

UNOFFICIAL

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After Recording Return To: **PORT OF SKAGIT COUNTY**  
**P.O. BOX 348**  
**BURLINGTON, WA 98233**

**KATHY HILL**  
**SKAGIT COUNTY AUDITOR**

**'99 JUN 17 P2:33**

**9906170089**

RECORDED \_\_\_\_\_ FILED \_\_\_\_\_  
REQUEST OF \_\_\_\_\_

Document Title(s): LEASE AGREEMENT

Reference No. of Related Document(s): \_\_\_\_\_

Grantor(s): PORT OF SKAGIT COUNTY

Additional Grantor(s) on page \_\_\_\_\_ of Document.

Grantee(s): C C BEVERAGE (U.S.) CORPORATION

Additional Grantee(s) on page \_\_\_\_\_ of Document.

Abbreviated Legal Description: NE. Quarter of the Northwest quarter +  
that portion of the SE quarter of the NW quarter in Section 8 Township  
34N. Range 4E. W.M.

Additional Legal Descriptions(s) on page \_\_\_\_\_ of Document.

Assessor's Parcel/Tax ID Number: 34 04 08 P24229

SKAGIT COUNTY WASHINGTON  
Real Estate Excise Tax  
PAID

**JUN 17 1999**

Amount Paid \$ 0-  
Skagit County Treasurer  
By: DJ Deputy

**9906170089**

**BK 2006 PG 0454**

**LEASE AGREEMENT**

**BETWEEN**

**PORT OF SKAGIT COUNTY**

**and**

**C C BEVERAGE (U.S.)  
CORPORATION**

**Dated: February 1, 1999**

**LEASE AGREEMENT  
LESSOR: PORT OF SKAGIT COUNTY  
LESSEE: C C BEVERAGE (U.S.) CORPORATION**

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**BK2006 PG0455**

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**PORT OF SKAGIT COUNTY  
LEASE AGREEMENT**

THIS LEASE AGREEMENT, hereinafter referred to as "this Lease," is made as of February 1, 1999, by and between the PORT OF SKAGIT COUNTY, a Washington municipal corporation, hereinafter referred to as "Lessor," and C C BEVERAGE (U.S.) CORPORATION, a Washington corporation, hereinafter referred to as "Lessee."

**WITNESSETH:**

In consideration of their mutual covenants, agreements and undertakings hereinafter contained, the parties hereto do mutually agree to that which is hereinafter set forth, upon and subject to the following terms, conditions, covenants and provisions:

**1. PROPERTY SUBJECT TO THIS LEASE AGREEMENT**

The following described property (hereinafter referred to as the "Premises"):

The Premises consists of 108,420 square feet (2.49 acres) situated in County of Skagit, State of Washington, and consists of Lot 21 Riverbend Industrial Park. Said property is more particularly described in Exhibit A and depicted on a map identified as Exhibit B, both of which are attached hereto and by this reference incorporated herein.

The property is subject to an exclusive easement for ingress, egress and utilities over the north sixty (60) feet to the benefit of Lot 22 of the Riverbend Industrial Park.

**2. TERM**

The term of this Lease shall be for twenty-four (24) years and ten (10) months, beginning February 1, 1999, (hereinafter referred to as the "Commencement Date"), and ending November 30, 2024, unless sooner terminated pursuant to any provision of this Lease.

Lessor and Lessee presently have another lease agreement dated December 20, 1994 (as amended December 12, 1995 and assigned January 16, 1998). The property leased herein is to be used in conjunction with the business activity on the other leased property. Therefore, the leases are being linked. Any default of the December 20, 1994 Lease shall also be a default of this Lease. Any assignment or termination of the December 20, 1994

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Lease shall assign or terminate this Lease. Also, any default of this Lease shall be a default of the December 20, 1994 Lease. Any assignment or termination of this Lease shall assign or terminate the December 20, 1994 Lease.

### 3. OPTION TO EXTEND

Lessee is granted the right to extend this lease for two (2) consecutive ten (10) year option periods by giving written notice of said intention to Lessor not less than ninety (90) days prior to the expiration of the initial term or any extended term, conditioned upon the fact that all terms, covenants, and conditions of the initial or extended terms have been fully met and fulfilled. All terms and conditions of the initial term shall continue in full force and effect during each of the extended terms with the exception that the rent will be adjusted as hereinafter provided.

### 4. BUSINESS PURPOSE / BASE LINE ACTIVITY

a. **Business Purpose:** It is understood and agreed that Lessee intends to use the Premises for production of drinking water and soft drinks and to conduct such other activities as are incidental and reasonably related thereto. It is further understood that the above activities are the only type of activities to be conducted upon the Premises. Failure to perform the above type of activities or cessation of such activities or the carrying on of other type(s) of unauthorized activities shall constitute a material default by Lessee of this Lease. Lessee shall at all times operate on the Premises in a manner which will assure the safe, lawful and healthful use of the Premises. Lessee agrees that it will not disturb the Lessor or any other tenant of the Lessor by making or permitting any disturbances or any unusual noise, vibration or other condition on or in the Premises.

b. **Baseline Activity:** Lessee will maintain at least forty (40) equivalent full-time employees on-site at all times.

### 5. RENT

Commencing on August 1, 1999, Lessee shall pay to Lessor, in lawful money of the United States, without any set-off or deduction, in addition to taxes, assessments, and other charges required to be paid hereunder by Lessee, an initial rent for the Premises of TWO THOUSAND TWO HUNDRED ONE DOLLARS AND NINETY-ONE CENTS (\$2,201.91) per month, plus leasehold tax, during the term of this Lease. The rent for each month shall be

paid to the Lessor in advance on or before the first day of each and every month of the term of this Lease, and shall be payable at such place as the Lessor may hereinafter designate. The rent may be further adjusted by the addition of other sums and charges specified elsewhere in this Lease. The Lessor shall have all of the same rights and remedies with respect to any additional rent or charges in the event of nonpayment or late payment as are available to it in the event of nonpayment or late payment of the rent. The rent shall be adjusted as provided in the below section entitled PERIODIC RENTAL ADJUSTMENTS.

6. PERIODIC RENTAL ADJUSTMENTS

a. Rental shall be adjusted on December 1, 2000 and on each third December 1 ("Change Date") thereafter during the lease term or any extended term. Rent adjustments will be concurrent in time with the rent adjustments occurring under the December 20, 1994 Lease. The adjustments shall be according to the procedures below in paragraphs b. and c.

b. Except as provided below in subparagraph c., adjustments shall be based on the Price Index, as defined and under the procedure below in paragraph 7, entitled PROCEDURE TO DETERMINE ADJUSTED RENTAL - CPI.

c. Notwithstanding the provisions of subparagraph b. above, the rental adjustment occurring on December 1, 2006, and on each ninth (9<sup>th</sup>) December 1 thereafter shall be based on the market rental value of the property as defined and under the procedure set forth in paragraph 8, entitled PROCEDURE TO DETERMINE ADJUSTED RENTAL - FAIR MARKET VALUE. Accordingly, adjustments made under this subparagraph c. shall occur on December 1, in the years 2006, 2015, 2024, 2033, and 2042.

7. PROCEDURE TO DETERMINE ADJUSTED RENTAL - CPI

a. Definitions: The adjusted rental rate(s) shall be determined in accordance with the formula set forth below. In applying the formula, the following definitions apply:

- 1) "Bureau" means the U.S. Department of Labor, Bureau of Labor Statistics or any successor agency.
- 2) "Price Index" means the U.S. City Average Consumer Price Index for all Urban Consumers issued from time to time by the Bureau, or any other measure hereafter employed by the Bureau in lieu of the price index that

measures the cost of living nationally or if said Bureau should cease to issue such indices and any other agency of the United States should perform substantially the same function, then the indices issued by such other agency.

b. Formula: The adjusted monthly rental shall be determined by multiplying the rental rate(s) being adjusted by a multiplier equal to the change in the Price Index since the last adjustment computed as follows:

$$\frac{\text{(Price Index for 6}^{\text{th}} \text{ month prior to Change Date)}}{\text{(Price Index for 42}^{\text{nd}} \text{ month prior to Change Date)}} - (\text{Change in Price Index})$$
$$(\text{Change in Price Index}) \times (\text{Rental being adjusted}) = (\text{Adjusted Monthly Rental})$$

The Price Index (1982 - 84 = 100) for June, 1998 was 163.0.

8. PROCEDURE TO DETERMINE ADJUSTED RENTAL - FAIR MARKET VALUE

a. Amount: The rent shall be adjusted to be the market rental value of the Premises. Lessor shall notify Lessee of the amount as determined by the Port Commission. If the rent amount is not acceptable to the Lessee, market rental value shall be established by the procedure in the succeeding paragraph.

b. Procedure If Dispute Regarding Rent Amount: If the parties cannot agree on the market rental value, then the fair cash market value of the Premises shall be determined. For purposes of setting the fair cash market value of the land, the land shall be considered as a separate, vacant, identifiable tract of real property. Such determination shall be made by a MAI appraiser whose selection shall be by mutual agreement of the parties. If they are unable to agree on the selection, then a MAI appraiser shall be selected by the presiding judge of the Superior Court of Skagit County upon the petition of either party. Once the fair cash market value of the Premises is determined, the rent amount shall be established based on the Lessor's then established rate of return for leased properties. The cost of the appraisal shall be borne equally by both parties. In establishing the fair cash market value, the appraiser shall assume the following to be true:

- 1) Property contains 2.49 acres;
- 2) Property relatively flat with an average elevation of 28 feet msl;
- 3) Property covered with native grasses; and
- 4) Property requires 4,000 cubic yards of structural fill for a building site.

9. SECURITY FOR RENT

To secure the rent hereunder, Lessee agrees to furnish to Lessor rental insurance, bond or other security acceptable to Lessor in an amount equal to one (1) year's rent.

10. LATE CHARGES

Lessee hereby acknowledges that late payment by Lessee to the Lessor of rent, or any other sums due hereunder will cause the Lessor to incur costs not otherwise contemplated by this Lease. Accordingly, if any installment of rent or any other sum due from Lessee shall not be received by the Lessor within ten (10) days after such amount shall be due, then, without any requirement for notice to Lessee, Lessee shall pay the Lessor a late charge equal to 5% of such overdue amount. The parties agree that such late charge represents a fair and reasonable estimate of the costs the Lessor will incur by reason of late payment by Lessee. Acceptance of such late charge by the Lessor shall in no event constitute a waiver of Lessee's default with respect to such overdue amount, nor prevent the Lessor from exercising any of the other rights and remedies granted hereunder. In the event that a late charge is payable in this Lease or otherwise, whether or not collected, for three (3) installments of rent in any 12-month period, then rent shall automatically become due and payable quarterly in advance, rather than monthly notwithstanding the above section entitled RENT or any other provision of this Lease to the contrary. In addition to the late charges provided for in this section, interest shall accrue on rent, or any other sums due hereunder, at the rate of one and one-half percent (1 1/2%) per month from the date due until paid.

11. CONSTRUCTION OF IMPROVEMENTS

If Lessee intends to construct improvements on the Premises, it shall be at Lessee's cost. Lessee shall not commence construction of any improvements or alterations (alterations include, but are not limited to structural changes, painting of the exteriors of structures, changes to wiring and plumbing) or install any fixtures (other than fixtures which can be removed without injury to the Premises) without prior written consent of Lessor and subject to any and all conditions in such approval. Lessee shall submit to Lessor all plans and specifications relating to such construction of improvements, alterations or installation of any fixtures (other than fixtures which can be removed without injury to the Premises). The construction of all improvements, alterations and/or installation of fixtures shall be carried out by Lessee in a first-class manner at its sole cost and expense, and in full compliance with all federal, state, county and other governmental statutory and regulatory requirements. Until the expiration or sooner termination of this Lease, title to any improvements situated and constructed by Lessee on the Premises and any alteration, change or addition thereto, as well



as title to fixtures and articles of personal property attached to or used in connection with the Premises by Lessee, shall remain solely in Lessee.

12. DISPOSITION OF IMPROVEMENTS AT END OF LEASE

Lessee shall have the right to remove all buildings, equipment, personal property and trade fixtures which may have been placed upon the premises by Lessee during the period of this lease, provided that the same are removed upon conclusion of the lease and that the lease is in good standing. Any such equipment, personal property and trade fixtures not removed from the premises by the conclusion of the lease shall revert to Lessor. All other improvements shall become the property of the Lessor. If Lessee does not remove all equipment, personal property and trade fixtures which have been placed on the premises by Lessee during the period of this Lease and Lessor wants the property removed, then the same shall be removed and stored at Lessee's expense and Lessor shall recover any costs and expenses from the Lessee resulting from the removal. Following removal of said described property, the premises shall then be restored by Lessee to a condition requiring Lessor to only undertake normal excavation for construction of a new building, or to such other condition approved by Lessor prior to termination of this lease.

13. CONDITION OF THE PREMISES

Lessee has inspected the property, and the sub-surface conditions, and accepts the property in its present condition; is not relying upon any covenants, warranties or representations of Lessor as to its condition or usability, except Lessor's right to grant a lease of the property; and agrees to make any changes in the Premises necessary to conform to federal, state and local law applicable to Lessee's use of the Premises.

14. LESSEE WILL OBTAIN PERMITS

Lessee shall be solely responsible for obtaining and complying with all permits, approvals or licenses required for the operation and conduct of Lessee's business activities and the construction, installation, erection and/or operation of any structures, facilities or equipment, including but not limited to, items constituting alterations or defined as trade fixtures on the Premises. If Lessee fails to obtain and comply with such permits, then Lessee accepts full responsibility for any and all costs incurred by the Lessor, including actual attorney's fees, occasioned by Lessor pursuing Lessee's default for its failure to obtain and/or comply with such permits. Lessee agrees to hold the Lessor harmless from any liability and

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to fully reimburse expenses of the Lessor for Lessee's failure to obtain and/or fully comply with any necessary permit.

#### 15. INSURANCE COVERAGE

a. **Casualty Insurance:** Lessee shall at Lessee's expense maintain on all improvements belonging to Lessor and on all of Lessee's personal property and leasehold improvements and alterations on the premises, casualty insurance, with extended coverage in the amount of their replacement value.

b. **Liability Insurance:** Lessee shall, at its own expense, maintain throughout the term of this lease, proper liability insurance with a reputable insurance company or companies satisfactory to the Lessor in the minimum of \$1,000,000 single limit liability, and a comprehensive general liability broadening endorsement (and hereafter in such increased amounts to be comparable and consistent with the going or standard coverage in the area for comparable business operations).

c. **Certificates:** The Lessor shall be named as one of the insured, and shall be furnished a copy of such policy or policies or certificate(s) of coverage, or both, at the Lessor's election. Each certificate of insurance shall provide that the insurance policy or policies are not subject to cancellation without at least thirty (30) days advance written notice of such cancellation having been first given to the Lessor.

#### 16. WAIVER OF SUBROGATION

Lessor hereby releases Lessee from any and all right, claim and demand that Lessor may hereafter have against Lessee, or Lessee's successors or assigns, arising out of or in connection with any loss or losses occasioned by fire and such items as are included under the normal extended coverage clauses of fire insurance policies, and does hereby waive all rights of subrogation in favor of insurance carriers against Lessee arising out of any losses occasioned by fire and such items as are included under the normal extended coverage clauses of fire insurance policies and sustained by Lessor in or around the premises. Lessee hereby releases Lessor from any and all right, claim and demand that Lessee may hereafter have against Lessee or Lessee's successors or assigns, arising out of or in connection with any loss or losses occasioned by fire and such items as are included under the normal extended coverage clauses of fire insurance policies. The waivers provided for in this paragraph shall be applicable and effective only in the event such waivers are obtained from the insurance carriers concerned.

17. **HOLD HARMLESS PROVISIONS, LIABILITY AND INDEMNITY**

The Lessor, its officers, employees and agents, shall not be liable for any injury (including death) or damage to any persons or to any property sustained or alleged to have been sustained by the Lessee or by others as a result of any condition (including existing or future defects in the premises), or occurrence whatsoever related in any way to the premises or related in any way to the Lessee's use of the premises or Lessee's performance under this lease, except to the extent of such damage caused solely by negligence of the Lessor. Lessee agrees to defend and hold and save the Lessor, its officers, employees and agents, harmless from any and all liability or expense (including expense of litigation) in connection with any such items of actual or alleged injury or damage.

18. **OFF STREET PARKING**

Lessee agrees not to use any public streets, rights of way or other properties not included in this Lease for the parking of vehicles.

19. **ADVERTISING AND SIGNS**

No signs or other advertising matter, symbols, canopies or awnings shall be installed, attached to or painted on the Premises without the prior written approval of the Lessor's executive director, or the executive director's designee.

20. **EQUAL OPPORTUNITY**

The Lessee covenants and agrees that in the performance of this Lease, the Lessee shall conduct its activities in a manner that will assure fair, equal and nondiscriminatory treatment of all persons regardless of race, creed, sex, marital status or ethnic origin. Notwithstanding any exemption contained in the State or Federal law, the Lessee shall comply with all Federal and State laws, rules or regulations concerning hiring and employment and assuring the service of all patrons, customers, members or invitees without discrimination as to any person's race, creed, sex, marital status or ethnic origin.

21. **LAWS AND REGULATIONS**

The Lessee agrees, at its sole cost and expense, to conform to, comply with and abide by all lawful rules, codes, ordinances, requirements, orders, directions, laws and regulations

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of the United States, the State of Washington, and any municipality or agency of any of said entities, including rules and regulations of Lessor, including without limitation those relating to environmental matters, now in existence or hereafter promulgated, applicable to the Lessee's use and operation of said Premises, including the construction of any improvements thereon, and not to permit said Premises to be used in violation of any of said rules, codes, laws or regulations. Any fees for inspection of the Premises during or for the term of this Lease by any federal, state or municipal officer shall be paid by Lessee. Lessee shall pay all costs, expenses, liabilities, losses, damages, fines, penalties, claims, and demands, including reasonable counsel fees, that may in any manner arise out of or be imposed because of the failure of Lessee to comply with the covenants of this section.

## 22. ENVIRONMENTAL PROVISIONS

a. Lessee covenants to defend, indemnify, and hold Lessor harmless from any imposition or attempted imposition by any person upon Lessor of any obligation or cost ("liability") of whatever form, including, without limitation, damages; claims; governmental investigations, proceedings or requirements; attorney fees in investigation, at trial or administrative proceeding, or on appeal; witness or consultant costs; or any other liability to the extent that such liability arises from a violation, or alleged violation, or from the failure to satisfy a requirement, or alleged requirement, of any environmental or land use law or regulation, proximately resulting from use of the Premises during the term of this Lease, and without regard to when the liability is asserted.

b. In like manner as in paragraph a. above, so shall Lessor indemnify Lessee, except only for liability proximately resulting from use of the Premises prior to the commencement of this Lease.

## 23. MAINTENANCE / COMMIT NO WASTE

The Lessee shall at all times during the term of this Lease maintain the Premises in good condition and shall, at its sole cost and expense, keep the Premises and the adjoining driveways and walkways neat, clean and in a safe and sanitary condition. Lessee agrees not to allow conditions of waste and refuse to exist on the premises.

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24. UTILITIES

Lessee agrees to contract with the appropriate provider and pay for all public utilities which shall be used in or charged against the Premises, and to hold the Lessor harmless from such charges. With regard to utilities provided by the Lessor, Lessee will pay to Lessor according to the Lessor's established rate.

25. LIENS AND INSOLVENCY

Lessee shall keep the Premises free from any liens arising out of work performed, materials furnished, or obligations incurred by Lessee. In the event Lessee becomes insolvent, voluntarily or involuntarily bankrupt, or if a receiver, assignee or other liquidating officer is appointed for the business of the Lessee, then the Lessor may cancel this Lease at Lessor's option.

26. TAXES

Lessee shall pay any taxes on the Premises and/or on the leasehold interest created by this lease and/or any activity arising under this Lease.

27. COSTS AND ATTORNEYS' FEES

If by reason of default on the part of either party to this Lease agreement it becomes necessary to employ an attorney to recover any payments due hereunder or to enforce any provision of this Lease, the prevailing party, whether such party be the successful claimant or the party who successfully defended against the claim of the other party, shall be entitled to recover a reasonable attorney's fee and to be reimbursed for such costs and expenses as may have been incurred by such prevailing party.

28. TERMINATION

Upon termination of this lease or any extension thereof, whether by expiration of the stated term or sooner termination thereon as herein provided, Lessee shall surrender to Lessor said premises peaceably and quietly and in the condition required under the paragraphs entitled MAINTENANCE/COMMIT NO WASTE and DISPOSITION OF IMPROVEMENTS AT END OF LEASE.

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**29. DEFAULT AND RE-ENTRY**

Time is of the essence of this agreement. (i) If (a) any rent or other payment due from Lessee hereunder remains unpaid for more than ten (10) days after the date it is due; (b) Lessee files a voluntary petition in bankruptcy or makes a general assignment to the benefit of, or a general arrangement with, creditors; (c) there is an involuntary bankruptcy filed against Lessee that has not been dismissed within thirty (30) days of filing; (d) Lessee becomes insolvent; or (e) a receiver, trustee, or liquidating officer is appointed for Lessee's business; or (ii) If Lessee violates or breaches any of the other covenants, agreements, stipulations or conditions herein, and such violation or breach shall continue for a period of thirty (30) days after written notice of such violation or breach is sent to Lessee, then Lessor may at its option, declare this Lease forfeited and the term hereof ended, or without terminating this Lease elect to re-enter and attempt to relet, in which event Lessee authorizes Lessor to relet the premises or any part thereof for such term or terms (which may be for a term extending beyond the term of this Lease) and at such rental or rentals and upon such other terms and conditions as Lessor in its sole discretion deems advisable. Upon each such reletting, all rentals received by Lessor from such reletting shall be applied, first, to the payment of any amounts other than rent due hereunder from Lessee to Lessor; second, to the payment of any costs and expenses of such reletting and renovation, including brokerage fees and attorneys' fees; third, to the payment of rent due and unpaid hereunder, and the residue, if any shall be held by Lessor and applied to payment of future rent as the same may become due and payable hereunder. If rental received from such reletting during any month are less than that to be paid during that month by Lessee hereunder, Lessee shall pay any such deficiency to Lessor, and Lessee covenants and agrees to pay Lessor for all other expenses resulting from its default, including, but not limited to, brokerage commissions, attorneys fees and the reasonable cost of converting the premises for the benefit of the next Lessee. Delinquent rental and other payments shall bear interest at the rate of eighteen percent (18%) per annum from the date due until paid. In the event of any default hereunder and entry in, or taking possession of, the premises, Lessor shall have the right, but not the obligation, to remove from the premises all personal property located therein, and may store the same in any place selected by Lessor, including but not limited to a public warehouse, at the expense and risk of the owners thereof, with the right to sell such stored property, without notice to Lessee, after it has been stored for a period of thirty (30) days or more, with the proceeds of such sale to be applied to the cost of such sale and to the payment of charges for storage, and to the payment of any other sums of money which may then be due from Lessee to Lessor under any of the terms hereof.

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**30. ASSIGNMENT AND SUBLEASE**

Lessee shall not, by operation of law or otherwise, assign or sublease any portion of the premises without Lessor's prior written consent, which consent shall not be unreasonably withheld. The consent of Lessor to any assignment or sublease shall not in any manner be construed to relieve Lessee from obtaining Lessor's express written consent to any other or further assignment or sublease. As a condition to any assignment or sublease, Lessor may revise the rental to be consistent with its then current rental policy.

**31. LESSOR'S RIGHT TO ENTER PREMISES**

Lessor and/or its authorized representatives shall have the right to enter the premises at all reasonable times for any of the following purposes:

- a. To determine whether or not the premises are in good condition or whether the Lessee is complying with its obligations under this Lease;
- b. To do any necessary maintenance and to make any restoration to the Premises that the Lessor has the right or obligation to perform;
- c. To post "For Rent" or "For Lease" signs during any period that the Lessee is in default;
- d. To repair, maintain or improve the Premises; and
- e. To do any other act or thing necessary for the safety or preservation of the Premises.

Lessor shall not be liable in any manner for any inconvenience, disturbance, loss of business, nuisance, or other damage arising out of the Lessor's entry onto the premises as provided in this section. Lessor shall conduct its activities on the premises as provided herein in a manner that will cause the least inconvenience, annoyance or disturbance to the Lessee.

**32. RIGHT TO QUIET ENJOYMENT**

Lessor acknowledges that it has ownership of the premises heretofore described and that it has the legal authority to lease said premises unto Lessee. Lessor covenants that Lessee's right of occupancy shall not be disturbed during the term of this Lease so long as

the terms are complied with by Lessee and subject to the provisions of paragraph entitled LESSOR'S RIGHT TO ENTER PREMISES.

33. RIVERBEND INDUSTRIAL PARK COVENANTS, ORDINANCES AND REGULATIONS

Lessee understands that the area leased is within the Lessor's Riverbend Industrial Park, situated in Industrial Development District No. 2. Lessor has or may promulgate and adopt ordinances, regulations and covenants for the orderly care, maintenance, development and control of all property within said district including Lessee's use thereof. Lessee agrees to comply with such covenants, ordinances and regulations in force as of the date of this Lease and all other covenants, ordinances and regulations which may be promulgated by Lessor.

34. NOTICES

All notices or payment hereunder may be delivered or mailed. If mailed, they should be sent to the following respective addresses:

LESSOR: Port of Skagit County  
P. O. Box 348  
Burlington, WA 98233  
Phone: (360) 757-0011  
FAX: (360)757-0014

LESSEE: C C Beverage (U. S.) Corporation  
1600 Port Drive (Street Address)  
P.O. Box 326  
Burlington, WA 98233  
Phone: (360) 757-4441  
FAX: (360) 757-3534

35. TIME IS OF THE ESSENCE

It is mutually agreed and understood that time is of the essence of this lease and that a waiver of any default of Lessee shall not be construed as a waiver of any subsequent default, and that any notice required to be given under this lease may be given by United States Mail addressed to the party identified in the paragraph entitled NOTICES of this lease.

IN WITNESS WHEREOF, Lessor has caused this instrument to be signed by its President and Secretary, on the date and year first above written.

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LEASE AGREEMENT  
LESSOR: PORT OF SKAGIT COUNTY  
LESSEE: C C BEVERAGE (U.S.) CORPORATION

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LESSOR:

PORT OF SKAGIT COUNTY

John E. Henriot  
John E. Henriot, Commission President

Brian J. Rolfson  
Brian J. Rolfson, Commission Secretary

LESSEE:

C C BEVERAGE (U.S.) CORPORATION

Jay Duffy  
Jay Duffy, President

Tom Koltai  
Tom Koltai, Secretary

STATE OF WASHINGTON )

) SS

COUNTY OF SKAGIT )

On this 23<sup>rd</sup> day of March, 1999 before me, the undersigned Notary Public in and for the State of Washington, duly commissioned and sworn, personally appeared John Henriot and Brian Rolfson to me known to be the President and Secretary, respectively, of the Port Commission of the PORT OF SKAGIT COUNTY, a municipal corporation, the corporation that executed the foregoing instrument, and acknowledged said instrument to be the free and voluntary act and deed of said corporation, for the uses and purposes therein mentioned, and on oath stated that they were duly authorized to execute the same 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.



Jennifer Hansen

(signature)

Jennifer Hansen

(print name)

NOTARY PUBLIC in and for the State of Washington,

residing at Whatcom County

My appointment expires: November 1, 2001

LEASE AGREEMENT  
LESSOR: PORT OF SKAGIT COUNTY  
LESSEE: C C BEVERAGE (U.S.) CORPORATION

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BK2006PG0470







January 11, 1999

**LEGAL DESCRIPTION** of lease parcel from Port of Skagit County to Cascade Clear Water Company, Riverbend Industrial Park, Burlington, Washington.

Parcel 21

That portion of the Northeast quarter of the Northwest quarter and that portion of the Southeast quarter of the Northwest quarter all in Section 8, Township 34 North, Range 4 East, W.M., described as follows:

Commencing at the Southeast corner of said Northeast quarter of the Northwest quarter; thence North  $88^{\circ}50'04''$  West (called North  $89^{\circ}48'02''$  West in previous descriptions), along the South line of said Northeast quarter of the Northwest quarter, 484.15 feet to the TRUE POINT OF BEGINNING; thence North  $1^{\circ}02'43''$  West (called North  $2^{\circ}00'30''$  West in previous descriptions), parallel with the East line of said Northeast quarter of the Northwest quarter, 195.50 feet to the Southeast corner of a tract shown on Record of Survey filed in Volume 7 of Surveys, page 199, records of Skagit County, Washington; thence North  $88^{\circ}50'04''$  West, along the South line of said Survey (called North  $89^{\circ}48'02''$  West on said survey), 175.94 feet; thence South  $1^{\circ}02'43''$  East, parallel with said East line, 195.50 feet to said South line of the Northeast quarter of the Northwest quarter; thence North  $88^{\circ}50'04''$  West, along said South line, 3.14 feet to a point on a curve; thence Southwesterly along the arc of said curve to the right having a radius of 530.00 feet and an initial tangent bearing of South  $2^{\circ}02'11''$  West, through a central angle of  $15^{\circ}18'40''$ , an arc distance 141.63 feet; thence South  $88^{\circ}50'04''$  East, parallel with said South line, 554.98 feet to the Westerly margin of the Burlington Northern Railway right-of-way; thence North  $7^{\circ}50'01''$  West, along said Westerly margin, 141.39 feet to said South line; thence North  $88^{\circ}50'04''$  West, along said South line, 332.85 feet (called 332.74 in previous descriptions) to the TRUE POINT OF BEGINNING.

**SUBJECT TO** an easement for ingress, egress and utilities over, under and upon the most Northerly 60 feet of the above described parcel for the benefit of Lot 22.

Situate in the County of Skagit, State of Washington

**NOTE:** Subdivision and meridian for this description is based on that certain Record of Survey Map recorded in Volume 18 of Surveys, Pages 114-116, Records of Skagit County, Washington.

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2118 RIVERSIDE DRIVE, SUITE 104 • MOUNT VERNON, WA 98273-5454 • (360) 424-9566

Exhibit A

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