

SUBLEASE AGREEMENT

This is a Sublease Agreement between George Allen & Sons, herein referred to as "Lessee", and the Tillamook County Soil & Water Conservation District, herein referred to as "The District".

Article I – Premises

Section 1.01 - Description

This Sublease provides for the rental of the parcel of land known as the Wilson Property, situated in parts of sections 22 & 23 of T1S, R10W, consisting of approximately one hundred forty-three (143) acres, as shown in Exhibit A.

Section 1.02 - Use of Premises

It is the intent of this Sublease that the use of the premises be consistent with the July 31, 2002 Intergovernmental Agreement and Lease between the Tillamook County Soil & Water Conservation District (TCSWCD) and Tillamook County.

This property is being leased from Tillamook County by the Tillamook County Soil & Water Conservation District for agricultural use with controlled public recreational access. Fifty (50%) percent of the subleased property must be available for public access at all times that livestock, including heifers and bulls, do not occupy the enclosed pastures. The dike area will be open to public access at all times. Public access is restricted to foot traffic only during daylight hours or during published legal hunting hours. Vehicles will be restricted to an adjacent parking area on the eastern area of the property.

The agricultural use of the property will be governed by a soil and water conservation plan developed by USDA-NRCS, and mutually agreed to and signed by the Lessee and the District. Agricultural operations involving livestock pasturing and/or confinement will require the development of a Comprehensive Nutrient Management Plan.

Section 1.03 - Prohibited Uses

Vehicular traffic, including off-road vehicles, is prohibited on the leased property. Farm vehicles, necessary for the operation of the agricultural enterprise, are accepted. Camping and horseback riding are prohibited. Fire arm use is restricted to the use of shotguns during the waterfowl season. Dogs must be kept on a leash except when used for hunting activities.

Article II - Term

Section 2.01 - Term

The term of this Agreement shall commence on April 18, 2008 and continue in six (6) month periods for a five (5) year term, ending April 18, 2013. At the end of each six month period of this Lease Agreement and the conservation plan are subject to revision by either party.

Section 2.02 - Termination

The District may cancel or revise this Agreement by provision of one hundred eighty (180) days written notice to the Lessee. The Lessee shall provide the District with one hundred eighty (180) days written notice of intent to terminate this Agreement.

Section 2.03 - Renewal

This Lease is not subject to renewal.

Article III - Rental Section

Section 3.01 - Rent

Rent shall be Forty-Seven – 56/100 (\$47.56) Dollars per acre per six (6) month period for one hundred forty-three (143) acres, or a total of Six Thousand Eight Hundred (\$6,800) Dollars, payable in two (2) equal payments of Three Thousand Four Hundred (\$3,400) Dollars.

Section 3.02 - Time and Place of Payments

Rent shall be paid on the first (1st) day of the first (1st) and fourth (4th) months of each six (6) month lease period. Payment shall be made to the Tillamook County Soil & Water Conservation District, 6415 Signal St., Tillamook, OR 97141. Any payment due under this Agreement that remains unpaid for thirty (30) days or more shall be deemed a default.

Section 3.03 - Interest

All unpaid rent or services and equipment furnished by the District to the Lessee shall accrue interest at the rate of one point five (1.5%) percent per month after the first (1st) thirty (30) day period. Any services or improvements furnished by the Lessee to the District shall be reimbursed within thirty (30) days after invoices are provided. Invoices that are unpaid after thirty (30) days will accrue interest at the rate of one point five (1.5%) percent per month.

Section 3.04 - Notices

Any notice required to be given under the terms of this Lease Agreement shall be considered to have been properly delivered if sent by regular mail or certified mail to the Lessee or the District at their respective addresses:

Tillamook County Soil & Water Conservation District
6415 Signal St.
Tillamook, OR 97147

George Allen & Sons
2805 Latimer Rd.
Tillamook, OR 97141

During the term of this Agreement, the address for either party may be changed upon written notice to the other party.

Article IV - Lessee's Obligations Section

4.01 - Improvements

Agricultural improvements will be governed by the conservation plan mutually agreed upon by the Lessee and the District. Structural and management conservation practices in the conservation plan will be designed and constructed, or implemented according to the standards and specifications listed in the USDA-NRCS Field Office Technical Guide (FOTG). Practices will be installed and implemented according to the schedule set forth in the conservation plan. The District will be responsible for the construction of the perimeter fence including the dike fence, the replacement of the existing two point five (2.5') foot culvert at the east entrance to the property, the power to the existing barn, and the water line to the property. The District will be responsible for maintenance of these facilities. The Lessee will be responsible for installing water tanks, for interior fencing, spraying for noxious weeds, pasture renovation and maintenance, and ditch maintenance. The Lessee may be eligible for various Federal cost-share programs such as EQIP, WHIP, CREP, PL-566 or WRP.

Section 4.02 - Subletting, Transfer or Assign

Tenant shall not sublet the premises, nor assign or transfer any interest of this Lease or the property covered thereby without prior written approval from the District.

Section 4.03 - Security of Premises

At least fifty (50%) percent of the leased ground must be available for public access at all times, except for pastures occupied by heifers and bulls during the grazing season. The dike area will be open continuously for general public access.

However, public access is restricted to daylight hours only, or legal hunting times as described in the waterfowl hunting regulations. Public access is restricted to designated roads, trails, interpretive areas and other signed areas designating such access or restriction, as posted by the County, the District or the Lessee for areas under their respective control. Buildings on this property are not open to general public access. The District does not assume any responsibility for the theft of, or damage to, any of the Lessee's personal property.

Article V - Property Maintenance

Section 5.01 - Maintenance

Conservation practices installed according to the conservation plan and Field Office Technical Guide (FOTG) specifications will be maintained by the party responsible for practice installation and/or receiving cost share funds, i.e. the Lessee or the District, or, upon mutual agreement, by the joint parties. Lease areas open to public access will be maintained and kept free of trash and other impediments by the District.

Section 5.02 - Site Condition at Termination

At the time of Lease expiration, Lessee will return control of the property to the District. The property will be returned to the District in clean, productive condition. The Lessee will not retain property rights to any installed structures or materials, unless the District has previously agreed to allow dismantling of certain improvements for material value by the Lessee. No refuse will be left on the premises at termination. Any such refuse that remains may be removed by Lessor at Lessee's expense.

Article VI - Indemnity and Insurance

Section 6.01 - Indemnity

Lessee agrees to fully indemnify; save harmless and defend the District, its' Board of Directors, employees and assigns from and against all claims and actions and all expenses incidental to the investigation and defense thereof, made or brought by any person, firm or corporation, based upon or arising directly out of damages or injuries to their persons or their property, caused in whole or in part by acts of commission or omission of the Lessee, its contracts, agents, employees, guests, licensees of business invitees in the use or occupancy of the property hereby leased, or work performed thereon; as well as those arising from Lessee's failure to comply with any covenant of this Lease or his part to be performed, and Lessee shall at his own expense defend the District against any and all suits or actions arising out of such acts and conduct, actual or alleged, and all appeals therefrom and shall satisfy and discharge any judgment which may be awarded against the District in any such action.

Section 6.02 - Attorney Fees

If any suit or action is filed by any party to enforce this Agreement or otherwise, with respect to the subject matter of this Agreement, the prevailing party shall be entitled to recover reasonable attorney fees incurred in preparation or in prosecution or defense of such suit or action as fixed by the trial court, and if any appeal is taken from the decision of the trial court, reasonable attorney fees as fixed by the appellate court.

Section 6.03 - Liability Insurance

Lessee further agrees at all times during the term hereof, at his own expense, to maintain, keep in effect, furnish and deliver to the District, liability insurance policies in form and with an insurer rated B+ or better by A.M. Best Company, insuring District against all liability for damages to persons or property in or about said leased property arising from any claim, loss or liability based upon or arising directly, by acts of commission or omission of Lessee, his contractors, agents, employees, guest licensees or business invitees in the use or occupancy of the leased property, or work performed thereon. The amount of said liability insurance shall not be less than Three Hundred Thousand (\$300,000) Dollars, for injury to one person, Five Hundred Thousand (\$500,000) Dollars, for injuries arising out of one occurrence and not less than One Hundred Thousand (\$100,000) Dollars for property damage, providing, however, the extent of the coverage shall never be less than the limits set by the Oregon legislature for a municipal corporation, or as may be determined by a court of competent jurisdiction. In the event *any* court removes the limits of damages, the amount of insurance to be carried will be set by agreement of the parties or by arbitration in the event agreement cannot be reached. The designation of the foregoing coverage is not a limitation on the extent of Lessee's obligations under this lease.

Section 6.04 - Loss Arising Out of Damage to or Destruction of Any Property Belonging to Lessee

The District shall not be liable to Lessee for any loss arising out of damage to or destruction of any property belonging to Lessee, or any improvement made on the leased property, when such loss is caused by any of the perils which are or could be insured against. All such claims for any and all loss, however caused, hereby are waived. It is the intention and agreement that Lessee shall fully provide his own insurance protection with respect to the leased property, improvements thereon (both in existence and hereafter constructed) and Lessee's personal property thereon, at his own expense, and look to his insurance carriers for reimbursement of any such loss, and further, that the insurance carriers involved shall not be entitled to subrogation under any circumstances against the District.

Article VII - Default

Section 7.01 - Entering Premises

On default of rental payment by the Lessee, the District reserves the right to enter the premises for purpose of possession, and to store the Lessee's property at Lessee's expense.

Section 7.02 - Lien

On default of rental payment by the Lessee, the District shall have a lien on the Lessee's personal property located on the lease area for any rental payment in arrears, as well as for any damages resulting from the occupancy of the property, and expenses incurred in taking possession of the property. The District shall have the right to retain the Lessee's personal property until all arrearages including rents, damages and expenses are paid.

Article VIII - General Conditions

Section 8.01 - Laws, Rules and Regulations

The Lessee will abide by all County, State and Federal laws, rules and regulations currently in effect or enacted during the term of the Lease.

Section 8.02 - Right of Entry and Inspection

The District reserves the right during the term of the Lease and any extension thereof to enter the premises for purposes of inspection and for performance of scheduled improvements.

Section 8.03 - Hazardous Materials

The Lessee shall not use, store or dispose of regulated hazardous materials on the leased property. The District will ensure that the leased property is free of such materials before releasing said property to the control of the Lessee.

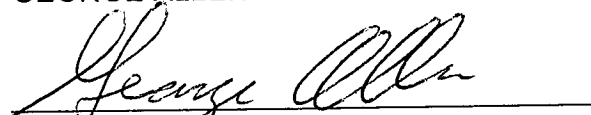
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Section 8.04 - Binding Effect

This Lease Agreement shall be binding on the heirs, personal representatives, successors in interest, and assigns of the respective parties hereto.

Dated this 19 day of April, 2008.

GEORGE ALLEN & SONS


George Allen

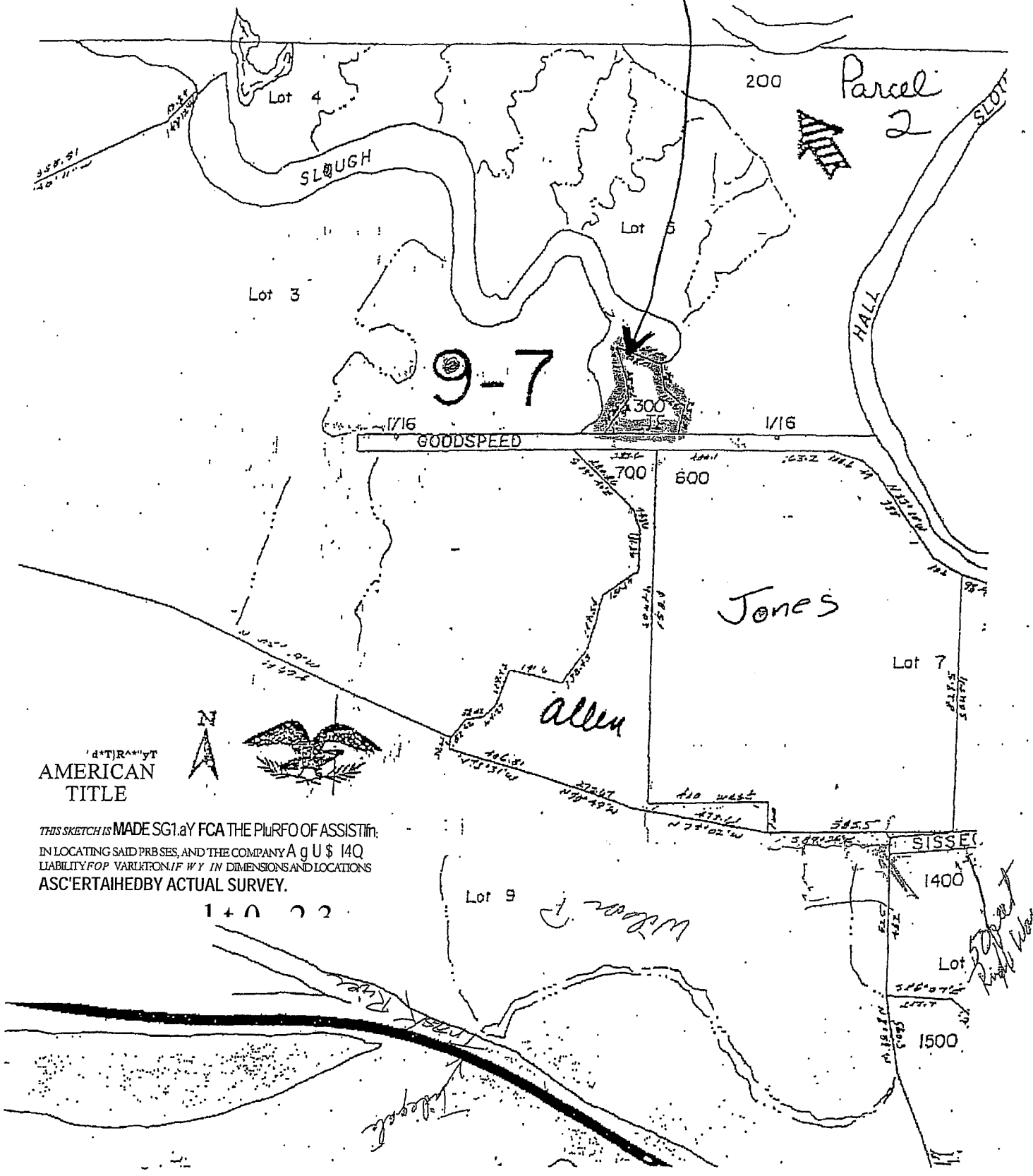
Dated this 17 day of April, 2008.

TILLAMOOK COUNTY SOIL & WATER CONSERVATION DISTRICT


Rudy Fenk, District Chairman

County Park

SEE MAP IS 10 14



9-7

Parcel 2

Jones

Allen

Wilson

50 feet
Wilson

1ST AMERICAN
TITLE



THIS SKETCH IS MADE FOR THE PURPOSE OF ASSISTING IN LOCATING SAID PARCELS, AND THE COMPANY ASSUMES NO LIABILITY FOR VARIATION IN DIMENSIONS AND LOCATIONS ASCERTAINED BY ACTUAL SURVEY.

140 22

MODIFICATION #2 TO SUBLEASE AGREEMENT
TILLAMOOK COUNTY SOIL & WATER CONSERVATION DISTRICT
AND GEORGE ALLEN & SONS
RENTAL PARCEL OF THE WILSON PROPERTY

This Agreement Modification, hereafter "Modification #2", is entered into by and between George Allen & Sons, hereafter "Contractor" and Tillamook County Soil & Water Conservation District, hereafter "SWCD", pursuant to ORS 203.010. The parties entered into a Sublease Agreement on April 19, 2008. The parties intend this Modification to modify their earlier Agreement only as to their expressions herein. The mutual promises of each are given in exchange and as consideration for, the promises of the other.

(~~Strike through text~~ indicates removals and *italicized text* indicates additions).

Section 2.01 – Term

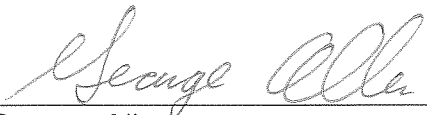
The term of this Agreement shall commence on April 18, 2008 and continue in six (6) month periods for a ~~five (5)~~ *ten (10)* year term, ending April 18, ~~2013~~ *2018*. At the end of each six month period, of this Sublease Agreement and the conservation plan are subject to revision by either party.

All provisions of the underlying agreement not otherwise modified by this document remain in full force and effect and are incorporated herein by reference, to include Modification #1 dated April 15, 2010.

Acknowledgement: EACH PARTY REPRESENTS TO THE OTHER BY THEIR SIGNATURES BELOW THAT EACH HAS READ, UNDERSTANDS AND AGREES TO ALL COVENANTS, TERMS AND CONDITIONS OF THIS AGREEMENT. EACH PARTY REPRESENTS TO THE OTHER TO HAVE THE ACTUAL AND/OR APPARENT AUTHORITY TO BIND THEIR RESPECTIVE LEGAL PERSONS, CORPORATE OR OTHERWISE, IN CONTRACT.

Dated this 27th day of February, 2013.

GEORGE ALLEN & SONS



George Allen

Dated this 27th day of February, 2013.

TILLAMOOK COUNTY SOIL & WATER CONSERVATION DISTRICT



Rudy Fenk, District Chairman