FILE COPY

Mr. Alan Kottwitz
Boise Cascade Corporation - Fiber Farm
P.O. Box 500
Walluia, Washington 99363

STATE OF WASHINGTON
CERTIFICATE OF WATER RIGHT

Document Title: Certificate of Water Right

Agency: Department of Ecology
Eastern Regional Office
4601 North Monroe
Spokane, WA 99205-1295

Applicant: Boise Cascade Corporation
P.O. Box 500
Walluia, Washington 99363

Reference Number

PRIORITY DATE	APPLICATION NUMBER	PERMIT NUMBER	CERTIFICATE NUMBER
November 2, 1989	G3-28683	G3-28683P	G3-28683C

This is to certify that the herein named applicant has made proof to the satisfaction of the Department of Ecology of a right to the use of the public waters of the State of Washington as herein defined, and under and specifically subject to the provisions contained in the Permit issued by the Department of Ecology, and that said right to the use of said waters has been perfected in accordance with the laws of the State of Washington, and is hereby confirmed by the Department of Ecology and entered of record as shown, but is limited to an amount actually beneficially used.

PUBLIC WATERS TO BE APPROPRIATED

SOURCE	TRIBUTARY OF (IF SURFACE WATERS)
Five (5) wells	

MAX. CUBIC FEET PER SECOND	MAX. GALLONS PER MINUTE	MAX. ACRE-FEET PER YEAR
	2500	883

QUANTITY, TYPE OF USE, PERIOD OF USE

2500 gallons per minute, 883 acre feet per year, from March 1 to November 30, each year, for the irrigation of 190 acres.

LEGAL DESCRIPTION OF LOCATION OF DIVERSION/WITHDRAWAL

¼ ¼	SECTION	TOWNSHIP N.	RANGE (E. OR W.) W.M.	W.R.I.A.	COUNTY
W½W½SW¼	11	7	31 E.	32	Walla Walla

PARCEL #: 31-07-11-00-0001

ADDITIONAL LEGAL IS ON PAGE 2

LEGAL DESCRIPTION OF PROPERTY ON WHICH WATER IS TO BE USED

¼ ¼	SECTION	TOWNSHIP N.	RANGE (E. OR W.) W.M.	W.R.I.A.	COUNTY
		7	31 E.	32	Walla Walla

PARCEL #: N/A

ADDITIONAL LEGAL IS ON PAGE 2

CONTINUED LEGAL DESCRIPTION FOR LOCATION OF DIVERSION/WITHDRAWAL

#1) 80 feet east and 80 feet north;
#2) 80 feet east and 525 feet north;
#3) 80 feet east and 650 feet north;
#4) 700 feet north and 250 feet east; and
#5) 80 feet north and 280 feet east; ALL FROM the Southwest corner of Sec. 11

CONTINUED LEGAL DESCRIPTION FOR PROPERTY ON WHICH WATER IS TO BE USED

The S½ of Sec. 2 and all of Sec. 11, T. 7 N., R. 31 E.W.M., Walla Walla County, Washington.

PROVISIONS

The total amount of water appropriated and used for irrigation of these lands under this Certificate and Ground Water Certificate No. G3-28146C shall not exceed 7500 gallons per minute, 3673 acre feet per year, for the irrigation of 790 acres.

At such time that the Department of Ecology determines that regulation a management of the subject waters is necessary and in the public interest, an approved measuring device shall be installed and maintained in accordance with RCW 90.03.360 or WAC 508-64-020 through WAC 508-64-040.

The amount of water granted is a maximum limit that shall not be exceeded and the water user shall be entitled only to that amount of water within the specified limit that is beneficially used and required for the actual crop grown on the number of acres and the place of use specified.

This authorization to make use of public waters of the state is subject to existing rights, including any existing rights held by the United States for the benefit of Indians under treaty or otherwise.

Maintenance of an access port as described in Ground Water Bulletin No. 1 is required. An airline and gage may be installed in addition to, the access port.

All water wells constructed within the state shall meet the minimum standards for construction and maintenance as provided under RCW 18.104 (Washington Water Well Construction Act of 1971) and Chapter 173-160 WAC (Minimum Standards for Construction and Maintenance of Water Wells).

This authorization to use public waters of the state is classified as a Family Farm Development Certificate in accordance with Chapter 90.66 RCW (Initiative Measure No. 59). Whenever an interest in this land is transferred by the holder of this Family Farm Development Certificate to a person who can qualify for a Family Farm Certificate, the department shall issue a Family Farm Certificate upon request.

This authorization is subject to the following minimum flow provisions as specified in WAC 173-563-040 and WAC 173-563-050 and the following table. It is subject to regulation by the Department of Ecology for protection of instream resources whenever the March 1 forecast of April-September runoff at The Dalles is 60 MAF or less, and when gauged flows are predicted by the BPA 30-Day Power Operation Plan to violate the following minimum, flow provision at:

Provisions continued on page 3.

The right to use of the water aforesaid hereby confirmed is restricted to the lands or place of use herein described, except as provided in RCW 90.03.380, 90.03.390, and 90.44.020.

This certificate of water right is specifically subject to relinquishment for non-use of water as provided in RCW 90.14.180.

Given under my hand and the seal of this office at Spokane, Washington, this 19th day of December

DEPARTMENT OF ECOLOGY STATE OF WASHINGTON

Tom Fitzsimmons, Director
Department of Ecology

By _____
Bruce F. Howard, Section Manager

ENGINEERING DATA
OK CAC
ECY 040-1-2 (Rev. 8-97)

Provisions - continued.

Primary Control Station McNary Dam
River Mile 292.0

Minimum Average Weekly Flow
Columbia River Projects
(1,000 cubic feet/second)

	CHIEF JOSEPH*	WELLS & ROCKY REACH *	ROCK ISLAND & WANAPUM *	PRIEST RAPIDS	MCNARY	JOHN DAY	THE DALLES
Jan	30	30	30	70	60	60	60
Feb	30	30	30	70	60	60	60
Mar	30	30	30	70	60	60	60
Apr 1-15	50	50	60	70	100	100	120
16-25	60	60	60	70	150	150	160
26-30	90	100	110	110	200	200	200
May	100	115	130	130	220	220	220
June 1-15	80	110	110	110	200	200	200
16-30	60	80	80	80	120	120	120
July 1-15	60	80	80	80	120	120	120
16-31	90	100	110	110	140	140	140
Aug	85	90	95	95	120	120	120
Sep	40	40	40	40	60	85	90
Oct 1-15	30	35	40	40	60	85	90
16-31	30	35	40	70	60	85	90
Nov	30	30	30	70	60	60	60
Dec	30	30	30	70	60	60	60

*For the reach from Grand Coulee through Wanapum, minimum average weekly flows shall be as shown above, or as necessary to maintain minimum flows (subject to low runoff adjustment) at Priest Rapids, whichever, is higher. As provided in WAC 173-563-505(1), the minimum average weekly flows set forth in this subsection are subject to a reduction of up to 25 percent during low flow years, except that in no case shall the outflow from Priest Rapids Dam be less than 36,000 cubic feet per second.

Use of water under this authorization shall be contingent upon the water right holder's utilization of uptodate water conservation practices and maintenance of efficient water delivery systems consistent with established regulation requirements and facility capabilities.

Use of water under this authorization can be expected to be curtailed at least once in every 20 years.

STATE OF WASHINGTON
DEPARTMENT OF ECOLOGY
P.O. Box 47600 • Olympia, Washington 98504-7600
(360) 407-6000 • TDD Only (Hearing Impaired) (360) 407-6006

June 27, 2007

Mr. James Kuntz, Executive Director
Port of Walla Walla
Walla Walla Regional Airport
310 "A" Street
Walla Walla, WA 99362

Re: Boise Cascade Fiber Farm Water Rights

Dear Mr. Kuntz:

You requested the Department of Ecology's position on several issues related to the Boise Cascade fiber farm water rights, which include the following water rights: G3-28146, G3-28683, G3-21038, G3-24791, G3-21037, G3-21039, and G3-21936 ("Fiber Farm Water Rights").

We understand this request is related to the Port of Walla Walla's plans to purchase from Boise Cascade, under an option agreement currently in effect between the parties, certain property in western Walla Walla County known as the Fiber Farm and the associated Fiber Farm Water Rights. In the event the Port of Walla Walla exercises the option agreement to purchase the Fiber Farm and its water rights, the Port intends to sell or lease portions of the Fiber Farm lands to industrial project developers. The Port further intends, in coordination with prospective industrial project developers, to seek a change or transfer of the Fiber Farm Water Rights to authorize their use for industrial purposes on the Fiber Farm land and neighboring Port industrial lands in western Walla Walla County. Industrial projects would then be developed consistent with the underlying zoning. In considering whether to exercise the option agreement and to proceed with negotiations with industrial project developers, the Port of Walla Walla has requested the Department to review certain issues relating to the Fiber Farm Water Rights.

In this letter, we respond to the following questions:

1. Are the Fiber Farm Water Rights eligible to be placed in the trust water rights program?

2. What impact, if any, does the designation as "Family Farm Development Certificates" and the related time limit for development and transfer of family farm development permits, provided in RCW 90.66.050(2), have on the status of two of the Fiber Farm Water Rights, certificates G3-28146C and G3-28683C?

3. May water right certificates G3-28146 and G3-28683 be changed from irrigation to industrial purposes under RCW 90.66.065(2)(c)?

Our analysis of these issues is detailed below. Please note that this letter does not guarantee a result with respect to any particular application for Ecology action. The guidance provided in this letter is based on the facts and information currently available to the Department as provided by you or in the Department's files.

1. **Are the Fiber Farm Water Rights Eligible for the Trust Water Rights Program?**

You asked for confirmation as to whether all of the Fiber Farm Water Rights are eligible for placement into the Trust Water Rights Program. For groundwater rights to be eligible for the program, the rights must be related to specific stream reaches and the donation must benefit instream flow. The groundwater wells in question are developed in unconsolidated sands and gravels. The aquifer within these sands and gravels is bank storage of the McNary Pool and therefore is in hydraulic continuity with the mainstem of the Columbia River. Columbia River flow would benefit from the donation. Based on current information, therefore, the Fiber Farm Water Rights are eligible to be transferred to the Trust Water Rights Program.

An application would need to be filed to transfer each of the Fiber Farm Water Rights into the Trust Water Rights Program. The confirmation provided above is limited to the hydraulic continuity and stream benefit criteria and does not guarantee a final result as to any such application.

2. **What impact, if any, does the designation as "Family Farm Development Certificates" and the related time limit for development and transfer of family farm development permits, provided in RCW 90.66.050(2), have on the status of two of the Fiber Farm Water Right, certificates G3-28146 and G3-28683?**

Water right certificates G3-28146 and G3-28683 were issued to Burlington Northern under the Family Farm Water Act (RCW 90.66) in 1986 and 1990, respectively, as "Family Farm Development Permits." Both permits were certificated in 1997 and included language identifying the certificates as "Family Farm Development Certificates."

You asked whether the time for development and transfer of family farm development permits restricts use or transfer or otherwise affects the status of those water rights. Under the Family Farm Water Act, lands irrigated by a family farm development permit must be developed into family farms and transferred to a party qualified to hold a family farm permit within ten years of the issuance of the permit. In other words, within ten years the land irrigated by a family farm development permit must meet the acreage limitations for family farm permits (no more than 6,000 acres), and must be transferred to a party that holds a controlling interest in no more than 6,000 acres of irrigated lands that are irrigated under rights acquired after December 8, 1977. RCW 90.66.040(1). The ten year period may be renewed for ten additional years.

Based on current information, the timeframe for development and transfer of the "family farm development permit" does not affect the status of the two subject water rights because the time for development was satisfied. With respect to water right certificate G3-28683, the permit was issued on July 19, 1990 and the development timeline extends to July 19, 2010. You have provided evidence that Boise Cascade currently comports with the definition of a "family farm" and thus time for development has been satisfied as to water right certificate G3-28683. With respect to water right certificate G3-28146, the permit was issued on November 20, 1986 and the development timeline extended to November 20, 2006.

You provided evidence that Boise Cascade comported with the definition of a "family farm" as of November 20, 2006 and thus time for development has been satisfied as to water right certificate G3-28146. Both of the water rights have been duly perfected through beneficial use of water as documented by the certificates. Accordingly, water right certificates G3-28146 and G3-28683 should currently be treated as family farm certificates, and not family farm development certificates.

You provided evidence that the Port of Walla Walla does not have a controlling interest in more than 6,000 acres of irrigated agricultural lands. Therefore, the Port is not prevented from acquiring both G3-28146 and G3-28683, provided that the total number of irrigated agricultural lands held by the Port including said certificates would not exceed the 6,000 acre limitation. Based on this understanding, the Port would be able to seek a change in purpose of use under RCW 90.66.065(2)(c).

3. **May water right certificates G3-28146 and G3-28683 be changed from irrigation to industrial purposes under RCW 90.66.065(2)(c)?**

You have asked the Department whether Boise Cascade or the Port (if it should complete the purchase) may change the purpose of use of the two family farm Fiber Farm Water Rights, certificates G3-28146 and G3-28683, from irrigation to industrial.

The statutory provisions in RCW 90.66.065, which specifically authorize changes and transfers to family farm rights, apply to certificates G3-28146 and G3-28683. That statute specifically authorizes a change in purpose of use when the existing place of use is in an Urban Growth Area and the new or changed place of use is in the same WRIA as the original place of use. RCW 90.66.065(2)(c). Here, the original place of use is entirely within the Attalia Industrial Urban Growth Area in WRIA 32, and the place of use after the contemplated transfer will continue to be in WRIA 32. Therefore, based on current information, family farm provisions in two of the Fiber Farm Water Rights – certificates G3-28146 and G3-28683 – do not prevent a change in purpose of use. The question is answered in the affirmative, and the proposed change of the foregoing water rights from irrigation purposes to industrial purposes is possible and could be approved.

An application would need to be filed to change and transfer each of the Fiber Farm Water Rights, and the determination provided above is limited to family farm issues and does not guarantee a final result as to any such application.

I trust that this letter fully responds to your request, but please contact me at (360) 407-6602 if any questions remain.

Sincerely,

Kenneth O. Slattery

Kenneth O. Slattery, Manager
Water Resources Program

PORT OF WALLA WALLA
DELL AVENUE (1106 DELL AVE.)
WALLA WALLA, WASHINGTON – WAREHOUSING LEASE

THIS LEASE is made and entered into this 25th day of June, 2008 by and between:

PORT OF WALLA WALLA, a Municipal Corporation of the State of Washington, hereinafter referred to as "Lessor",

And

Douglas Gisi Fabrications a corporation licensed to do business in the State of Washington, hereinafter referred to as "Lessee",

W I T N E S S E T H:

1. **PREMISES**

For and in consideration of the mutual covenants herein and other considerations, the Lessor does hereby let, lease and demise to the Lessee, who agrees to accept the premises in this lease and to faithfully perform the covenants herein, of the following described property, situated in the County of Walla Walla, State of Washington, to-wit:

> 1,000 sq.ft. in the Train Shed Warehouse located at 1106 Dell Avenue, Walla Walla, Washington as further described in the shaded portion of the premises as set forth on Exhibit "A" attached hereto and incorporated herein by reference. The premises are located upon a portion of the real property as more particularly described on Exhibit "A-1" attached hereto and incorporated herein by reference.

2. **TERM**

Subject to the terms and conditions of this agreement, this lease shall commence at 12:01 on June 25 ~~24~~, 2008 and shall be month to month thereafter. Either party may cancel said lease upon 30 day written notice to the other party.

3. **RENT**

Rental shall be $250.00 per month plus state leasehold tax (currently established at 12.84% of rent) in the amount of $32.10 for a total monthly rent of $282.10. Rent is due, in advance, without receipt of a billing or statement on the first day of each month and is to be paid directly to Lessor. A ONE AND A HALF PERCENT (1.5%) service charge will be collected for payments received after the 10th of the month in which they are due. If any check received by the Lessor is returned for any reason, Lessor will make an additional charge of FIFTY DOLLARS ($50.00).

4. **LEASEHOLD AND OTHER TAXES; ASSESSMENTS**

Lessee shall be liable for, and shall pay throughout the term of this Lease, all license and excise fees and occupation taxes covering the business conducted by Lessee on the premises and all taxes on personal property of Lessee maintained on the premises, and any taxes on the leasehold interest created by this Lease or measured by the rent payments hereunder pursuant to Section 3 "Rent" above, whether imposed on Lessee or on the Lessor. The rents payable hereunder to the Lessor shall include such leasehold tax and Lessor shall make payment thereof to the State of Washington in accordance with said tax as from time to time assessed.

5. **USE OF PREMISES**

a. Lessee shall use the premises for warehousing of machinery products thereto only, and such use shall further be limited by the zoning, building and use regulations or other statutes or ordinances affecting such premises.

b. Lessee shall not create, maintain nor permit on the property hereby leased, any nuisance or any offensive object, matter or thing, and shall, at Lessee's expense, at all times keep the property in an orderly, clean, sanitary and safe condition. Lessee shall not suffer nor permit any strip or waste of the premises. No material, equipment or other personal property of any description shall be stored on the premises except within the leased building.

c. Lessee agrees to secure the premises after each day's use.

6. **MAINTENANCE AND REPAIR**

a. Lessee agrees not to permit or allow said premises to be damaged or depreciated in value by any act or neglect of Lessee, its employees, guests or agents, and to at once repair or replace any part of the premises or fixtures therein broken, damaged, or destroyed by reason of any act or neglect of Lessee, its employees guests or agents.

b. The premises shall be maintained by the Lessee in a neat, orderly and sanitary condition to include the control/prevention of rodents, insects and pests.

c. Lessee shall be responsible for proper disposal of rubbish, trash and waste, to include motor oils, fuels, and industrial/commercial chemicals at reasonable and regular intervals. All such disposal must be made off of the premises and shall be in accordance with all applicable laws and regulations.

d. Lessor shall be responsible for maintaining the electrical, heating, mechanical and structural systems, and the exterior walls, overhead doors and roof of the premises, and to at once repair or replace any such part of the premises unless the same has been broken, damaged or destroyed by reason of any act or neglect of the Lessee, its employees, guests or agents. Lessee shall notify Lessor in writing of any such needed repair or maintenance.

e. At the expiration or sooner termination of the lease, Lessee shall return the premises to the Lessor in the same condition in which received (or if altered with the Lessor's consent, then the premises shall be returned in such altered condition) and reasonable wear.

7. **ALTERATIONS AND IMPROVEMENTS**

a. Lessee must obtain approval in writing from Lessor before making any alterations or improvements to the premises. Lessee shall notify the Lessor in writing of the general scope of improvements to be made, and if a written reply is not received within 30 days, approval of the Lessor shall be assumed. Rental adjustments shall not be considered or based on any improvements added to the premises by the Lessee unless otherwise approved in writing by the Lessor prior to the commencement of said improvements.

b. Any and all improvements or alterations made to the premises by Lessee shall become a part of the premises and shall not be removed at the termination of the lease unless specifically provided for and acknowledged in writing, in advance, between Lessor and Lessee, except for Lessee's trade fixtures including but not limited to warehouse racking. In the event of the removal of any improvements or alterations per written agreement, the Lessee shall be

responsible to restore the premises to a condition equal to or better than the remainder of the premises.

c. Title to all alterations and improvements shall remain with the Lessee throughout the initial term of this lease, but title to all alterations and improvements, except as provided for above, will revert to the Lessor:

1. Upon termination of occupancy by Lessee; or
2. Upon termination of the lease, during either the initial term or any extended term; or
3. Upon termination of the lease for cause.

8. LIENS AND ENCUMBRANCES

Lessee shall keep the premises free and clear of any liens and encumbrances arising or growing out of the use and occupancy of the said premises by Lessee. At Lessor's request Lessee shall furnish Lessor with written proof of payment of any item, which would or might constitute the basis for such a lien on the premises if not paid or in the alternative, supply written proof that validity of the lien is being diligently contested. If a court of competent jurisdiction finally determines the lien to be valid, Lessee shall promptly pay the same or shall be in default hereunder.

9. ACCEPTANCE OF PREMISES

The Lessee has heretofore thoroughly inspected the premises. The Lessee accepts said premises "AS IS". The Lessor makes no warranty, expressed or implied, regarding the condition thereof, including without limitation any warranty of habitability, merchantability or fitness for particular use.

10. INSURANCE

a. The Lessor shall not be held liable in any manner for, or on account of, any loss or damage to personal property of the Lessee or Lessee's customers that may be sustained by fire or water or other insured peril, or for loss of any articles by burglary, theft or any other cause from or upon the demised premises, unless such loss, damage or destruction is due to Lessor's failure to maintain the premises or the negligent act or omission of Lessor, its employees, guests or agents. It is acknowledged that the Lessor does not cover any of the personal property of the Lessee through its insurance and Lessee is solely responsible to obtain personal property insurance.

b. The Lessee shall provide Lessor with appropriate certificates of insurance evidencing adequate comprehensive general liability insurance, bodily injury/property damage insurance, and fire/legal liability insurance, naming the Lessor as an Additional Insured in such minimum amounts as are acceptable to Lessor. Thirty (30) days advanced notification to the Lessor will be required before termination or change of such insurance.

c. At all times during the term of the lease the Lessor shall maintain in full force and effect, fire and other hazard insurance coverage against all risks on all buildings and improvements erected upon the premises, in an amount equal to not less than ONE HUNDRED PERCENT (100%) of the full replacement value thereof.

d. Each party hereby agrees not to make any claims against or seek to recover from the other for any loss or damage to property, or the property of others, resulting from fire or other hazards covered by casualty insurance maintained by such party.

11. DAMAGE OR DESTRUCTION OF FACILITIES

Should the demised premises be damaged by fire or other unavoidable casualty so as to render the premises totally unusable, Lessor shall have the option to repair or restore the premises by giving notice in writing within THIRTY (30) days after the occurrence of said damage. In the event Lessor elects to repair or restore the premises, the rent shall be abated in proportion to the percentage of the premises, which are no longer usable, by Lessee until Lessor shall have restored the same to the condition at the time immediately preceding such casualty. Alternatively, Lessee shall have the option to terminate this lease by giving notice in writing within THIRTY (30) days after the occurrence of said damage. In the event of partial destruction of the premises, Lessor shall repair the premises at Lessor's expense, and the rent shall be abated in proportion to the percentage of the premises which are no longer usable by Lessee until Lessor shall have completed said repairs; provided, however, Lessee may terminate the lease if the demised premises are rendered unusable by Lessee and the Lessor cannot complete the necessary repairs in a reasonable period of time.

12. INDEMNITY

Each party agrees to indemnify and hold harmless the other, its agents and employees, from any and all liability whatsoever for injury to or death of persons or loss or damage to property caused by or arising out of any activity or nonfeasance by one party, its officers, employees, guests or agents in connection with its respective obligations under the terms of this lease.

13. COMPLIANCE WITH REGULATIONS AND WITH ALL LAWS

Lessee agrees to comply with all applicable federal, state and municipal laws, ordinances and regulations, including without limitation those relating to environmental matters. Any fees for any inspection of the premises during the lease term by any federal, state or municipal officer shall be paid by Lessee.

14. DEFAULTS

If any rentals hereinabove reserved, or any part thereof, is not paid when due, or if the Lessee shall violate, breach or fail to keep or perform any covenant, agreement, term or condition of this lease, it shall be lawful for the Lessor, its agents, or attorneys, to give the Lessee proper written notice of what it has failed to do, and if such default or violation shall continue or shall not be remedied within 30 days after notice in writing thereof has been given by the Lessor to the Lessee specifying the matter claimed to be in default, the Lessor, at its option, may immediately declare Lessee's rights under this lease terminated and may re-enter and take possession of the premises, using such force as may be necessary to remove all persons and effects there from. Notwithstanding any such re-entry, the liability of Lessee for the full rental provided for herein shall not be extinguished for the balance of the term of this agreement, and the Lessee shall make good to the Lessor any deficiency arising from a reletting of the Leased premises at a lesser rental than that hereinbefore agreed upon. Lessee shall pay such deficiency each month as the amount thereof is ascertained by the Lessor.

If the Lessor shall violate, breach or fail to keep or perform any covenant, agreement, term or condition of this lease, it shall be lawful for the Lessee, its agents or attorneys, to give the Lessor proper written notice of what it has failed to do, and if such default or violation shall continue or shall not be remedied within THIRTY (30) days after notice in writing thereof has been given by

the Lessee to the Lessor specifying the matter claimed to be in default, the Lessee, at its option, may withhold such portions of the monthly rent then required and apply the same to the necessary repairs.

ANY waiver by the Lessor of a breach or covenant in any particular instance shall not be deemed or construed to be a waiver of any subsequent breach. The defaulting party shall pay the non-defaulting party's attorney's fees and costs incurred for the purpose of enforcing any of the provisions of this agreement.

15. ASSIGNMENT OR SUBLEASE

Lessee shall not assign or transfer this lease or any interest therein, nor sublet the whole or any part of the premises, nor shall this agreement or any interest there under be assignable or transferable by operation of law or by any process or proceeding in any court, or otherwise, without the written consent of the Lessor.

16. SIGNS

No signs or other advertising matter, symbols, canopies or awnings shall be attached to or painted on or within the premises, including the windows and doors thereof, which would not be in compliance with applicable ordinances. Lessee shall be entitled to place one sign on the premises with the consent of Lessor so long as such sign comply with applicable ordinances. At the termination or sooner expiration of this lease, all such signs, advertising matter, symbols, canopies or awnings attached to or painted by Lessee shall be removed by Lessee at its own expense, and Lessee shall repair any damage or injury to the premises and correct any unsightly condition caused by the maintenance and removal of said signs.

17. HAZARDOUS WASTE AND POLLUTANT INDEMNIFICATION

a. The Lessor assures the Lessee that to the best of its knowledge and belief, the premises, at the time the Lessee takes possession thereof, shall be free and clear of any and all hazardous wastes and materials. Lessor acknowledges that there are numerous unknown spills on the floor of the premises from a prior industrial user that were visible to Lessee prior to occupancy. These spills are either imbedded in the cement and/or asphalt floors or are actually adhered to the top of the floor. To the best of Lessor's knowledge, these spills are not toxic, hazardous or harmful. However, in the event that these spills are later determined to be toxic, hazardous or harmful requiring remediation as hazardous wastes, neither Lessee nor its successors or assigns, if any, shall be held responsible by Lessor for remediation and Lessor hereby agrees to indemnify Lessee, its successors and assigns from any and all costs, expenses, damages or the like resulting from any required clean-up or remediation of said spills. The Lessor has provided to Lessee an opportunity to review all documents in Lessor's possession pertaining to the environmental condition of the property. The Lessor shall indemnify and hold harmless the Lessee and its officers, employees, consultants, agents and customers from and against all claims, damages, losses and expenses, fees and charges of attorneys and court costs, arising out of or resulting from the placement or location of hazardous waste, pollutants or materials on the premises, prior to the time Lessee takes possession thereof. This indemnification provision extends to claims against the Lessee which arise out of, are related to, or are based upon dispersal, discharge, escape, release or saturation of smoke, vapors, soot, fumes, acids, alkali, toxic chemicals, liquids, gases or any other material, irritant, contaminant or pollutant in or into the atmosphere, or on, onto, upon, in or into the surface or subsurface (a) soil (b) water or water course (c) objects, or (d) any tangible or intangible matter, whether sudden or not.

b. The Lessee shall indemnify and hold harmless Lessor and its officers, employees, consultants and agents from hazardous waste, pollutants or materials placed or located upon the premises by the Lessee, its employees or agents during the term of this lease. This indemnification provision extends to claims against the Lessor which arise out of, are related to, or based upon dispersal, discharge, escape, release or saturation of smoke, vapors, soot, fumes, acids, alkali, toxic chemicals, liquids, gases or any other material, irritant, contaminant or pollutant in or into the atmosphere, or on, onto, upon, in or into the surface or subsurface (a) soil (b) water or water course (c) objects, or (d) any tangible or intangible matter, whether sudden or not.

c. Should the Lessee leave or otherwise vacate the premises, the Lessee shall provide to the Lessor in writing that said premises are free and clear of any and all hazardous waste, materials and pollutants to the best of Lessee's knowledge.

18. INSPECTIONS BY LESSOR; RIGHT OF ENTRY

The Lessor reserves the right of ingress and egress to and from the premises to assure the Lessor that Lessee is abiding to the terms and conditions of this agreement, to inspect the premises, to make necessary or agreed repairs, or to supply necessary or agreed services. Such visits shall be conducted during the Lessee's normal working hours and the Lessor agrees that such visits will be conducted so as to minimize any interference to the Lessee and to the employees of the Lessee. Lessor or its agent may enter the premises without consent of the Lessee in the case of emergency or vandalism.

19. DISPUTE RESOLUTION

This agreement is made with reference to and shall be construed in accordance with the laws of the State of Washington. All questions relative to execution, validity, interpretation and performance of this agreement shall be governed by the laws of the State of Washington. In the event of a dispute arising out of or related to the agreement, or the breach or alleged breach hereof, which dispute cannot be resolved through negotiations between the parties, the parties agree that the dispute shall initially be submitted to non-binding mediation. The parties shall mutually agree upon a mediator. In the event they are unable to do so, a mediator shall be appointed by the presiding judge of the Walla Walla County Superior Court. Either party may make the initial submission. Each party shall pay its own costs (including, if applicable, its attorney and expert witness costs) and one-half of the charge levied by the mediator. If any dispute is not resolved through non-binding mediation, the resort shall then be to litigation, and jurisdiction and venue shall be in the Superior Court of Walla Walla County, State of Washington. Jurisdiction and venue as set forth shall be exclusive. In the event the dispute(s) is referred to counsel or legal action is taken, declaratory or otherwise, for any dispute arising out of or relating to this agreement, the prevailing party shall be entitled to recovery of all costs, including the actual attorneys' fees, which costs shall be determined and taxed by the trial and appellate courts, as applicable, as part of the costs of such action.

20. SURRENDER OF PREMISES

Lessee shall peaceably surrender the premises on the last day of the agreement or sooner termination.

21. BINDING EFFECT

It is agreed that all covenants, terms and conditions of this lease shall extend and apply to and firmly bind the heirs, executors, administrators, assigns and successors in interest of the respective parties hereto as fully as the respective parties themselves are bound.

22. **NUMBER, GENDER, AND CAPTIONS**

As used herein, the singular shall include the plural, and plural the singular. The masculine and neuter shall include the masculine, feminine and neuter, as the context requires. All captions used herein are intended solely for the convenience of reference and shall in no way limit any of the provisions of this agreement.

23. **NOTICES**

All notices to be given with respect to this lease shall be in writing. Each notice shall be sent by registered or certified mail, postage prepaid and return receipt requested, to the party to be notified at the address set forth herein or at such other address as either party may from time to time designate in writing. The current addresses are as follows:

Lessor: Port of Walla Walla
310 A Street
Walla Walla, WA 99362-2269
Phone (509) 525-3100
Fax (509) 525-3101
ATTN: James M. Kuntz, Executive Director (509) 520-8301 Cell

Lessee: Doug Gisi Fabrications
1617 Cambridge Drive
Walla Walla, WA 99362
Phone (509) 520-6560
ATTN: Doug Gisi

Every notice shall be deemed to have been given at the time it shall be deposited in the United States mails in the manner prescribed herein. Nothing contained herein shall be construed to preclude personal service of any notice in the manner prescribed for personal service of a summons or other legal process.

IN WITNESS WHEREOF, the Lessor and Lessee execute this agreement this 25th day of June, 2008.

PORT OF WALLA WALLA, LESSOR

James M. Kuntz
Executive Director

DOUG GISI FABRICATIONS, LESSEE

Doug Gisi

Exhibit "A"

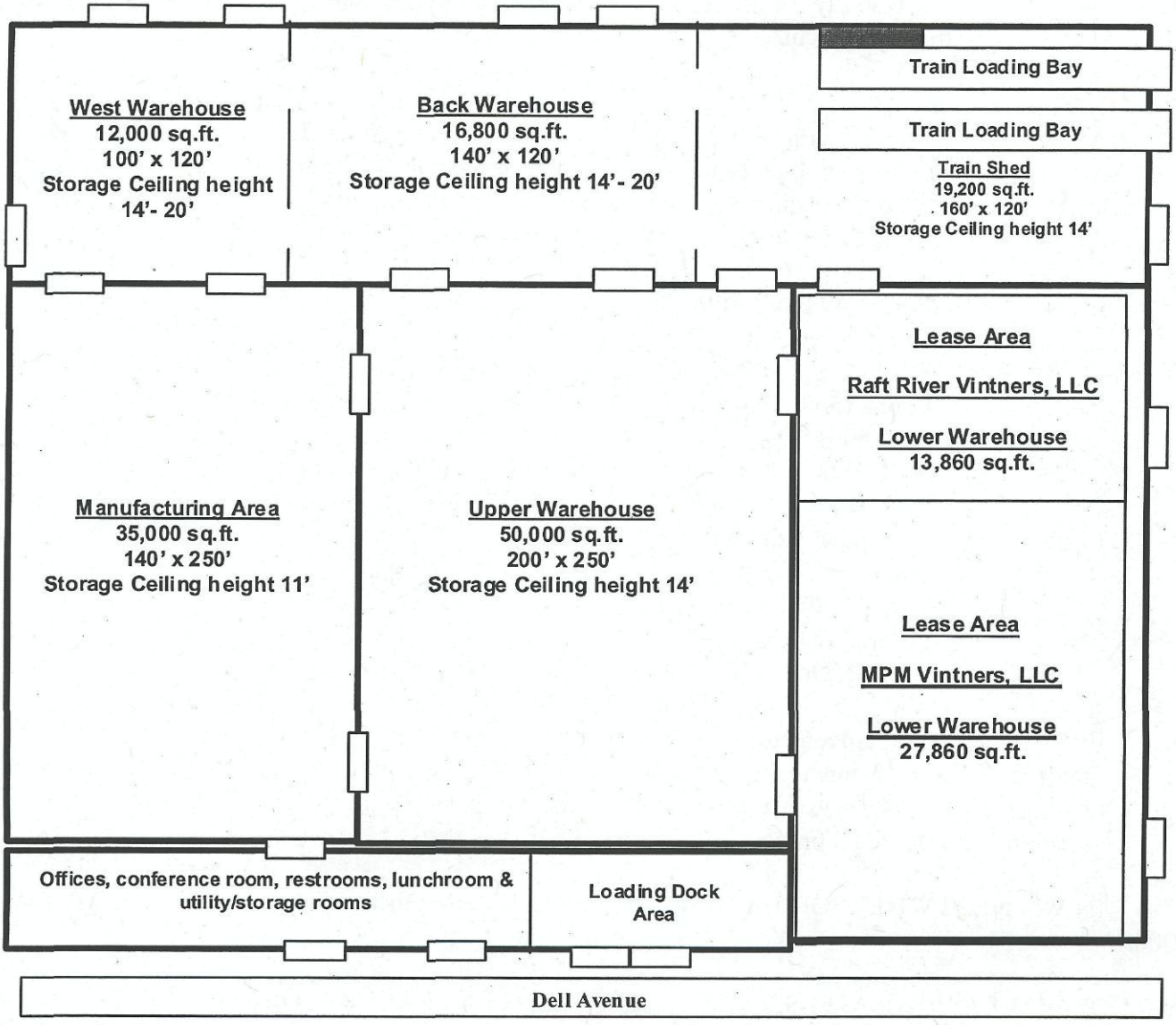
West Warehouse
12,000 sq.ft.
100' x 120'
Storage Ceiling height
14'- 20'
Back Warehouse
16,800 sq.ft.
140' x 120'
Storage Ceiling height 14'- 20'
Train Loading Bay
Train Loading Bay
Train Shed
19,200 sq.ft.
160' x 120'
Storage Ceiling height 14'
Lease Area
Raft River Vintners, LLC
Lower Warehouse
13,860 sq.ft.
Manufacturing Area
35,000 sq.ft.
140' x 250'
Storage Ceiling height 11'
Upper Warehouse
50,000 sq.ft.
200' x 250'
Storage Ceiling height 14'
Lease Area
MPM Vintners, LLC
Lower Warehouse
27,860 sq.ft.
Offices, conference room, restrooms, lunchroom & utility/storage rooms
Loading Dock Area
Dell Avenue

Exhibit "A-1"

PARCEL A

Beginning at the point of intersection of the West line of Thirteenth Avenue North with the North line of Dell Avenue in the City of Walla Walla, Washington, and running thence North 00"07' East, along said West line of Thirteenth Avenue North, a distance of 626.60 feet, more or less, to the South line of the alley running East and West along the South side of Block 3 and 4 of Cass Addition to the City of Walla Walla, according to the Official Plat thereof; thence Westerly, along the South line of said alley, a distance of 700.0 feet; thence South 00'07' West, parallel to the West line of Thirteenth Avenue North aforesaid, a distance of 628.3 feet, more or less, to the North line of Dell Avenue; thence Easterly, along said North line of Dell Avenue, a distance of 700.00 feet more or less, to THE POINT OF BEGINNING.