



HILARY S. FRANZ
COMMISSIONER OF PUBLIC LANDS

IRRIGATED AGRICULTURE LEASE
Row Crop Lease

Lease No. C1200B76199

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

Lessor:

DEPARTMENT OF NATURAL RESOURCES ("State")

SOUTHEAST REGION

713 BOWERS RD

ELLENSBURG, WA 98926

(509) 925-8510

southeast.region@dnr.wa.gov

Lessee:

SUCCESSFUL BIDDER ("Lessee")

"Lessee Street Address"

"Lessee City, State, Zip"

"Area Code/Phone Number"

"Insert email address"

1.01 Property Description. State hereby leases to Lessee the following described property (“Premises”), subject to the encumbrances and reservations, if any, of those portions of the northeast quarter of the southwest quarter, southeast quarter of the southwest quarter, northwest quarter of the southeast quarter and southwest quarter of the southeast quarter, Section 36, Township 13 North, Range 28 East, W.M., Franklin County, Washington. Described as follows: Beginning at the southwest corner of Farm Unit 142, Irrigation Block 20 of the Columbia Basin Project; thence northeasterly and westerly along the boundary of said Farm Unit 142 to the southeast corner of Farm Unit 144 of said Irrigation Block; thence westerly along the south boundary of said Farm Unit 144 to the east boundary of Farm Unit 146 of said Irrigation Block; thence southeasterly and southerly along the easterly line of Said Farm Unit 146 to the north line of Farm Unit 148 of said Irrigation Block; thence easterly along the north line of said Farm Unit 148 to the point of beginning. All as shown on the Bureau of Reclamation Columbia Basin Project – Washington Farm Unit Plat of Irrigation Block 20, Sheets 23 and 27.

Premises is shown on map in Exhibit 1.

1.02 Term. This lease shall commence on February 1, 2024 (“Commencement Date”), and shall expire on December 31, 2033 (“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 Subsection 1.07, for the period, on the due date and annually thereafter on January 1. Lessee shall pay all taxes, assessments, and utilities as required under Subsection 1.08.

Period: February 1, 2024 - December 31, 2024			
Payment Due Date: February 1, 2024			
Permitted Uses/Payments	Acres	Description	Annual Amount
Conservation Leave	14.40		
Irrigated Agriculture	15.00	Authorized Crops: Alfalfa, Cereal Grains, Grass Seed, Hay, Beans, Timothy, Peas, Corn or other row crops proposed by successful bidder	\$1,800.00
Payment Summary			Amount
Rent			\$1,800.00
Leasehold Excise Tax (12.84%)			\$231.12
Conservation Assessment - Franklin County			\$2.04
Weed Assessment – Franklin County			\$20.00
Payment Required on Due Date			\$2,053.16

In addition, Lessee shall pay to State a one-time bonus bid of no less than \$2,000.00.

(\$ [REDACTED] amount proposed by successful bidder) due at the time of public auction.

1.04 Change in Permitted Use. In the event Lessee desires a change in acreage, crops, or use, including grazing, authorization must be obtained in advance and in writing from State. Approval may be conditioned upon adjustment of the payments identified in Section 1, in accordance with changes in acreage, crops, or use. If approved, a written Change in Permitted Use authorization will be provided to Lessee, which shall automatically amend this Lease on the date the Change in Permitted Use becomes effective by its terms. Permitted use(s) may be further limited by Section 2. The Lessee shall put the Premises to full beneficial use in accordance with customary industry standards, the permitted use(s), acres, and crop(s) designated herein, and any plan of development schedules identified herein. Failure to do so will be grounds for default.

1.05 No Counterclaim, Setoff, or Abatement of Rent. Rent and all other amounts 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. Rent shall not be reduced based on Lessee's failure to fully develop the Premises according to the approved Plan of Development as required under Subsection 2.04. The obligations and liabilities of Lessee hereunder shall in no way be released, discharged, or otherwise affected unless authorized in writing by the State.

1.07 Rent Adjustment. On January 1, 2029 (Adjustment Date), upon the effective date of the approval of any new Permitted Use, or upon the execution of any new CRP contract, a new rent will be established to be effective as of the Adjustment Date. The adjusted rent 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.

1.08 Taxes, Assessments, and Utilities. Lessee shall:

- (a) Pay all federal, state, and local taxes, penalties and interest owing due to Lessee's failure to pay such taxes, penalties, and interest, including, but not limited to, personal property tax and leasehold excise tax in accordance with RCW 82.29A, as it may be amended from time to time, that may be charged against the lease and improvements located on the Premises. Leasehold excise tax will be billed at the time rent is due;
- (b) Pay all assessments that may be charged against the Premises unless otherwise approved in writing by State due to a shared use of the Premises authorized by State pursuant to Subsection 5.03. Lessee's responsibility to pay an assessment shall never be reduced below Lessee's share of the use and control of the Premises.

Assessments will be billed at the time rent is due, and may include collection of payments for more than one billing cycle, or on another schedule determined by State to avoid administrative costs associated with billing. Lessee's obligations under this Subsection are not limited to assessments relating to the encumbrances, if any, listed in the legal description and set forth in Exhibit 1A, but extend to all assessments that may be charged against the Premises, including, but not limited to, weed assessments, watershed protection district assessments, conservation district assessments, storm water runoff assessments, and local improvement district assessments; and

- (c) Be liable for all electrical power and other utility charges or expenses associated with Lessee's use of the Premises, including, but not limited to, power minimums and disconnect charges incurred prior to termination or expiration of this lease.

1.09 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.

Section 2 Land Management

2.01 Management. Lessee shall care for the Premises in a manner that meets or exceeds industry standards, including but not limited to following all state and federal laws pertaining to seeds planted, proper use of chemical inputs, and preventing introduction of, and controlling, pests, weeds, and disease. 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 (regardless of ownership) in good order, repair, and safe condition for the safe conduct of any activities or enterprises conducted on the Premises under this lease, and keep and maintain the Premises and all improvements in a clean, sanitary, and attractive condition.

In addition, Lessee shall:

- (a) Follow the Resource Management Plan ("RMP") attached hereto as Exhibit 4 and by this reference made a part hereof. The State shall have the right to amend the RMP to meet future needs or changes in circumstances or Permitted Uses.
- (b) Upon request of State, and jointly with State, enter into a Management Agreement ("MA") on terms and conditions acceptable to State, which, upon joint execution shall automatically amend and be made a part of this Lease, and a copy thereof shall be referenced in an Exhibit to this lease. The MA shall identify specific management objectives for Lessee's operation and the specific steps or practices which Lessee shall implement in order to meet these objectives.

The Lessee shall meet the specific management objectives by the dates outlined in the MA. The State shall have the right to amend the MA to meet future needs or changes in circumstances.

- (c) Incorporate all crop residue and stubble into the soil at a time and by a tillage method recommended by the County Extension Agent (Agent) or the NRCS Soil Conservation Technician (Technician) for the local area, so as to comply with all state and federal laws relating to water and air quality, and to avoid soil erosion. Any deviation from the technical recommendations by the Agent or Technician must be authorized in writing by State.

2.02 Weed Control. The Lessee shall control all noxious weeds on all lands under this lease in a manner consistent with applicable laws and the Weed Management section of the RMP. The Lessee shall be responsible for, or shall immediately reimburse State for, any noxious weed control costs incurred as a result of Lessee's failure to control noxious weeds on said Premises.

2.03 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 workdays 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.

2.04 Plan of Development. On or before date of lease auction, Lessee shall submit to State for its approval a general plan for the development of the Premises. The State will review the plan, and, if acceptable, issue written approval. The Lessee shall comply with the terms of the approved plan of development, in Exhibit 1. The plan shall include, but is not limited, to the following:

- (a) Land clearing, and leveling plans, with acreage figures.
- (b) Crop and rotation or system of farming, including erosion control.
- (c) Irrigation system design to include water source and method of distribution.
- (d) Map showing areas and acreage to be developed, and location of improvements.
- (e) Estimated total costs of improvements, including costs of individual component facilities.
- (f) Schedule of completion dates for proposed improvements.
- (g) Identify existing access points on or across the Premises, and

If Lessee fails to develop the Premises according to the schedule set forth herein or the approved plan of development, State may elect to cancel the lease.

2.05 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.

2.07 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.

2.10 Condition of Premises at End of Lease. Prior to vacating the Premises, Lessee shall leave the Premises and improvements described in Exhibit 3 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.

2.11 Irrigation System Development. Lessee shall furnish and install, at its sole expense, any irrigation system or upgrade to existing systems necessary to irrigate the Premises for the Permitted Use.

Any permanent installation of irrigation system infrastructure shall require prior written approval from State. Lessee's installation of new systems and upgrades to existing systems shall comply with the approved Plan, and criteria set forth in DNR's Water System Specifications, attached hereto as Exhibit 2. Any deviations from these specifications must be approved in writing by State.

2.12 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.

2.13 Water Supply. State makes no representation to Lessee of water availability, quantity, or quality, pump failures, well damage or failures, or disruption of water supply due to action of any governmental authority or third party. Lessee hereby releases and forever discharges State, its agencies, officials, agents, and employees from any and all claims arising from use of water on the Premises.

The Premises is irrigated under the water service contract(s) with the Irrigation District(s) as set forth below ("State's Water Supply"). Lessee shall at all times be in compliance with the terms of the water service contract(s) and all laws relating to U.S. Department of Interior Bureau of Reclamation (USBR) and the Irrigation District for the State's Water Supply. Irrigable acreage under the State's Water Supply shall not exceed the authorized Acres set forth below. A copy of the State's Water Supply agreement is referenced in Exhibit 8.

Water Service Contract No	Water Service Contract Date	Irrigation District	Acres
WSC 363	November 7, 2013	South Columbia Basin Irrigation District	15.00

Lessee shall take all necessary action to comply with the terms and conditions of the State's Water Supply authorized for use on the Premises and put all authorized water to its full beneficial use. Lessee shall not take any action to degrade the water quality or source or modify the State's Water Supply or that could cause relinquishment, loss, or impairment of any portion of State's Water Supply.

State owns the water rights identified in this Subsection as State's Water Supply. Nothing in this lease is intended to transfer or otherwise limit any of State's ownership of State's Water Supply. Any surplus water resulting from conservation or other management practices belongs to State and may be transferred or used for other purposes at State's option. State may require Lessee to install one or more State approved flow meters and report water use measurements at any time during the term of this lease.

2.14 Notice of Surplus or Under Usage. Lessee shall provide written notice to State of surplus water under State's Water Supply, or of Lessee's inability or failure to use the State's Water Supply to the full extent authorized under this lease, at the time such surplus water or under usage is apparent.

Section 3 Improvements

3.01 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 Irrigated Lease

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 3. Exhibit 3 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 3 when determining the sum of all authorized improvements.

3.02 Cropping Improvements. Those agricultural practices performed upon the Premises less than fourteen (14) months before the expiration date of this Lease, such as summer fallow, fertilization and seeding, which are normal in the locality, will be considered as authorized "Cropping Improvements". The State, at its option and its sole discretion, may dispose of Cropping Improvements as set forth below in Subsection 3.03, or proceed with leasing the entire tract at public auction while reserving for Lessee the right to harvest (Harvest Right) those areas on which Cropping Improvements exist. Said Harvest Right must be exercised within, and in no case later than, fourteen (14) months after expiration or termination of this Lease, and is subject to payment of rent for the area covered by the Harvest Right under the terms of this Lease as identified hereinabove in Section 3 for the area covered by the Harvest Right. Said Harvest Right shall terminate fourteen (14) months after expiration or non-default termination of the lease at which time any remaining crops shall become the property of State without compensation to Lessee.

3.03 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 3 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 3 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 3 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 improvement 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.

If the lease prepared as a result of the review board's determination is not bid at the public auction, then Lessee shall have one hundred eighty (180) days to remove the authorized improvements, after which time all improvements remaining on the Premises shall belong to State.

3.04 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.

3.05 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 to guarantee payment of damages and performance of all provisions or obligations of Lessee under this lease, in an amount established by State, to assure completion of construction, development, rehabilitation, or removal of any improvements.

3.06 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 tenantable 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.

3.08 Completion Time. Lessee shall diligently carry out the construction of all improvements required in the Plan with adequate forces to complete all work within the scheduled time set forth herein.

Section 4 Default and Remedies

4.01 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 or any other provision in the future. State's acceptance of performance, rent, or any other sum owing, 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. State may be deemed to have waived any right hereunder only if State has expressly done so in writing.

4.02 Attorneys' Fees. If either party brings suit to enforce any term or provision of this lease, then the substantially 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.

4.03 Notices, Payments, 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.

4.04 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.

4.05 Default. If Lessee breaches 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 breach and such breach has not been corrected within that time. If Lessee has more than one breach during the term of this lease, whether of the same or different lease requirements and whether the breach is material or not, State may terminate this lease without regard to whether Lessee cured or cures the breaches within the thirty-day cure period. With or without terminating the lease, State may seek damages for any and all defaults and reenter Premises and take whatever action may be necessary or advisable to relet, protect, or preserve Premises. State may store any property it removes from 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.

4.06 Non-Default Termination. In response to a written request from Lessee to surrender the leasehold, State may, at its sole discretion, terminate all or part of this Lease upon satisfaction by Lessee of all outstanding rents, duties, and obligations. The State may condition the surrender upon Lessee's acknowledgement of the continuation of any obligations that survive termination of this Lease pursuant to Subsection 4.07.

State may, at its sole discretion, 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 Premises in a plan for higher use, land exchange, or sale. If State terminates the lease, Lessee shall be allowed to use the Premises for the remainder of the farming season to harvest permitted crops. 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, at its sole discretion, terminate this lease upon Lessee's written request if Lessee has satisfied all outstanding rents, duties, and obligations. The State may condition the surrender upon Lessee's acknowledgement of the continuation of any obligations that survive termination of this Lease pursuant to Subsection 4.07. Improvements will be disposed of under the terms of Subsection 3.03.

4.07 Survival. All obligations of Lessee to be performed prior to 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 that require performance beyond the termination or expiration date, including but not limited to Subsections 2.03, 4.02, 5.05, and 5.06, shall survive the termination or expiration date of this lease.

However, upon expiration or 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.

4.08 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.

Section 5 General Provisions

5.01 Liquidated Damages.

(a) Disease/Pesticide or Herbicide Damage. Upon failure by Lessee to care for the Premises in a manner that meets or exceeds industry standards as required in Subsection 2.01 which results in introducing quarantined disease or damage from pesticide or herbicide residue that diminishes the productivity of, or limits cropping options on, the Premises, Lessee shall pay to State, as liquidated damages and not as a penalty, a sum equal to the cash rent rate in effect at the time breach is discovered by State, multiplied by three (3) years and applied to the number of acres affected.

The liquidated damages amount represents a reasonable pre-estimate of damages that would result to the State by the Lessee's breach from decreased productivity or inability to cultivate the affected portion of the Premises for a reasonably foreseeable period of three years after the breach occurs, regardless of when discovered.

(b) Water. If Lessee fails to use the State's Water Supply as authorized and required under this lease, State could lose valuable water rights. Lessee shall pay to State, as liquidated damages and not as penalty, an amount determined under this Subsection in the following circumstances:

- (1) For water permits, if Lessee fails to preserve the full use of State's water permit(s) for future use by failing to comply with the terms of the permit, including the development schedule as required in this lease, or failing to consistently use the water to the full extent authorized and as required under this lease, as determined by State;
- (2) For water certificates, if Lessee fails to use the State's Water Supply to the full extent authorized and as required under this lease for five successive years without sufficient cause, as determined by State; and/or
- (3) For irrigation district water, if Lessee fails to preserve the State's irrigation district water for full beneficial use in the future, as determined by State.

Lessee shall not be subject to liquidated damages if Lessee has provided timely notice of surplus or under usage of water as required under Subsection 2.13. In the case of a water permit under a development schedule, such notice does not excuse Lessee from liquidated damages unless an extension of the development schedule is approved by the Department of Ecology and subsequently met by Lessee.

Liquidated damages shall be determined as follows:

$$\text{CPI Current (date breach discovered)} / \text{CPI Past (Commencement date)} = \text{IF}$$

$$\text{IF} \times \text{WV} = \text{WVB}$$

$$\text{WVB} \times \text{AF} = \text{Liquidated Damages}$$

Where:

IF = Inflation Factor

The Inflation Factor is the change in the monthly Core Inflation Consumer Price Index Value from the Commencement Date to the date that breach is discovered by State. The data source for the inflation factor is CPI-U, All Urban Consumers 1982-84=100, Series Id. CUUROOOOSAOL1E.

WV = Water value per acre-foot is listed in the table below and is effective on the Commencement Date.

Water Supplier	Type	Water Value
South Columbia Basin Irrigation District	Irrigation District Allotment	\$1,500.00

The Water Value represents the market value for the above water right(s) in the geographic area of the Premises as of the Commencement Date as determined by State.

WVB = Water value at time breach discovered

AF = Acre-feet or portions of acre-feet not put to full beneficial use for five successive years as determined by State

The liquidated damages amount represents a reasonable pre-estimate of damages that would result to the State by the Lessee's breach from loss or potential loss of all or a portion of State's Water Supply or State's Irrigation Water Supply.

Lessee's liability under this Subsection 5.01 shall survive the termination or expiration of this lease.

State retains the option to pursue alternative remedies, including actual damages, for the breaches specified in this Subsection 5.01.

5.02 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.

State has no legal access. Lessee is responsible for legally accessing Premises.

5.03 Uses. The State reserves the right to lease the Premises for other uses which are compatible with Lessee's permitted use(s) set forth in Section 1, provided State notifies subsequent lessees of the existence of this lease prior to entering any subsequent lease and any future lease requires all future lessees to avoid any substantial interference with Lessee's use of the Premises. State further reserves the right to sell, lease, or otherwise dispose of minerals, coal, oil, gas, gravel, stone, forestry resources or other valuable materials in a manner consistent with Lessee's right to use the Premises for its permitted use(s) set forth in Section 1. Lessee's obligations under this lease shall not increase as a result of any subsequent lease except that Lessee shall be required to notify State of any interference with Lessee's permitted use(s). Lessee's plan of development and placement of improvements must be such that State's adjacent ownership, if any, will not be impaired.

5.04 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.

5.05 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.

5.06 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 (CGL) Insurance
General Aggregate Limit	\$2,000,000
Each Occurrence Limit	\$1,000,000

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.

Lessee shall buy and maintain boiler and machinery insurance required by contract documents or by law, covering real property, fixtures, equipment, and Lessee’s improvements or betterments from loss or damage caused by the explosion of steam boilers or pipes.

- (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.

5.07 Records and Audits.

- (a) Lessee shall prepare, maintain, and keep records in accordance with applicable law and prudent business practices. A clear, complete, detailed record and accounting of business of every kind and character affecting payment due State and crop production, shall be maintained at a location in Washington, for a period of at least seven (7) years following:
 - (1) each harvest;

- (2) payment of rent; or,
 - (3) the date accounting is provided to State, whichever is later.
- (b) The acceptance by State of any payment under Section 1 herein shall be without prejudice to State's right to examine Lessee's books and records to verify the amount of crops and/or proceeds received by Lessee from the Premises. Lessee shall authorize and permit State or its agents to examine any and all books, records and files of all kinds for the use of State for the purpose of determining and enforcing compliance with the provisions of this Lease.

5.08 Harvest Reports. Lessee shall, as soon as possible, furnish harvest reports to State at the Division Office in Olympia, but no later than thirty (30) days after final date of harvest of all crops. Harvest reports shall include the planted acreage and variety of crops harvested, quantity, the grades if known, the field number, circle number, block number, or location of each crop grown and the place of storage, processing or other disposition of the crops.

5.09 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.

5.11 Sublease and Assignment. Lessee shall not sublease the Premises in whole or in part without prior written approval of State. Lessee shall obtain sublessee 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 the 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 the 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 the 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 the lease that survive termination of the 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.

5.12 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.

5.13 No Partnership. The 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.

5.14 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 shall 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 or for Lessee's authorized improvements.

5.16 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.

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

5.18 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.

5.19 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.

5.20 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.

5.21 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.

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

SUCCESSFUL BIDDER

Dated: _____, 20__.

Signatory
Signatory Title

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
March 3, 2023
by Adrienne Smith,
Senior Counsel
Office of the Attorney General

**EXHIBIT 1
PLAN OF DEVELOPMENT**

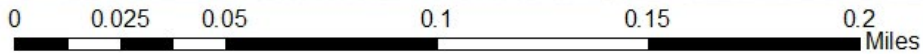
The initial Plan of Development is based on the approved Plan of Development submitted by Successful Bidder incorporating elements described in Section 2.F of the Notice of Intent.

Required development, activities or actions:

The following activities or actions are required as a condition of this Lease and shall be implemented by the scheduled completion dates included in the table below.

Description	Location	Completion Date
Obtain DNR approval of plans and specifications for irrigation system	N/A	June 1, 2024
Install Irrigation system	Premises	June 1, 2024

**EXHIBIT 1
MAP OF PREMISES**



Legend

USFWS National Wetlands Inventory	Freshwater Emergent Wetland	Lake
Wetland Type	Freshwater Pond	Rivine
Freshwater Forested/Shrub Wetland	Estuarine and Marine Wetland	Other
	Estuarine and Marine Deepwater	

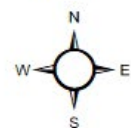


EXHIBIT 1A
Encumbrances

Subject to easement for right of way for powerline heretofore granted under Application No. 50-048157, for indefinite term.

Subject to the restrictions of the Reclamation Reform Act of 1982, as filed under Water rights file No. 000327.

Subject to assessments imposed by Franklin County Noxious Weed Board, Franklin County Conservation District, South Columbia Basin Irrigation District, or any entity properly authorized to assess property.

EXHIBIT 2

Water System Specifications

Plans and Specifications: The irrigation system design, plans and specifications shall adhere to the following criteria.

1. **Plans:** Plans shall be prepared by the Lessee to show the locations of irrigation system components, including but not limited to, wells, pipelines, pump stations, valves (air, vacuum and isolation), circle irrigation machines (circles), circle valve clusters, water delivery locations to solid set irrigation blocks, electrical equipment, flow meters, and site improvements. Well information shall include the anticipated diameter, depth, static water level, pumping water level, pump motor horse power and rpm, and the anticipated pump to be installed in the well. Pipe diameters, materials, joint type, pressure class or wall thickness (as applicable,) and lengths shall be noted. Where pump stations are required, the drawings shall identify suction and discharge pipe and fitting sizes, pipe materials, valves, pumps to be installed, including their hp, design head and capacity, make and model. Circle hardware lengths, design flow rates and irrigated acreage shall be identified for circle irrigated areas. Circle control and telemetry equipment shall be identified. Circle valve cluster drawings shall identify pipe and fitting sizes and materials, pivot control valves and isolation valves to be installed. For solid set areas, block acreages and their design flow rates shall be identified. A typical block manifold and pipe layout shall be provided along with the filtering to be installed shall be identified. The electrical equipment to be installed in conjunction with each motor shall be listed. This requirement shall include a typical circle power cluster arrangement where circles are being installed. Site improvements to be noted shall include any fencing, gravel surfacing, and any buildings proposed for the electrical equipment.
2. **Minimum Specifications:** Pipe and pumping facilities shall be designed to deliver a minimum of 7.5 gallons per minute (gpm) per irrigated acre for circle irrigated areas and solid set irrigation systems delivering water to tree fruit and berries. Distribution piping installed to deliver water to drip irrigation systems supplying wine grapes shall have a minimum application rate of 5 gpm per irrigated acre.

Piping from the water source to the farm ground shall be designed to convey 100% of the available water up to the amount required to irrigate 100% of the irrigable ground simultaneously. Where the water supply is not adequate to irrigate an entire farm simultaneously the distribution system must be adequate to convey the entire water supply and the water supply must be sufficient to irrigate a minimum of 80% of the farm simultaneously. In general, lateral pipelines serving smaller areas of the farm shall be designed to supply the water necessary to irrigate 100% of the ground served simultaneously.

- a. Materials used on the project shall be the standard of the industry and shall be new and in good condition.

- b. Pipe: Where operating pressures and terrain conditions allow PVC pipe shall be used. Steel or HDPE pipe may be used where terrain, subsurface conditions and pressures dictate. New steel pipe shall be coated and lined with materials approved by State. Bare steel pipe may be used if approved by State where soil conditions are non-corrosive and the lessee anticipates the pipe will be cement mortar lined when head losses or pipe corrosion develop and jeopardize life expectancy of the pipe or pumping capacity.

Pipe sizing shall balance the capital cost of the pipe with the higher energy costs of using smaller pipe. Under no circumstance shall the average head loss per 1000 ft. of pipe exceed 5 ft. where the pipe is supplying circles or irrigation blocks that control the distribution system's operating pressure requirements. In general, the minimum pressure available at a circle pivot or solid set block shall be 50 pound per square inch (psi) plus the elevation difference between the delivery point and the high point in the field or block being served.

Maximum water velocity in any pipe shall not exceed 10 feet per second (fps).

Pipe shall have a minimum working pressure rating of 125 psi and, where applicable, the wall thickness shall meet or exceed the minimum required for handling without damage.

Pipe pressure class or wall thickness required shall be a minimum of 25 psi above the design operating pressure of the pumping facilities at maximum flow rate and shall assume no head loss occurs along the pipe.

All exposed pipe at wells, pump stations, clusters, filter stations or pivots shall be steel.

Minimum burial depth for all pipe shall be 4 feet except for sprinkler lateral pipelines in solid set sprinkler areas.

- c. Pumps: Well pumps used on the project shall be vertical turbine pumps operating at a maximum speed of 1800 rpm, shall have enclosed impellers, and be provided with either an oil or water lubrication system to prevent bearing wear during pump startup. Discharge heads shall be fabricated steel with a stuffing box for packing.

Booster pumps may be vertical turbine pumps, split case pumps or end suction pumps as appropriate for the capacity and head required.

Pump stations shall be designed with a minimum of 3 pumps where practical to minimize the loss of capacity should a pump fail.

A minimum of one pump at each pump station with multiple pumps shall be provided with a variable frequency drive (VFD). Where a well field exists at least one well pump shall be provided with a VFD. The VFD at each location shall be installed on the pump with the largest capacity. Maximum design discharge pressures at wells and pump stations shall be at or below 250 psi.

Pumps used shall be selected so at maximum design flow and head conditions they are operating at their best efficiency or at a location to the left of their best efficiency on their head capacity curve.

Pumps operating at 1200 rpm are preferred and 3600 rpm pumps shall only be used in conjunction with close coupled, end suction centrifugal pumps.

- d. Wells: Wells shall be constructed in accordance with State of Washington well requirements. Well diameter shall be selected based on the anticipated pumping capacity and the bowl diameter and annular space requirements of the pump likely to be required to pump the water at motor speeds at or below 1800 rpm.
3. **Plan Review:** The lessee shall provide the State with drawings, specifications and submittals containing sufficient information for the State to determine whether the system proposed will deliver the required water at the necessary heads to irrigate the proposed ground reliably, efficiently, and for an appropriate period of time.
4. **Preconstruction Conference:** One or more preconstruction conferences will be held with State personnel to review the plans, specifications, and submittals for the work to be undertaken. No work shall begin until a full and complete set of drawings, specifications and submittals, satisfactory to the DNR, have been approved by the State.

The requirements contained herein are guidelines for design of the irrigation system and may be modified with written approval of the State where site, irrigation equipment, or other conditions, dictate alterations be made. The lessee may request changes to these guidelines to fit their anticipated irrigation needs.

Compliance: The State shall have full access to all work for inspection and no work shall be backfilled or otherwise hidden without approval of the State. Inspection of the work by the State will be to ensure the work is in compliance with the approved plans, specifications and submittals. Inspection of the work by the State does not relieve the lessee of responsibility for construction of the facilities in accordance with the approved drawings, specifications and submittals. Should inspections during the construction or subsequent to it identify facilities not constructed in accordance with the drawings, specifications and submittals the lessee shall take immediate action to repair or replace the deficiencies.

EXHIBIT 3
Authorized Improvements

As of the date of execution of this lease, there are no authorized improvements on the Premises.

The Lessee is hereby authorized to place the following improvements on the Premises:

Description	Location
Aboveground and underground irrigation and electrical systems proposed by successful bidder	Premises

This authorization will expire on June 1, 2024 if the improvements are not completed and certified by this date.

EXHIBIT 4
Resource Management Plan

OBJECTIVE

This Resource Management Plan (RMP) describes the management objectives and practices agreed upon by the State and the Lessee to manage agricultural and grazing production on Washington's trust lands. Adherence to this RMP is mandatory. Failure to comply may result in default under Subsection 4.05 of the lease. If the management requirements of this RMP cannot be followed due to climatic variations or unforeseen events, the Lessee shall consult with the State unit manager regarding any proposed changes to the RMP.

CROPLAND MANAGEMENT

Composite Erosion Rate: The Lessee shall maintain or improve the soil profile by applying farming practices that reduce sheet, rill and wind erosion. The composite erosion rate for the crop rotation shall not exceed the soil loss tolerance "T;" the amount of topsoil that can be replaced naturally in a year on the soil mapping unit found on the leased premises.

Soil Additions and Pesticides: Organic and inorganic substances shall be applied to meet plant requirements. Application methods utilized shall aid in the prevention of substances moving into water bodies, leaching into ground water, or building excessive residual levels in the soil profile. This will be accomplished through following all federal, state and local laws, and as prescribed by label.

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

1. Preventing pest problems;
2. Monitoring for the presence of pests and pest damage;
3. Establishing the density of the pest population (which may be zero) that can be tolerated;
4. Treating pest 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 pest treatments.

Chemigation/Fertigation: If chemigation or fertigation is utilized, the Lessee will meet all of the requirements under Title 16-228 of the Washington Administrative Code.

Conservation Cover: The Lessee shall plant and maintain acreage authorized as conservation leave in perennial vegetative cover to reduce soil erosion and sedimentation, improve water quality, and create or enhance wildlife habitat.

Crop Residue (irrigated): The Lessee shall maintain the following crop residue levels during the critical erosion period (November - May) to conserve soil moisture, increase soil infiltration, reduce soil loss, and improve soil tilth. Residue will be measured using the line and point method.

Minimum lbs/acre	
1000	of small grain residue.
1200	of corn residue.
900	of Sudan grass residue.

Fertilizer Management: The Lessee shall use soil and petiole sampling and testing, to determine amounts and timing of nutrient applications required to meet the needs of the plants to be grown. Methods of application shall be used that will ensure optimum uptake by the plants, while insuring that nutrients will not be transported into any water bodies.

Irrigation Management: The Lessee shall use science-based irrigation scheduling practices. These practices shall match the irrigation water application to the water requirements of each crop being grown to promote efficiency, improve crop yield, and minimize water quality impairment. Irrigation methods shall be used to ensure proper amounts of water are delivered to the plants in a timely fashion.

Mass Soil Movement and Gully Erosion: The Lessee shall apply farming practices that limit the potential for mass soil movement and gully erosion.

System Monitoring: The Lessee shall monitor existing irrigation systems to ensure that they are operating near optimum efficiency.

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.

EXHIBIT 8
Supporting Documentation for Water Supply

Water Service Contract No	Water Service Contract Date	Irrigation District
WSC 363	November 7, 2013	South Columbia Basin Irrigation District

SOUTH COLUMBIA BASIN IRRIGATION DISTRICT
Columbia Basin Project, Washington

**LIMITED WATER SERVICE CONTRACT FOR INDEFINITELY DEFERRED
LANDS TO BE SERVED BY PROJECT FACILITIES**

THIS CONTRACT, Made this 7th day of November, 2013 between the SOUTH COLUMBIA BASIN IRRIGATION DISTRICT, an irrigation district organized and existing under the laws of the State of Washington, hereinafter called the District, and

DEPARTMENT OF NATURAL RESOURCES
STATE LANDS DIVISION

hereinafter called the Purchaser,

WITNESSETH, That:

WHEREAS, the following preliminary statements are made in explanation:

- (a) The United States is constructing the Columbia Basin Project in the State of Washington; and
- (b) The District has entered into a repayment contract with the United States (Contract No. 14-06-100-6420 dated December 18, 1968) relating to the construction of the Columbia Basin Project (hereinafter called the Project) and the assumption of care, operation, and maintenance of a certain Project works by the District; and
- (c) The District is authorized to enter into water service contracts pursuant to Article 28 of the abovesaid repayment contract; and
- (d) The Purchaser is the owner of land in the vicinity of an existing Project irrigation facility, within the operation of the District, which land has been indefinitely deferred from Project development; and
- (e) The Purchaser desires to purchase water on a limited basis for the irrigation of said land during such time as the land is susceptible of irrigation farming, such water to be diverted from an existing Project facility; and
- (f) The District has determined that it is in the best interests of the District and the Project that such water be made available for the irrigation of such lands on a limited basis,

NOW THEREFORE, in consideration of the premises and of the mutual promises of the parties herein made, it is agreed as follows:

TERM OF CONTRACT

1. This contract becomes effective on the date first above written and covers the making available of irrigation water from Project facilities to the Purchaser for the land described herein within the operation of the District for a period of 10 years, unless terminated earlier as provided in Article 9 hereof, and with the consent of the parties may be renewed at the end of such period for an additional 10-year period.

CONDITIONS OF WATER DELIVERY

2. (a) The Purchaser may, after making advance annual payment therefore in accordance with article 3 hereof, receive when available, not to exceed 52.5 acre-feet of water each year, this being at the rate of 3 acre-feet per acre, from the WB5 for the irrigation of 15 acres of land described below, to wit:

The Southerly 1150.00 feet of the South Half of the South Half of Section 36, Township 13 North, Range 28 East, W.M, Franklin County, WA, lying outside Irrigation Block 20, according to the plat thereof recorded in Volume 1 of South Columbia Basin Farm Unit Plats, page 27;

TOGETHER WITH that portion of the Northwest Quarter of the Southeast Quarter of said Section 36, lying outside Irrigation Block 20; AND that portion of the Northeast Quarter of the Southwest Quarter of said Section 36 lying outside Irrigation Block 20 more particularly described as follows:

Commencing at the Southeast corner of Farm Unit 144, Irrigation Block 20, thence along the North-South mid-section line of said Section 36, South 0°2'6" East a distance of 180.00 feet to the TRUE POINT OF BEGINNING; thence South 56°10'16" West a distance of 412.22 feet; then South 0°2'6" East a distance of 400.00 feet; thence North 89°58'31" East a distance of 342.65 feet; thence along the North-South mid-section line of said Section 36, North 0°2'31" West a distance of 629.34 feet to the TRUE POINT OF BEGINNING; EXCEPT the U.S. Bureau of Reclamation WB5K Wasteway 1, WB5 Wasteway 3 and WB5G3 canal right-of-ways.

(b) The District will make the determination of availability of water and will control its use and delivery under this contract.

(c) Project water will not be available for the irrigation of a total acreage within the boundaries of the District, out of and in irrigation blocks, of more than 160 irrigable acres in a single ownership or 320 irrigable acres in the community or other joint ownership of a husband and wife.

(d) Irrigation water to be furnished hereunder shall not be used for production of orchards, mint, and vine crops such as grapes and hops. The Purchaser agrees not to plant such

crops on the said land. The Purchaser further agrees to use all practicable methods to insure the economical and beneficial use of water and to this end agrees to apply irrigation water on the said land only by the sprinkler method.

(e) Neither the United States nor the District, during the life of this contract, will undertake any construction of drains for the benefit of the said land or for any removal of waste water in connection with irrigation farming thereon.

(f) The Purchaser shall at his own cost and expense construct any necessary turnout or other facilities, which may be required to furnish water to the said land, including obtaining rights of way therefore. He will be required to submit and obtain approval of plans for the construction of proposed diversion and measuring facilities located on rights of way for existing Project features and for regulating ponds and stilling basins and will obtain a permit from the District showing consent thereto subject to inspection by the District.

PAYMENT FOR WATER

3. (a) The Purchaser will pay to the District initially the sum of Eight Hundred Thirty-One dollars and 75/100 (\$831.75) immediately upon being notified of the execution of this contract by the District and before any water is delivered hereunder. Annual payments thereafter under this contract will be collected by the District in advance of delivery of water hereunder and will be based on the amount of water provided in Article 2 hereof. The annual charge will consist of the following: (1) a minimum operation and maintenance charge per acre of three-fourths of the estimated operation and maintenance cost per acre for the District for the then current year; (2) such additional charges as the District may make for its own purposes; and (3) a construction charge of \$1.00 per acre for the first 5-year period under this contract, and \$1.40 per acre for the second 5-year period, and, in the event of renewal of this contract as provided for in Article 1 hereof, \$1.80 per acre for the first 5-year period, and \$2.20 per acre for the second 5-year period.

(b) Payment of the annual charge will entitle the Purchaser to water in the amount of 3 acre-feet per acre. Water in addition to the 3 acre-feet per acre, when available, but not to exceed one-half acre-foot per acre for the total acreage covered herein may be purchased at the rate per acre-foot provided for in Item 1 and 2 of Article 3(a) hereof. The total amount of water available under this contract shall not exceed 3.5 acre-feet per acre. A refund will be made after the close of the irrigation season for water purchased in addition to the 3 acre-feet per acre but not used during the season.

(c) Payment in advance of any delivery of water is a condition precedent to the delivery thereof except, in the case of the additional water, when other arrangements are made with the District, and the District reserves the right to refuse delivery of water unless and until all charges are paid.

DISTRICT PAYMENTS TO UNITED STATES

4. The District will pay the United States each year on behalf of the land for which water is furnished hereunder, on or before June 30 of the year following that to which it applies, the construction charge provided for in item (3) of Article 3(a) hereof.

WASTE, SEEPAGE, AND RETURN-FLOW WATERS

5. (a) The Purchaser assumes responsibility, during the life of this contract, for disposal of waste water in connection with irrigation farming of the said land so as not to damage Project facilities or other properties and also for any necessary drainage of the said land.

(b) The United States does not abandon or relinquish any waste, seepage, or return-flow water resulting from the water being made available to the Purchaser under this contract, and all such waters are reserved to the United States as set forth in the above-said repayment contract between the United States and the District.

QUALITY OF WATER

6. The operation and maintenance of Project facilities for the provision of Project water under this contract shall be performed in such manner as is practicable to maintain the quality of irrigation water to be furnished hereunder. The United States and/or the District are under no obligation to construct or furnish water treatment facilities to maintain or to better the quality of water. Further, the United States and/or the District do not warrant the quality of water to be furnished pursuant to this contract.

POLLUTION

7. The Purchaser agrees that he will comply fully with all applicable Federal laws, orders and regulations and the laws of the State of Washington, all as administered by appropriate authorities, concerning the pollution of streams, reservoirs, ground water, or water courses with respect to pollution or the discharge of refuse, garbage, sewage, effluent, or other pollutants.

DISCLAIMER

8. No provision for the delivery of water under this contract will be construed to bind the United States or the District to make such water permanently available on a continuing basis to the Purchaser or be the basis of a permanent water right. The United States and the District assume no responsibility for any permanent, continuing delivery of such water, and neither they nor their officers, agents, or employees shall have any liability for or on account of:

(a) The control, carriage, handling, use, disposal, or distribution of such water diverted from Project delivery facilities then being operated and maintained or utilized by the United States or the District;

(b) Damage claims of any nature whatsoever, including but not limited to, property loss or damage, personal injury, or death arising out of or connected with the control, carriage, handling, use, disposal, or distribution of such water; and

(c) Any damage, whether direct or indirect, arising out of or in any manner caused by seepage, absence of drainage, or shortage or absence of said water, whether such shortage or absence be on account of inspections, repairs, improvements, new construction, changes in operation, drought, hostile diversion, supplying existing units and/or legal subdivisions in irrigation blocks, prior or superior claims, or any other causes.

TERMINATION

9. In the event of any failure by the Purchaser to comply with all the terms and requirements of this contract or any regulations issued in connection therewith, or his use or attempted use of water furnished hereunder by other than the sprinkler method of irrigation or in any way that is unreasonably wasteful or harmful to the Project as determined by the District, or for any purpose other than irrigation of the above-described land and none other, or the planting of crops prohibited herein, the District may terminate this contract, after giving reasonable notice and opportunity to comply therewith or to discontinue the unauthorized use by giving subsequent written notice of termination for failure to do so. The Purchaser may terminate this contract by written notice to the District at the end of any irrigation season but not later than November 30 of any year. The District may also terminate this contract after the end of any irrigation season upon thirty (30) days written notice when, in its opinion, the use of water hereunder is causing damage or jeopardy to Project facilities or to other landowners.

COVENANTS

10. All covenants and agreements herein made shall be considered as covenants running with the land and shall be binding on the Purchaser and his heirs, administrators, executors, assigns, and successors.

CONTINGENT ON APPROPRIATIONS OR ALLOTMENT OF FUNDS

11. The expenditure of any money or the performance of any work by the United States hereunder which may require appropriations of money by the Congress or the allotment of funds shall be contingent upon such appropriations or allotments being made. The failure of the Congress so to appropriate funds or the absence of any allotment of funds shall not relieve the Purchaser from any obligations then accrued under this contract, and no liability shall accrue to the United States in case such funds are not appropriated or allotted.

REPORTS AND RECORDS

12. The District, in cooperation with the Purchaser, shall develop and maintain annual records of reasonable estimates of land use and crop production on lands receiving Project water hereunder. Reports thereon shall be furnished to the United States in such form and on such date or dates as may be required by the United States.

RULES AND REGULATIONS

13. The United States and the District may make rules and regulations, not inconsistent with the provisions of this contract, and the Purchaser shall observe the same.

EQUAL OPPORTUNITY

14. This contract shall be subject to the Equal Opportunity provisions attached hereto

IN WITNESS WHEREOF, the parties hereto have executed this contract as of the date first above written.

**SOUTH COLUMBIA BASIN
IRRIGATION DISTRICT**

By



President Maurice Balcom



Representative for Dept. of Natural Resources

ATTEST:

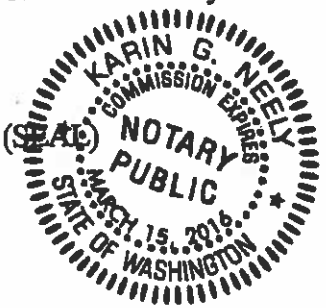


District Secretary

STATE OF WASHINGTON)
) ss.
County of Franklin)

On this 7th day of November, 2013, personally appeared before me Maurice Balcom and Dave Solem to me known to be the President and Secretary, respectively, of South Columbia Basin Irrigation District, the corporation that executed the foregoing instrument, and acknowledged said instrument to be the free and voluntary act and deed of said corporation, for the uses and purposes therein mentioned, and on oath stated that they are authorized to execute said instrument and that the seal affixed is the corporate seal of said corporation.

GIVEN under my hand and official seal the day and year in this certificate above written.

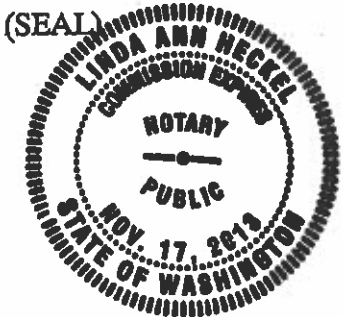


Karin G. Neely
Notary Public in and for the
State of Washington,
Residing at Benton City
My commission expires March 15, 2016

STATE OF WASHINGTON)
) ss.
County of Franklin Thurston)

On this 8th day of October, 2013, personally appeared before me Kyle Blum, Representative for Dept. of Natural Resources known to be the individuals described in and who executed the foregoing instrument, and acknowledged that they signed and sealed the same as their free and voluntary act and deed, for the uses and purposes therein mentioned.

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



Linda Ann Heckel
Notary Public in and for the
State of Washington,
Residing at Clayton
My commission expires 11-17-13

EQUAL OPPORTUNITY

During the performance of this contract, the Purchaser, in this article referred to as the contractor, agrees as follows:

(a) The Contractor will not discriminate against any employee or applicant for employment because of race, color, religion, sex, or national origin. The Contractor will take affirmative action to ensure that applicants are employed, and that employees are treated during employment, without regard to their race, color, religion, sex or national origin. Such action shall include, but not be limited to the following: employment, upgrading, demotion, or transfer; recruitment or recruitment advertising; layoff or termination; rates of pay or other forms of compensation; and selection for training, including apprenticeship. The Contractor agrees to post in conspicuous places, available to employees and applicants for employment, notices to be provided by the contracting officer setting forth the provisions of this Equal Opportunity clause.

(b) The contractor will, in all solicitations or advertisements for employees placed by or on behalf of the Contractor, state that all qualified applicants will receive consideration for employment without regard to race, color, religion, sex or national origin.

(c) The Contractor will send to each labor union or representative of workers with which he has a collective bargaining agreement or other contract or understanding, a notice to be provided by the agency contracting officer, advising the labor union or worker's representative of the Contractor's commitments under this Equal Opportunity clause, and shall post copies of the notice in conspicuous places available to employees and applicants for employment.

(d) The Contractor will comply with all provisions of Executive Order no. 11246 of September 24, 1965, and by the rules, regulations and relevant orders of the Secretary of Labor.

(e) The Contractor will furnish all information and reports required by Executive Order No. 11246 of September 24, 1965, and by the rules, regulations and orders of the Secretary of Labor, or pursuant thereto, and will permit access to his books, records and accounts by the contracting agency and the Secretary of Labor for purposes of investigation to ascertain compliance with such rules, regulations and orders.

(f) In the event of the Contractor's noncompliance with the Equal Opportunity clause of this contract or with any of the said rules, regulations or orders, this contract may be canceled, terminated or suspended in whole or in part and the Contractor may be declared ineligible for further Government contracts in accordance with procedures authorized in Executive Order No. 11246 of September 24, 1965, and such other sanctions may be imposed and remedies invoked as provided in Executive Order No. 11246 of September 24, 1965, or by rule, regulation or order of the Secretary of Labor, or as otherwise provided by law.

(g) The Contractor will include the provisions of paragraphs (a) through (f) in every subcontract or purchase order unless exempted by rules, regulations or orders of the Secretary of Labor issued pursuant to Section 204 of Executive Order No. 11246 of September 24, 1965, so that such provisions will be binding upon each subcontractor or vendor. The Contractor will take such action with respect to any subcontract or purchase order as the contracting agency may direct as a means of enforcing such provisions, including sanctions for noncompliance: Provided, however, That in the event the Contractor becomes involved in, or is threatened with, litigation with a subcontractor or vendor as a result of such direction by the contracting agency, the Contractor may request the United States to enter into such litigation to protect the interest of the United States.