



HILARY S. FRANZ
COMMISSIONER OF PUBLIC LANDS

GRAZING LEASE

Lease No. C1000106739

Section 1 Parties, Premises, Term, Use, and Payments

Lessor:

DEPARTMENT OF NATURAL RESOURCES (“State”)

SOUTHEAST REGION

(509) 925-8510

713 BOWERS RD

southeast.region@dnr.wa.gov

ELLENSBURG, WA 98926

Lessee:

SUCCESSFUL BIDDER (“Lessee”)

ADDRESS

CITY, STATE

1.01 Property Description. State hereby leases to Lessee, the following described property (“Premises”), subject to the encumbrances and reservations, if any, of: All of Section 36, Township 4 North, Range 14 East, W.M., Klickitat County, Washington. Premises is shown on map in Exhibit 2A.

1.02 Term. This Lease shall commence on August 1, 2024 (“Commencement Date”) and shall expire on July 31, 2034 (“Termination Date”).

1.03 Permitted Use, Rent, Taxes, and Assessments. The Lessee shall use the Premises for the Permitted Use(s) identified below and no other. Lessee shall pay rent, subject to adjustment as provided in this Section 1, on the due date and annually thereafter.

Period: August 1, 2024 - July 31, 2025			
Payment Due Date: August 1, 2024			
Permitted Uses/Payments	Acres	Description	Annual Amount
Wildlife Habitat	20.00		
Grazing	620.00		\$979.60
Payment Summary			Amount
Rent			\$979.60
Weed Assessment - Klickitat County			\$31.60
<u>Payment Required on Due Date</u>			\$1,011.20

In addition, Lessee shall pay to State a one-time bonus bid of \$_____ (amount proposed by successful bidder) due at the time of public auction.

Lessee shall pay all assessments, utilities, and taxes that may be charged against Lessee’s use of the Premises.

Commodity Program Payments. When State is eligible for payments for participation in the Direct and Counter-Cyclical Payment Program or other commodity programs under federal farm legislation, State’s share of payments for base acreage shall be the stated crop share percentage in this subsection if the Premises are farmed or in a crop rotation. If the Premises are not farmed or in a crop rotation, State’s share shall be 50% (including leasehold tax) of the commodity program payments, or as stated in any farm program contract(s) for the Premises.

1.04 Rent Adjustment. State shall adjust rent August 1, 2029; on the effective date of State’s approval of any new permitted use; and on the execution date of any new CRP contract or termination or expiration of any CRP contract (“Adjustment Date”). Adjusted rent in each of the foregoing circumstances shall be determined by State through an evaluation of fair market rental value. Failure on the part of State to establish a new rent by the Adjustment Date shall not preclude State from doing so then or thereafter, and the adjusted rent shall be retroactive to the Adjustment Date, unless otherwise provided by State.

Rent and all other sums payable by Lessee shall be paid without the requirement of prior notice or demand by State, and shall not be subject to any counterclaim, setoff, deduction or defense and without abatement. The obligations and liabilities of Lessee hereunder shall in no way be released, discharged or otherwise affected.

Section 2 Grazing Management

Lessee shall follow the Grazing Management requirements set forth in this section.

2.01 Native Bunchgrass Range Management: The Lessee's grazing management of native bunchgrass rangeland must meet the following requirements to maintain the vigor, condition and productive potential of these areas.

1. Graze each pasture no more frequently than once in three years during the *Critical Growth Period* for primary forage species.
2. Apply deferred grazing on each pasture a minimum of once in three years. (This means resting the pasture during the *Active Growth Period* and grazing it in the Dormant Period.)
3. *Forage Use* is restricted to grazing no more than half (50%) of current available growth during the *Active Growth Period*.
4. *Forage Use* is restricted to grazing no more than 60% of current available growth during the *Dormant Period*.

Definitions of words mentioned in *italics* above:

Active Growth Period: The start of forage plant growth in the spring to seed maturity in early summer (approximately March 1 to June 15).

Critical Growth Period: The last half of the Active Growth Period (approximately mid April to mid June). At this time, grass plants are committed to seed production and the growing points are elevated and vulnerable. Frequent grazing during this period reduces plant vigor.

Dormant Period: The period after seed maturity until the next spring (approximately from late June until March 1 the following year). Plants may have some green-up but are not actively growing.

Forage Use: Forage use is that portion of current growth available for grazing. It is measured in key areas at the end of a grazing period and shall represent the average use of the entire unit. It may be measured in key areas by a State representative using agency protocols.

The following calendar illustrates the three periods described above. These periods will vary based on the elevation of the pasture and annual climatic variations.

Jan	Feb	Mar	April	May	June	July	Aug	Sept	Oct	Nov	Dec
		Active Growth Period									
			Critical Period								
Dormant Period						Dormant Period					

2.02 Animal Units and Animal Unit Months. An Animal Unit Month (“AUM”) is the amount of forage required by an animal unit for 1 month. The Natural Resources Conservation Service (“NRCS”) uses 30 pounds of air-dry forage per day as the standard forage demand for a 1,000- pound cow and her calf. An Animal unit (“AU”) is one mature cow of approximately 1,000 pounds, either dry or with a calf up to six (6) months of age, or their equivalent. For purposes of unit equivalent per animal, the following ratios will apply:

Animal	Unit
Cow and Calf	1.00
Bull	1.00
Fall Calf	0.50
Horse	1.50

Animal	Unit
Cow	1.00
Yearling	0.66
Two Year Old	1.00
Ewe or Ram	0.20

2.03 Adaptive Grazing Management. If Grazing Management requirements cannot be followed due to any climatic variations, unforeseen events, or other land management activities that lead to changes in forage production, changes to grazeable woodland health, or deteriorating rangeland, Lessee must receive authorization from State Land Manager regarding any proposed changes prior to any grazing activity.

2.04 Livestock Feeding. Feeding livestock is **not** acceptable in the following situations: 1) in a confined area, 2) as a feed lot, or 3) to exceed proper grazing levels. Very limited supplemental feeding may be used as a management tool, to improve livestock distribution.

2.05 Salting. Lessee shall place salt or mineral supplements a minimum of 500 feet away from all water sources, riparian areas, and fencing. When available salt or mineral supplements shall be placed on very shallow sites or rock outcrops.

2.06 Record Keeping. Lessee shall compile and maintain records of the number and class of livestock and on and off dates for each State pasture annually, as shown on State’s Form 100, Exhibit 2B. Lessee shall provide these records to the state within thirty (30) days of request.

2.08 Weed Control. Lessee shall control all noxious weeds on all lands under this Lease consistent with applicable laws. Lessee shall be responsible for, and shall reimburse State for, any noxious weed control costs incurred as a result of Lessee’s failure to control.

2.20 Cultural Resources Management. If ground disturbing activities associated with development of the lease parcel expose cultural resources, all work will cease in that location and Lessee shall notify State.

2.21 Federal Farm Program. If Lessee is enrolled in any federal farm program at any time during the lease term, Lessee shall conform to United States government federal farm program requirements as they now exist, or as they may be amended, to maintain eligibility related to program participation. Deviations from such programs are permissible only if allowed, in advance, in writing by State. Participation in any land retirement program must have prior written approval from State.

Additional Resource Management Plan Clauses:

Water Development: The Lessee shall maintain the livestock watering facilities identified as stock ponds in SE1/4 SE 1/4 and NW 1/4 NW 1/4. The water developments are intended to improve or maintain stream channel and riparian conditions. This is done by collecting water and piping it to watering facilities away from riparian areas.

Conservation Wildlife Habitat. Lessee shall maintain the existing 20 acres of native vegetation to provide wildlife habitat and cover.

WEED MANAGEMENT

Noxious Weed Control: The Lessee shall prevent noxious weed infestations by applying management practices which discourage their establishment or spread. The Lessee shall detect and control the invasion of new noxious weeds. Noxious weeds will be controlled using appropriate mechanical, biological and chemical treatments that meet the requirements of state and federal law.

The Lessee shall use Integrated Pest Management (IPM) to control weeds. This means using a coordinated decision-making and action process that considers all weed management methods and strategies, and applies them in an environmentally and economically sound manner to meet weed management objectives. The elements of integrated pest management for weeds include:

1. Preventing weed problems;
2. Monitoring for the presence of weed species;
3. Establishing the density of the weed population (which may be zero) that can be tolerated;
4. Treating weed problems to reduce their populations below the tolerable threshold, using strategies that may include biological, cultural, mechanical, and chemical control methods, and that consider human health, ecological impact, feasibility

and cost-effectiveness; and

5. Evaluating the effects and efficacy of weed control treatments.

Section 3 General Provisions

3.01 Condition of Premises and State Owned Improvements. Lessee accepts the Premises and improvements “as is, where is.” Lessee has inspected the Premises and improvements on the Premises and acknowledges that they are in good and tenable condition and suitable for the Permitted Use. The State has no obligation to make any repairs, additions, or improvements to the Premises or improvements and expressly disclaims any warranty that they are suitable for such Permitted Use. With respect to Lessee’s use of the Premises, Lessee shall, at its sole cost and expense, keep and maintain the Premises and all improvements thereon and all facilities appurtenant thereto (regardless of ownership) in good order and repair and safe condition for the safe conduct of any activities or enterprises conducted on the Premises pursuant to this Lease, and keep and maintain the Premises, including all improvements in a clean, sanitary and attractive condition.

3.02 Limitations on Use. In connection with Lessee’s use of the Premises, Lessee shall:

- (a) Conform to all applicable laws, rules and regulations of any public authority affecting the Premises, including crops grown on the Premises. The Lessee shall provide to State, within ten (10) days of receipt of same, a copy of any notice received from any public authority which indicates that Lessee is not in compliance with applicable laws, rules and regulations. In addition, Lessee shall bear, at Lessee’s sole expense, any costs associated with bringing the Premises and crops into compliance, including any attorneys' fees, costs, fines or penalties;
- (b) Remove no valuable material or timber, without prior written approval of State;
- (c) Take all reasonable precautions to protect the Premises from fire, and make every effort to report and suppress such fires as may occur;
- (d) Lessee shall be solely responsible for securing and maintaining any licenses, permits or approvals necessary for Lessee’s activities on the Premises;
- (e) Use only electric fences approved by Underwriters Laboratories;
- (f) Not live, reside, or permit others to live or reside on the Premises without prior written approval from State.

3.03 Interest Penalty for Past-Due Rent and Other Sums Owed. Lessee shall pay interest at the rate of one percent (1%) per month (or at such higher rate as may be authorized by statute after the Commencement Date), until paid, on rent or other sums owing under the terms of this Lease, commencing the date such rent or other sum is due and payable. In the event State pays any sum or incurs any expense which Lessee is obligated to satisfy or pay under this Lease, or which is made on behalf of Lessee, State shall be entitled to receive reimbursement thereof from Lessee upon demand, together with interest thereon from the date of expenditure at the rate stated above.

3.04 Right to Inspect. State may at any time enter and inspect the Premises and improvements constructed thereon. In addition, Lessee shall allow State's employees access to buildings and facilities during regular business hours of Lessee's operations or at other times as may be requested by State.

3.05 Access. The State reserves the right to grant easements to others and build roads on the Premises. Lessee may not construct new roads or undertake any modification or alteration to existing roads without the prior written consent of State.

3.06 Uses. State reserves the right to lease the Premises for other uses that will not interfere with Lessee's Permitted Use. State further reserves the right to sell, lease, or otherwise dispose of valuable materials in a manner consistent with Lessee's right to use the Premises for its Permitted Use.

3.07 Public Hunting, Fishing, and Nonconsumptive Wildlife Activities. The Premises shall be open and available to the public for purposes of hunting, fishing, and nonconsumptive wildlife and other activities, unless closed to public entry because of fire hazard or a closure is authorized in writing by State, as provided in RCW 79.10.125. When closure is authorized by State, Lessee shall post the Premises with approved signs to inform the public of such closure. Lessee is not required to post signs when the closure is for fire hazard.

3.08 Early Termination. State may terminate this lease on one hundred eighty (180) days' written notice if State includes the Premises in a plan for higher and better use, land exchange, or sale. State will provide written documentation along with the notice, demonstrating that the State has included the leased land in a plan for higher and better use, land exchange, or sale. Lessee will be allowed to use the Premises for the remainder of the current grazing season. State will compensate Lessee as provided under RCW 79.13.420, as may be amended or recodified during the term of this lease. State's compensation of Lessee shall be Lessee's sole financial remedy based on State's early termination for a higher and better use, land exchange, or sale.

State may terminate this lease upon Lessee's written request if Lessee has satisfied all outstanding rents, duties, and obligations.

3.09 Indemnity. To the fullest extent permitted by law, Lessee shall indemnify, defend, and hold harmless State, agencies of State, and all officials, agents, and employees of State, from and against any and all claims, including claims by Lessee's employees, agents, and contractors, arising out of or resulting from any act or omission of Lessee, or its agents, employees, and contractors, while operating under this lease or at the Premises. "Claims" as used in this subsection means any financial loss, claim, suit, action, damage, or expense, including but not limited to attorney's fees, attributable to bodily injury, sickness, disease, or death, or injury to or destruction of tangible property including loss of use resulting therefrom. Lessee's obligation to indemnify, defend, and hold harmless State shall not be eliminated or reduced by any actual or alleged concurrent negligence of State or its agents, agencies, employees, and officials. Lessee waives its immunity under Title 51 to the extent it is required to indemnify, defend, and hold harmless State and its agencies, officials, agents, or employees.

3.10 Insurance.

- (a) Lessee shall at all times during the term of the lease, at its expense, buy and maintain insurance of the types and amounts listed below. Failure to buy and maintain the required insurance is a breach of this lease. All insurance and surety bonds should be issued by companies admitted to do business within the State of Washington and have a rating of A-, Class VII or better in the most recently published edition of Best's Reports. If an insurer is not so admitted, all insurance policies and procedures for issuing the insurance policies must comply with RCW 48.15 and WAC 284-15.

Before starting work under this lease, Lessee shall, at State's request, furnish State at its Region Office with a certificate(s) of insurance, executed by a duly authorized representative of each insurer, showing compliance with the insurance requirements under this lease.

State shall be provided written notice before cancellation or non-renewal of any insurance referred to in the certificate(s), in accordance with the following specifications:

- (1) Insurers subject to RCW 48.18 (Admitted and Regulated by the Insurance Commissioner): The insurer shall give forty-five (45) days advance notice of cancellation or non-renewal. If cancellation is due to non-payment of premium, State shall be given ten (10) days advance notice of cancellation.
- (2) Insurers subject to RCW 48.15 (Surplus lines): The State shall be given twenty (20) days advance notice of cancellation. If cancellation is due to non-payment of premium, State shall be given ten (10) days advance notice of cancellation.

Sublessee(s) must comply fully with all insurance requirements stated herein. Lessee shall include all sublessee(s) as insureds under all required insurance policies, or shall furnish separate certificates of insurance and endorsements for each sublessee. Failure of sublessee(s) to comply with insurance requirements does not limit Lessee’s liability or responsibility. State, its elected and appointed officials, agents and employees shall be named as an additional insured on all general liability, excess, umbrella and property insurance policies. All insurance provided in compliance with this lease shall be primary as to any other insurance or self-insurance programs afforded to or maintained by State. Lessee waives all rights against State for recovery of damages to the extent those damages are covered by general liability or umbrella insurance maintained pursuant to this lease. If Lessee is self-insured, evidence of its self-insured status shall be provided to State, and upon receipt by State, shall be automatically incorporated into this lease. If requested by State, Lessee shall describe its financial condition and the self-insured funding mechanism. By requiring insurance herein, State does not represent that coverage and limits will be adequate to protect Lessee. Such coverage and limits shall not limit Lessee’s liability under the indemnities and reimbursements granted to State in this lease.

The limits of insurance, which may be increased by State, as deemed necessary, shall not be less than as follows:

Commercial General Liability Insurance.

Description	Commercial General Liability Insurance
General Aggregate Limit	\$1,000,000
Each Occurrence Limit	\$500,000

Lessee shall maintain commercial general liability (“CGL”) insurance and, if necessary, commercial umbrella insurance, with a limit of not less than the amounts listed above per each occurrence. If such CGL insurance contains aggregate limits, the General Aggregate limit shall be at least twice the “each occurrence” limit. CGL insurance shall have products-completed operations aggregate limit of at least two times the “each occurrence” limit. CGL insurance shall be written on Insurance Service Office (“ISO”) occurrence form CG 00 01 (or a substitute form providing equivalent coverage). All insurance shall cover liability arising out of Premises, operations, fire liability, independent contractors, sublessees, products-completed operations, personal injury, and advertising injury and liability assumed under an insured contract (including the tort liability of another party assumed in a business contract) and contain separation of insureds (cross liability) condition.

Employer's Liability Insurance and Workers' Compensation Insurance. Lessee shall buy employer's liability insurance and, if necessary, commercial umbrella liability insurance with limits not less than \$1,000,000 each accident for bodily injury by accident or \$1,000,000 each employee for bodily injury by disease. Lessee shall comply with all State of Washington workers' compensation statutes and regulations. Workers' compensation coverage shall be provided for all employees of Lessee and employees of any sublessees. Coverage shall include bodily injury (including death) by accident or disease, which arises out of or in connection with the performance of this lease. Except as prohibited by law, Lessee waives all rights of subrogation against State for recovery of damages to the extent they are covered by workers' compensation, employer's liability, commercial general liability or commercial umbrella liability insurance. If Lessee or sublessee fails to comply with all State of Washington workers' compensation statutes and regulations and State incurs fines or is required by law to provide benefits to or obtain coverage for such employees, Lessee shall indemnify State. Indemnity shall include all fines, payment of benefits to Lessee, sublessees, and employees, or their heirs or legal representatives, and the cost of effecting coverage on behalf of such.

Business Auto Policy. Lessee shall maintain business auto liability insurance and, if necessary, commercial umbrella liability insurance, with a limit not less than \$1,000,000 per accident. Such insurance shall cover liability arising out of "Any Auto". Business auto coverage shall be written on ISO form CA 00 01 or substitute liability form providing equivalent coverage. If necessary, the policy shall be endorsed to provide contractual liability coverage and cover a "covered pollution cost or expense" as provided in the 1990 or later editions of CA 00 01. Lessee waives all rights against State for the recovery of damages to the extent they are covered by business auto liability insurance or commercial umbrella liability insurance.

- (b) In the event of any loss, damage or casualty which is covered by one or more of the types of insurance described herein, the parties to this lease shall proceed cooperatively to settle the loss and collect the proceeds of such insurance, which shall be held in trust by State, including interest earned by State on such proceeds, for use according to the terms of this lease. The parties agree that such insurance proceeds shall be used to repair and restore damaged improvements to their former condition and usefulness or replacement of the same with equivalent or more suitable improvements.

When sufficient funds are available, using insurance proceeds described above, the parties shall continue with reasonable diligence to prepare plans and specifications for, and thereafter carry out, all necessary work to:

- (1) Repair and restore damaged building(s) and/or improvements to their former condition, or

- (2) Replace said building(s) and/or improvements with a new building(s) and/or improvements on Premises of a quality and usefulness at least equivalent to, or more suitable than, damaged building(s) and/or improvements.

3.11 Waste. Lessee shall not cause or permit any filling activity to occur in or on the Premises, except as approved by State. Lessee shall not deposit refuse, garbage, or other waste matter, or use, store, generate, process, transport, handle, release, or dispose of any hazardous substance or other pollutants, in or on the Premises except in accordance with all applicable laws.

The term hazardous substance means any substance or material as those terms are now or are hereafter defined or regulated under any federal, state, or local law, including but not limited to the Comprehensive Environmental Response, Compensation, and Liability Act (“CERCLA”), 42 U.S.C. § 9601 *et seq.*, as administered by the U.S. Environmental Protection Agency or the Washington Model Toxics Control Act (“MTCA”), RCW 70A.305, as administered by the State Department of Ecology.

Lessee shall immediately assume responsibility for a hazardous substance release (spill) caused by Lessee or its employees, sublessees, agents, assigns, authorized users, contractors, subcontractors, licensees, or invitees (“Permittees”) on or adjoining the Premises.

As responsible party, Lessee shall:

- (a) Immediately notify all necessary emergency response agencies, as required under federal, state, and local laws, regulations, or policies.
- (b) Following emergency response agency notifications, notify State (Department of Natural Resources) of all spill releases and Lessee actions completed for spill reporting and actions planned or completed toward spill cleanup. State notification requirements are “same business day” notification for normal state work days and “next available business day” notification for weekends and holidays.
- (c) At Lessee’s sole expense, conduct all actions necessary to mitigate the spill release. Mitigation response actions may include, but are not necessarily limited to, initial release containment, follow-up site cleanup and monitoring actions, and continued contact and coordination with regulators and State, as defined under the aforementioned laws, regulations, and policies, and this lease.
- (d) Other than performing initial emergency response cleanup/containment actions, obtain approvals in advance of all site cleanup actions (e.g. site characterization investigations, feasibility studies, site cleanup and confirmation sampling, and

groundwater monitoring) conducted on State lands, in coordination with regulatory agencies and State.

- (e) Obtain and understand all necessary hazardous substance spill release notification and response mitigation requirements, in advance of conducting Lessee operations on State land.

Lessee shall be fully and completely liable to State, and, to the extent permitted by law, shall indemnify, defend (with counsel acceptable to State), and save harmless State and its employees, officers, and agents with respect to any and all damages, costs, fees (including attorney's fees and costs), penalties (civil and criminal), and cleanup costs assessed against or imposed as a result of Lessee's use, disposal, transportation, generation, and/or sale of hazardous substances or that of Lessee's Permittees and for any breach of this subsection.

3.12 Condition of Premises at End of Lease. Prior to vacating the Premises, Lessee shall leave the Premises and improvements described in Exhibit 3A of this Lease to which State has elected to claim title in the state of repair and cleanliness required to be maintained by Lessee during the term of this Lease.

3.13 Sublease and Assignment. Lessee shall not sublease the Premises in whole or in part without prior written approval of State. Lessee shall obtain sublessee's agreement to be bound by the terms and conditions of this Lease and any amended terms. Lessee shall remain fully liable for its obligations under this Lease, including but not limited to payment of rent and other sums due in accordance with the terms of this Lease.

State may assign this Lease at State's option. Lessee shall not assign, hypothecate, mortgage, encumber, transfer, or otherwise alienate this Lease or any interest therein, or engage in any other transaction which has the effect of transferring or affecting the rights of enjoyment of the Premises without prior written approval of State. Each permitted assignee or transferee of Lessee shall assume all obligations under this Lease occurring after the date of assignment, including any amended terms. Lessee shall remain liable for any obligations occurring prior to the date of assignment. Lessee shall be jointly and severally liable with the assignee or transferee for all obligations under this Lease occurring after the date of assignment with respect to those obligations that exist as of the date of assignment unless released in writing by State. State at its option may release Lessee from all but those terms and conditions of this Lease that survive termination of this Lease. Unless released in writing, Lessee's obligations shall continue in full force and effect until the Termination Date. State may require reimbursement for any additional administrative costs resulting from the assignment.

State's approval of a sublease or an assignment shall not constitute a waiver of State's right to approve or disapprove subsequent subleases or assignments. State's acceptance of payment or performance shall not constitute consent to any sublease or assignment and State's approval shall be evidenced only by writing.

3.14 Name Change. If during the term of this Lease Lessee changes its name, Lessee shall provide State with documentation legally supporting the change within sixty (60) days of the effective date of the change.

3.15 Authorized Improvements. No improvement shall be placed on the lease premises without the prior written consent of the State. Consent shall be granted through this lease or a written Letter of Authorization issued by the State. Unauthorized improvements shall either be removed by the Lessee without damage to the lease premises, removed by the State at the Lessee's expense, or become the property of the State, at the State's option.

All improvements currently on the lease premises belong to the State except those authorized improvements which, if any, are listed in Exhibit 3A. Exhibit 3A may be supplemented with a Letter of Authorization issued by the State, for the purpose of authorizing additional improvements to the lease premises during the term of this lease. Letters of Authorization shall be cumulative and become addenda to Exhibit 3A when determining the sum of all authorized improvements.

3.16 Disposition of Authorized Improvements. Upon the expiration or earlier non-default termination of this Lease, all improvements shall belong to State as provided in RCW 79.13.050 without compensation to Lessee, except for those authorized improvements set forth in Exhibit 3A and all subsequent Letters of Authorization, which are identified within those exhibits as remaining in Lessee's ownership after expiration of the lease; provided however, all improvements set forth on Exhibit 3A and all subsequent Letters of Authorization and all crops shall be forfeited and become the property of State upon cancellation of this Lease for default.

If Lessee has been authorized by this Lease to retain ownership of improvements beyond the expiration of this Lease and Lessee is not issued a new lease at expiration, State will elect one of the following options:

- (a) State shall purchase such improvements;
- (b) State shall offer the premises and all improvements for lease or sale at public auction; or,
- (c) Lessee shall remove such improvements within, and in no case later than, sixty (60) days after expiration of the lease, provided that any improvements remaining thereafter shall belong to State.

If the value of improvements to remain the property of Lessee is not set forth in Exhibit 3A and agreement cannot be reached between State and Lessee on the value of such improvements in order for State to exercise option (a) or (b) in the preceding paragraph, a review board of appraisers consisting of three (3) individuals will be formed to determine the fair market value of the improvements as defined in RCW 79.13.160. These individuals must have expertise in the fields of agriculture germane to the permitted use of the Premises to serve on this review board. Per RCW 79.13.160, said review board shall be made up of one (1) member appointed by State,

whose expenses shall be borne by State, one (1) member appointed by Lessee, whose expenses shall be borne by Lessee, and one (1) member to be appointed by the two aforementioned members, whose expenses shall be shared equally by Lessee and State. The majority decision of the review board shall determine the value of such improvements; and, the review board shall report its findings to State and Lessee.

The review board of appraisers shall determine the value of the improvements, by owner, and the value of the land; and, state the distinct values which, when added together, constitute the traditional fair market value of the assets.

Under option (b) above, State shall, upon determination of the value of the improvements, offer the Premises for lease or sale at public auction, with improvements. The value of such improvements shall be collected at the time of public auction and the money so collected shall be remitted to Lessee, less any damages or waste committed upon such lands or State-owned improvements and other obligations due from the Lessee. Lessee shall execute a bill of sale or other instrument requested by State showing transfer of title to the improvements immediately upon State's request following the determination of value and prior to transfer of funds due Lessee for the improvements as set forth herein.

In the event the Premises are not leased and improvements are not sold following public auction, then Lessee shall have sixty (60) days to remove the authorized improvements, after which time all improvements remaining on the Premises shall belong to State.

3.17 Removal of Improvements during Lease. During the term of this Lease, authorized improvements owned by Lessee may be removed by Lessee upon the prior written approval of State. The Lessee shall be liable for any and all rents and any and all damage to the Premises or any improvement belonging to State resulting from such removal.

3.18 Surety Bond. At State's request, Lessee shall obtain a surety bond, cash deposit, certificate of deposit, savings account assignment, performance bond issued by a company acceptable to State, or letter of credit in an amount established by State, to guarantee performance of all obligations under this Lease, including but not limited to payment of liquidated damages as may be required under subsection 3.22 and completion of construction, development, rehabilitation, or removal of any improvements costing in excess of \$2,500.

3.19 Nonwaiver. Waiver by State of strict performance of any provision of this Lease shall not be a waiver of nor prejudice State's right to require strict performance of the same provision in the future or of any other provision. The acceptance of performance, rent, or any other sum owing, by State following a breach by Lessee of any provision of this Lease shall not constitute a waiver of any right of State with respect to such breach and State shall be deemed to have waived any right hereunder only if State shall have expressly done so in writing.

3.20 Attorney Fees. In the event either party shall institute any proceedings to enforce any term or provision of this Lease, then the prevailing party shall be entitled, in addition to all other awards made in connection with the action, its reasonable fees, costs, and expenses, including attorneys' fees and costs, actually incurred.

3.21 Liens. State may file and maintain during the term of this lease landlord or crop liens in order to secure any payment or obligation under this lease. Lessee shall not suffer or permit any lien to be filed against State's interest in the Premises, or improvements or crops growing thereon, by reason of work, labor, or services, performed by or through, or materials supplied to, Lessee. If any such lien is filed, Lessee shall immediately cause the lien to be discharged of record, but in no case later than thirty (30) days after the date of filing or creation of such lien unless other arrangements are approved in writing by State in advance.

3.22 Liquidated Damages. Failure to comply with any requirement of Section 2 Grazing Management shall be grounds for liquidated damages and default. Lessee's failure to comply with Grazing Management requirements will result in substantial injury to State by harming the landscape and disrupting State's prudent management of the land. State and Lessee agree that the harm caused by noncompliance with Grazing Management requirements are difficult to assess and not readily ascertainable. Therefore, Lessee agrees to pay State as liquidated damages the sum of \$500.00 for each instance of noncompliance, provided, however, that liquidated damages for grazing earlier or later than allowed under the grazing schedule shall be \$500.00 or the value determined by using the following formula:

$(AU) \times (NCT) \times (AUM \text{ Fee})$, whichever is greater.

Where: AU = Animal unit as defined in subsection 2.02

NCT = Non-compliance time expressed as: whole and/or portion of months in non-compliance, dependent on number of days in non-compliance month.

Example: Non-compliance beginning May 16 through June 30; $NCT = 16/31 + 30/30 = 0.52 + 1$ or 1.52 months.

AUM Fee = Animal Unit Month Fee is the value used to determine Lessee's rent and reflects the charge per animal unit month of grazing. If Lessee's rent is not based on an AUM Fee, for the purpose of determining liquidated damages, AUM Fee shall mean the State AUM Fee as determined by DNR and in effect at the time of Lessee's noncompliance.

3.23 Default. If Lessee defaults on any requirement of this Lease, whether material or not, State may terminate this Lease after Lessee has been given thirty (30) days' notice of the default and such default has not been corrected within that time. If Lessee has more than one default during the term of this Lease, whether of the same or different lease requirements and whether the default is material or not, State may terminate this Lease without regard to whether Lessee cured or cures the defaults within the thirty day cure period. With or without terminating this Lease, State may seek damages for any and all defaults and reenter the Premises and take whatever action may be necessary or advisable to relet, protect, or preserve the Premises. State

may store any property it removes from the Premises in a public warehouse or other suitable place or otherwise dispose of the property, at the expense and for the account of Lessee. State shall not be responsible for any damages or losses suffered by Lessee as a result of such reentry, removal, storage, or other disposition, and none of this action shall be construed as an election to terminate this Lease unless a written notice of termination is given to Lessee. The remedies provided for in this Lease shall not be exclusive but are in addition to all other remedies available by law.

3.24 Survival. All obligations of Lessee to be performed prior to the expiration or earlier termination of this Lease shall not cease upon the termination or expiration of this Lease, and shall continue as obligations until fully performed. All clauses of this Lease which require performance beyond the termination or expiration date shall survive the termination or expiration date of this Lease. However, upon expiration or earlier termination of this Lease, the rights of Lessee and of all persons, firms, corporations, and entities claiming under Lessee in and to the Premises and all improvements thereon, unless specified otherwise in this Lease, shall cease.

3.25 Force Majeure. Lessee's failure to comply with or delayed compliance with any obligations under this Lease shall be excused only if due to causes entirely beyond Lessee's control and without the fault or negligence of Lessee, including riots, insurrections, martial law, civil commotion, war, fire, flood, earthquake, or other casualty or acts of God. Obligations shall be excused only for the period of delay.

3.26 No Partnership. State is not a partner or joint venturer with Lessee in relation to this Lease or otherwise and shall not be obligated on Lessee's debts or liabilities.

3.27 Condemnation. If any public authority under the power of eminent domain takes all of the Premises, this Lease will terminate as of the date the public authority, pursuant to the condemnation, takes possession. If any part of the Premises is so taken and, in the opinion of either State or Lessee, it is not economically feasible to continue this Lease in effect, either party may terminate this Lease. Such termination by either party will be made by notice to the other given not later than thirty (30) days after possession is so taken, the termination to be effective as of the latter of thirty (30) days after said notice or the date possession is so taken. If part of the Premises is so taken, and neither State nor Lessee elects to terminate this Lease, or until termination is effective, as the case may be, the rent will be abated in the same proportion as the portion of the Premises so taken bears to the whole of the Premises. All damages awarded for the taking or damaging of all or any part of the Premises, or State-owned improvements thereon, shall belong to and be the property of State, whether made as compensation for diminution in value of the leasehold, for the taking of the fee, or for severance damages, and Lessee hereby assigns to State any and all claims to the award, but nothing herein contained shall be construed as precluding Lessee from asserting any claim Lessee may have against the public authority for disruption or relocation of Lessee's business on the Premises.

3.28 Numbering. Section and subsection numbers, headings, or titles are for convenience only and are not to be construed to limit or to extend the meaning of any part of this Lease.

3.29 Time of Essence. Time is expressly declared to be of the essence of this Lease and each and every covenant of Lessee hereunder.

3.30 Amendments and Alterations. Amendments and alterations to this Lease shall be in writing and shall be signed by both State and Lessee. Neither State nor Lessee shall be bound by verbal or implied agreements.

3.31 Entire Agreement. This written Lease or its successor or replacement contains the entire agreement of the parties hereto with respect to the matters covered hereby, and no other agreement, statement, or promise made by any party hereto, or to any employee, officer or agent of any party hereto, which is not contained herein, shall be binding or valid.

3.32 Discrimination. Lessee shall not conduct or suffer any business upon the Premises which unlawfully discriminates against any person on the basis of race, color, creed, religion, sex, age, or mental or physical disability or which otherwise violates applicable civil rights and anti-discrimination requirements, including but not limited to RCW 49.60.

3.33 Proprietary Information/Public Disclosure. All materials or information provided to State by Lessee shall become public records within the meaning of the Public Records Act, RCW 42.56, and are subject to disclosure to the public unless an exemption applies.

3.34 Exhibits. Exhibits referenced in this Lease, including those which may be added during the term of this Lease, are incorporated by reference and are to be considered terms of this Lease.

3.35 Notices and Submittals. Any notice, payment, or submittal given under this lease shall be deemed as received: upon delivery by hand; five (5) days after deposit in the United States mail with first-class postage affixed and sent to the addresses listed below; or, when sent by email, on the next business day. Changes of address shall immediately be given in accordance with this subsection. All payments required under this lease shall be submitted to State at its Division office. Any notice or submittal given under this lease shall be sent to State at its Region Office.

Send payment to Division Office:
Department of Natural Resources
Financial Management Division
PO Box 47041
Olympia, WA 98504-7041

Send notice and/or submittals to Region Office:
Department of Natural Resources
Southeast Region
713 Bowers Rd
Ellensburg, WA 98926
southeast.region@dnr.wa.gov

To Lessee: At the address affixed with Lessee's signature or Lessee's last known address.

3.36 Access to Livestock During Wildfire. State shall make every reasonable effort to accommodate Lessee's request to retrieve or care for livestock legally on the Premises that are at risk due to wildfire. State may prohibit Lessee and Lessee's employees or agents from retrieving or caring for livestock legally on the Premises during any fire suppression response if reasonably necessary to prevent interference with a direct, active fire response. Lessee assumes full liability for any damages incurred to Lessee and Lessee's employees and agents in Lessee's charge related to Lessee's and Lessee's employees' and agents' efforts to retrieve or care for livestock during the time of a fire suppression response by the State affecting the Premises. The State of Washington, the Department of Natural Resources, and other political subdivisions of the state shall not be liable for any direct or indirect adverse impacts, including injury or death, resulting from State's reasonable efforts to accommodate Lessee's or Lessee's employees' or agents' retrieval or care for animals or Lessee's or Lessee's employees or agents accessing the Premises to retrieve or care for livestock during the time of a fire suppression response by State affecting the Premises. State does not guarantee access if restricted by other agencies or jurisdictions involved with fire suppression response.

SUCCESSFUL BIDDER

Dated: _____, 20____.

Signatory

Address:
_____ ,

Phone:

UBI No:



**STATE OF WASHINGTON
DEPARTMENT OF NATURAL RESOURCES**

Dated: _____, 20____.

JOEL PEREZ
Assistant Region Manager, Agriculture
Southeast Region

Approved as to form
June 9, 2022
by Adrienne Smith,
Senior Counsel
Office of the Attorney General

**NOTARIAL CERTIFICATE
ACKNOWLEDGMENT IN A REPRESENTATIVE CAPACITY**

STATE OF WASHINGTON)
)ss
COUNTY OF KITTITAS)

On this _____ day of _____, 20____, personally appeared before me JOEL PEREZ, to me known to be the Assistant Region Manager, Agriculture, Southeast Region, of the Department of Natural Resources, State of Washington, who executed the within and foregoing instrument on behalf of the State of Washington, and acknowledged said instrument to be the free and voluntary act and deed of the State of Washington for the uses and purposes therein mentioned, and on oath stated that they were authorized to execute said instrument and that the seal affixed is the official seal of the Commissioner of Public Lands for the State of Washington.

IN WITNESS WHEREOF, I have hereunto set my hand and seal the day and year first above written.

(Seal or Stamp)

NOTARY PUBLIC in and for the
State of _____

My appointment expires _____

EXHIBIT 1A
Encumbrances

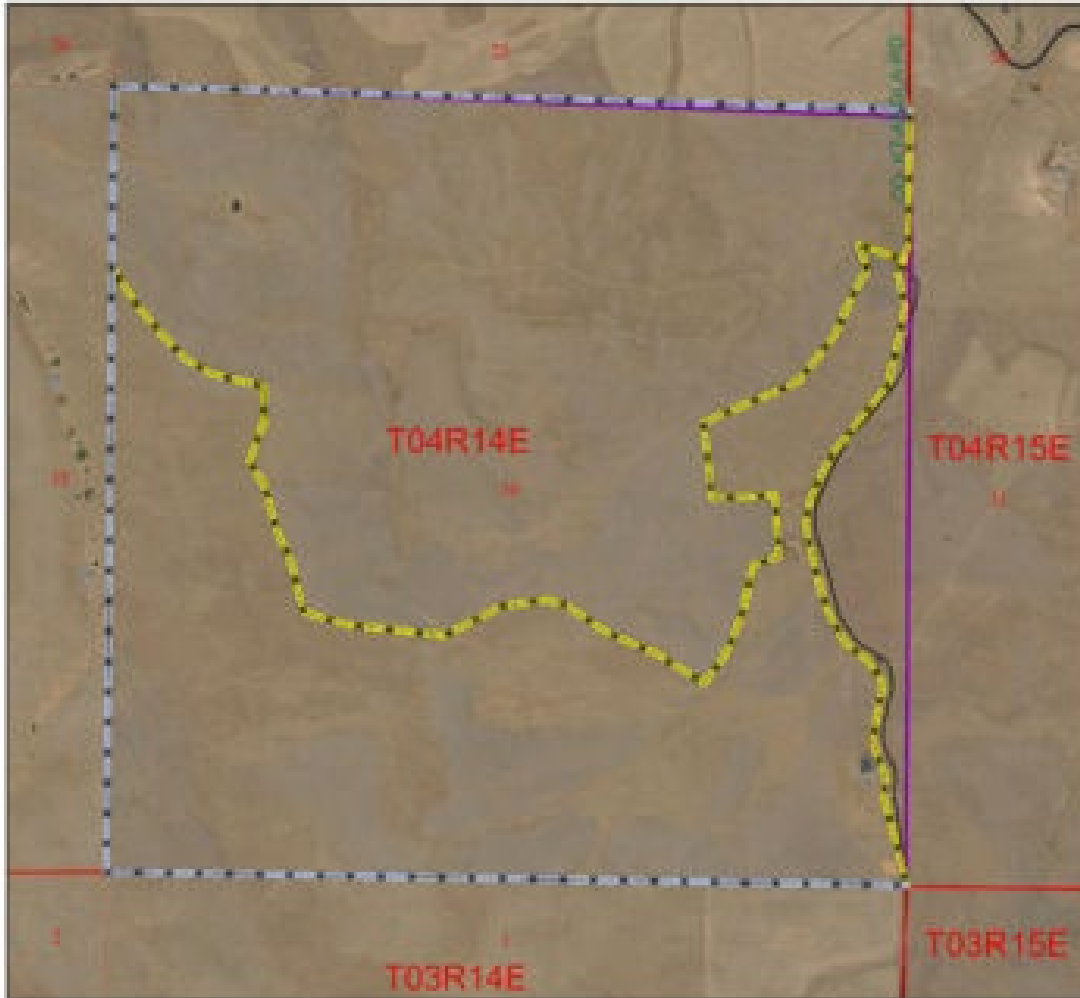
Subject to easement for right of way for county road heretofore granted under Application No. 50-CR0069, for an indefinite term.

Subject to easement for right of way for heretofore granted for overhead transmission line under Application No. 50-019645, for an indefinite term.

Subject to the rights of the holder of Department of Natural Resources Water Rights File No. 78-003150, filed on March 13, 1973.

Subject to assessments imposed by Klickitat County Noxious Weed Board or any entity properly authorized to assess property.

**EXHIBIT 2A
Map of Premises**



Legend

Fence	USFWS National Wetlands Inventory	Swamp and Shrub Wetland
PAL	Wetland Type	Swamp and Shrub Wetland
Unimproved lot	Freshwater Forested/Shrub Wetland	Lake
	Freshwater Emergent Wetland	Riverine
	Freshwater Pond	Other
		Road
		CORN CROSSLING

EXHIBIT 2B
Record Keeping Form 100
EXAMPLE ONLY

An Animal Unit (AU) is described as one mature cow of approximately 1,000 pounds, either dry or with a calf up to six (6) months of age, or their equivalent. For purposes of unit equivalent per animal, the following ratios apply:

Animal	Unit	Animal	Unit	Animal	Unit
Bull	1.00	Cow and Calf	1.00	Fall Calf	0.50
Cow	1.00	Yearling Cow	0.66	Horse	1.50
Two Year Old Cow	1.00	Ewe or Ram	0.20		

Lease # Add a lease number for additional leases	Pasture Name	Livestock Number	Livestock Class	Date On	Date Off	AUMs

Comments: _____

I, THE UNDERSIGNED, CERTIFY TO THE BEST OF MY KNOWLEDGE THAT THE INFORMATION CONTAINED HEREIN IS COMPLETE AND ACCURATE.

Date: _____ Signature: _____ Phone: _____

EXHIBIT 3A
Authorized Improvements

State-owned improvements include:

Description	Location
Fence: Undivided 1/2 Interest, 1 Miles	North Line
Fence: Undivided 1/2 Interest, 1 Mile	West Line
Fence: Undivided 1/2 Interest, 1 Mile	South Line
Fence: Full Interest, 1 Mile	East line, East Side of County Road
Fence: Full Interest, 1 Mile	Cross Fence from West Line (SW corner NW 1/4) to East Line (SE corner NE 1/4)
Stock Water Pond: Full Interest	SE 1/4 SE 1/4 Corner of Section
Stock Water Pond: Full Interest	NW 1/4 NW 1/4 Corner of Section
Corral and Chute: Full Interest	SE Corner of Section