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FEDERAL MARITIME
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LEASE AGREEMENT

BETWEEN

PORT OF VANCOUVER (WASHINGTON)

AND

UNITED GRAIN CORPORATION OF OREGON



Dated as of December 1, 1980

LEASE AGREEMENT
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LEASE AGREEMENT

LEASE AGREEMENT, dated as of December 1, 1980, between the Port of Vancouver, a municipal corporation of the State of Washington (the "Port"), and United Grain Corporation of Oregon ("UGC" or the "Lessee"), a corporation organized under the laws of the State of Oregon.

W I T N E S S E T H :

WHEREAS, the Port, as a public port district organized and existing pursuant to the laws of the State of Washington, is authorized to acquire, construct and improve harbor improvements including but not limited to transfer, handling, storage and terminal facilities within Port boundaries; and

WHEREAS, the Port Commission has found that a present need exists for expanded facilities for the loading, unloading and storage of bulk grain; and

WHEREAS, the Port owns property upon which certain storage, handling and terminal facilities have been constructed; and

WHEREAS, such property and storage, handling and terminal facilities are presently leased to the Lessee under a lease, dated November 20, 1980 (the "Existing Lease"), by and between the Port and the Lessee; and

WHEREAS, the Lessee is willing to surrender to the Port the Existing Lease if the Port is willing to enter into this Lease as a novation and not as an amendment to, or modification, renewal or extension of, the Existing Lease and to improve and expand the storage, handling and terminal facilities to meet the Port's and the Lessee's present needs; and

WHEREAS, the Port is authorized by Ch. 53.08 RCW to lease, as lessor, such facilities upon such terms as the Port Commission deems proper, subject to certain restrictions and conditions; and

WHEREAS, the present Port revenues are not adequate to enable the Port to obtain financing for such acquisition and improvements without the certainty of revenue to be derived from additional guaranteed rentals received in

connection with the lease of such facilities to a responsible lessee; and

WHEREAS, the Port lacks adequate personnel and expertise for the most efficient operation of such facilities; and

WHEREAS, the Port Commission has determined that in order to obtain adequate financing and to insure proper operation it is in the best interests of the Port and the general public that such facilities be leased to UGC, to operate such facilities as a public bulk grain terminal; and

WHEREAS, the Port Commission has further determined that the rentals specified herein are adequate to amortize the costs to be incurred by the Port in connection with the facilities and premises to be leased hereunder and to provide the Port a fair return on its investment in such facilities and premises;

NOW, THEREFORE, for and in consideration of the premises and the mutual covenants hereinafter contained, the parties hereto agree as follows:

ARTICLE I

Definitions

The following terms shall have the following meanings unless the context clearly requires otherwise.

"Basic Rent" means that portion of the rent required pursuant to Section 4.2 hereof.

"Completion Date" means the date of completion of the construction of the Project or any phase thereof, as such date shall be certified as provided in Section 3.2 hereof.

"Effective Date" means the date on which funds for financing the Project are received by the Port.

"Exempt Facility" or "Exempt Facilities" means a facility or facilities which qualifies or qualify as public docks, wharves and storage facilities directly related thereto within the meaning of Section 103(b)(4)(D) of the

Internal Revenue Code of 1954, as amended, and the regulations promulgated thereunder.

"Force Majeure" means, without limitation, the following: acts of God, strikes, lockouts or other industrial disturbances; acts of public enemies; orders or restraints of any kind of the government of the United States or of the State of Washington or any of their departments, agencies, subdivisions or officials, or any civil or military authority (including any orders or restraints exercised pursuant to any agreement to which Lessee is a party); insurrections; riots; landslides; volcanoes; icebergs; typhoons; tornadoes; adverse weather conditions; tidal waves; earthquakes; fires; storms; droughts; floods; explosion; accident to facilities; or any other cause or event not reasonably within the control of Lessee.

"Government Obligations" means direct obligations of or obligations guaranteed by the United States of America.

"Harbor Area Leases" means the two leases of the harbor area by the Port from the Department of Natural Resources of the State of Washington entered into on the 17th day of May, 1957, and as of the 23rd day of January, 1964, respectively, as the same may be amended, supplemented, renewed or extended from time to time.

"Lease Term" means the duration of the leasehold estate created by this Lease as specified in Section 10.1 hereof or as the same may be extended pursuant to Section 10.2 hereof, but in no event a period longer than 50 years from the Effective Date.

"Leased Premises" means those certain parcels of real property located in Clark County, Washington, described in Schedule A hereto and upon which the Project is and will be located.

"Lessee" means (i) United Grain Corporation of Oregon, an Oregon corporation, and its successors and assigns and (ii) any surviving, resulting or successor corporation of such corporation which assumes the obligations of Lessee, pursuant to Section 7.1 hereof.

"Lessee Representative" means the person or persons designated from time to time to act on behalf of Lessee in matters relating to this Lease by written certifi-

icate furnished to the Port. Such certificate may designate an alternate or alternates. Lessee Representative may, but need not, be an employee of Lessee.

"Net Proceeds" when used with respect to any insurance proceeds or condemnation award, means the amount remaining after deducting all expenses (including attorneys' fees) incurred in the collection of such proceeds or award from the gross proceeds thereof.

"Permitted Encumbrances" means, as of any particular time, (i) liens for taxes, assessments and other governmental charges not delinquent or which can be paid without penalty or which are being contested in good faith by appropriate proceedings; (ii) mechanics' and materialmen's liens for construction work which are unfiled or inchoate or are being contested in good faith; (iii) workmen's, repairmen's, warehousemen's and carriers' liens and other similar liens, if any, arising in the ordinary course of business; (iv) any easements, restrictions, mineral, oil, gas and mining rights and reservations, zoning laws and defects in title or other encumbrances, provided that they do not individually or in the aggregate materially impair the use of the Leased Premises or materially detract from the value thereof to Lessee; (v) liens created by or resulting from any litigation or other proceedings, including liens arising out of judgments or awards against Lessee with respect to which Lessee is in good faith prosecuting an appeal or proceeding for review, or liens incurred by Lessee for the purpose of obtaining a stay or discharge in the course of any legal proceedings to which Lessee is a party; (vi) rights now or hereafter reserved to or invested in any municipality or governmental or other public authority to control or regulate or use in any manner any portion of the Leased Premises; (vii) any other liens of a nature similar to those hereinabove described in clauses (i) through (vi) which do not, in the opinion of Lessee, materially impair the use of such property in the operation of the business of Lessee or the value of such property for the purposes of such business; and (viii) any other lien for the satisfaction and discharge of which a sum of money deemed adequate by the Port is on deposit with the Port.

"Port Representative" means the Port manager or any other person designated from time to time to act on behalf of the Port by written certificate furnished to Lessee.

"Project" means the existing improvements to the Leased Premises and those improvements to be constructed and installed on the Leased Premises as provided herein and as the same are described in Schedule B attached hereto.

"Project Costs" means the costs of acquiring and constructing the Project including, but not limited to, the following items whether or not such items were incurred or assumed prior to the date hereof and including in every item those costs paid or to be paid by the Port or to be reimbursed to the Lessee:

(i) obligations for labor, materials and equipment in connection with the acquisition, construction, installation and equipping of the Project;

(ii) the cost of performance, labor and material bonds and insurance of all kinds that may be required or necessary during the course of construction of the Project which is not paid by the contractors or otherwise provided for;

(iii) all costs of architectural and engineering services, including the costs for preliminary design and development work, test borings, surveys, estimates and plans and specifications, and for administering and supervising construction, as well as for the performance of all other duties required by or consequent upon the proper construction of the Project;

(iv) all costs required to be paid under the terms of any contract or contracts for the acquisition, construction, installation, equipping or financing of the Project;

(v) certificates and opinions, the fees and expenses for recording or filing all documents and instruments in connection with the Project, and out-of-pocket expenses of the Port properly chargeable to capital or similar accounts in connection with the Project, but excluding any salaries of employees of the Port or other overhead expenses of the Port;

(vi) all costs attributable to obtaining funds to acquire and construct the Project, including, but not limited to, any discount interest on borrowed money up to the completion date, required reserves, underwriting discounts and expenses and other costs incurred in connection with the preparation of documents, and legal, financial advisory and consulting fees; and

(vii) all costs incidental to any of the above.

ARTICLE II

Representations and Warranties

Section 2.1. Representations and Warranties by the Port. The Port represents and warrants that:

(a) The Port is a municipal corporation of the State of Washington organized and existing under the provisions of RCW Title 53. Under such provisions and the provisions of Resolution No. , the Port has authorized the execution and delivery of this Lease. The Port agrees that it will do or cause to be done all things necessary to preserve and keep in full force and effect its existence.

(b) The Port presently owns the Leased Premises, except for that portion of the Leased Premises covered by the Harbor Area Lease. The Port has not, in whole or in part, assigned, leased, hypothecated or otherwise created any other interest in or disposed of or caused or permitted any lien, claim or encumbrance to be placed against such Leased Premises except for this Lease and, prior to the Effective Date, for the Existing Lease.

(c) Neither the execution or delivery of this Lease, the consummation of the transactions contemplated hereby, nor the fulfillment of or compliance with the terms and conditions of this Lease, conflicts with or results in a material breach of the terms, conditions or provisions of any agreement, instrument or governmental order to which the Port is a party or by which it is bound, or constitutes a default under any of the foregoing.

Section 2.2. Representations and Warranties by Lessee. Lessee represents and warrants that:

(a) Lessee is a corporation duly incorporated and in good standing under the laws of the State of Oregon, and is in good standing in the State of Washington, and is not in violation of any laws material to this transaction or any provision of its certificate of incorporation or its by-laws material to this transaction and has power to enter into this Lease.

(b) Neither the execution nor delivery of this Lease, the consummation of the transactions contemplated hereby, nor the fulfillment of or compliance with the terms and conditions of this Lease, conflicts with or results in a material breach of the terms, conditions or provisions contained in any lease, agreement, instrument or governmental order to which Lessee is now a party or by which it is bound, or constitutes a default under any of the foregoing.

ARTICLE III

Agreements with Respect to the Termination of Existing Lease and the Construction and Installation of the Project and Demising Clause

Section 3.1. Agreement to Terminate Existing Lease and Construct and Install the Project.

(a) The Port and UGC hereby consent to the termination, on the Effective Date, of the Existing Lease.

(b) The Port agrees to cause the construction and equipping of the Project substantially in accordance with plans and specifications to be developed by T. E. Ibberson Company with the approval of Lessee and the Port and with such changes therefrom as may be requested by Lessee, provided that, without the prior approval of the Port, Lessee will not substantially change the Project in such a manner as to (i) materially impair its usefulness or materially diminish its capacity or change its status as an Exempt Facility or (ii) interfere with the terminal operations of the Port or the rights of any tenant of property adjacent to the Leased Premises.

(c) The Port agrees to engage T. E. Ibberson Company as Project Manager (the "Project Manager") for the Project, provided that such engagement shall not be concluded without the written approval of Lessee. The Port agrees to appoint Wayne Fisk as owner representative under the Construction Management Agreement by and between the Port and the Project Manager, and not to replace such person without the written consent of the Lessee, which consent shall not be unreasonably withheld.

(d) Construction contractors shall be selected by means of a public bidding process pursuant to the laws of the State of Washington, provided, however, that (i) any bids exceeding the Project Manager's estimate shall be rejected by the Port unless approved by the Lessee, and (ii) if the aggregate amount of all bids exceeds the Project Manager's estimate, the Port shall reject all bids unless the Lessee shall approve the acceptance thereof.

(e) In selecting contractors, the parties shall give primary consideration to competency and shall not be obligated to accept the lowest bid. The selection, as well as the final terms and conditions of performance of the contractors shall be subject to the approval of both parties.

(f) The Port will use its best efforts to amend, supplement, renew or extend the Harbor Area Leases so that such Leases shall be effective at all times during the Lease Term, provided that such amendment, supplement, renewal or extension shall not be concluded without the written approval of Lessee. Lessee agrees that once such approval is given, Lessee will comply with all the covenants and provisions of such Leases (other than covenants and provisions relating to the payment of rent) so as not to cause the Port to violate such Harbor Area Leases.

Section 3.2. Establishment of Completion Date.
The Completion Date for the Project shall be evidenced by a certificate signed by the Project Manager stating that the acquisition, construction and equipping of the Project has been substantially completed in accordance with the plans and specifications, and in the opinion of the Project Manager the Project is substantially completed and suitable for operation. Notwithstanding the foregoing, such certificate may state that it is given without prejudice to any rights against third parties which exist at the date of such certificate or which may subsequently come into being.

Section 3.3. Demising Clause. The Port demises, rents, leases and lets to Lessee, and Lessee rents, leases and hires from the Port, all rights and interests of the Port in the Leased Premises and the Project, in accordance with the provisions of this Lease, to have and to hold for the Lease Term.

Section 3.4. Project Financing. In order to provide funds for payment of the Project Costs, the Port, as soon as practicable after the execution of this Lease, will employ its best efforts to obtain financing on such terms and conditions as it deems to be most advantageous to the Port, provided that such financing shall not be concluded without the written approval of Lessee. The Port agrees that, once Lessee has given its approval of such financing, the Port will not optionally prepay, amend or modify such financing without the written approval of Lessee.

Section 3.5. Additional Financing. The Port may obtain additional financing for the purpose of (a) completing the Project, and paying the costs of such additions, extensions and improvements in, to or on the Project as the Port and Lessee may deem necessary or essential, including the costs incurred in connection with such financing or (b) refunding any obligations incurred pursuant to Section 3.4 or the foregoing clause (a), provided that such additional financing shall not be concluded without the written approval of Lessee. The Port agrees that, once Lessee has given its approval of such additional financing, the Port will not optionally prepay, amend or modify such financing without the written approval of Lessee.

Section 3.6. Railroad Tracks Within the Leased Property. All railroad track, spurs, switch points and frogs, whether located on or off the Leased Premises, which now, or in the future, with the consent of the Lessee, may be devoted to the exclusive use of the Lessee, shall be maintained by the Lessee. The Port will maintain all common user railroad tracks now located upon the demised premises or which may be located thereon by the Port. All maintenance costs of the Port shall be charged to all those, including Lessee, who use and enjoy said trackage in common in accordance with a pro rata use basis.

Section 3.7. Reservation of Use of and Access to Leased Premises. The Port, for itself and its tenants, hereby reserves the right to ingress and egress over and across said Leased Premises on roadways as they now exist or as they

may be relocated with Port approval, and for the maintenance and installation of utility services for the use of the Lessee and other tenants of the Port, provided, however, that such ingress and egress shall not be permitted to unreasonably interfere with the conduct of Lessee's business upon the Leased Premises.

Section 3.8. Reservation of Use of and Access to Dock Facility. Whenever Lessee shall not be using the channel side of the dock to load or unload vessels of or with bulk commodities, the Port shall have the right to moor vessels thereto and shall have the right to use the dock as a lay berth in the customary manner, provided, however, that such activities by the Port shall not in any way interfere with Lessee's first and prior right to use the dock facility and the Port shall move or cause to be moved any vessel so moored upon notice by the Lessee that it plans to use the dock. The Port hereby expressly reserves the right to use any and all roads and parking lots upon the Leased Premises and to pass over and cross the same for the purpose of obtaining ingress to and egress from the dock facility. The Port shall be entitled to exercise this right of ingress and egress at any and all times without hindrance, provided, however, that such use shall not be permitted to interfere with the conduct of Lessee's business upon the Leased Premises. The Port shall hold Lessee harmless from and shall indemnify Lessee for all damage caused or contributed to by any act or omission of the Port, its agents or employees.

Section 3.9. Terminal Tariff Charges. The Port reserves the right to make, and shall be entitled to receive, its regular dockage charges to be assessed in connection with ocean-going vessels berthing at the dock.

The Port agrees that all dockage charges shall be in accordance with the Port of Vancouver Terminal Tariff No. 4, as it presently exists or as it shall exist at any future time after having been amended, modified or superseded, provided, however, that the dockage rates established thereby shall be competitive with rates at the time in effect at the majority of public port terminals located in the Pacific Northwest.

ARTICLE IV

Quiet Enjoyment; Rental Provisions

Section 4.1. Quiet Enjoyment. The Port hereby covenants and agrees that it will maintain the Lease in full force and effect in accordance with its terms and will not take any action, other than that permitted or authorized by this Lease, to prevent Lessee from having quiet and peaceable possession and enjoyment of the Leased Premises and the Project during the Lease Term.

Section 4.2. Basic Rent. Lessee will pay basic rent ("Basic Rent"), over and above all additional sums payable by Lessee hereunder, in such net amounts as are required to enable the Port to meet the obligations it incurred in any financing or refinancing under Section 3.4 or 3.5 after applying moneys or income from, or proceeds of, investments received as prepayment of rentals pursuant to section 9.1. Promptly after the Effective Date, the Port shall furnish to Lessee an amortization schedule setting forth the amount of each installment of Basic Rent to be paid and promptly after any reduction by the Port of its obligations incurred in any financing or refinancing under Section 3.4 or 3.5, the Port shall furnish to Lessee a new amortization schedule setting forth the new amounts of each installment of Basic Rent to be paid. The Basic Rent payable to Lessor hereunder shall be paid to the Port's Treasurer, for the account of Lessor, on the last day of the month next preceding the month in which the six-month anniversary of the Effective Date occurs, and semiannually thereafter. In the event the due date of any rental payment hereunder is other than a business day on which commercial banks are open, in the city wherein the office of the Port's Treasurer is located, such rental payment shall be due on or before noon on the next preceding business day. In the event Lessee should fail to make any of the rental payments required hereunder, the item or installment so in default shall continue as an obligation of Lessee until the amount in default shall have been fully paid, and Lessee agrees to pay the same with interest thereon at the maximum rate permitted by law.

Section 4.3. Additional Rent. Lessee will also pay, as additional rent ("Additional Rent"), the following amounts:

- (a) On the first day of the month following the Effective Date, and on the first day of each month thereafter until the Completion Date, an amount equal to Five Hundred Seventy and 35/100 Dollars (\$570.35);

provided that (i) if the Effective Date falls on the first day of any month, the payment provided for in this Section 4.3(a) shall be made on the Effective Date and (ii) if the Effective Date falls on any day of any month other than the first day thereof, the first payment made pursuant to this Section 4.3(a) shall include an additional amount adjusted pro rata based on a payment of Five Hundred Seventy and 35/100 Dollars (\$570.35) for 30 days.

(b) On the first day of the month following the Completion Date and on the first day of each month thereafter until the Lease Term expires, an amount equal to Eight Thousand Three Hundred Thirty-Three and 33/100 Dollars (\$8,333.33).

(c) In case the Harbor Area Leases are devoted to the exclusive use of the Project, all rentals due the State of Washington under such Harbor Area Leases.

(d) In case the Harbor Area Leases are not devoted to the exclusive use of the Project (i) that portion of rentals due under the Harbor Area Leases which bears the same relationship to the total rentals due under the Harbor Area Leases as the linear footage of the shoreline of the premises leased hereunder bears to the linear footage of the total shoreline covered by the Harbor Area Leases, and (ii) all rentals payable under the Harbor Area Leases in excess of those payable under the Harbor Area Leases as in effect on the date hereof which excess rentals result from an amendment, supplement, renewal or extension of such Harbor Area Leases prior to their respective termination dates, provided that, except as provided in the foregoing clause (i), Lessee shall not be responsible for any excess rentals attributable to increases in the full and true value of the harbor area subject to the Harbor Area Leases.

Section 4.4. Independent Covenant to Pay Rentals. Lessee hereby covenants and agrees that its obligation to pay Basic Rent and Additional Rent shall be absolute and shall not be subject to any defense or any right of set-off, counterclaim or recoupment arising out of any breach by the Port of any obligation to Lessee, whether hereunder or otherwise, or out of any indebtedness or liability at any time owing to Lessee by the Port. Lessee hereby covenants and agrees that this Lease shall be deemed and construed to be a "Net Lease", and Lessee shall pay absolutely net during the Lease Term the Basic Rent and the Additional Rent, free of any deductions.

Section 4.5. Taxes, Other Governmental Charges and Utility Charges. During the Lease Term, Lessee will pay, as the same respectively become due, all taxes, assessments, other governmental charges and utility charges of any kind whatsoever that may at any time be lawfully assessed or levied against or with respect to the leasehold interest, the Leased Premises, the Project or the rentals with respect thereto.

Lessee may, at its expense and in its own name, in good faith contest any such taxes, other governmental charges, assessments and utility charges and, in the event of any such contest, may, to the extent permitted by law, permit the taxes, other governmental charges, assessments and utility charges so contested to remain unpaid during the period of such contest and any appeal therefrom.

Section 4.6. Maintenance, Substitutions, Additions, Modifications, Improvements and Deletions. Lessee agrees that at all times during the Lease Term it will, at its own expense, maintain, preserve and keep the Leased Premises and the Project or cause the Leased Premises and the Project to be maintained, preserved and kept with the appurtenances and every part and parcel thereof, in good repair, working order and condition, ordinary wear and tear excepted, in accordance with reasonable standards generally accepted within the public bulk grain terminal industry, subject, however, to the provisions of Article VI hereof. The Port shall have no responsibility in any of these matters, or for the making of improvements or additions to the Leased Premises and the Project, except as provided herein. Subject to the provisions of Article VI, upon the termination of the Lease, the Lessee agrees to turn over to the Port the facilities in substantially the same condition as they are acquired and constructed, ordinary wear and tear excepted.

In addition, at any time and from time to time prior to and after the Completion Date, Lessee, with the written approval of the Port, shall have the privilege of remodeling the Leased Premises and the Project or making substitutions, additions, modifications, improvements and deletions to the Leased Premises and the Project from time to time as it may deem to be desirable, but will not substantially change the Project in such a manner as to materially impair its usefulness or materially diminish its capacity or change its status as an Exempt Facility. Unless otherwise paid as provided in Section 3.5, the cost

of such remodeling, substitutions, additions, modifications, improvements and deletions shall be paid by Lessee.

Lessee agrees that the Port shall not be responsible for such dredging as may be necessary to maintain access to the Leased Premises from the shipping channel of the Columbia River.

Section 4.7. Obligations of Lessee Unconditional. The obligation of Lessee to make payments pursuant to Sections 4.2 and 4.3 hereof and to perform and observe the other agreements on its part contained herein shall be absolute and unconditional. Until the obligations incurred pursuant to Section 3.4 or 3.5 shall have been paid in full, Lessee (a) will pay all amounts required hereunder without abatement or deduction, except as otherwise expressly provided in this Lease, or any right of set-off, counter claim or recoupment arising out of any breach by the Port of any obligation to Lessee, (b) will perform and observe all its other agreements contained in this Lease and (c) except as provided in Article VI hereof, will not terminate this Lease for any cause including, without limiting the generality of the foregoing, failure to complete the constructing and equipping of the Project, failure of Lessee's rights or interest under the Lease, any acts or circumstances that may constitute failure of consideration, destruction of or damage to the Leased Premises, condemnation of the Leased Premises or any part thereof, eviction or constructive eviction of Lessee from the Leased Premises, commercial frustration of purpose, failure to obtain any permit, or an action of any kind from any governmental agency relating to the construction or operation of the Project, any change in the tax or other laws of the United States of America or of the State of Washington or any political subdivision of either thereof or any failure of the Port to perform and observe any agreement, whether express or implied, or, any duty, liability or obligation arising out of or connected with this Lease. Nothing contained in this Section 4.7 or in Section 4.4 hereof shall be construed to release the Port from the performance of any of the agreements on its part herein contained; in the event the Port should fail to perform any such agreement on its part, Lessee may institute such action against the Port as Lessee may deem necessary to compel performance so long as such action does not affect the agreements on the part of Lessee contained in the preceding sentence. Lessee may, however, at its own cost and expense and in its own name prosecute, defend or intervene in any action or proceeding or take any other

action involving third persons which Lessee deems reasonably necessary in order to insure the construction, equipping and completion of the Project or to secure or protect its rights hereunder.

Section 4.8. Maintenance of Nuisance. The Lessee shall not permit the existence of any nuisance on the Leased Premises; shall not use or permit the Leased Premises or any part thereof to be used for any purpose not incidental or necessary to its business; shall use its best efforts to maintain and keep the Leased Premises in proper, clean, safe and sanitary condition and free and clear of any explosive, inflammable or combustible material, other than lawful cargo or fuel for vehicles necessary to the Lessee's business, which would increase or tend to increase the risk from fire.

Section 4.9. Compliance with Federal, State, and Local Laws, Rules and Regulations. Lessee shall, at its sole expense, use its best efforts to comply with all laws, orders, and regulations of Federal, State and municipal authorities, which are in any manner applicable to the Leased Premises, and shall likewise, at its sole expense, obtain all licenses or permits required for the conduct of its business or for the making of repairs, alterations, improvements, or additions, and the Port, where necessary, will join with Lessee in applying for such permits, provided that Lessee, at its expense, may contest or cause to be contested, and in the case of any item involving an amount in excess of \$100,000 after prior written notice to the Port, by appropriate legal proceedings conducted in good faith and with due diligence, the amount or validity or application, in whole or in part, of such laws, orders, regulations, licenses or permits.

Section 4.10. Sewers. If, during the term of this Lease or any extension or renewal hereof, the appropriate governmental authority requires that the Leased Premises be connected to any municipally-operated sanitary and/or storm sewage collection and disposal system, Lessee shall pay for the installation of the connector lines and shall pay in proportion to its usage for the installation of trunk lines.

Section 4.11. Federal Maritime Commission Approval. This Lease shall be filed with the Federal Maritime Commission and, so far as shall be applicable, shall be subject to the approval of said Commission.

ARTICLE V

Special Covenants

Section 5.1. No Warranty of Condition or Suitability by the Port. Other than as specifically set forth in this Lease, the Port makes no warranty, either express or implied, as to the Project or the Leased Premises, or that the Project or the Leased Premises will be suitable for the purposes or needs of Lessee.

Section 5.2. Inspection of the Project. Lessee grants to the Port and its duly authorized agents such rights of access to the Leased Premises, upon reasonable notice to Lessee and at times reasonably convenient for Lessee and subject to Lessee's security and safety regulations, as may be reasonably necessary to ascertain that the Lessee is in compliance with its obligations under this Lease.

Section 5.3. Lessee to Maintain its Corporate Existence; Conditions under Which Exceptions Permitted. Lessee agrees that during the Lease Term it will maintain its corporate existence, will continue to be a corporation either organized under the laws of or duly qualified to do business as a corporation in the State of Washington and will not dispose of all or substantially all of its assets nor consolidate with or merge into another corporation unless the acquirer of its assets or the corporation with which it shall consolidate or into which it shall merge shall be duly qualified to do business in the State of Washington, shall have after consolidation or merger a net worth not less than that of Lessee and shall assume in writing all of the obligations of Lessee herein.

Section 5.4. Annual Statement. Lessee agrees to furnish to the Port a copy of the annual report of Lessee and of Mitsui & Co. (U.S.A.), Inc. ("Mitsui"), a New York corporation, when the same become available. In the event Lessee does not distribute an annual report to its shareholders Lessee shall provide the Port an annual statement within 90 days from the end of each fiscal year of Lessee.

Section 5.5. Further Assurances and Corrective Instruments. The Port and Lessee agree that they will, from time to time, execute, acknowledge and deliver, or cause to be executed, acknowledged and delivered, such supplements hereto and such further instruments as may

reasonably be required for correcting any inadequate or incorrect description of the Project or the Leased Premises hereby leased or for carrying out the intention of or facilitating the performance of this Lease.

Section 5.6. Port and Lessee Representatives. Whenever under the provisions of this Lease the approval of the Port or Lessee is required, unless express provisions are otherwise made therefor, or the Port or Lessee is required to take some action at the request of the other, such approval or such request shall be given or taken for the Port by the Port Representative and for Lessee by Lessee Representative, and the other party thereto shall be authorized to act on any such approval or request.

Section 5.7. Mutual Assistance. The parties hereto agree to render all reasonable assistance to each other in establishing, maintaining and defending this Agreement before any governmental regulatory body or in any civil and/or criminal proceedings.

Section 5.8. Special Covenants of the Lessee. The Lessee covenants that:

(a) If any lien, encumbrance, or charge of any kind based on any claim of any kind (including without limitation, any claim for income, franchise or other taxes, whether Federal, state or otherwise) shall be asserted or filed against any amount paid or payable by the Lessee under or pursuant to this Lease, or any order (whether or not valid) of any court shall be entered with respect to any such amount by virtue of any claim of any kind, in either case so as to interfere with the due application of such amount by the Port pursuant to any provisions of any contract, resolution or agreement of the Port, then the Lessee will promptly take such action (including, but not limited to, the payment of money) as may be necessary to prevent, or to nullify the cause or result of, such interference or the imposition of such obligation, as the case may be.

(b) Notwithstanding any termination of this Lease, if the Lessee shall elect to deposit cash and/or Government Obligations with the Port pursuant to the provision of Section 9.1 of this Lease, the Lessee shall pay, and shall indemnify and hold harmless the

operating similar properties in comparable locations; and (iii) worker's compensation insurance to the extent and in such amounts as are customarily carried by corporations similarly situated to Lessee and operating similar properties in comparable locations, but in any event not less than required by all applicable laws, statutes, codes, acts, and ordinances, covering any work on or about the Leased Premises or the Project or any part of either thereof.

(b) All policies maintained by Lessee pursuant to this Section 6.1 (except for worker's compensation insurance) shall name the Port and Lessee as insureds as their respective interests may appear, provided that the insurance proceeds for losses of less than \$1,000,000 shall be adjusted by and, except for worker's compensation and public liability insurance, be payable without contribution to, Lessee, and that all insurance policies for losses of \$1,000,000 or more, except for worker's compensation or public liability insurance which shall be adjusted by the Port and Lessee jointly, shall provide for payment without contribution to the Port's Treasurer for application in accordance with the terms of the obligations incurred pursuant to Section 3.4 or 3.5. Such policies or certificates of insurance shall (i) provide that any losses shall be payable notwithstanding any act or negligence of the Port or Lessee, (ii) provide that no cancellation, reduction in amount or material change in coverage thereof shall be effective until at least 10 days after receipt of written notice thereof by the Port, and (iii) be reasonably satisfactory in all other respects to the Port. All policies maintained by Lessee pursuant to this Section 6.1 may provide that the issuer is not liable to the extent of the first \$1,000,000 of any loss, or such other greater dollar amount as may be mutually acceptable to the Port and Lessee, with the result that Lessee is its own insurer to the extent of such dollar amount as to such risks.

(c) Lessee will deliver to the Port (i) upon the commencement of the Lease Term and thereafter upon any property becoming subject to this Lease not covered by insurance theretofore in effect hereunder, certificates as to all insurance policies which Lessee is required to maintain pursuant to this Section 6.1, and (ii) prior to the expiration of any such policy, evidence as to the renewal thereof.

Port against any tax, fee, or other charge imposed upon or assessed against such Government Obligations or the principal, premium, if any, and interest received thereon.

(c) Lessee may not, without the prior written consent of the Port, store, handle, transfer, or otherwise deal in any hazardous substances or materials over, on, or across the Leased Premises which will increase the Port's fire or property insurance rates or which may be likely to expose persons or property adjacent to the leased property to danger of fire, explosion, noxious fumes or gasses, or harmful effect. Prior to such storing, handling, transferring or dealing in hazardous substances or materials, Lessee shall secure all necessary governmental permits and approvals. The Port hereby consents to the storage, handling and transfer of grain of all types, oilseeds, beans, feedstuff of all types and their by-products.

(d) Lessee will operate the Leased Premises and the Project as a public grain terminal and will publish tariffs naming rates and charges for transactions through such terminal.

ARTICLE VI

Insurance, Damage, Destruction and Condemnation; Use of Net Proceeds; Termination

Section 6.1. Insurance. (a) Lessee will maintain, with financially sound and reputable insurers, (i) insurance on the Leased Premises and the Project against loss or damage by fire, lightning, hail, windstorm, riot, strike, riot attending a strike, civil commotion, explosion, aircraft, vehicle and smoke, and such other customarily insured risks, if any, as from time to time may be included in "extended coverage" policies, in amounts sufficient to prevent the Port or Lessee from becoming a co-insurer of any partial loss under the applicable policies but in any event in amounts not less than 90% of the full replacement value of the Project; (ii) comprehensive public liability insurance against claims for bodily injury or death of persons and damage to or destruction of property occurring on or about the Leased Premises or in any way relating to or arising out of the acquisition or operation of the Leased Premises or Project, in such amounts as are customarily carried by corporations similarly situated to Lessee and

(d) Lessee agrees that each policy of insurance maintained by it shall waive the underwriters' right of subrogation thereunder against the Port and each such policy shall waive any right of the underwriters to any set-off, counterclaim or any other deduction in respect of any liability of Lessee or the Port. The Port agrees that each policy of insurance maintained by it shall waive the underwriters' right of subrogation thereunder against Lessee and each such policy shall waive any right of the underwriters to any set-off, counterclaim or any other deduction in respect of any liability of the Port or Lessee.

Section 6.2. Damage and Destruction. If prior to the payment in full of the obligations incurred pursuant to Section 3.4 or 3.5 (or provision for such payment having been made in accordance with the provisions of Section 9.1), the Leased Premises or Project is destroyed or damaged (in whole or in part) by fire or other casualty, unless Lessee shall have exercised its option pursuant to Section 6.4 to terminate this Lease, Lessee will (a) promptly repair, rebuild or restore the property damaged or destroyed to substantially the same condition as existed prior to the event causing such damage or destruction, with such changes, alterations and modifications (including the substitution and addition of other property) as may be agreed upon in writing by the Port and Lessee and as will not impair the character of the Project as an Exempt Facility; and (b) apply for such purpose so much as may be necessary of any Net Proceeds in respect of such destruction or damage as well as any additional monies of the Lessee necessary therefor.

Any balance of such Net Proceeds remaining after payment of all the costs of such repair, rebuilding or restoration shall be paid to Lessee.

Lessee shall not, by reason of its inability to use all or any part of the Leased Premises or the Project during any period in which the damaged or destroyed property is being repaired, rebuilt or restored or by reason of the payment of such excess costs, be entitled to any reimbursement from the Port or any abatement or diminution of the rents payable under Section 4.2 or 4.3 hereof.

Section 6.3. Condemnation. If, prior to the payment in full of the obligations incurred pursuant to Section 3.4 or 3.5 (or provision for such payment having

been made in accordance with the provisions of Section 9.1), title to, or the temporary use of, the Leased Premises or the Project shall be taken under the exercise of the power of eminent domain by any governmental body other than the Port or by any person, firm or corporation acting under governmental authority other than that of the Port, unless Lessee shall have exercised its option pursuant to Section 6.4 to terminate this Lease, the Port will cause the Net Proceeds to be applied in one or more of the following ways:

(a) To the restoration of the Leased Premises and the Project to substantially the same condition as existed prior to the exercise of the said power of eminent domain.

(b) To the acquisition, by construction or otherwise, of land within the Port and other improvements suitable for operations at substantially the same level of operation as the Leased Premises and the Project and in compliance with all applicable laws, rules and regulations governing the Project (which land and improvements shall, to the extent the same constitute property of the character described in the Lease, be deemed a part of the Leased Premises and the Project and available for use and occupancy by the Lessee without the payment of any rent other than as herein provided to the same extent as if such other land and improvements were specifically described herein and demised hereby); provided that such alternate site, if any, and improvements shall be acquired by the Port subject to no encumbrances, other than Permitted Encumbrances.

In the event that the Net Proceeds are not sufficient to pay in full the costs under (a) or (b) of the first paragraph of this Section 6.3, the Port will nonetheless complete the restoration or acquisition and, unless otherwise paid as provided in Section 3.5, Lessee will pay in the normal course of business that portion of the costs thereof in excess of the amount of said Net Proceeds. The Lessee shall not, by reason of its inability to use all or any part of the Leased Premises or the Project during any such period of restoration or acquisition or by reason of the payment of such excess costs, be entitled to any reimbursement from the Port (except as provided in the following paragraph) or any abatement or diminution of the rents payable under Sections 4.2 and 4.3 hereof.

Any balance of such Net Proceeds remaining after payment of all the costs under (a) or (b) of the first paragraph of this Section 6.3 and the reimbursement of Lessee for all payments of Additional Rent made during the period of restoration or acquisition and not covered by insurance shall be paid to the Port.

Section 6.4. Termination Upon Certain Events.
In the event that there shall be such damage to or destruction of the Leased Premises or Project or such a taking by the exercise of the power of eminent domain that, in the good faith judgment of Lessee, the Leased Premises or the Project are no longer suitable for use by Lessee and Lessee elects to terminate this Lease rather than to repair, rebuild or restore the property, then Lessee will give notice thereof to the Port not more than 120 days after such damage, destruction or taking specifying the date on which Lessee is to terminate this Lease (the "Termination Date"). On the Termination Date, if the obligations incurred pursuant to Section 3.4 or 3.5 have not been satisfied, Lessee will, pursuant to Section 9.1, prepay rentals due hereunder in an amount sufficient to provide for the payment in full of such obligations. Upon compliance with the terms and conditions of this Section 6.4, the Lease Term shall terminate on that date with respect to the Leased Premises and the Project.

In the event that on the Termination Date the amount of the Net Proceeds (including amounts of self-insurance maintained by Lessee) shall exceed the amount necessary to pay in full the obligations incurred pursuant to Section 3.4 or 3.5, such excess Net Proceeds (including amounts of self-insurance maintained by Lessee) shall be applied as follows:

(a) in case such excess Net Proceeds (including amounts of self-insurance maintained by Lessee) are received in connection with the damage or destruction of the Leased Premises and the Project, the Port shall be paid such excess Net Proceeds; and

(b) in case such excess Net Proceeds are received in connection with the taking of the Leased Premises or the Project, such excess Net Proceeds shall be proportioned between the Port and Lessee in accordance with the respective valuations of the Leased

Premises and the Project as reflected in the condemnation award.

Section 6.5. Cooperation of Port. Whenever the Port is a necessary party, the Port shall cooperate fully with Lessee at Lessee's expense in filing any proof of loss with respect to any insurance covering the casualties described in Section 6.1 hereof and in the prosecution or defense of any prospective or pending condemnation proceeding with respect to the Leased Premises or any part thereof or any property of Lessee not subject to the Lease in connection with which the Leased Premises are used and will, to the extent it may lawfully do so, permit Lessee to litigate in any proceeding resulting therefrom in the name and behalf of the Port. In no event will the Port voluntarily settle, or consent to the settlement of, any proceeding arising out of any insurance claim or any prospective or pending condemnation proceeding with respect to the Leased Premises or any part thereof without the written consent of Lessee. Nothing herein shall bind the Port to cooperate with Lessee to the extent that the Port's interest is adverse to Lessee's interest.

ARTICLE VII

Assignment, Subleasing, Indemnification, Mortgaging and Selling

Section 7.1. Assignment, Subleasing and Encumbrances. This Lease may be assigned and the Leased Premises and the Project may be subleased, as a whole or in part, by Lessee only upon the written consent of the Port (which consent shall not unreasonably be withheld) and subject to the condition that no assignment (other than pursuant to Section 5.3 hereof) shall relieve Lessee from primary liability for any of its obligations hereunder, and in the event of any such assignment Lessee shall continue to remain primarily liable for payment of the amounts specified in Sections 4.2 and 4.3 hereof and for performance and observance of the other agreements on its part herein provided to be performed and observed by it to the same extent as though no assignment had been made.

Section 7.2. Release and Indemnification Covenants. Lessee releases the Port and all officials and employees of the Port from, and covenants and

agrees that neither the Port nor any official or employee of the Port shall be liable for, and agrees to indemnify and hold the Port and all officials and employees of the Port harmless against, any claim made against the Port or any official or employee of the Port in or resulting from the Port's capacity as Lessor under this Lease by reason of any loss or damage to property or any injury to or death of any person occurring at or resulting from the operation of the Leased Premises, except loss, damage, injury or death attributable to the sole negligence or misconduct of the Port or such official or employee. The release and indemnification provisions of the preceding sentence do not apply to any claim made against the Port or any official or employee of the Port in or resulting from any action or failure to take action in any other capacity or any claim referred to in section 3.8. In case any action shall be brought against the Port or any official or employee of the Port in respect of which indemnity may be sought against Lessee, the Port or such official or employee shall promptly notify Lessee in writing and Lessee shall assume the defense thereof, including the employment of counsel and the payment of all expenses incident to such defense. The Port or such official or employee shall have the right to employ separate counsel in any such action and participate in the defense thereof, but the fees and expenses of such counsel shall be paid by the Port or such official or employee unless the employment of such counsel has been authorized by Lessee. Lessee shall not be liable for any settlement of any such action without its consent but, if any such action is settled with the consent of Lessee or if there be final judgment for the plaintiff of any such action, Lessee agrees to indemnify and hold harmless the Port or such official or employee from and against any loss or liability by reason of such settlement or judgment. Lessee further confirms and agrees that Lessee will reimburse the Port in the manner and to the extent provided in Schedule C attached hereto for such additional expenses as the Port shall incur by reason of any dredging of its downstream properties made necessary by the construction or operation of the Project.

Section 7.3. Restrictions on Mortgage or Sale of Project; Waiver of Lien. Except as provided in section 8.2, the Port agrees that it will not, without the prior written consent of Lessee, mortgage, sell, hypothecate, assign, transfer or convey its interest in the Leased Premises or the Project or any portion thereof or any interest therein. Any such action or attempted action by the Port shall be null and void.

ARTICLE VIII

Events of Default and Remedies

Section 8.1. Events of Default Defined. The following shall be "Events of Default" under this Lease and the terms "event of default" and "default" shall mean, whenever they are used in this Lease, any one or more of the following events:

- (a) Failure by Lessee to pay when due the Basic Rent or Additional Rent required to be paid hereunder and such failure continues for a period of five days following written notice to Lessee.
- (b) Failure by Lessee to keep in force insurance as required by Section 6.1.
- (c) Failure by Lessee to observe and perform any covenant, condition or agreement on its part to be observed or performed, other than as referred to in Section 8.1 (a) or (b) hereof, for a period of thirty (30) days after written notice specifying such failure, requesting that it be remedied, and stating that it is a notice of default, has been given to Lessee by the Port; provided, however, if said default be such that it cannot be corrected within the applicable period it shall not constitute an event of default if corrective action is instituted by Lessee within the applicable period and diligently pursued until the default is corrected.
- (d) If the Lessee shall, on a petition in bankruptcy filed against it, be adjudicated a bankrupt or a court of competent jurisdiction shall enter an order or decree appointing, without the consent of the Lessee, a receiver of the Lessee or of the whole or substantially all of its property, or approving a petition filed against it seeking reorganization or arrangement of the Lessee under the Federal bankruptcy laws or any other applicable law or statute of the United States of America or any State thereof, and such adjudication, order or decree shall not be

vacated or set aside or stayed within sixty (60) days from the date of the entry thereof.

(e) If the Lessee shall (i) admit in writing its inability to pay its debts generally as they become due, or (ii) file a petition in bankruptcy or a petition to take advantage of any insolvency act, or (iii) make an assignment for the benefit of its creditors, or (iv) consent to the appointment of a receiver of itself or of the whole or any substantial part of its property.

The foregoing provisions of (c) of this Section 8.1 are subject to the following limitations: If by reason of Force Majeure, Lessee is unable in whole or in part to carry out its agreement on its part herein contained, Lessee shall not be deemed in default during the continuance of such inability. Lessee agrees, however, to use all reasonable efforts to remedy with all reasonable dispatch the cause or causes preventing Lessee from carrying out this Lease; provided that the settlement of strikes, lockouts and other industrial disturbances shall be entirely within the discretion of Lessee, and Lessee shall not be required to make settlement of strikes, lockouts and other industrial disturbances by acceding to the demands of the opposing party or parties when such course is in the judgment of Lessee unfavorable to Lessee.

Section 8.2. Remedies on Default. Whenever any event of default referred to in Section 8.1 hereof shall have happened and be continuing, the Port may take any one or more of the following steps:

(a) By written notice to Lessee, declare an amount equal to all rentals required for the payment of the obligations incurred pursuant to Section 3.4 or 3.5 to be immediately due and payable under this Lease, whereupon the same shall become immediately due and payable;

(b) Re-enter and take possession of the Leased Premises without terminating this Lease, and sublease the Leased Premises for the account of the Lessee, holding the Lessee liable for the difference in the rent and other amounts payable pursuant to such sublease and the rents

and other amounts payable by the Lessee hereunder;

(c) Terminate the Lease Term, exclude the Lessee from possession of the Leased Premises and use its best efforts to sublease the Leased Premises to another for the account of the Lessee, holding the Lessee liable for all rent and other payments due up to the effective date of such subleasing and for the excess, if any, of the rent and other amounts payable by the Lessee under this Lease had the Lease Term not been terminated, over the rents and other amounts which are payable by such new sublessee under such new sublease;

(d) From time to time take whatever action at law or in equity may appear necessary or desirable to collect the rent and any other amounts payable by the Lessee hereunder, then due and/or thereafter to become due, or to enforce performance and observance of any obligation, agreement or covenant of the Lessee under this Lease; and

(e) Recover from the Lessee on demand, at any time after the expiration of the Lease Term pursuant to paragraph (c) hereof, as and for liquidated and agreed final damages for the Lessee's default and in lieu of all current damages beyond the date of Basic Rent required by Section 4.2.

Section 8.3. No Remedy Exclusive. No remedy herein conferred upon or reserved to the Port is intended to be exclusive of any other available remedy or remedies, but each and every such remedy shall be cumulative and shall be in addition to every other remedy given under this Lease or now or hereafter existing at law or in equity or by statute. No delay or omission to exercise any right or power accruing upon any default shall impair any such right or power or shall be construed to be a waiver thereof, but any such right and power may be exercised from time to time and as often as may be deemed expedient. In order to entitle the Port to exercise any remedy reserved to it in this Article VIII, it shall not be necessary to give any notice, other than such notice as may be herein expressly required.

Section 8.4. Agreement to Pay Attorneys' Fees and Expenses. In the event either party should default upon any of the provisions of this Lease, and the nondefaulting party should employ attorneys or incur other expenses for the collection of rentals hereunder or the enforcement of performance or observance of any obligation or agreement, the defaulting party or losing party of litigation is required and agrees to pay a reasonable attorney fee to the nondefaulting or prevailing party and such other expenses incurred.

Section 8.5. No Additional Waiver Implied by One Waiver. In the event a breach by either party of any agreement contained in this Lease should be waived by the other party, such waiver shall be limited to the particular breach so waived and shall not be deemed to waive any other breach hereunder.

ARTICLE IX

Prepayment of Rentals

Section 9.1. Optional Prepayment of Rentals. Lessee shall have, and is hereby granted, the option to prepay at any time all or any part of the Basic Rent payable under this Lease. Such prepayment may be made in cash or by delivering to the Port such amount of Government Obligations (together with cash, if required) maturing at such time or times and bearing such interest as shall be required for the payment of all or a part of the obligations incurred pursuant to Section 3.4 or 3.5. The rent so prepaid shall be credited against future payments of Basic Rent as the same become due or, upon direction of Lessee made prior to the date on which such credit is to be taken, the rent so prepaid shall be used by the Port to purchase or redeem the obligations incurred pursuant to Section 3.4 or 3.5 in the manner and to the extent provided in the instrument creating such obligations.

Section 9.2. Relative Position of this Article. The rights and options granted to Lessee in this Article IX may be exercised whether or not Lessee is in default hereunder; provided that such default will not result in nonfulfillment of any condition to the exercise of any such right or option.

ARTICLE X

Miscellaneous

Section 10.1. Initial Term. The initial term of this Lease (the "Initial Term") shall commence on the Effective Date and remain in full force and effect from the Effective Date to and including a date thirty (30) years thereafter.

Section 10.2. Option to Renew. As a part of the consideration for this Lease and the surrender to the Port by Lessee of the Existing Lease, the Port hereby grants to Lessee the right to renew this Lease for one successive twenty (20) year period (the "Renewal Term"). Notice of Lessee's election to exercise the option to renew shall be given in writing, by certified or registered mail, not less than nine (9) months before the expiration of the initial term.

The renewal of the Lease shall be on the same terms and conditions as herein set forth, except that the Additional Rent payable under Section 4.3(b) shall be an amount equal to Sixteen Thousand Six Hundred Sixty-Six and 66/100 Dollars (\$16,666.66) per month.

Section 10.3. Notices. All notices, certificates or other communications hereunder shall be sufficiently given and shall be deemed given when delivered or mailed by first class mail, postage prepaid, addressed as follows: If to the Port, to Manager, Port of Vancouver, P.O. Box 1180, Vancouver, Washington 98666; or if to Lessee, to United Grain Corporation, 1300 S.W. Fifth Avenue, Suite 3628, Portland, Oregon 97201, Attn: President. The Port or the Lessee may, by notice given hereunder, designate any further or different addresses to which subsequent notices, certificates or other communications shall be sent.

Section 10.4. Binding Effect. This Lease shall inure to the benefit of and shall be binding upon the Port, the Lessee and their respective successors and assigns, subject, however, to the limitations contained in Article VII hereof.

Section 10.5. Severability. In the event any provision of this Lease shall be held invalid or unenforceable by any court of competent jurisdiction, such holding shall not invalidate or render unenforceable any other provision hereof.

Section 10.6. Consent or Approval. In every instance where the consent or approval of the Port is required by the terms of this Lease, such consent or approval shall not be unreasonably withheld.

Section 10.7. Execution in Counterparts. This Lease may be simultaneously executed in several counterparts, each of which shall be an original and all of which shall constitute but one and the same instrument.

Section 10.8. Performance Bond. The Port has elected, pursuant to the provisions of RCW 53.08.080, to accept the guarantee of Mitsui of the payment of all sums due under this Lease in lieu of a performance bond.

Section 10.9. Guaranty. The due and punctual payment of any and all rentals due under this Lease is guaranteed by Mitsui, pursuant to the Lease Guaranty Agreement, dated as of December 1, 1980, between the Port and Mitsui. The due and punctual payment of the obligations incurred pursuant to Section 3.4 or 3.5 will be guaranteed by Mitsui. All payments made by Mitsui pursuant to such guaranty and all payments made by Mitsui pursuant to the Lease Guaranty Agreement shall be deemed to constitute payment by Lessee of a like amount of rental obligations hereunder.

Section 10.10. Applicable Law. This Lease shall be governed by and construed in accordance with the laws of the State of Washington.

Section 10.11. Captions. The captions or headings in this Lease are for convenience only and in no way define, limit or describe the scope or intent of any provision or section of this Lease.

Section 10.12. Annulment of Lease. The Port shall have the right to declare this Lease to be null, void and of no force and effect if funds for financing the Project are not received by the Port on or before November 30, 1981.

IN WITNESS WHEREOF, the Port and Lessee have caused this Lease to be executed in their respective corporate names and their respective corporate seals to be hereunto affixed and attested by their duly

authorized officers, all as of the date first above written.

PORT OF VANCOUVER

By Richard Joubert

By Richard Hanson

By Alta Smith

ATTEST:

UNITED GRAIN CORPORATION
OF OREGON

By John ...
PRESIDENT

ATTEST:

Stacy ...

SCHEDULE - A

That part of Section 28, Township 2 North, Range 1 East, of the Willamette Meridian, County of Clark, State of Washington, described as follows:

Beginning at the intersection of the southerly prolongation of the westerly line of the Amos and Esther Short Donation Land Claim with the Outer Harbor Line and from which intersection the southwest corner of said Donation Land Claim bears North $0^{\circ} 44' 45''$ East a distance of 374.92 feet; thence South $52^{\circ} 49' 12''$ East along said Outer Harbor Line and the Pier Head Line a distance of 409.12 feet; thence North $42^{\circ} 10' 00''$ East a distance of 109.74 feet, more or less, to a point on the Inner Harbor Line; thence North $47^{\circ} 05' 52''$ West along the Inner Harbor Line a distance of 22.07 feet; thence North $48^{\circ} 51' 00''$ East a distance of 87.90 feet; thence North $41^{\circ} 09' 00''$ West a distance of 118.08 feet; thence South $37^{\circ} 11' 00''$ West a distance of 7.76 feet; thence North $41^{\circ} 09' 00''$ West 387.37 feet; thence North $48^{\circ} 51' 00''$ East 12.15 feet; thence North $41^{\circ} 09' 00''$ West 45.00 feet; thence North $48^{\circ} 51' 00''$ East 59.89 feet; thence North $41^{\circ} 09' 00''$ West 89.88 feet to a point which bears South $41^{\circ} 09' 00''$ East 108.21 feet from a concrete monument on the west line of said Short Donation Land Claim, said monument bears North $0^{\circ} 44' 45''$ East 136.05 feet from the southwest corner of said Claim; thence North $48^{\circ} 51' 00''$ East a distance of 153.20 feet; thence North $47^{\circ} 21' 00''$ East a distance of 253.30 feet; thence North $42^{\circ} 39' 00''$ West a distance of 490.00 feet; thence South $47^{\circ} 21' 00''$ West a distance of 307.38 feet; thence South $23^{\circ} 24' 42''$ West a distance of 170.71 feet; thence South $15^{\circ} 57' 00''$ East 25.00 feet; thence South $37^{\circ} 10' 48''$ West 344.51 feet to the Outer Harbor Line; thence South $48^{\circ} 13' 52''$ East 600.24 feet to the point of beginning

Additional Harbor Area Lease Legal Description to be
leased from State of Washington.

Beginning at the intersection of the southerly prolongation of the westerly line of the Amos and Esther Short Donation Land Claim with the Outer Harbor Line, as, referred to in Application No. H.A. 1943 Lease to Port of Vancouver from the State of Washington in January 1964, from which intersection the Southwest Corner of said Donation Land Claim bears North $0^{\circ} 44' 45''$ East a distance of 374.92 feet; Thence South $52^{\circ} 49' 12''$ East along said Outer Harbor Line 409.12 feet; Thence South $37^{\circ} 10' 48''$ West 100.00 feet; Thence North $52^{\circ} 49' 12''$ West 1200.05 feet; Thence North $37^{\circ} 10' 48''$ East 100.00 feet; Thence South $52^{\circ} 49' 12''$ East 195.00 feet; Thence North $37^{\circ} 10' 48''$ East 44.78 feet to the Outer Harbor Line, as referred to in Application No. H.A. 1680 Lease to Port of Vancouver from the State of Washington in May 1957; Thence South $48^{\circ} 13' 52''$ East, along said Outer Harbor Line, per application Nos. H.A. 1680 and H.A. 1943, 600.24 feet to the point of beginning.

Improvements to the Leased Premises

1. Construction of a new ship loading and barge receiving dock.
2. Installation of a new high capacity gantry-type ship loading system incorporating the latest dust emission control equipment.
3. Installation of a new high capacity barge receiving system.
4. Construction of graded lot shipping bins to insure that properly graded grain is placed on board ship.
5. Installation of a high capacity cleaning, sampling and official weighing system for grain bound for ships.
6. Installation of new high capacity conveying and transferring systems to support the increased ship loading capacity.
7. Installation of a new railroad car unloading system with official weighing of incoming grain.
8. Installation on all new and modified grain handling systems with dust emissions control equipment that meets all safety and regulatory requirements.

Dredging Reimbursement Procedures

1. An initial survey will be taken of the area from the downstream end of the proposed dock to the downstream end of Port of Vancouver Berth #4 prior to commencement and upon completion of the underwater portion of the dock construction.
2. The survey will be done by tag line at approximately 50' spacing and will cover the area between the low water line or dock front and going riverward at least 50' beyond the Corps of Engineers designated northerly edge of channel or turning basin. The survey will show the origins of the 50' spaced lines and base line control will be located on the ground so the same lines can be run in subsequent years.
3. During the first July after the initial survey, a similar survey will be made and this shall be repeated one year later. The Port and Lessee will then decide whether annual, biannual or longer period can elapse between surveys.
4. Shoaling patterns which are continuous from the upstream to the Port's downstream properties, or occurring in front of Berth #1 will be the responsibility of Lessee.
5. If shoaling occurs and the Corps of Engineers is not required or scheduled to perform maintenance dredging, Lessee has the option of contracting for the shoal removal or requesting the Port to do it.
6. Lessee will select the surveyor and pay for necessary surveys. In the event shoaling occurs and is removed by the Corps of Engineers, or the Port contracts for its removal, Lessee will reimburse the Port for actual cost of the work.

STATE OF Oregon)
) ss.:
COUNTY OF Multnomah)

On this 30th day of December, 1980,
before me personally appeared John C Harley to me
known to be President of United Grain Corporation
of Oregon, one of the corporations that executed the within
and foregoing instrument, and acknowledged said instrument
to be the free and voluntary act and deed of said corpora-
tion for the uses and purposes therein mentioned, and on
oath stated that he was authorized to execute said instru-
ment and that the seal affixed is the corporate seal of
said corporation.

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

J. D. Haller
Notary Public in and for
the State of Oregon,
residing at West Linn

RECEIVED

DEC 1 4 25

ARITIME
UNION
SECRETARY

DOCKAGE AGREEMENT

between

UNITED GRAIN CORPORATION OF OREGON

and

PORT OF VANCOUVER (WASHINGTON)

with

GUARANTY

by

mitsui & co. (u.s.a.), inc.

Dated as of December 1, 1980

DOCKAGE AGREEMENT, dated as of December 1, 1980, between United Grain Corporation of Oregon ("UGC"), an Oregon corporation, and the Port of Vancouver (the "Port"), a municipal corporation of the State of Washington.

W I T N E S S E T H:

WHEREAS, the Port and UGC have entered into a Lease Agreement (the "Lease"), dated as of the date hereof, covering certain property located within the Port's boundaries and described in the Lease (the "Leased Premises");

WHEREAS, the Lease reserves to the Port the right to make and receive its regular dockage charges for ocean-going vessels berthing at the dock space; and

WHEREAS, the Port is the owner or lessee, as the case may be, of docks, pilings and appurtenances thereto (collectively the "Port Dock Space") contiguous with a portion of the Leased Premises; and

WHEREAS, UGC recognizes that the value to the Port of the Port Dock Space is in substantial part dependent on the level of the business activity carried on at the Leased Premises; and

WHEREAS, the Port and UGC have agreed that, at the anticipated level of such activity, the dockage revenue to the Port would be at least the amount set forth in Section 1(a) hereof; and

WHEREAS, UGC and the Port have executed this Dockage Agreement in order to induce the Port to enter into the Lease;

NOW, THEREFORE, in consideration of the premises UGC and the Port agree as follows:

1. So long as the Lease remains in effect, UGC guarantees that, following the date (the "Commencement Date") of the certification of the Project (as defined in the Lease) as substantially complete in accordance with section 3.2 of the Lease, the Port shall receive in each calendar year dockage revenue from the Port Dock Space in at least the following amounts (pro-rated for any portion of the Initial Term or Renewal Term (as such terms are defined in the Lease) of the Lease which is not a full calendar year):

(a) during the Initial Term of the Lease, \$250,000; and

(b) during the Renewal Term of the Lease, the greater of (i) 200% of dockage revenue actually received by the Port in the first full calendar year after the Commencement Date and (ii) 100% of dockage revenue actually received by the Port in the last full calendar year of the Initial Term of the Lease.

For the purposes of this Dockage Agreement, "dockage revenue" for any period shall mean the aggregate of the amounts received by the Port (exclusive of amounts received pursuant to section 1 hereof) in respect of all charges imposed by it in connection with the use of the Port Dock Space.

2. As soon as practicable after each calendar year ending after the Commencement Date, the Port shall deliver to UGC a certificate of the Executive Director and the Secretary of the Port (a) setting forth in reasonable detail the calculation of the dockage revenue received by the Port from the Port Dock Space in such calendar year or portion thereof, and (b) certifying that throughout such period the Port has charged all users for use of the Port Dock Space at the tariff applicable thereto. In the event that the amount of dockage revenues shown as so received by the Port shall be less than the amount specified for the period in question in section 1, UGC shall, within 30 days of receipt of such certificate of the Port, pay to the Port the difference between such amounts.

3. The Port shall afford UGC and its authorized representatives (including independent accountants) access to its books of account at reasonable times during the Port's office hours for the purpose of verifying the calculations included in the certificate referred to in section 2, and will permit such representatives to make extracts from or copies of such books.

4. All notices hereunder shall be given and shall be deemed given when delivered or mailed by first class mail, postage prepaid, addressed as follows: If to UGC, to United Grain Corporation, 1300 S. W. Fifth Avenue, Suite 3628, Portland, Oregon 97201, Attention: President; or if to the Port, to Manager, Port of Vancouver, P. O. Box 1180, Vancouver, Washington 98666. UGC or the Port may, by notice given hereunder, designate any further or different addresses to which subsequent notices shall be sent.

5. This Dockage Agreement shall inure only to the benefit of the Port and its successors, and shall be binding upon UGC and its successors and assigns.

6. In the event any provision of this Dockage Agreement shall be held invalid or unenforceable by any court of competent jurisdiction, such holding shall not invalidate or render unenforceable any other provision hereof.

7. This Dockage Agreement may be simultaneously executed in several counterparts, each of which shall be an original and all of which shall constitute but one and the same instrument.

IN WITNESS WHEREOF, UGC has caused this Dockage Agreement to be executed in its corporate name and its corporate seal to be hereunto affixed and attested by the duly authorized officer, all as of the date first above written.

UNITED GRAIN CORPORATION OF OREGON



By *John ...*
Title *President*

ATTEST:

Asst *J. D. Hallen*
Secretary

G U A R A N T Y

Mitsui & Co. (U.S.A.), Inc. ("Mitsui"), a New York corporation and the owner of 85% of the capital stock of United Grain Corporation of Oregon ("UGC"), an Oregon corporation, hereby guarantees that it will pay all amounts required to be paid by UGC to the Port of Vancouver, a municipal corporation of the State of Washington, pursuant to the Dockage Agreement, dated as of December 1, 1980, between UGC and the Port, in the event that UGC shall fail to pay the same within the time required by the said Agreement.

MITSUI & CO. (U.S.A.), INC.

By *A. Tsuboi*
Vice President

Dated: December 1, 1980