief under any present or future statute, law or regulation, (f) will fail timely to contest the material allegations of a petition filed against it in any bankruptcy proceeding, (g) will seek or consent to or acquiesce in the appointment of any trustee, receiver or liquidator of Lessee or any material part of its properties; or (h) Lessee or any such guarantor will take any corporate action to authorize or in contemplation of any of the actions set forth above.

(d) Any case, proceeding or other action against Lessee or any guarantor of Lessee's obligations hereunder will be commenced seeking to have an order for relief entered against it as debtor

or to adjudicate it a bankrupt or insolvent, or seeking reorganization, arrangement, adjustment, liquidation, dissolution or composition of it or its debts under any law relating to bankruptcy, insolvency, reorganization or relief of debtors, or seeking appointment of a receiver, trustee, custodian or other similar official for it or for all or any substantial part of its property, if such case, proceeding or other action (i) results in the entry of an order for relief against it which is not fully stayed within seven (7) business days after the entry thereof or (ii) will remain undismissed for a period of thirty (30) days.

(e) A declaration of default under a Nonmonetary Encumbrance or Monetary Encumbrance attributable to a failure of Lessee to fully perform its obligations hereunder.

(f) Failure of Lessee to comply with any term or condition or fulfill any obligation of this Lease (other than as specified in subparagraphs (a) through (e) above), within thirty (30) days after written notice by Lessor specifying the nature of the default with reasonable particularity. If the default is of such a nature that it cannot be completely remedied within the thirty (30) day period, this subparagraph will be complied with if Lessee begins correcting the default within the thirty (30) day period and thereafter proceeds with reasonably diligence and in good faith to effect the remedy as soon as practicable and in all events corrects such default within one hundred eighty (180) days following the date of written notification by Lessor.

17. **Remedies on Default.** In the event of a default, Lessor may, at Lessor's option, exercise any one or more of the rights and remedies available to a landlord in the state in which the Premises are located to redress such default, consecutively or concurrently, including the following:

(a) Lessor may elect to terminate Tenant's right to possession of the Premises or any portion thereof by written notice to Lessee. Following such notice, Lessor may re-enter, take possession of the Premises and remove any persons or property by legal action or self help without liability for damages, unless such damages result from gross negligence on the part of Lessor. To the extent permitted by law, Lessor will have the right to restrain the personal property belonging to Lessee which is on the Premises at the time of re-entry to enforce its landlord lien, or the right to such other security interest therein as the law may permit, to secure all sums due or which are to become due to Lessor under the Lease. Perfection of such security interest will occur by taking possession of such personal property or as otherwise provided by law.

(b) Following re-entry by Lessor, Lessor may re-let the Premises for a term longer or shorter than the term of this Lease and upon any reasonable terms including the granting of rent concessions to the new tenant. Lessor may alter, refurbish, or otherwise change the character or use of the Premises in connection with such re-letting. Lessor will not be required to re-let for any use or purpose that Lessor may reasonably consider injurious to its property. Lessor may object to a tenant that Lessor may reasonably consider objectionable. No such re-letting by Lessor following a default by Lessee will be construed to limit or impair Lessor's claim for damages arising out of Lessee's breach of this Lease. If rent received upon such re-letting exceeds the rent received under this Lease, Lessee will have no claim to the excess.

(c) Following re-entry, Lessor will the right to recover from Lessee the following damages:

(i) All unpaid Rental and other charges for the period prior to re-entry plus interest at the rate of twelve (12%) percent per annum.

(ii) An amount equal to the Rental loss (including any charges) during any period in which the Premises are not re-let if Lessor uses reasonable efforts to re-let the Premises. If Lessor lists the Premises with a real estate broker experienced in leasing commercial property in the area in which the Premises are located, such listing will be conclusively presumed to be the taking of reasonable efforts to re-let the Premises. If Lessor is unable to re-let the Premises within six months following the listing of the Premises with a real estate broker, as aforesaid, then it will be conclusively presumed that the Premises have no fair market rental value and that Lessor will be entitled to recover from Lessee an amount equal to the present value of the Rental to be paid over the remaining term of the Lease (including any charges and expenses provided for herein). In arriving at present value, a six (6%) percent discount rate will be utilized. Lessor may commence suit prior to the expiration of that six- (6-) month period but will not be entitled to the benefit of that conclusive presumption unless final judgment is not entered until after that six- (6-) month period expires.

(iii) All costs incurred in re-letting or attempting to re-let the Premises including, without limitation, the cost of cleanup and repair in preparation for a new tenant, the cost of correcting any defaults or restoring any unauthorized alterations, the cost of bringing the Premises up to the standard reasonably necessary for a new tenant and the amount of any real estate commissions or advertising expenses.

(iv) The difference between the Rental under this Lease and the amount actually received by Lessor after re-letting as such amounts accrue.

(v) Reasonable attorney fees and expert witness fees incurred in connection with the default and in connection with re-letting the Premises, whether or not any litigation is commenced.

(d) If Lessee remains in possession following default and Lessor does not elect to re-enter, Lessor may recover all back Rental or other charges, and will have the right to cure any nonmonetary default and recover the cost of such cure from Lessee plus interest from the date of the expenditure at twelve (12%) percent per annum. In addition, Lessor will be entitled to recover attorney fees reasonably incurred in connection with the default whether or not litigation is commenced. Lessor may sue to recover such amounts as they accrue, and no one action for accrued damages will bar a later action for damages subsequently accruing. Lessor will have no obligation to mitigate damages on behalf of Lessee until thirty (30) days following the date on which Lessee both vacates the Premises and delivers the keys to Lessor.

(e) In addition to all other remedies provided herein, if any Rental or any other charge required hereunder is not received by Lessor within ten (10) days after it is due, Lessor may impose a late charge equal to five (5%) percent of the amount of the delinquent Rental or other charge for each month in which any such Rental or other charge is delinquent. Lessee will pay any such late charges immediately upon being billed therefor by Lessor. The imposition by Lessor or the payment by Lessee of any such late charges will not waive or cure Lessee's default hereunder.

(f) The foregoing remedies will not be exclusive but will be in addition to all other remedies and rights provided under applicable law and no election to pursue one remedy will preclude resort to another consistent remedy.

18. Surrender at Expiration:

(a) **Condition of Premises.** Upon expiration of the term of this Lease or earlier termination on account of default, Lessee will deliver all keys to Lessor and surrender the Premises in a broom-clean condition. Lessee will, prior to vacating the Premises, clean and repair the Premises and restore them to the condition in which they were in upon delivery of the Premises to Lessee at the Commencement Date, reasonable wear and tear excepted. Improvements and alterations constructed by Lessee will not be removed or restored to the original condition unless the terms of Lessor's consent provided otherwise or unless Lessor requests Lessee to remove such improvements or alterations, in which event, Lessee will remove the same and restore the Premises. Lessee's obligations under this paragraph will be subject to the provisions of paragraph 13 relating to damage or destruction.

(b) **Holdover:**

(i) If Lessee does not vacate the Premises at the time required, Lessor will have the option to treat Lessee as a tenant from month-to-month, subject to all the provisions of this Lease except the provision for the term of this Lease, except that the Minimum Monthly Rental will be increased by twenty-five (25%) percent. Failure of Lessee to remove fixtures, furniture, furnishings, or trade fixtures that Lessee is required to remove under this Lease will constitute a failure to vacate to which this subparagraph (b) will apply if the property not removed will substantially interfere with the occupancy of the Premises by Lessor for any purpose including preparation for a new tenant.

(ii) If a month-to-month tenancy results from a holdover by Lessee under this subparagraph (b), the tenancy will be terminable at the end of any monthly rental period on written notice from Lessor given not less than ten (10) days prior to the termination date which will be specified in such notice. Lessee waives any notice which would otherwise be provided by law with respect to a month-to-month tenancy.

19. **Assignment and Subletting.** Lessee will not assign this Lease or sublet all or any part of the Premises without the written consent of Lessor. If Lessee is a corporation, limited liability company, partnership or other entity, the transfer, assignment or change in the ownership of any stock, membership or partnership interest or ownership interest in the aggregate in excess of thirty-three (33%) percent will be deemed an assignment within the meaning of this paragraph. Lessor's consent as required under this section will not be unreasonably withheld.

20. **Authority of Lessee.** If Lessee is a corporation, partnership, limited liability company or other entity (any of which is hereinafter referred to as an "Entity"), each of the individuals executing this Lease on behalf of Lessee do hereby covenant and warrant that Lessee is a duly authorized and existing Entity, that Lessee has and is qualified to do business in the state in which the Premises are located, that the Entity has full right and authority to enter in to this Lease and that each and all of the individuals signing on behalf of the Entity are authorized to do so. Upon Lessor's request, Lessee will provide Lessor with evidence reasonably satisfactory to Lessor confirming the foregoing covenants and warranties.

21. **Subordination.** Lessee's interest hereunder will be subordinate to any Monetary Encumbrances on the Premises or Building except that no assignment or transfer of Lessor's rights hereunder to a lending institution as collateral security in connection with such Monetary Encumbrance and no foreclosure sale resulting from the default of Lessor in the performance of Lessor's obligations assumed in connection with such a Monetary Encumbrance will affect Lessee's right to possession, use and occupancy of the Premises so long as Lessee will not be in default under any of the terms and conditions of this Lease. If required by any mortgage lender to which Lessor applies for financing or refinancing, Lessee agrees to execute and acknowledge an instrument in recordable form which expressly

subordinates Lessee's interest hereunder to the interests of any mortgage lender and which includes those terms customarily required by such lenders (including an agreement to attorn to such lender).

22. **Estoppel Certificate:**

(a) Lessee will from time to time, upon not less than twenty (20) days' prior notice, submit to Lessor, or to any person designated by Lessor, a statement in writing certifying that this Lease is unmodified and in full force and effect (or if there have been modifications, identifying the same by the date thereof and specifying the nature thereof), that to the knowledge of Lessee no uncured default exists hereunder (or if such uncured default does exist, specifying the same), the dates to which Rental and other charges payable hereunder have been paid, and that Lessee has no claims against Lessor and no defenses or offsets to Rental except for the continuing obligations under this Lease (or if Lessee has any such claims, defenses or offsets, specifying the same).

(b) If Lessee fails to respond with twenty (20) days following a notice to Lessee containing a request by Lessor as herein provided, Lessee will be deemed to have given such certificate as above provided, without modification, and will be deemed to have admitted the accuracy of any information supplied by Lessor to a prospective purchaser or mortgagee and that this Lease is in full force and effect, that there are not uncured defaults in Lessor's performance, that the Security Deposit is as stated in the Basic Lease Provisions and that not more than one (1) month's Minimum Monthly Rental has been paid in advance.

23. **Force Majeure.** Either party will not be deemed in default for the nonperformance or for any interruption or delay in performance of any of the terms, covenants and conditions of this Lease if the same will be due to any labor dispute, strike, lock-out, civil commotion or like operation, invasion, rebellion, hostilities, military or usurped power, sabotage, governmental regulations or controls, inability to obtain labor, services or materials, or through act of God or causes beyond the reasonable control of the party, provided such cause is not due to the willful act or neglect of the party.

24. **Lessor's Liability.** Anything in this Lease to the contrary notwithstanding, the covenants, undertakings and agreements herein made on the part of Lessor are made and intended not as personal covenants, undertakings and agreements for the purpose of binding Lessor personally or the assets of Lessor, except Lessor's interest in the Premises, but are made and intended for the purpose of binding only Lessor's interest in the Premises, as the same may from time to time be encumbered. No personal liability or personal responsibility is assumed by nor will at any time be asserted or enforced against Lessor, or its legal representatives, successors and assigns on account of the Lease or on account of any covenant, undertaking or agreement of Lessor contained in this Lease.

25. **Environmental Matters:**

(a) **Representations, Warranties and Covenants of Lessor.**

(i) Lessor represents and warrants that to its knowledge, except as disclosed by Lessor to Lessee in writing prior to the execution of this Lease (or any predecessor lease between Lessor and Lessee if applicable), any use, storage, treatment, transportation, manufacturer, refinement, handling, production, or disposal of Hazardous Materials that may have occurred on the Premises during its ownership (and prior to Lessee's possession) of the Premises was in compliance with all Environmental Laws in effect at the time. Lessor further represents and warrants that to its knowledge no leak, spill, release, discharge, emission, or disposal of Hazardous Materials has occurred on the Premises during its ownership (and prior to Lessee's possession) of the Premises.

(ii) If, during the term of this Lease, the presence or a suspected presence of Hazardous Materials on, under, or adjacent to the Premises in excess of levels allowed by any Environmental Law (the "Contamination") is discovered, and Lessee is able to demonstrate to Lessor that such Contamination occurred during Lessor's ownership and prior to Lessee's possession) of the Premises and that Lessee did not use or permit the use of the discovered Hazardous Materials, or of any compound, element or mixture the same as, related to, or the potential source of, the Contamination, Lessor covenants that it will indemnify Lessee from any claims, judgments, damages, penalties, fines, expenses, liabilities (including sums paid in settlement of claims) or loss arising out of or in any way related to such Contamination. Such indemnity will include, without limitation, attorney fees, consultant fees, and expert fees, as well as costs incurred in connection with any investigation of such Contamination or any cleanup, remediation, removal, or restoration work required by any federal, state or local governmental agency or political subdivision or other third party directly relating to such Contamination.

(b) **Representations, Warranties and Covenants of Lessee.**

(i) Lessee represents and warrants that it is not the subject of any suit, administrative proceeding, or, to its current knowledge, any governmental inquiry concerning or relating to any Environmental Law regarding its operations at the Premises.

(ii) Lessee covenants that it will not use or permit the use of the Premises in a manner that violates any Environmental Law. Lessee will not cause or permit the release or disposal of any Hazardous Materials on or from the Premises.

(iii) Lessee covenants that it will allow Lessor and its agents access to the Premises to undertake such inspection, including sampling, as Lessor deems necessary to verify compliance with the terms of this Lease. Such a right on Lessor's part does not obligate Lessor to do so, and nothing in this Lease will be construed as making Lessor the operator of the Premises or otherwise responsible for Lessee's compliance with all Environmental Laws.

(v) Lessee covenants that it will defend, indemnify, and hold Lessor harmless from any claims, judgments, damages, penalties, fines, expenses, liabilities (including sums paid in settlement of claims) or loss arising out of or in any way related to a breach of its obligations set forth in this paragraph. Such indemnity will include, without limitation, reasonable attorney fees, consultant fees, and expert fees, as well as costs incurred in connection with any investigation of site conditions or any cleanup, remedial, removal or restoration work required by any federal, state or local governmental agency or political subdivision or other third party because of the presence or suspected presence of Hazardous Materials in the soil, ground water or soil vapor on or under the Premises where such presence or suspicion of presence of Hazardous Materials arises from Lessee's breach of subsection (ii) above.

(c) **Definitions.** The following definitions apply with respect to subparagraphs (a) and (b) above:

(i) **Environmental Laws:** All federal, state, and local laws, ordinances, rules, regulations, and policies in effect or hereafter adopted governing the use, storage, treatment, transportation, manufacture, refinement, handling, production, or disposal of Hazardous Materials.

(ii) **Hazardous Materials:** Any flammable substances, explosives, radioactive materials, medical wastes, hazardous materials, hazardous waste, toxic substances, pollutants,

pollution, or related materials that can damage the environment or pose a health or safety risk to persons or wildlife.

26. **General Provisions:**

(a) **Complete Agreement.** There are no oral agreements between Lessor and Lessee affecting this Lease, and this Lease may not be modified except by written instrument by the parties or their successors in interest. This Lease supersedes and cancels any and all previous negotiations, arrangements, brochures, agreements and other statements, if any, between Lessor and Lessee, or displayed by Lessor to Lessee with respect to the subject matter of this Lease. There are no representations between Lessor and Lessee, other than those contained in this Lease, and all reliance with respect to this Lease is fully upon such representations. Submission of this instrument for examination or signature by Lessee does not constitute a reservation of or option for the Lease, and this instrument is not effective as a Lease or otherwise until execution and delivery by both Lessor and Lessee.

(b) **Exhibits.** Exhibits attached hereto are incorporated herein and made a part of this Lease.

(c) **Recordation.** Neither Lessor nor Lessee will record this Lease without the prior written consent of the other party. However, upon request by either party, Lessor and Lessee will execute and acknowledge a Memorandum of this Lease for purposes of recording, and the recording fees therefor will be paid by the party requesting the Memorandum.

(d) **Waiver.** If either Lessor or Lessee waives the performance of any term, covenant or condition contained in this Lease, such waiver will not be deemed a waiver of any subsequent breach of the same or any other term, covenant or condition contained in this Lease. Furthermore, acceptance of Rental by Lessor will not constitute a waiver of any preceding breach by Lessee of any term, covenant, or condition of this Lease, regardless of Lessor's knowledge of such preceding breach at the time of Lessor's acceptance of such Rental. Failure by Lessor or Lessee to enforce any of the terms, covenants or conditions of this Lease for any length of time will not be deemed a waiver or decrease the right of Lessor or Lessee to insist thereafter upon the strict performance by the party violating any of the terms, covenants or conditions of this Lease. Waiver by Lessor or Lessee of any term, covenant or condition contained in this Lease may only be made by an original written document signed by the waiving party.

(e) **Time.** Time is of the essence of this Lease.

(f) **Severability.** If any term or provision of this Lease, the deletion of which would not adversely affect the receipt of any material benefit by either party hereunder, will be held to be invalid or unenforceable to any extent, the remainder of this Lease will not be affected thereby and each term and provision of this Lease will be valid and enforceable to the fullest extent permitted by law.

(g) **Notices.** All notices, consents and demands that may or are required to be given by either party to the other party pursuant to the terms of this Lease will be in writing and will be deemed given when actually received or 48 hours after having been deposited in United States certified or registered mail, postage prepaid, and addressed to Lessor or Lessee at the address respectively specified in the Basic Lease Provisions or such other place as Lessor or Lessee may, from time to time, designate in a notice to the other or, in the case of Lessee, delivered to Lessee at the Premises. Lessee hereby appoints as its agent to receive the service of all dispository or distraint proceedings and notices hereunder the

person in charge of or occupying the Premises at the time and if no person will be in charge or occupying the same, then such service may be made by attaching the same on the main entrance of the Premises.

(h) **Cumulative Remedies.** No remedy or election hereunder will be deemed exclusive, but will, whenever possible, be cumulative with all other remedies at law or in equity.

(i) **Successors and Assigns.** Subject to the provisions of paragraph 19 above, the terms, covenants and conditions contained herein will be binding upon and inure to the benefit of the heirs, successors, executors, administrators and assigns of the parties.

(j) **Costs of Suit.** In case suit or action is instituted in connection with this Lease, including an action to collect the rental that may become due hereunder, or any portion thereof, or an action to rescind this Lease, the losing party agrees to pay such sum as the trial court may adjudge reasonable as attorneys fees to be allowed the prevailing party in such suit or action and if any appeal is taken from any judgment or decree in such suit or action, the losing party agrees to pay such further sum as the appellate court will adjudge reasonable as prevailing party's attorney fees on such appeal.

(k) **Sale.** If the original Lessor or any successor in interest of Lessor in the Premises will sell or convey the Premises, all liabilities and obligations on the part of the original Lessor or such successor under this Lease accruing thereafter will terminate and thereupon all such liabilities and obligations will be binding upon the new owner.

(l) **Expiration.** All obligations of Lessee hereunder not fully performed as of the expiration or earlier termination of this Lease will survive the expiration or earlier termination.

(m) **Law Governing.** This Lease will be governed by the laws of the State of Washington and both parties hereby agree that the courts of the State of Washington will be the exclusive jurisdiction for the resolution of any disputes under this Lease.

(n) **Construction.** The paragraph headings of this Lease are not a part of this Lease and will have no affect on the construction or interpretation of any parts of this Lease. If the context so requires, the singular pronoun will be taken to mean and include the plural and generally all grammatical changes will be made, assumed, and implied to make the provisions hereof apply equally to corporations, partnerships, limited liability companies and individuals.

IN WITNESS WHEREOF, Lessor and Lessee have executed this Lease in duplicate effective as of the "Effective Date of Lease" set forth in the Basic Lease Provisions.

LESSEE:

Suncadia Water Company, LLC, a Washington limited liability company

By its _____, _____: _____
Title Printed name Signature

STATE OF OREGON)
) ss.

County of Multnomah)

On this day, before me, the undersigned, a Notary Public in and for the State of Oregon, duly commissioned and sworn, personally appeared _____, to me known to be the _____ of Suncadia Water Company, LLC, a Washington limited liability company, the company that executed the foregoing instrument, and acknowledged that the said instrument to be the free and voluntary act and deed of said company, for the uses and purposes therein mentioned, and on oath stated that _____ is authorized to execute the said instrument.

GIVEN under my hand and official seal this ____ day of _____, 2022.

Printed Name: _____
Notary Public in and for the State of Oregon
My commission expires: _____
My Commission expires: _____

LESSOR:

Suncadia Environmental Company, LLC, a Washington limited liability company

By its _____:

_____ <i>Title</i>	_____ <i>Printed name</i>	_____ <i>Signature</i>
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STATE OF OREGON)
) ss.
County of Multnomah)

On this day, before me, the undersigned, a Notary Public in and for the State of Oregon, duly commissioned and sworn, personally appeared _____, to me known to be the _____ of Suncadia Environmental Company, LLC, a Washington limited liability company, the company that executed the foregoing instrument, and acknowledged that the said instrument to be the free and voluntary act and deed of said company, for the uses and purposes therein mentioned, and on oath stated that _____ is authorized to execute the said instrument.

GIVEN under my hand and official seal this ____ day of _____, 2022.

Printed Name: _____
Notary Public in and for the State of Oregon
My commission expires: _____

EXHIBIT A

DESCRIPTION OF PREMISES

PARCEL A:

TRACT 3 OF LOT 1 OF THAT CERTAIN SURVEY RECORDED IN BOOK 20 OF SURVEYS, AT PAGE 110, UNDER AUDITOR'S FILE NO. 574819, BEING A PORTION OF THE NORTH HALF OF SECTION 11, TOWNSHIP 19 NORTH, RANGE 15 EAST, W.M., IN THE COUNTY OF KITTITAS, STATE OF WASHINGTON.

PARCEL B:

A NONEXCLUSIVE EASEMENT FOR INGRESS AND EGRESS DATED JULY 31, 1994 FROM WILLIAM R. GOODMAN AND RECORDED UNDER AUDITOR'S RECEIVING NUMBER 573772 AT VOLUME 357, PAGE 1154, RECORDS OF SAID COUNTY.

PARCEL C:

A NONEXCLUSIVE EASEMENT OVER AND ACROSS THAT CERTAIN 60 FOOT WIDE EASEMENT FOR INGRESS, EGRESS AND UTILITIES PURPOSES, RUNNING ALONG THE NORTH BOUNDARY OF TRACT 4 OF SAID LOT 1, AS SHOWN ON SAID SURVEY.

SITUATE IN THE COUNTY OF KITTITAS, STATE OF WASHINGTON.

APN/Parcel(s): 10991

EXHIBIT B

RENT ESCALATOR

The Minimum Monthly Rent will be adjusted upon the expiration of twelve (12) full calendar months after the Commencement Date of the term of this Lease and upon the expiration of each twelve (12) calendar month period thereafter, based upon increases or decreases in the Consumer Price Index for All Urban Consumers, CPIU, U.S. City Average, All Items (1982-84 equals 100) as published by the Bureau of Labor Statistics of the United States Department of Labor (the "CPI"). To determine the adjustment at the expiration of the initial twelve (12) month period and at the expiration of each twelve (12) month period thereafter, the initial Minimum Monthly Rent will be multiplied by a fraction, the numerator of which will be the CPI for the calendar month in which the initial twelve (12) months and each twelve (12) month period thereafter expires and the denominator of which will be the CPI for the calendar month immediately preceding the Commencement Date of this Lease (or the calendar month in which the term commenced if the first day of the term of this Lease was a day other than the first day of a calendar month) so that the CPI for the same calendar month is being compared at each such adjustment; provided, however, in no event will the Minimum Monthly Rent, as adjusted, be reduced below the initial rent. The adjusted rent, when so determined, will continue to the next succeeding adjustment date, when the Minimum Monthly Rent will again be redetermined. If the numerator of said fraction is not available at the time of the adjustment of the rent as provided herein, Lessee will continue to pay the Minimum Monthly Rent established for the immediately preceding period, and the parties will promptly adjust and pay over to the appropriate party any deficiency or overage upon request at such time as said numerator is available. If the CPI ceases to use the 1982-84 average equaling 100 as the basis of calculation, or if a change is made in the term or number of items contained in the CPI, or if the CPI is altered, modified, converted or revised in any other way, then the CPI will be adjusted by Lessor to the figure that would have been arrived at had the change in the manner of computing the CPI in effect at the date of this Lease not been altered. For the purpose of the above Minimum Monthly Rent adjustment, any period of free rent will not be taken into consideration.