

City of Tenino

149 Hodgen Street South
Tenino, WA 98589

City Council Meeting
Tuesday, March 14, 2023 at 7:00 PM

Agenda

WORK SESSION

CALL TO ORDER

AGENDA APPROVAL

1. Agenda for the Regular Meeting of the 3/14/23.

Recommended Action: Motion to approve the agenda as presented.

APPROVAL OF MINUTES

2. Meeting Minutes for 2/28/2023

Recommended Action: Motion to approve 2/28/2023 meeting minutes as presented.

CONSENT CALENDAR

3. Consent Calendar consisting of February 28, 2023 through March 14, 2023:

Payroll EFT's in the amount of \$33,111.20

Claims Checks #31244 through #31279 and EFT's in the amount of \$97,487.03.

for a grand total of \$130,598.23

Liquor Cannabis License: Tenino Farmers Market, Kirby Co. Spirits of Washington.

Recommended Action: Move to approve the consent calendar as presented.

EXECUTIVE SESSION

PRESENTATIONS

PUBLIC COMMENTS

PUBLIC HEARING

PROCLAMATIONS

OLD BUSINESS

4. Ag Park site lease amendment between the City and the EDC, leasing Lots 1, 2 and 3.

Recommended Action: Motion to approve. Ag Park site lease amendment between the City and the EDC, leasing Lots 1, 2 and 3.

5. Final land lease for Lot 2 South Bldg for Tenino Ag Park. This lease has been reviewed and approved by both the City Attorney as well as the DIG attorney. This approval is contingent on release of the parcel by the state and approval of the lease amendment between EDC and Tenino.

Recommended Action: Motion to approve land lease for lot 2 south building, contingent on release of the parcel by the state and approval of the lease amendment between EDC and Tenino.

NEW BUSINESS

6. Vactor Truck Financing with Timberland bank. City Attorney has reviewed the terms.

Recommended Action: Approve Timberland Bank financing terms for Vactor truck purchase.

7. Street Sweeper Financing with Timberland bank. City Attorney has reviewed the terms.

Recommended Action: Approve Timberland Bank financing terms for Street Sweeper purchase.

8. Appointment of Planning Commissioner Darnella Stenzel

Recommended Action: Motion to approve Darnella Stenzel to vacant Planning Commission position

RESOLUTIONS

ORDINANCES

REPORTS

9. 1) Chamber of Commerce
2) Economic Development Council (EDC)
3) South Thurston Economic Development Initiative (STEDI)
4) ARCH Commission
5) Experience Olympia & Beyond (VCB)
6) South Thurston Fire
7) Library
8) Museum
9) Tenino Community Service Center
10. 1) Civil Service Commission

2) Façade Improvement Grant Review Committee

3) Finance Committee

4) Planning Commission

5) Public Safety Committee

11. 1) Chief of Police

2) Director of Public Works

3) City Planner

4) Code Enforcement/Building Inspector

5) PARC Specialist

6) City Attorney

7) Clerk/Treasurer

8) Mayor

12. 1) Bucoda/Tenino Healthy Action Team (BTHAT)

2) Solid Waste Advisory Board

3) TCOMM/911

4) Tenino School Board

5) Thurston Regional Planning Council (TRPC)

6) Transportation Policy Board

7) Legislature

PUBLIC COMMENTS 2

ANNOUNCEMENTS

ADJOURNMENT

2.

File Attachments for Item:

2. Meeting Minutes for 2/28/2023

Recommended Action: Motion to approve 2/28/2023 meeting minutes as presented.

**City Council Meeting
Tuesday, February 28, 2023**

Minutes

WORK SESSION

Mayor Fournier convened the work session at 7:00 pm with

PRESENT

Councilmember Linda Gotovac
Councilmember Elaine Klamn
Councilmember John O'Callahan
Councilmember Jason Lawton
Councilmember Rachel Davidson.

Having no business for the work session, staff reports were then completed.

CALL TO ORDER

Mayor Fournier convened the regular meeting at 7:30 pm with

PRESENT

Councilmember Linda Gotovac
Councilmember Elaine Klamn
Councilmember John O'Callahan
Councilmember Jason Lawton
Councilmember Rachel Davidson.

AGENDA APPROVAL

1. Agenda for the Regular Meeting of the 2/28/23.

Recommended Action: Motion to approve the agenda as presented.

Motion made by Councilmember O'Callahan, Seconded by Councilmember Lawton.

Voting Yea: Councilmember Gotovac, Councilmember Klamn, Councilmember O'Callahan,
Councilmember Lawton, Councilmember Davidson.

Motion carries 5/0.

APPROVAL OF MINUTES

2. Meeting Minutes for 2/14/2023

Recommended Action: Motion to approve 2/14/2023 meeting minutes as presented.

Motion made by Councilmember O'Callahan, Seconded by Councilmember Gotovac.

Voting Yea: Councilmember Gotovac, Councilmember Klamn, Councilmember O'Callahan, Councilmember Lawton, Councilmember Davidson.

Motion carries 5/0.

CONSENT CALENDAR

- 3. Consent Calendar consisting of February 15, 2023 through February 28, 2023:

Payroll EFT's in the amount of \$33,049.69

Claims Checks #31220 through #31243 and EFT's in the amount of \$39,778.08

for a grand total of \$72,827.77

Liquor Cannabis License: None

Recommended Action: Move to approve the consent calendar as presented.

Motion made by Councilmember O'Callahan, Seconded by Councilmember Lawton.

Voting Yea: Councilmember Gotovac, Councilmember Klamn, Councilmember O'Callahan, Councilmember Lawton, Councilmember Davidson.

Motion carries 5/0.

EXECUTIVE SESSION

- 4. Executive Session

Review Performance of public employee

Mayor Fournier announced himself, Council, C/T Scharber and Chief Auderer would adjourn to an executive session downstairs for approximately 15 minutes and would announce if more time is needed. Regular meeting was adjourned at 7:35 pm. The executive session was adjourned at 7:50 and the regular meeting opened back up at 7:52 pm.

No action was taken during the executive session.

PRESENTATIONS

None

PUBLIC COMMENTS

Planning Commissioner Watterson: apologized for missing the RV ordinance discussion on 2/14/23. If anyone has any questions regarding it, please contact him.

PUBLIC HEARING

None

PROCLAMATIONS

None

OLD BUSINESS

None

NEW BUSINESS

- 5. Final Plat approval for Tenino Agricultural Park, to subdivide a city-owned 20.07-acre parcel zoned Public/Semi-Public into five lots, one that contains the existing wastewater treatment plant and four lots for future development. Also included are tracts for storm drainage and shared access/parking

Recommended Action: Approve Final Plat for Tenino Agricultural Park

Motion made by Councilmember O'Callahan, Seconded by Councilmember Lawton.

Voting Yea: Councilmember Gotovac, Councilmember Klamn, Councilmember O'Callahan, Councilmember Lawton, Councilmember Davidson.

Motion carries 5/0.

RESOLUTIONS

None

ORDINANCES

None

REPORTS

- 6. **1) Chamber of Commerce**
- 2) Economic Development Council (EDC)**
- 3) South Thurston Economic Development Initiative (STEDI)**
- 4) ARCH Commission**
- 5) Experience Olympia & Beyond (VCB)**
- 6) South Thurston Fire**
- 7) Library**
- 8) Museum**
- 9) Tenino Community Service Center**

1) Chamber of Commerce: Councilmember Gotovac reported the next meeting for Oregon Trail Days will be March 6th at Sandstone Cafe, and the next Chamber Lunch Meeting will be March 15th at the Sandstone Cafe. The Arts Spring Market will be held at the Kodiak Room March 24-26, 2023 10:00 am to 5:00 pm each day.

2) Economic Development Council (EDC): Perry Shea gave an update on the Ag Park Construction. He stated the bidding for utilites has been opened. They will be having some

public hearings in the near future. He also noted that there are various new tenants in the audience tonight.

3) South Thurston Economic Development Initiative (STEDI): Councilmember Gotovac reported the next meeting will be held on March 17th at the Bucoda Community Center from 8 - 9 am.

4) ARCH Commission: Councilmember Gotovac reported the Art Design Contest will close on March 17th at 5:00 pm.

6) South Thurston Fire: Dave Watterson reported he has been appointed to the Fire Commission Board. If anyone has any questions, please don't hesitate to contact him. The Fire Dept is still looking for property to purchase for a new larger station.

8) Museum: Jessica Reeves-Rush reported they are open Friday - Saturday noon to 4 pm each week. She has been working with Historian Rich Edwards on the 150th Jubilee.

7. 1) Civil Service Commission

2) Façade Improvement Grant Review Committee

3) Finance Committee

4) Planning Commission

5) Public Safety Committee

4) Planning Commission: Planner Penrose reported they meet next week and will be discussing the Housing Action Plan and periodic updates to the Comp Plan.

8. 1) Chief of Police

2) Director of Public Works

3) City Planner

4) Code Enforcement/Building Inspector

5) PARC Specialist

6) City Attorney

7) Clerk/Treasurer

8) Mayor

2) Director of Public Works: Director Cannon provided a written report which was read into the record by Mayor Fournier.

5) PARC Specialist: Jessica reported she has been busy looking for street grants. Once the Quarry House is completed she has someone interested in renting it for Yoga. She also has been busy working on the new software.

7) Clerk/Treasurer: C/T Scharber reported she is still busy with the Audit and working with Jessica on the website. Next meeting she will bring to Council financing for the new Vector Truck and Sweeper.

8) Mayor: Mayor Fournier reported he has been attending many meetings with the EDC concerning the Ag Park. He then read a statement concerning Officer Backus.

9. 1) Bucoda/Tenino Healthy Action Team (BTHAT)

2) Solid Waste Advisory Board

3) TCOMM/911

4) Tenino School Board

5) Thurston Regional Planning Council (TRPC)

6) Transportation Policy Board

7) Legislature

1) Bucoda/Tenino Healthy Action Team (BTHAT): Councilmember Lawton reported the parent dinner meeting scheduled for last Wednesday was canceled due to the weather and will be rescheduled.

5) Thurston Regional Planning Council (TRPC): They will meet on Friday.

6) Transportation Policy Board: They will meet on Wednesday.

7) Legislature: Councilmember Gotovac reported on some bills. The session will end 3/8.

PUBLIC COMMENTS 2

None

ANNOUNCEMENTS

Mayor Fournier announced the Supreme Living Housing has been shut down and will not be opening up in Maytown.

ADJOURNMENT

Mayor Fournier adjourned the meeting at 8:07 pm.

File Attachments for Item:

3. Consent Calendar consisting of February 28, 2023 through March 14, 2023: Payroll EFT's in the amount of \$33,111.20 Claims Checks #31244 through #31279 and EFT's in the amount of \$97,487.03 for a grand total of \$130,598.23 Liquor Cannabis License: Tenino Farmers Market, Kirby Co. Spirits of Washington. Recommended Action: Move to approve the consent calendar as presented.



Washington State
Liquor and Cannabis Board
P.O. Box 43098,
Olympia WA 98504-3098, (360) 664-1600

RECEIVED

MAR 14 2023

CITY OF TENINO

3400R OF TENINO/CITY OF TENINO
PO BOX 4019
TENINO, WA 98589



Washington State
Liquor and Cannabis Board
PO Box 43098

Olympia WA 98504-3098, (360) 664-1600
www.liq.wa.gov Fax #: (360) 753-2710

RECEIVED
MAR 14 2023
CITY OF TENINO

March 06, 2023

Dear Local Authority:
RE: Liquor License Renewal Applications in Your Jurisdiction - Your Objection Opportunity

Enclosed please find a list of liquor-licensed premises in your jurisdiction whose liquor licenses will expire in about 90 days. This is your opportunity to object to these license renewal requests as authorized by RCW 66.24.010 (8).

1) Objection to License Renewal

To object to a liquor license renewal: fax or mail a letter to the Washington State Liquor and Cannabis Board (WS-LCB) Licensing Division. This letter must:

- o Detail the reason(s) for your objection, including a statement of all the facts upon which your objection or objections are based. You may include attachments and supporting documents which contain or confirm the facts upon which your objections are based.
- o Please note that whether a hearing will be granted or not is within the Board's discretion per RCW 66.24.010 (8)(d).

Your letter or fax of objection must be received by the Board's Licensing Division at least 30 days prior to the license expiration date. If you need additional time you must request that in writing. Please be aware, however, that it is within the Board's discretion to grant or deny any requests for extension of time to submit objections. Your request for extension will be granted or denied in writing. If objections are not timely received, they will not be considered as part of the renewal process.

A copy of your objection and any attachments and supporting materials will be made available to the licensee, therefore, it is the Local Authority's responsibility to redact any confidential or non-disclosable information (see RCW 42.56) prior to submission to the WSLCB.

2) Status of License While Objection Pending

During the time an objection to a renewal is pending, the permanent liquor license is placed on hold. However, temporary licenses are regularly issued to the licensee until a final decision is made by the Board.

3) Procedure Following Licensing Division Receipt of Objection

After we receive your objection, our licensing staff will prepare a report for review by the Licensing Director. The report will include your letter of objection, as well as any attachments and supporting documents you send. The Licensing Director will then decide to renew the liquor license, or to proceed with non-renewal.

4) Procedure if Board Does Not Renew License

If the Board decides not to renew a license, we will notify the licensee in writing, stating the reason for this decision. The licensee also has the right to request a hearing to contest non-renewal of their liquor license. RCW 66.24.010 (8)(d). If the licensee makes a timely request for a hearing, we will notify you.

The Board's Licensing Division will be required to present evidence at the hearing before an administrative law judge to support the non-renewal recommendation. You may present evidence in support of your objection or objections. The administrative law judge will consider all of the evidence and issue an initial order for the Board's review. The Board members have final authority to renew the liquor license and will enter a final order announcing their decision.

5) Procedure if Board Renews License Over Your Objection

If the Board decides to renew the license over your objection, you will be notified in writing. At that time, you may be given an opportunity to request a hearing. An opportunity for a hearing is offered at the Board's discretion. If a hearing is held, you will be responsible for presenting evidence before an Administrative Law Judge in support of your objection to license renewal. The Board's Licensing Division will present evidence in support of license renewal. The licensee may also participate and present evidence if the licensee desires. The administrative law judge will consider all of the evidence, and issue an initial order for the Board's review. The Board members have final authority to renew the liquor license and will enter a final order announcing their decision.

For questions about this process, contact the WSLCB Licensing Division at (360) 664-1600 or email us at localauthority@sp.lcb.wa.gov.

Sincerely,

Rebecca Smith

Rebecca Smith, Director,
Licensing and Regulation Division

LIQ 864 07/10

RECEIVED

MAR 14 2023

CITY OF TENINO

C091080-2

WASHINGTON STATE LIQUOR AND CANNABIS BOARD

DATE: 03/06/2023

LICENSED ESTABLISHMENTS IN INCORPORATED AREAS CITY OF TENINO
(BY ZIP CODE) FOR EXPIRATION DATE OF 20230630

LICENSEE	BUSINESS NAME AND ADDRESS	LICENSE NUMBER	PRIVILEGES
1. TENINO FARMERS MARKET	TENINO FARMERS MARKET 213 SUSSEX AVE W TENINO WA 98589 0000	426602	FARMERS MARKET FOR WINE
2. KIRBY CO.	TENINO MARKET FRESH 500 SUSSEX AVE E TENINO WA 98589 0000	077186	GROCERY STORE - BEER/WINE
3. KIRBY CO.	TENINO IGA MARKET FRESH 669 LINCOLN AVE E TENINO WA 98589 4015	071208	GROCERY STORE - BEER/WINE
4. SPIRITS OF WASHINGTON, LLC	SANDSTONE DISTILLERY DOWNTOWN 297 SUSSEX AVE W TENINO WA 98589 9360	433177	OFF-SITE SPIRITS TASTING ROOM

RECEIVED

MAR 14 2023

CITY OF TENINO

**Consent Calendar consisting of March 1, 2023,
through March 14, 2023:**

Payroll EFT's in the amount of \$33,111.20

- **Claims Checks #31244 through #31279 and
EFT's in the amount of \$97,487.03**

for a grand total of \$130,598.23.

Liquor and/or Cannabis License requests:

CHECK REGISTER

Trans	Date	Type	Acct #	Chk #	Claimant	Amount	Memo
728	03/14/2023	Claims	5	31275	Utilities Underground Location	11.61	
729	03/14/2023	Claims	5	31276	Voyager Fleet System	2,993.88	
730	03/14/2023	Claims	5	31277	WA State Dept of Retirement Systems	49.49	
731	03/14/2023	Claims	5	31278	WA State Treasurer	1,890.45	
732	03/14/2023	Claims	5	31279	Wilson Parts Corporation	5.37	
						49,275.01	
001 General Government Fund #001							
002 Quarry Pool Fund #002						400.78	
101 City Street Fund #101						19,366.77	
310 Municipal Capital Imp Fund 310						22,812.32	
330 Inter Governmental Fund						7,207.39	
401 Water Fund						5,608.03	
402 Water Capital Imp Fund						169.85	
410 Sewer Fund						20,146.12	
421 Sewer Capital Improvement Fund						5,611.96	
						<hr/>	
						Claims:	97,487.03
* Transaction Has Mixed Revenue And Expense Accounts						Payroll:	33,111.20
						130,598.23	

WE, the members of the City Council of the City of Tenino, Thurston County, Washington, DO
 HEREBY certify that the merchandise or services listed above have been received and that the above
 listed vouchers and the related checks have been reviewed and approved for payment by the Tenino City
 Council.

DATED this _____ day of _____ 2023.

 Clerk/Treasurer

 Mayor

 Councilmember

 Councilmember

 Councilmember

 Councilmember

 Councilmember

CHECK REGISTER

3.

City Of Tenino

Time: 14:36:49 Date: 03/14/2023

03/01/2023 To: 03/14/2023

Page: 1

Trans	Date	Type	Acct #	Chk #	Claimant	Amount	Memo
608	03/05/2023	Payroll	5	EFT	Robert A Auderer	2,553.84	
609	03/05/2023	Payroll	5	EFT	Christopher A Backus	2,184.29	
610	03/05/2023	Payroll	5	EFT	Veronica A Barnes	1,575.54	
611	03/05/2023	Payroll	5	EFT	Troy LK Cannon	2,849.63	
612	03/05/2023	Payroll	5	EFT	Rene Durand	1,669.76	
613	03/05/2023	Payroll	5	EFT	Brent L Gibbs	1,858.34	
614	03/05/2023	Payroll	5	EFT	Drew Johnson	2,589.70	
615	03/05/2023	Payroll	5	EFT	Aaron Lee	2,055.00	
616	03/05/2023	Payroll	5	EFT	Alec C McClelland	2,083.88	
617	03/05/2023	Payroll	5	EFT	Cole Plaja	1,323.78	
618	03/05/2023	Payroll	5	EFT	Jason M Plaja	2,217.31	
619	03/05/2023	Payroll	5	EFT	Derrick Prosser	2,023.79	
620	03/05/2023	Payroll	5	EFT	Jessica Reeves-Rush	1,155.49	
621	03/05/2023	Payroll	5	EFT	Maria Rodriguez	1,499.00	
622	03/05/2023	Payroll	5	EFT	Jennifer N Scharber	2,304.74	
623	03/05/2023	Payroll	5	EFT	Courtney N Sheldon	1,035.55	
624	03/05/2023	Payroll	5	EFT	Rachel L Davidson	137.62	
625	03/05/2023	Payroll	5	EFT	Wayne R Fournier	1,305.83	
626	03/05/2023	Payroll	5	EFT	Linda Gotovac	137.62	
627	03/05/2023	Payroll	5	EFT	Effie E Klamn	183.50	
628	03/05/2023	Payroll	5	EFT	Jason A Lawton	137.62	
629	03/05/2023	Payroll	5	EFT	John J O'Callahan	229.37	
675	03/09/2023	Claims	5	31244	Thurston Co Title	350.00	Payment For Reconveyance On Fire Station To Transfer Title.
698	03/14/2023	Claims	5	31245	ALS Group USA, Corp	1,400.00	
699	03/14/2023	Claims	5	31246	American Fence Rental LLC	244.94	
700	03/14/2023	Claims	5	31247	CivicPlus LLC	1,730.00	
701	03/14/2023	Claims	5	31248	Corporate Payment Systems	3,830.70	
702	03/14/2023	Claims	5	31249	Correct Equipment	5,335.88	
703	03/14/2023	Claims	5	31250	Emergency Vehicle Solutions LLC	6,031.28	
704	03/14/2023	Claims	5	31251	Gibbs & Olson Inc	28,747.95	
705	03/14/2023	Claims	5	31252	Chris & Kellena Grant	353.77	602100.11 - 371 BRIAR LANE S
706	03/14/2023	Claims	5	31253	Great Western Supply	1,943.64	
707	03/14/2023	Claims	5	31254	H D Fowler Co	1,093.74	
708	03/14/2023	Claims	5	31255	Stanley Harris	336.78	504675.20 - 1105 LINCOLN AVE E
709	03/14/2023	Claims	5	31256	Interstate Automotive Inc	1,176.11	
710	03/14/2023	Claims	5	31257	J & I Power Equip	80.83	
711	03/14/2023	Claims	5	31258	Joes Refuse	1,314.09	
712	03/14/2023	Claims	5	31259	LB#1086 Lakeside Industries	686.53	
713	03/14/2023	Claims	5	31260	Law Office of Richard L. Hughes PLLC	10,695.00	
714	03/14/2023	Claims	5	31261	LeMay Mobile Shredding	73.00	
715	03/14/2023	Claims	5	31262	Mountain Mist Water	43.01	
716	03/14/2023	Claims	5	31263	Puget Sound Energy	7,628.15	
717	03/14/2023	Claims	5	31264	Quill	952.28	
718	03/14/2023	Claims	5	31265	RTS Enviromental LLC	5,500.00	
719	03/14/2023	Claims	5	31266	Rochester Lumber	184.88	
720	03/14/2023	Claims	5	31267	SCJ Alliance	7,298.75	
721	03/14/2023	Claims	5	31268	Scheibmeir, Kelly & Nelson PS	511.65	
722	03/14/2023	Claims	5	31269	Tenino Marketfresh	339.70	
723	03/14/2023	Claims	5	31270	Tenino Telephone Co	1,850.36	
724	03/14/2023	Claims	5	31271	City Of Tenino	1,619.42	
725	03/14/2023	Claims	5	31272	Thurston Co Env Health	128.00	
726	03/14/2023	Claims	5	31273	Thurston Co Treasurer	24.21	
727	03/14/2023	Claims	5	31274	Tyler Rental - Chehalis	1,031.58	

File Attachments for Item:

4. Ag Park site lease amendment between the City and the EDC, leasing Lots 1, 2 and 3.

Recommended Action: Motion to approve. Ag Park site lease amendment between the City and the EDC, leasing Lots 1, 2 and 3.

SECOND AMENDMENT TO LEASE AGREEMENT

Grantor (Lessee): Thurston Economic Development Council for Business & Innovation, a subdivision of Thurston County Economic Development Council, a Washington nonprofit corporation

Beneficiary (Lender): City of Tenino, a Washington municipal corporation

Legal Description (abbreviated) LOT B BLA-06-114384TC

Assessors Tax Parcel ID#: 1262-51-30103

**SECOND AMENDMENT
TO
LEASE AGREEMENT**

THIS SECOND AMENDMENT TO LEASE AGREEMENT (the “Amendment”) is made and entered into this ____ day of _____, 2023, by and between the CITY OF TENINO, a Washington municipal corporation (“Lessor”) and THURSTON ECONOMIC DEVELOPMENT COUNCIL CENTER FOR BUSINESS & INNOVATION, a subdivision of Thurston County Economic Development Council, a Washington non-profit corporation (“Lessee”). Lessor and Lessee may each be referred to herein as a “Party”, or collectively as the “Parties”.

RECITALS

WHEREAS, the Parties entered into that certain Lease Agreement dated December 11, 2018, as amended by that certain First Amendment to Lease Agreement dated December 28, 2020, (collectively, the “Lease”), for the property located at 16402 Old Hwy. 99 SE, Tenino, WA 98589, as further described in the Lease (the “Property”); and

WHEREAS, the Parties desire to amend the Lease and reduce the size of the Property leased by Lessee from Lessor, in order to (1) allow DRAGONWHEEL INVESTMENT GROUP, LLC, a Washington limited liability company (“Developer”), to develop portions of the Property and collectively work towards creation of a dynamic and sustainable economy that supports the values of the people who live and work in Thurston County and (2) to fully remove the portion of the Property containing the City’s Wastewater Treatment Plant from the leased area.

NOW, THEREFORE, IT IS HEREBY MUTUALLY AGREED that the Lease between the Parties shall be amended as follows:

AMENDMENT

1. **Development Lots.** Lessee hereby surrenders, and Lessor hereby accepts such surrender, of that portion of the Property identified as Lot 1 (the “Wastewater Treatment Plant Lot”) and Lots 2 and 3 (collectively, the “Development Lots”), on the plat map (the “Plat Map”) attached hereto in Exhibit A, and hereby incorporated by reference. The Parties acknowledge and agree that the Property shall otherwise remain unchanged.

2. **Rights and Duties.** The Parties acknowledge and agree that their respective rights and duties to one another stemming from the Lease, which relate to the Development Lots, shall be null, void and of no further force or effect.

3. **Effect of Amendment; Ratification.** The Parties hereby acknowledge and agree that, except as provided in this Amendment, the Lease has not been modified, amended, canceled, terminated, or otherwise rendered of no force or effect. The Lease as hereby amended is ratified and confirmed, and every provision, covenant, and condition contained in the Lease, as amended

herein, shall continue in full force and effect, affected by this Amendment only to the extent of the amendments and modifications set forth above.

4. **Counterparts.** This Amendment may be executed in several counterparts, each of which shall be deemed an original, but all of which shall constitute one and the same instrument. Counterparts shall have the same force and effect as though all of the signers had signed a single signature page.

[Signature page follows]

IN WITNESS WHEREOF, the Parties have executed this Amendment on the day and year first written above.

FOR THE CITY:

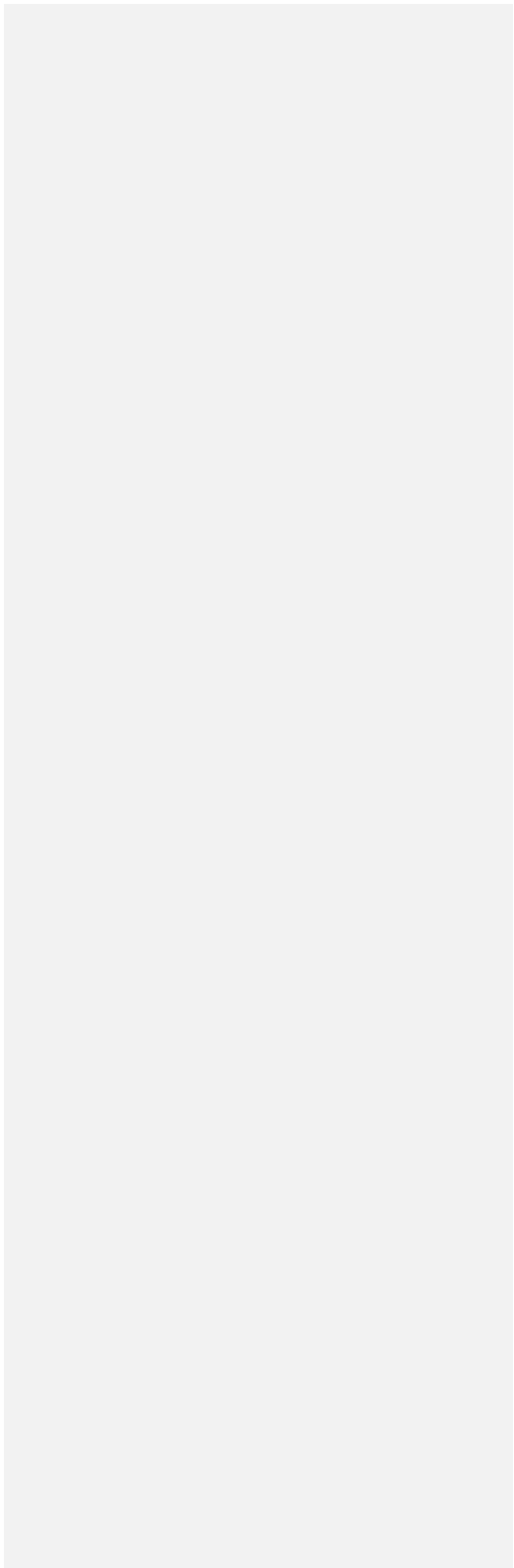
FOR THE ECONOMIC DEVELOPMENT COUNCIL:

Wayne Fournier, Mayor
City of Tenino

Michael F. Cade, Executive Director
Thurston Economic Development Council

ATTEST:

Jen Scharber
Clerk/Treasurer



STATE OF WASHINGTON)
) ss.
COUNTY OF _____)

On this ____ day of _____ 2023, before me, the undersigned, a Notary Public in and for the State of Washington duly commissioned and sworn, personally appeared Wayne Fournier, to me known as, or providing satisfactory evidence that he is the Mayor of the City of Tenino, a Washington municipal corporation, and that he executed the foregoing instrument and acknowledged the said instrument to be the free and voluntary act and deed of said party for the purposes therein mentioned and on oath stated that he is authorized to execute said instrument.

WITNESS my hand and official seal hereto affixed the day and year in this certificate above written.

NOTARY PUBLIC in and for the State of
Washington, residing at

My commission expires _____
Print Name: _____

STATE OF WASHINGTON)
) ss.
COUNTY OF _____)

On this ____ day of _____ 2023, before me, the undersigned, a Notary Public in and for the State of Washington duly commissioned and sworn, personally appeared Michael F. Cade, to me known as, or providing satisfactory evidence that he is the Executive Director of the Thurston Economic Development Council, a Washington non-profit corporation, and that he executed the foregoing instrument and acknowledged the said instrument to be the free and voluntary act and deed of said party for the purposes therein mentioned and on oath stated that he is authorized to execute said instrument.

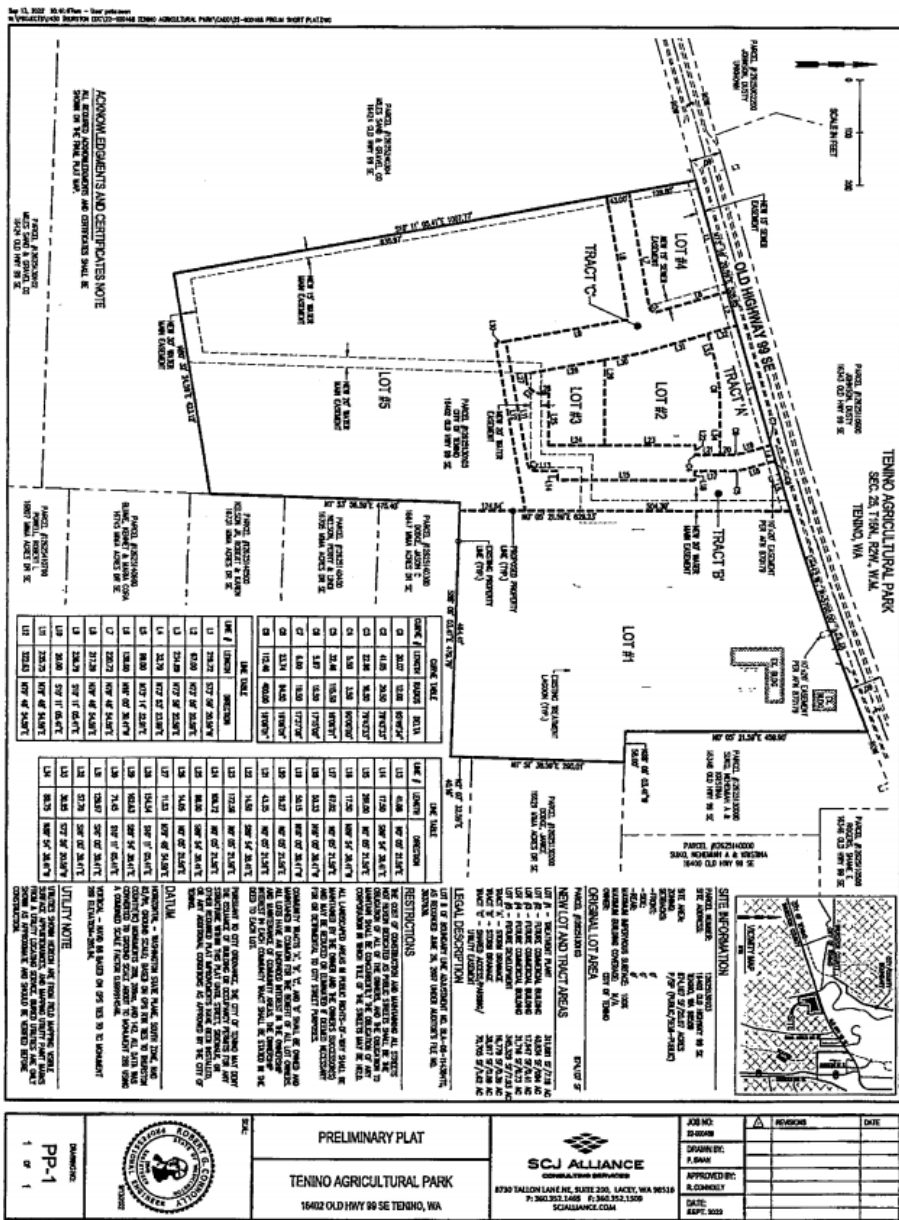
WITNESS my hand and official seal hereto affixed the day and year in this certificate above written.

NOTARY PUBLIC in and for the State of
Washington, residing at

My commission expires _____
Print Name: _____

EXHIBIT A

Commented [HB1]: If the final plat has been completed then that should be swapped out for this.



File Attachments for Item:

5. Final land lease for Lot 2 South Bldg for Tenino Ag Park. This lease has been reviewed and approved by both the City Attorney as well as the DIG attorney. This approval is contingent on release of the parcel by the state and approval of the lease amendment between EDC and Tenino.

Recommended Action: Motion to approve land lease for lot 2 south building, contingent on release of the parcel by the state and approval of the lease amendment between EDC and Tenino.

THE CITY OF TENINO LAND LEASE

By and between

**The City of Tenino,
a Washington municipal corporation**

&

**DIG Tenino LLC,
a Washington limited liability company**

For

**Lot 2 South Building Area
Lot 2 Plat of Tenino Agriculture and Innovation Park**

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CITY OF TENINO LAND LEASE

THIS CITY OF TENINO LAND LEASE (the "Lease") is made and entered into this _____ day of _____, 2023 (the "Effective Date"), by and between the CITY OF TENINO, a Washington municipal corporation ("Lessor"), and DIG Tenino LLC, a Washington limited liability company ("Lessee"). Lessor and Lessee may each be referred to herein as a "Party", or collectively as the "Parties".

1. LEASE SUMMARY.

1.1 PREMISES. Lessor hereby leases to Lessee, and Lessee hereby leases from Lessor, upon and subject to the terms and conditions of this Lease, that certain real property located on the southern section of "LOT 2 (Lot 2 South Building)" on the attached PLAT OF TENINO AGRICULTURE AND INNOVATION PARK (the "Agricultural Park"), as shown on **Exhibit A** and further described in **Exhibit A-1** (the "Premises"), both attached hereto and hereby incorporated by reference, consisting of approximately ~~FOURTEEN THOUSAND SEVEN HUNDRED NINETY-TWO~~ (14,792) square feet, and located at 16402 Old Hwy. 99 SE Tenino, WA 98589, subject to the encumbrances, rights, and reservations as shown therein or provided in this Lease, and as presently existing or hereafter arising pursuant to governmental authority.

Commented [A1]: What is the square Feet figure? Legal description describes lot 2.2 but gives a sq ft calc for lot 2.1 at 30,010. If Lot 2.2 is the balance, according to the total sq ft of 44,802 listed on the site plan, lot 2.2 would be 14,792. Is that correct?

Commented [A2R1]: Yes, 14,792 is the correct number.

The Parties acknowledge and agree that Lessor is responsible for applying for, processing, obtaining, and recording such approvals as may be necessary for the division of the Premises from the larger property owned by Lessor of which the Premises are a part of the approved Final Plat land subdivision recorded by Lessor, and Lessor shall bear all costs and expenses thereof. Lessee shall be given the opportunity to review and approve all applications and submissions regarding the Premises made by Lessor in connection therewith prior to submission, with Lessee's approval not to be unreasonably withheld. If the division of the Premises from the larger property owned by Lessor requires environmental review pursuant to the State Environmental Policy Act ("SEPA"), then the Lessor retains the right to modify or condition the Lease on completion of SEPA review pursuant to Section 1.12 of this Lease. In such an event, the Parties retain the right to terminate the Lease consistent with the Early Termination Provision in Section 1.2.1 of this Lease.

1.2 TERM. The initial term shall be THIRTY (30) years, commencing on the Effective Date, and ending THIRTY (30) years thereafter (the "Term"). Lessee shall also have the option to extend as outlined below.

1.2.1 Early Termination. Either Party may terminate this Lease, without further obligation, on or before the completion of the SEPA review pursuant to the condition precedent in the Permitting and Environmental Review Provision in Section 1.12 of this Lease. Either Party may exercise the early termination right provided in this paragraph within thirty (30) calendar days following completion of the SEPA review process. For the purposes of this paragraph, the date of completion of the SEPA review process means the later date of: (i) the day following the expiration of any appeal period following a threshold determination of Determination of Non-significance ("DNS") or a Mitigated Determination of Non-significance ("MDNS") if no appeals are filed; (ii) a final decision following an appeal and expiration of or exhaustion of any subsequent appeal rights; or (iii) in the case of a threshold Determination of Significance ("DS"), the completion of the Environmental Impact Statement ("EIS") process and any appeals thereof. To terminate this Lease early under this paragraph, the Party intending to terminate shall provide written notice to the other Party according to Notice provision in Section 39 of the Lease.

1.3 OPTION TO EXTEND TERM. Lessee shall have TWO (2) options to extend the Term (each an "Option to Extend") for an additional period of FIFTEEN (15) years each. Such extension shall

be upon the terms, covenants, and conditions contained herein. The extension term shall commence on the expiration of the immediately preceding term. Such Option to Extend may be exercised only by written notice to Lessor no later than ONE HUNDRED EIGHTY (180) days prior to the expiration of the then current term. Lessee shall not be entitled to extend this Lease if Lessee is in default of the performance of its obligations hereunder at the date notice of extension is due or at the date the extension term is to commence. In addition, Lessee shall not be entitled to renew this Lease if Lessee is a corporation, limited liability company, or other entity whose stated duration will expire prior to the end of the renewal term. For the purposes of this Lease, "Term" shall include any extension exercised pursuant to an Option to Extend.

1.4 MINIMUM GROUND RENT. Initial rent ("Minimum Ground Rent") shall be calculated on an annual basis in an amount equal to FIFTY TENTHS CENTS (\$0.50) per square foot of leasable land area of the Premises, but payable on a quarterly basis in FOUR (4) equal installments. **Exhibit F**, attached hereto and hereby incorporated by reference, contains a breakdown of the Minimum Ground Rent calculation. In addition to Minimum Ground Rent, Lessee shall also pay the associated Washington State Leasehold Tax as part of Rent.

1.5 RENT COMMENCEMENT DATE. Rent shall commence at the earliest to occur of: (a) the date Lessee receives a temporary Certificate of Occupancy issued by the City of Tenino; or (b) NINE (9) months from the Effective Date.

1.5.1 Leasehold Excise Tax. Starting on the Effective Date, Lessee shall pay Lessor the applicable Washington State Leasehold Tax on a quarterly basis.

1.6 SECURITY DEPOSIT. No security deposit shall be required under this Lease.

1.7 USE OF PREMISES. Lessee may use the Premises for the development, construction, and use of a private office building, and other associated activities approved by Lessor in writing.

1.8 INSURANCE
Bodily Injury/Death: Combined Single Limit \$1,000,000 each occurrence.
Property Damage per Occurrence: \$500,000.

Lessee shall submit certificates evidencing compliance with **Paragraph 14**, and at Lessor's request shall provide Lessor with the actual policies or copies thereof. Lessee shall furnish Lessor with evidence of renewal of such policies not less than THIRTY (30) days prior to their expiration. If the Lessee maintains higher insurance limits than the minimums required herein, the Lessor shall be insured for the full available limits of Commercial General and/or Excess or Umbrella liability maintained by the Lessee, irrespective of whether such limits maintained by the Lessee are greater than those required by this Lease or whether any certificate of insurance furnished to the Lessor evidences the lower limits of liability set forth above. Lessor may impose changes in the limits of liability: (i) on any Adjustment Date; (ii) as a condition of approval of assignment or sublease of this Lease; (iii) upon any breach of the environmental liability provision herein; (iv) upon a material change in the condition of any improvements; or (v) upon a change in the Authorized Use. If the liability limits are changed, Lessee shall obtain new or modified insurance coverage within thirty (30) days after changes in the limits of liability are required by Lessor. The liability policies shall contain a cross-liability provision such that the policy will be construed as if separate policies were issued to Lessee and to Lessor.

1.9 ASSIGNMENT. Lessee shall have the right to assign this Lease: (i) to its lender (the "Bank") for financing purposes; (ii) to an affiliated entity of Lessee; or (iii) with Lessor's written consent which shall not be unreasonably withheld.

1.10 LESSOR IMPROVEMENTS. Lessor with provide pad ready improvements to support Lessee's Office Building (as defined below), as outlined in **Exhibit C**, attached hereto and hereby incorporated by reference.

1.11 LESSEE IMPROVEMENTS. Lessee shall construct a private office building (the "Office Building") on the Premises in accordance with Lessee's approved building layout, site concept, and associated timeline (collectively, "Lessee's Building Plans"), as approved by Lessor.

Thereafter, Lessee shall enter into a net-free cost office sublease with the Thurston Economic Development Council & Center for Business & Innovation ("CB&I") for office and training purposes in the Office Building (the "CB&I Suite") for an initial term not to exceed 5 (five) years from the Effective Date, or until CB&I ceases to provide economic development services to Lessor, whichever is earlier. If agreed to by the Lessor and Lessee, this net-free cost office sublease to CB&I may be extended beyond the initial 5 (five) year term, which will be factored positively to reflect the value of the space rented into the periodic adjustment of Rent pursuant to Section 5.2 of this Lease. All costs associated with procuring and installing any furnishings, fixtures, and equipment shall be at the expense of CB&I. The final floor plan, buildout, occupancy and associated terms shall be finalized between the Parties and CB&I within NINETY (90) days of this Lease being signed.

The Parties acknowledge and agree that: (i) Lessee shall have the right to occupy or lease a portion of the Office Building to itself or an affiliated entity; and (ii) Lessee shall have the right to enter into separate leases, licenses, and related agreements with third parties to lease other portions of the Office Building provided such separate lessees' activities are limited to office use.

1.12 Permitting and Environmental Review. Lessee shall not commence any development on the Premises prior to obtaining all necessary governmental approvals and permits, including without limitation, completion of SEPA review. In the event the SEPA review process has not occurred as of the execution of this Lease; and as a result, the Lessor, acting in its capacity as either the Lead Agency or an agency with jurisdiction under SEPA, retains the right to modify or amend the Lease and otherwise condition the Lessee's development activities on the Premises following the completion of the SEPA review. Without limiting the foregoing, Lessor has the right to require Lessee to modify the development, construction, and operation plans for any development on the Property contemplated or arising out of this Lease if required by SEPA; and where required by SEPA, Lessor may amend this Lease to require compliance with any mitigation conditions, limitation, or other requirements imposed from the SEPA review process. For example, and not by way of limitation, Lessor may amend this Lease to adopt additional mitigation requirements, heightened insurance requirements, or modify development specification in response to SEPA review. Compliance with the SEPA process required in this paragraph is an express condition precedent of the Lease, the failure of which shall result in termination of this Lease. Following the completion of SEPA review, either Party may terminate the Lease pursuant to the Early Termination provision in Section 1.2.1 of this Lease.

1.13 COMMISSIONS AND FEES. Each Party represents and warrants to the other that it has not been represented by, or introduced to the other by, any broker or agent. In the absence of any agreement between the Parties to the contrary, each Party hereby agrees to indemnify and hold the other harmless from and against any and all fees, commissions, costs, expenses (including attorney fees), obligations, and causes of action arising against or incurred by the other Party by reason of any claim for a real estate commission or a fee or finder's fee by reason of any contract, agreement or arrangement with, or services rendered at the request of, the indemnifying Party.

1.14 MANAGEMENT OF OFFICE BUILDING. During the Term of this Lease, Lessee shall

be responsible for managing the Office Building, maintaining common areas on the Premises, and ensuring all activities conducted on the Premises are completed in a first-class, professional manner (collectively, the "Management Activities"). Lessee shall have the option to carry out the Management Activities itself, via an associated entity, or by contracting with a third-party property manager.

1.15 CONFLICTING PROVISIONS. To the extent any of the provisions of the foregoing **Section 1**, Lease Summary, conflict with any other provisions of this Lease, the provisions of **Section 1**, Lease Summary, shall govern.

[See following pages]

THE PARTIES HEREBY FURHTER AGREE AS FOLLOWS:

2. **PREMISES.** Lessor hereby leases to Lessee, and Lessee hereby leases from Lessor, the Premises described in **Paragraph 1.1.**

3. **TERM.** This Lease shall be for the Term specified in **Paragraph 1.2.**

4. **RENT.** It is the intention of the Parties hereto that the rent specified in this Lease shall be net to Lessor in each year during the Term of the Lease. Accordingly, all costs, expenses and obligations of every kind relating to the Premises (except as otherwise, specifically provided in the Lease) which may arise or become due during the Term of the Lease shall be paid by Lessee and Lessor shall be indemnified by Lessee against such costs, expenses and obligations. All such costs, expenses, and obligations and payments coming due hereunder shall be deemed as “additional rent”.

Lessee agrees to pay as rent for the use and occupancy of the Premises during the Term of this Lease, the Minimum Ground Rent specified in **Paragraph 1.4**, along with any applicable Washington State leasehold excise tax, payable to Lessor on or before the first day of each quarter. Minimum Ground Rent shall be payable at such place as Lessor may designate.

If the Lessee does not pay Minimum Ground Rent by the TENTH (10th) day of a quarter, then in addition to the overdue rent, Lessee shall pay interest on the rent payment then due at a rate equal to FIVE PERCENT (5%) per annum. Such interest commences on the date the rent is due and continues until such rent is paid. The imposition of such interest does not prevent Lessor from exercising any other rights and remedies under this Lease.

5. **MINIMUM GROUND RENT ADJUSTMENTS.** As set forth in this section, the Minimum Ground Rent shall be adjusted annually ~~based upon the change in the Consumer Price Index (the “CPI”) for All Urban Consumers, Region West—Size Class B/C by increasing Minimum Ground Rent by TWO AND ONE HALF PERCENT (2.5%)~~ (the “Annual Adjustment”), and shall be periodically adjusted based upon ~~agreement or appraisal~~ the below procedure (the “Periodic Adjustment”).

5.1 **Annual Adjustment.** Minimum Ground Rent for the Premises shall be subject to annual adjustment on the one year anniversary of the Effective Date and each year thereafter as follows: The Minimum Ground Rent rates shall be adjusted on each yearly anniversary date by increasing Minimum Ground Rent by TWO AND ONE HALF PERCENT (2.5%) from the previous year. ~~using the CPI for all All Urban Consumers, Region West—Size Class B/C published by the Department of Labor Statistics over the prior year. The percentage change in the index over the previous twelve (12) months shall be multiplied by the Minimum Ground Rent rate at the beginning of each Lease year and the result added to that prior year’s Minimum Ground Rent rate to arrive at the adjusted Minimum Ground Rent rate, which will then apply to the succeeding lease year, except in no event shall the Minimum Ground Rent rate be less than the original Minimum Ground Rent rate stated in Paragraph 1.4 of this Lease.~~

5.2 **Periodic Adjustment.** In addition to an Annual Adjustment, the Minimum Ground Rent shall be subject to a periodic adjustment as provided for in this paragraph effective on the sixth year following the Effective Date, and every five years thereafter. The periodic adjustment shall adjust Minimum Base Rent to market rate as determined by a licensed commercial real estate broker, selected by Lessor after consultation with Lessee, that prepares a broker’s opinion of value to determine fair market rate rent for the purposes of the periodic adjustment of the Minimum Ground Rent rate. In the event the broker’s opinion of value is not completed by the date of the periodic adjustment as provided in this Section 5.2, the adjusted Minimum Ground Rent Rate shall be retroactive to the applicable periodic adjustment date. The parties shall equally share the cost of obtaining the broker’s opinion of value.

Commented [A3]: I pulled this verbiage direct from the below sections 5.3.2 and 5.3.3.

~~according to an appraisal conducted in accordance with paragraph 5.3 of this Lease. In lieu of an appraisal, the Parties may agree to a periodic adjustment of the Minimum Ground Rent rate at lease ninety (90) calendar days prior to the date of the periodic adjustment. Regardless of the way the new Minimum Ground Rent rate is determined, the periodically adjusted Minimum Ground Rent rate shall not be less than the rate stated in Paragraph 1.4 of this Lease.~~

~~5.3 Appraisal. When the Minimum Ground Rent rate is to be determined by appraisal, the process in this section shall govern. Within sixty (60) calendar days prior to the date of the periodic adjustment as provided in paragraph 5.2 of this Lease, Lessor and Lessee shall mutually agree upon a disinterested MAI certified and licensed appraiser to conduct an appraisal to determine market rate rent for the purposes of the periodic adjustment of the Minimum Ground Rent rate. The parties shall share equally in the costs of obtaining the appraisal.~~

~~5.3.1 If the Lessor and Lessee cannot mutually agree upon an appraiser, then each party shall select an MAI certified and licensed appraiser to perform its own appraisal of the fair market rental values of the Premises and the average of the two appraisals shall set the new Minimum Ground Rent rate. Each party shall bear the costs of its own appraisal.~~

~~5.3.2 In lieu of an appraisal prepared by a licensed appraiser, the Parties can agree to have a licensed commercial real estate broker prepare a broker's opinion of value to determine fair market rate rent for the purposes of the periodic adjustment of the Minimum Ground Rent rate.~~

~~5.3.3 In the event the appraisal or broker's opinion of value is not completed by the date of the periodic adjustment as provided in paragraph 5.2 of this Lease, the adjusted Minimum Ground Rent Rate shall be retroactive to the applicable periodic adjustment date.~~

6. **ACCEPTANCE OF PREMISES.** Lessee has examined the Premises, and the adjoining premises of which the Premises are a part, and accepts them in their present condition. Notwithstanding, Lessor represents and warrants to Lessee that the Premises are free and clear of any liens, charges, encumbrances, or rights of others. In the event said representation is false, Lessee shall have the option to terminate this Lease and be under no further obligation to develop the Premises.

7. **POSSESSION.** If Lessor shall be unable for any reason to deliver possession of the Premises or any portion thereof by the Effective Date, Lessee shall not be liable for any Minimum Ground Rent, until such time as Lessor can deliver possession. In the event of delay, the Term shall be extended by the amount of such delay. In the event Lessee shall take possession of any portion of the Premises prior to the Premises being fully and properly delivered, Lessee shall pay Minimum Ground Rent reduced pro rata for the portion of the Premises not available for possession by Lessee.

In the event Lessor shall be unable or unwilling to deliver possession of the Premises by the Effective Date, Lessee shall have the option to terminate this Lease by giving at least THIRTY (30) days' written notice of such termination, and this Lease shall terminate unless Lessor shall deliver possession of the Premises prior to the effective date of termination specified in such notice.

If Lessee shall, with Lessor's consent, take possession of all or any part of the Premises prior to the Effective Date for development planning and purposes, all of the terms and conditions of this Lease shall immediately become applicable, with the exception that Lessee shall not be obligated to pay any rental for the period prior to the Effective Date unless otherwise mutually agreed in writing.

8. **USE OF PREMISES.** Lessee shall use the Premises only for those purposes stated in Paragraph 1.7 and shall not use them for any other purpose without the prior written consent of Lessor,

which consent may be withheld in the Lessor's sole discretion. The Premises shall be used only for lawful purposes; and only in accordance with all applicable building, fire, and zoning codes. Lessee shall use and operate the Premises in a first-class manner during the Term of this Lease. Except as provided in **Exhibit B**, attached hereto and hereby incorporated by reference, no signs or other advertising matter, symbols, canopies or awnings shall be attached to or painted on or within the Office Building or Premises, including the windows and doors thereof, without the approval of Lessor. At the termination or sooner expiration of this Lease, all such signs, advertising matter, symbols, canopies or awnings attached to or painted by Lessee shall be removed by Lessee at its own expense, and Lessee shall repair any damage or injury to the Premises and correct any unsightly condition caused by such removal.

9. REQUIREMENTS AS TO IMPROVEMENTS. The specific requirements as to the planning, construction and completion of the Office Building, and any related improvements to be undertaken by Lessee on the Premises, are described in **Exhibit D**, attached hereto and hereby incorporated by reference.

10. RIGHTS-OF-WAY. Lessor agrees to grant right-of-way easements across the Premises and surrounding areas reasonably available therefor, on reasonable terms and conditions, for the installation and maintenance of necessary and adequate services to the Premises.

11. RESERVATION OF RIGHTS. Lessor reserves to itself from the Premises rights of way upon, over, across, onto or beneath the Premises for access ways, driveways, and other roads, pole and wire lines, gas, water and sewage pipes and mains, conduits, and other utilities, and industrial or business area facilities of all kinds now existing or to be constructed and maintained by it, either in addition to or in the substitution for those now existing from any point or points and in any direction and also reasonable rights of entry upon the Premises for the construction, repair, inspection and maintenance of them in efficient use and condition, providing such action by Lessor shall not materially interfere with or interrupt Lessee's operation and shall be at the expense of Lessor. Lessor is hereby granted such continuous and perpetual easement or easements that Lessor believes are necessary within the Premises for such purposes, which easement or easements may be further granted by Lessor to third parties.

12. QUIET ENJOYMENT. So long as Lessee is not in default under this Lease past any applicable notice and cure period, and except for Lessor's actions in the case of an emergency for the purposes of protecting public health or safety, Lessee shall lawfully, peacefully and quietly hold, occupy and enjoy the Premises without disturbance, interruption or hindrance by Lessor, or any person or entity claiming by or through Lessor.

13. UTILITIES AND SERVICES. Lessee shall be liable for and shall pay throughout the Term all charges for all utility services furnished to the Premises, including but not limited to, light, heat, gas, janitorial services, garbage disposal, security, electricity, water, stormwater, and sewerage.

14. INDEMNIFICATION/LIABILITY INSURANCE. Lessor, its employees and agents shall not be liable for any injury (including death) to any persons or for damage to any property, regardless of how such injury or damage be caused, sustained or alleged to have been sustained by Lessee or by others (including, but not limited to all persons directly or indirectly employed by Lessee, and any agents, contractors, subcontractors, suppliers, customers, licensees, or invitees of Lessee) as a result of any condition (including existing or future defects in the Premises), or occurrence (including failure or interruption of utility service) whatsoever related in any way to the Premises and the areas adjacent thereto; provided, however, that the foregoing provisions shall not be construed to make Lessee responsible for loss, damage, liability or expense to the extent resulting from the negligence or wrongful conduct of Lessor or its employees, agents, contractors, subcontractors, suppliers, or officers. Lessee hereby covenants and agrees to indemnify, defend (with attorneys reasonably satisfactory to Lessor), protect and hold Lessor

harmless against and from any and all damages, losses, liabilities, obligations, penalties, claims, litigation, demands, defenses, judgments, suits, proceedings, costs, disbursements or expenses of any kind or of any nature whatsoever (including, without limitation, reasonable attorneys' and experts' fees and disbursements) which may at any time be imposed upon, incurred by or asserted or awarded against Lessor: (i) arising from or in connection with the loss of life, personal injury and/or damage to property occasioned by any negligent or other wrongful act or omission of Lessee or its employees, agents, contractors, subcontractors, suppliers, customers, licensees, or invitees; or (ii) arising from or out of any occurrence in or upon the Premises, unless caused by any negligent or other wrongful act or omission of Lessor or its agents, contractors, servants or employees. If a court of competent jurisdiction determines that any activity covered by the indemnities under this section of this Lease is subject to RCW 4.24.115, then, in the event of liability for damages arising out of a bodily injury to persons or damage to property caused by or resulting from the concurrent negligence or willful act or omission of Lessee and Lessor, its officers, officials, employees, agents, contractors, or volunteers, the Lessee's and Lessor's liability hereunder shall be only to the extent of each such Party's negligence or willful act or omission. **It is further specifically and expressly agreed that Lessee hereby waives any immunity it may have under industrial insurance, RCW Title 51, solely for the purposes of this indemnification and only to the extent necessary to render the Parties' indemnity obligations enforceable. This waiver was mutually negotiated by the Parties.** The provisions of this section shall survive the expiration or termination of this Lease.

Lessor agrees to indemnify, defend (with attorneys reasonably satisfactory to Lessee), protect and hold Lessee harmless from claims, damages, costs, expenses, and liabilities that are for personal injury, death, or property damage occurring on or about the Premises, which (i) occurred prior to the Effective Date; or (ii) were caused by the negligence or wrongful conduct of Lessor, its principals, agents, contractors, or employees. This indemnification and hold harmless shall include reasonable attorney fees and court costs incurred by Lessee with respect to such claims.

Lessee shall, at its own expense, provide and maintain insurance as described in **Paragraph 1.8** or its equivalent with a reputable insurance company or companies reasonably satisfactory to Lessor. Lessor shall be named as an additional insured on such policies, and shall provide that such insurance may not be cancelled without the insurance company first having given Lessor THIRTY (30) days' advance written notice of such intent to cancel. Lessee shall submit certificates evidencing compliance with this paragraph by the Effective Date, and at Lessor's request shall provide Lessor with the actual policies or copies thereof. Lessee shall furnish Lessor with evidence of renewal of such policies not less than THIRTY (30) days prior to their expiration.

15. WAIVER OF SUBROGATION. Lessor and Lessee hereby mutually release each other from liability and waive all right of recovery against each other for any loss from perils insured against under their respective insurance contracts, including any extended coverage endorsements thereto, provided, that this paragraph shall be inapplicable to the extent it would have the effect of invalidating any insurance coverage of Lessor or Lessee. Each Party agrees to cause their respective insurance carriers to include in its policies a waiver of subrogation clause or endorsement.

16. TAXES. Lessee shall be liable for, and shall pay, throughout the Term, all license fees and taxes covering or relating to the Premises and its use, including, without limitation: (i) all real estate taxes assessed and levied against the Premises; (ii) all amounts due and payable for general or special assessments against the Premises during the Term, including any assessments for LIDs or ULIDs; and (c) all personal property taxes upon Lessee's fixtures, furnishings, equipment and stock in trade, Lessee's leasehold interest under this Lease or upon any other personal property situated in or upon the Premises. If any governmental authority at any time levies a tax on rentals payable under this Lease, such tax shall be paid by Lessee; provided, however, that Lessee shall not be liable for the payment of any tax imposed generally on Lessor's gross or net income without regard to the source of such income.

17. ~~**MAINTENANCE AND REPAIRS RESERVED.** Lessee shall keep the Premises and improvements thereon in a neat, clean, safe, sanitary, and good condition, reasonable wear and tear excepted.~~

~~Lessee shall replace any and all improvements which become worn out, obsolescent, deteriorated, unsafe or unusable and shall replace such improvements with new fixtures and improvements of at least as good a quality as originally installed by Lessor or Lessee. If Lessee fails to properly maintain or repair the Premises or any improvements thereon, Lessor shall be entitled, but shall not be obligated, to enter the Premises after notice to Lessee and the expiration of any applicable cure period, and perform such work as may be necessary to restore the Premises and improvements to the conditions set forth herein. The cost of such repairs shall be billed to Lessee by Lessor and shall be payable upon receipt and subject to the same penalties for late payment as if such payment was Minimum Ground Rent. Lessee has inspected the Premises and accepts the Premises "AS IS".~~

Commented [A4]: Is this necessary since DIG owns the building?
Commented [A5R4]: No, good catch. Deleting.

18. **ALTERATIONS AND IMPROVEMENTS -- SIGNAGE.**

Alterations and Improvements. Lessee shall conduct any improvements in accordance with the restrictions described in **Exhibit D**. In the event any of Lessee improvements shall involve a substantial deviation from **Exhibit D**, or as otherwise agreed by the Parties in writing, Lessee shall first obtain written approval. Lessor's response to Lessee's requests for approval shall be prompt, and such approval shall not be unreasonably withheld. Upon installation, Lessee shall furnish Lessor with a copy of the "as-built" drawings including utility installations and site plans detailing the nature of the additions, alterations or improvements.

Signage. Lessor shall pay for and install monument signage, as shown on **Exhibit B**, attached hereto and hereby incorporated by reference. ~~Lessee shall be responsible for maintenance of the monument signage at its expense.~~

Commented [A6]: Who maintains the sign and pays for the maintenance?
Commented [A7R6]: Right now, we're having Lessee maintain at its expense unless there are objections.

19. **DISPOSITION OF IMPROVEMENTS.** Unless otherwise agreed by the Parties in writing, upon completion of the Term, title to the improvements on the Premises shall automatically pass to Lessor, free of any right, title, or interest of Lessee therein, or its successors or assigns, without the necessity of executing any further instrument and without any allowance, compensation, or payment by Lessor. Lessee hereby grants and conveys to Lessor all of its right, title and interest in and to such improvements, to be effective for all purposes only upon the expiration or termination of this Lease. At Lessor's request, Lessee further agrees to execute, acknowledge and deliver to Lessor a proper recordable instrument quit claiming and releasing any right, title and interest of Lessee in and to the Premises and in and to all improvements located thereon. The foregoing shall not apply to Lessee's movable trade fixtures, furniture, machinery, equipment and personal property that can be removed without damage to the Premises. Lessee shall also deliver to Lessor all documents in its possession relating to the operation, maintenance and management of the Premises and remaining improvements.

19.1 **REMOVAL OF PERSONAL PROPERTY AND TENANT IMPROVEMENTS AT END OF LEASE.** Prior to the conclusion of the Lease, at Lessor's option, Lessee shall remove the following from the Premises: all of Lessee's equipment, personal property, and Tenant Improvements specific to Lessee's office space which are not designated as fixtures. The Parties acknowledge and agree that Lessee shall be under no obligation to demolish or remove the Office Building, any utility systems, or other improvements constructed on the Premises prior to the conclusion of Lease.

19.1.1 **Lessor's Remedies.** If any of the foregoing items are not removed from the Premises by the conclusion of the Lease or when Lessor has the right of re-entry, then Lessor may, at its sole

option, elect any or all the following remedies:

(a) To remove any or all the items and to dispose of them without liability to Lessee. Lessor shall not be required to mitigate its damages, to dispose of the items in a commercially reasonable manner, or to make any effort whatsoever to obtain payment for such items. Lessee agrees to pay Lessor's costs and damages associated with Lessee's failure to remove such items, including, but not limited to, the following: storage, demolition, removal, transportation, and lost rent (collectively "Disposal Costs"); provided, however, that any net proceeds recovered by Lessor in excess of its Disposal Costs will be deducted from Lessee's financial obligation set forth herein. Lessee's financial obligations herein shall survive the termination of this Lease.

(b) To have the title to any or all such items revert to Lessor.

(c) To commence suit against Lessee for damages or for specific performance.

The foregoing remedies are cumulative and in addition to any other remedies provided by law, and Lessor shall not be required to elect its remedies.

20. INSPECTION. Lessor reserves the right to inspect the Premises at any and all reasonable times throughout the Term of this Lease, provided that it shall not interfere unduly with Lessee's operations. The right of inspection reserved to the Lessor hereunder shall impose no obligation on Lessor to make inspections to ascertain the condition of the Premises, and shall impose no liability upon Lessor for failure to make such inspections. Lessor shall have the right to place and maintain "For Rent" signs in conspicuous places on the Premises for a reasonable period of time prior to the expiration or sooner termination of this Lease. Except when necessary for reasons of public safety or law enforcement, Lessor shall provide at least SEVENTY-TWO (72) hours written notice of its intent to inspect.

Notwithstanding the foregoing, the rights of Lessor to enter into any portion of the Premises leased by a tenant in the Office Building shall be subject to reasonable restrictions contained in the applicable lease and to any provisions of applicable law.

21. RESTORATION. At all times during the Term of this Lease, Lessee shall maintain in effect upon the Premises and Lessee's improvements thereon, fire and extended coverage property insurance for physical loss and damage excluding earthquake insurance and flood insurance, written by companies authorized to do business in the State of Washington and approved by Lessor's insurance carrier. Such policy or policies shall: (i) be written in the form of replacement cost insurance in an amount not less than 100% of the full replacement cost of the Premises and improvements thereon, which amount shall be adjusted not less frequently than annually; (ii) contain an endorsement waiving any and all rights of subrogation against Lessor; and (iii) provide that notice of cancellation of the policy or any endorsement shall be given to Lessor at least THIRTY (30) days prior to cancellation. Lessor shall be named as additional insured and loss payees on all such policies. Lessee shall provide Lessor with certificates of insurance evidencing such coverage, and at Lessor's request shall provide copies of the actual policies. Lessee shall provide evidence of renewal at least THIRTY (30) days prior to the expiration of such policy or policies.

If any building or improvement erected by Lessee on the Premises or any part thereof shall be damaged or destroyed by fire or other casualty during the Term of this Lease, Lessee shall, at its own cost and expense, either: (i) repair or restore the same according to the original plans thereof; or (ii) repair or restore the same according to such modified plans as shall be previously approved in writing by Lessor. Such work of repair or restoration shall be commenced within NINETY (90) days after the damage or loss occurs and shall be completed with due diligence but no later than ONE (1) year after such work is commenced. All insurance proceeds collected for such damage or destruction shall be applied to the cost

of such repairs or restoration. If (i) there are not insurance proceeds; or (ii) the same shall be insufficient for said purpose, Lessee shall make up the deficiency out of its own funds. Should Lessee fail or refuse to make the repair or restoration as hereinabove provided, said failure or refusal shall constitute a default as discussed in **Section 22**, and all insurance proceeds so collected shall be forthwith paid over to and be retained by Lessor on its own account, and Lessor may, but shall not be required to, terminate this Lease.

Notwithstanding anything to the contrary contained in the preceding section, if any building erected on the Premises shall be damaged by fire or other casualty, and if the cost of repairing or restoring the same shall exceed the insurance payable for such damage, and if such damage shall occur during the Term so that the remaining Term of this Lease is of insufficient length to allow Lessee to finance such cost in a commercially reasonable manner, Lessee shall have the option, to be exercised within THIRTY (30) days after such event, to repair or restore said building, or to terminate this Lease by written notice to Lessor.

22. DEFAULTS. Time is of the essence of this Lease, and in the event of the failure of Lessee to pay the Minimum Ground Rent or other additional rent at the time and in the manner herein specified, or to keep any of Lessee's covenants or agreements herein ("Event of Default"), Lessor may elect to terminate this Lease and reenter and take possession of the Premises with or without process of law, provided, however, that Lessee shall be given FIFTEEN (15) days' notice in writing if the default is for the nonpayment Minimum Ground Rent or other additional rent, or THIRTY (30) days' notice in writing for any other default, stating the nature of the default in order to permit such default to be remedied by Lessee within the applicable time period. In the event Lessee is unable to cure any non-monetary default within THIRTY (30) days following notice of the Event of Default, the time to cure shall be extended so long as Lessee engages in best efforts to remedy such default as quickly as possible. If Lessor issues a notice of default for the nonpayment of Minimum Ground Rent or other additional rent, in order to cure such default, Lessee must pay the overdue rent, together with interest as set forth in **Section 4**. If during any consecutive twelve-month period, Lessor has issued three notices of default for nonpayment, Lessor shall not be required to accept cure of any subsequent default for nonpayment, and may terminate this Lease or exercise any other rights or remedies available.

In the event Lessor lawfully retakes possession of the Premises prior to expiration of the Term, Lessor shall remove any movable trade fixtures, furniture, machinery, equipment and personal property of Lessee and hold it or place the same in a public garage or warehouse, all at the expense and risk of Lessee. Lessee shall reimburse Lessor for any expense incurred by Lessor in connection with such removal and storage. Lessor shall have 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, the proceeds of such sale to be applied first to the cost of such sale, second to the payment of the charges for storage, and third to the payment of any other amounts which may then be due from Lessee to Lessor, and the balance, if any, shall be paid to Lessee.

Notwithstanding any such reentry, the liability of Lessee for the full Minimum Ground Rent shall not be extinguished for the remaining Term of the Lease, and Lessee shall make good to the Lessor any deficiency arising from a reletting of the Premises at a lesser rental than that chargeable to Lessee. At Lessor's option, Lessee shall pay such deficiency each month, or accelerate all future payments to present value to be paid at once. All remedies of Lessor hereunder are cumulative and not alternative.

22.1 CROSS-DEFAULT. As part of a separate agreement, Lessee is leasing the remainder of Lot 2 identified on the plat map attached to this Lease as Exhibit "A" (the "Building Lease"). Lessee and Lessor also intend to enter an Operations Agreement concerning Lot 2 (the "Operations Agreement"). A default in this Lease shall be deemed a default under the Building Lease and Operations Agreement. A default in the Building Lease or the Operations Agreement shall be a default under this Lease.

23. ADVANCES BY LESSOR FOR LESSEE. If Lessee shall fail to do anything required under this Lease, except to pay Minimum Ground Rent and additional rent, Lessor may, at its sole option, do such act or thing on behalf of Lessee, and upon notification to Lessee of the cost thereof, Lessee shall promptly pay Lessor the amount of that cost. However, if Lessor shall pay any monies on Lessee's behalf, Lessee shall repay such monies, together with interest thereon commencing on the date Lessor paid such monies and calculated at the rate of TWELVE PERCENT (12%) per annum.

24. HOLDING OVER. If Lessee shall, without the consent of Lessor, hold over after the expiration or sooner termination of this Lease, the resulting tenancy shall, unless otherwise mutually agreed in writing, be on a month-to-month basis. During such month-to-month tenancy, Lessee shall pay to Lessor TWO (2) times the then-current rental under the terms of the Lease, unless a different rate shall be agreed upon, and Lessee shall be bound by all of the additional provisions of this Lease.

25. ASSIGNMENT OR SUBLEASE. Except as provided below, Lessee shall not assign or transfer this Lease without the advance written consent of Lessor, which may not be unreasonably withheld. Notwithstanding, Lessor acknowledges and agrees that it shall consent to: (i) the assignment of this Lease in order for Lessee to obtain financing from its Bank; and (ii) the assignment of this Lease to an affiliated entity of Lessee.

Any lease which Lessee enters into with a tenant leasing space in the Office Building shall include the following provision:

"City Ground Lease. Lessee understands, acknowledges, and agrees that Lessor's right to the real property on which the Premises are located are subject to a Ground Lease between Lessor and the City of Tenino, a copy of which is attached as Exhibit ___ hereto. Lessee understands, acknowledges, and agrees that it shall be bound by all provisions in the Ground Lease to which Lessor is subject, including but not limited to provisions related to protection of environmental provisions, and any limitation on use of the property and Premises. Lessee acknowledges that it has had an opportunity to review the Ground Lease in its entirety and takes no exceptions to any provisions therein."

25.1 Assignment or Sublease Fees. In the event this Lease is assigned or subleased to a third party, Lessee shall be responsible for the following:

(a) **Transfer Fee.** An administrative handling and transfer fee ("Transfer Fee") of Three Hundred Dollars (\$300.00) shall be payable by Lessee to Lessor if Lessee requests the Lessor's consent to a proposed assignment (including an assignment to a creditor for security purposes) or sublease. Such Transfer Fee shall be submitted to the Lessor at the same time that Lessee requests the Lessor's consent to the proposed sublease or assignment.

(b) **Attorneys' Fees.** In addition to the Transfer Fee, Lessee shall pay Lessor's reasonable and customary attorneys' fees incurred relating to the Lessee's request for Lessor's consent to a proposed assignment or in the event Lessee seeks to modify the Lease during the term of the Lease or any renewals thereof. Lessee's failure to remit this amount within sixty (60) days of the mailing of the notice of such charges shall constitute a default under this Lease. Notwithstanding anything to the contrary herein, the Lessee shall not be obligated to reimburse the Lessor in any case where an assignment or sublease is not accomplished due to total, and reasonable, refusal on the part of Lessor to grant its consent to the request.

25.2 Assignee/Sublessee Insurance. In the event the Lessor approves an assignment or sublease hereunder, such assignee or sublessee shall provide Lessor with insurance certificates and/or

endorsements evidencing such assignee or sublessee’s compliance with the insurance provisions set forth herein, including, but not limited to, the endorsement of Lessor as an additional insured under such policy or policies.

25.3 Proceed Against Lessee. Notwithstanding any assignment or sublease, any indulgences, waivers, or extensions of time granted by Lessor to any assignee or sublessee, or the failure of Lessor to take action against any assignee or sublease, Lessee hereby agrees that Lessor may, at its option, proceed against Lessee without having taken action against or joined such assignee or sublessee, except that Lessee shall have the benefit of any indulgences, waivers, and extensions of time granted to any such assignee or sublessee.

25.4 No Waiver of Future Consents. No consent by Lessor to any assignment or sublease shall be a waiver of the requirement to obtain such consent with respect to any other or later assignment or sublease. Acceptance of Rent or other performance by Lessor following an assignment or sublease, whether or not Lessor has knowledge of such assignment or sublease, shall not constitute consent to the same nor as a waiver of the requirement to obtain consent to the same.

26. COMPLIANCE WITH LAWS. Lessee agrees to comply with all applicable federal, state and local laws, rules, regulations, ordinances, permits, orders, and decrees, including, without limitation, those relating to environmental matters, and the Americans with Disabilities Act, as currently in effect or as may be hereafter amended or issued. Lessee shall defend, indemnify, and hold harmless Lessor from and against all claims, costs, fees, fines, penalties, liabilities, losses, and damages incurred by Lessor by reason of any charge, claim, litigation, or enforcement action related to any actual or claimed violation by Lessee of any of the laws, rules, regulations, ordinances, permits, orders and/or decrees referenced in this section. Compliance includes, without limitation, Lessee’s acceptance of any lease modifications, and modifications to development, construction and operational plans related to the use or development of the Property that may be imposed following the completion of the SEPA review process as provided for in Section 1.12 of the Lease. Lessee shall defend, indemnify, and hold harmless the Lessor from and against all claims, costs, fees, fines, penalties, liabilities, losses, and damages incurred by the Lessor by reason of any charge, claim, litigation, or enforcement action related to any actual or claimed violation by Lessee of any of the laws, rules, regulations, ordinances, permits, orders and/or decrees referenced in this section. Costs and fees shall include, but not be limited to, all direct and indirect costs and professional fees, including engineering, consultant, and reasonable attorneys’ fees. Any fees for federal, state or local inspections and/or certificates required for use and occupancy of the Premises shall be paid by Lessee.

27. HAZARDOUS SUBSTANCES. Except for any action or omission taken by Lessor, or any of its agents, Lessee certifies, represents, warrants, covenants and agrees that:

(i) As used in this **Section 27**, “Hazardous Substances” means any chemical, substance, material, waste, vapor, or similar matter defined, classified, listed or designated as harmful, hazardous, extremely hazardous, dangerous, toxic, radioactive, or pollution, or as a contaminant or pollutant, or other similar term, by, and/or which are subject to regulation under, any federal, state or local environmental statute, rule, regulation, or ordinance presently in effect or that may be promulgated in the future, and as they may be amended from time to time.

(ii) As used in this **Section 27**, “Other Property” means any real or personal property other than the Premises (including, without limitation, surface or ground water) which becomes contaminated with Hazardous Substances as a result of operations or other activities on, or the contamination of, the Premises.

(iii) Lessee shall apply for and obtain all necessary federal, state, and local permits and

Commented [A8]: Why was this changed from Lessee to Lessor?

Commented [A9R8]: Updated to Lessee. No harm intended - signals got crossed when referencing the MOU.

approvals for Lessee's use of the Premises. Lessee shall not commence any activity on the Premises until all permits and approvals required for such activity have been issued, and shall conduct all activities on the Premises in compliance with such permits and approvals.

(iv) Lessee agrees and warrants for itself and its employees, agents, representatives, contractors, subcontractors, licensees, invitees, sublessees, and assigns (collectively "Lessee's Representatives"), that Lessee and Lessee's Representatives will comply with all applicable federal, state, and local laws, rules, regulations, ordinances, permits, orders, and decrees relating to the generation, recycling, treatment, use, sale, storage, handling, transportation, disposal, release, and cleanup of any Hazardous Substances (collectively "Environmental Laws"). In addition, Lessee and Lessee's Representatives will not, without Lessor's prior written consent, keep on or around the Premises any Hazardous Substances.

(v) With respect to any Hazardous Substance, Lessee shall:

a. Comply promptly, timely and completely with all applicable requirements for reporting, keeping and submitting manifests and obtaining and keeping current identification numbers.

b. Make available for Lessor's review during normal business hours, true and correct copies of all reports, manifests and identification numbers retained by Lessee or submitted to appropriate governmental authorities, and all documents and communications received from any government agencies, and provide copies to Lessor of all documents requested by Lessor at no cost to the Lessor within FIVE (5) business days of request.

c. Within FIVE (5) business days of a written report from Lessor, submit a written report to Lessor regarding Lessee's use, storage, treatment, transportation, generation, disposal or sale of Hazardous Substances and provide evidence satisfactory to Lessor of Lessee's compliance with applicable Environmental Laws.

d. Allow Lessor or Lessor's agents or representatives to come on the Premises at all reasonable times to check Lessee's compliance with all applicable Environmental Laws.

e. Comply with all applicable Environmental Laws, and all requirements and standards established by federal, state, or local governmental agencies responsible for or specifically charged with the regulation of Hazardous Substances.

(vi) Lessee has not and will not release or waive the liability of any party who may be potentially responsible for the presence or removal of Hazardous Substances on or from the Premises.

(vii) Lessee agrees to immediately notify Lessor if Lessee becomes aware of: (a) any release of any Hazardous Substances or any other environmental issue or liability with respect to the Premises or any Other Property; or (b) any lien, action or notice resulting from violation of any Environmental Laws. At its own cost, Lessee will take all actions which are necessary to notify relevant and appropriate authorities of any such release and to remediate any Hazardous Substances affecting the Premises, including removal, containment or any other remedial action, whether or not required by governmental authorities.

(viii) If Lessee is in non-compliance with any Environmental Laws or is in non-compliance with this **Section 27**, it shall promptly take such action as is necessary to mitigate and correct the non-compliance. If Lessee fails to act in a prudent and prompt manner, Lessor shall have the right, but not the obligation, to enter the Premises and act in place of Lessee (with Lessee hereby appointing the

Lessor as its agent for such purposes), and to take such action as Lessor deems necessary to address or mitigate the non-compliance. All costs and expenses incurred by Lessor in connection with any such action shall be payable by the Lessee and shall become immediately due and payable as additional rent upon presentation of an invoice therefor. Without limiting the foregoing, in the event of Lessee's non-compliance with any requirements in subsections (v)(a) – (e) above, any and all costs incurred by Lessor with respect thereto, including but not limited to costs of inspections, monitoring, and attorney fees, shall become immediately due and payable as additional rent upon presentation of an invoice therefor.

(ix) Lessee shall be fully and completely liable to Lessor for, and shall defend, indemnify, and hold Lessor harmless from and against any and all actual or alleged claims, demands, damages, losses, liens, liabilities, penalties, fines, lawsuits and other proceedings and costs and expenses (including costs and professional fees, including engineering, consultant, and attorneys' fees and disbursements), which accrue to or are incurred by Lessee or Lessor which arise or are alleged to arise directly or indirectly from or out of, or are in any way connected with: (a) the inaccuracy of the representations and warranties contained herein; (b) the breach of any covenant contained herein; (c) any operations or activities (including, without limitation, use, disposal, transportation, storage, generation or sale of Hazardous Substances) on or about the Premises during Lessee's possession or control of the Premises which directly or indirectly result in the Premises or any Other Property becoming contaminated with Hazardous Substances or otherwise violating any applicable Environmental Laws; and (d) the cleanup of Hazardous Substances at or from the Premises or any Other Property to a level sufficiently protective of human health and the environment in compliance with all applicable Environmental Laws. Lessee acknowledges that it will be solely responsible for all costs and expenses relating to investigation (including preliminary investigation) and cleanup of Hazardous Substances from the Premises or from any Other Property. Lessee specifically agrees that the bond provided pursuant to this Lease shall extend to the indemnity agreed to in this subparagraph.

(x) Lessee's obligations under this **Section 27** are unconditional and shall not be limited by any other limitations of liability provided for in this Lease. The representations, warranties and covenants of Lessee set forth in this **Section 27**: (a) are separate and distinct obligations from Lessee's other obligations under the Lease; and (b) shall survive and continue in effect after any termination or expiration of this Lease for any reason.

(xi) Upon expiration or sooner termination of this Lease, Lessee shall have removed from the Premises any Hazardous Substances, contaminated soils or other contaminated or hazardous materials or substances deposited thereon by Lessee in a manner that complies with all applicable Environmental Laws. Any failure to complete such removal by the expiration or sooner termination of this Lease shall be deemed a holding over by Lessee subject to the provision of **Paragraph 24**. At Lessor's request, within 30 days thereafter, Lessee shall deliver to Lessor a certificate from the Thurston County Health Department certifying that the Premises comply with all applicable requirements of the Health Department concerning levels of Hazardous Substances. At such time, Lessee shall also reconfirm its representations and warranties contained herein and shall represent and warrant that upon termination of the Lease all Hazardous Substances have been removed from the Premises and have been properly and lawfully disposed of, and the Premises have been cleaned up to a level that meets all applicable Environmental Laws.

28. LESSOR'S WARRANTIES. Lessor hereby represents, warrants and covenants that:

- (i) Title to the Premises is vested in Lessor, and the Premises are free and clear of any liens, charges, encumbrances, or rights of others.
- (ii) Lessor has the authority to enter into this Lease subject to the approval of the

Tenino City Council.

29. INSPECTIONS AND NOTICE OF CHANGE. Lessee agrees that inspections may be required by Lessor at the Lessee's expense to assure compliance with **Paragraph 27**. Such inspections shall be made once every FIVE (5) years or at any time Lessor has good cause to believe a problem may exist. Lessee shall notify Lessor of any Hazardous Materials or Substances upon discovery.

29.1 CURRENT CONDITIONS AND DUTY OF LESSEE: Lessor makes no representation about the condition of the Premises. Hazardous Substances may exist in, on, under, or above the Premises. Lessee should, but is not required to, conduct environmental assessments or investigations of the Premises prior to or during this Lease to determine the existence, scope, and location of any Hazardous Substances. If there are any Hazardous Substances in, on, under, or above the Premises as of the Commencement Date, Lessee shall exercise the utmost care with respect to the Hazardous Substances, the foreseeable acts or omissions of third parties affecting the Hazardous Substances, and the foreseeable consequences of those acts or omissions.

30. EMINENT DOMAIN. If the Premises shall be taken or condemned for any public or temporary purpose, or for any reason whatsoever, to such an extent as to render the Premises untenable in Lessee's reasonable judgment, the Parties shall have the option to terminate this Lease effective as of the date of taking or condemnation, which shall be the earlier of: (i) the date of the final condemnation judgment; or (ii) the date possession is taken by the condemning authority. If the taking or condemnation does not render the Premises untenable, this Lease shall continue in effect, and Lessor shall, if the condemnation award is sufficient therefor, promptly restore the portion not taken to the extent possible to the condition existing prior to the taking. If, as a result of such restoration, the area of the Premises is reduced, the rental shall be reduced proportionately. All proceeds from any taking or condemnation shall be paid to Lessor and Lessee waives all claim against such proceeds; provided, however, that Lessee shall be entitled to any award separately designated for Lessee's relocation expenses or for damage or taking of Lessee's trade fixtures or other personal property. A voluntary sale or conveyance in lieu of but under the threat of condemnation shall be considered a taking or condemnation for public purpose, and shall include Lessor's use of the Premises for any purpose for public use. If Lessor so requires the use of the Premises, then this Lease may be terminated by Lessor by written notice delivered or mailed to Lessee not less than SIX (6) months or more before the termination date specified in the notice, and damages to Lessee, if any resulting therefrom shall be determined by agreement between the Parties hereto, or in the absence of agreement, shall be subject to the negotiation, mediation, and arbitration procedures discussed in **Section 37**. Damages or other compensation shall be determined in accordance with RCW 53.08.010 and Title 8 as appropriate.

31. INSOLVENCY. If Lessee shall: solicit acceptances of a plan of reorganization to be filed in any subsequent case under the United States Bankruptcy Code, 11 U.S.C. §§ 101-1330, as hereafter amended or any successor statute thereto (the "Bankruptcy Code"); negotiate with one or more creditors for any workout, including, but not limited to, an extension agreement, composition agreement, standoff, standby, or standstill agreement whereby the creditors agree to forebear in any fashion from their rights to collect a debt of Lessee; cease to pay Lessee's debts as they come due; admit in writing the inability to pay its debts as they come due; become a party to any liquidation or dissolution action or proceeding; have appointed (voluntarily or involuntarily), a trustee, custodian, receiver, conservator, or liquidator for Lessee or for a significant portion of Lessee's assets; have entered against it any order by a district court or bankruptcy court of the United States or any of its territories that dismisses a voluntary petition under the Bankruptcy Code because the bankruptcy petition was filed in bad faith; have entered against it an order, judgment, or decree; have any of its assets levied against by writ of execution, attachment (including pre-judgment attachment), garnishment, recording of a judgment or any similar process whereby a creditor seeks to obtain a legal right to dispose of particular assets of Lessee to satisfy to any extent a debt of the

Lessee to the creditor; file a voluntary petition under the Bankruptcy Code or have filed against it an involuntary petition under the Bankruptcy Code creating any automatic stay or other injunctive force protecting the assets of Lessee from the immediate collection actions of a creditor (where such involuntary petition is not subsequently dismissed within SIXTY (60) days in response to pleadings filed by the Lessee by entry of an order of any district court or bankruptcy court of the United States or any of its territories); have appointed voluntarily or involuntarily, a trustee, custodian, or examiner with special powers by any district court or bankruptcy court in the United States or any of its territories; admit in an answer filed in response to an involuntary petition filed under the Bankruptcy Code that Lessee is insolvent because Lessee's assets are exceeded by Lessee's debts or that Lessee is unable to pay Lessee's debts as they come due; then, in the event any of the foregoing shall occur, Lessor may, at its option, terminate this Lease.

32. LESSOR COOPERATION. Lessor shall use commercial reasonable efforts to facilitate the full and successful construction of the Office Building, including without limitation Lessor's executing as owner of the Premises documents related to the granting of entitlements, easements, zoning changes, or similar matters affecting the Premises, all of which must be reasonably satisfactory in form and content to Lessor, and must comply with the operation and use covenants herein.

33. ATTORNEY'S FEES AND COSTS. Should a dispute arise between the Parties as to the effect of any provision hereof and said dispute is referred to an attorney, whether for enforcement in court or for decision under arbitration, the losing Party shall pay the prevailing Party's reasonable attorney's fees; costs of court or arbitration, including such fees and costs of any appeal.

34. MANAGEMENT OF OFFICE BUILDING. During the Term of this Lease, Lessee shall be responsible for managing the Office Building, maintaining common areas on the Premises, and ensuring all activities conducted on the Premises are completed in a first-class, professional manner (collectively, the "Management Activities"). Lessee shall have the option to carry out the Management Activities itself, via an associated entity, or by contracting with a third-party property manager.

35. ESTOPPEL CERTIFICATES. At Lessee's request, Lessor agrees to execute and deliver to Lessee or its lender(s), a customary estoppel certificate in a form acceptable to the Lessor which shall set forth the following information (i) the terms and conditions of this Lease, (ii) the status of the Rent payments under the Lease; and (iii) Lessor's knowledge of any breaches or anticipated breaches of the Lease. Lessor shall have no obligation to execute an estoppel certificate which requests any information other than as set forth above. Lessee agrees to reimburse the Lessor for all staff time incurred and attorneys' fees paid by Lessor for the review and opinion of such attorney acting on the request for such estoppel certificate and in negotiating acceptable language in the estoppel certificate. A failure to reimburse Lessor within sixty (60) days of the mailing of notice of such charges shall constitute a default under the terms of this Lease.

36. MEDIATION AND ARBITRATION. In the event a dispute arises between the Parties stemming from this Lease or the Premises (a "Dispute"), the Parties shall attempt to resolve the Dispute by engaging directly with one another in good faith for a period of at least THIRTY (30) days. If the Parties are unable to resolve the Dispute through direct negotiations, the Dispute will be referred to mediation with the Judicial Arbitration and Mediation Service ("JAMS") at its office nearest to the Premises. If the Parties are unable to agree on a mediator, JAMS shall select one for the Parties. The cost of mediation services shall be shared equally (on a 50/50 basis) between Lessor and Lessee, but each Party shall be responsible for its own attorneys' fees and costs. The above negotiation and mediation procedure shall be required prior to a Party initiating arbitration or litigation.

In the event a Dispute arises which requires arbitration, such Dispute shall be determined by arbitration as provided in this paragraph. Lessor and Lessee shall each appoint a person as arbitrator who shall have had at least TEN (10) years of experience in Thurston County in the subject matter of the Dispute.

The appointment shall be in writing and given by each Party to the other, and the arbitrators so appointed shall consider the subject matter of the Dispute, and if agreement can be reached between them, their opinion shall be the opinion of the arbitration. In the event of their failure to agree upon the matter so submitted, they shall appoint a third arbitrator. In the case of the failure of such arbitrators to agree upon the third arbitrator, the same shall be appointed by the American Arbitration Association from its qualified panel of arbitrators, with similar qualifications. If Lessor or Lessee shall fail to so appoint an arbitrator for a period of TEN (10) days after written notice from the other Party to make such appointment, then such Party will have defaulted its right to make such appointment, and the arbitrator appointed by the non-defaulting Party shall determine and resolve the Dispute. In the event the three arbitrators are appointed, after being duly sworn to perform their duties with impartiality and fidelity, they shall proceed to determine the question submitted. The decision of the arbitrators shall be rendered within THIRTY (30) days after their appointment, and such decision shall be in writing, with copies thereof delivered to each of the Parties. The award of the arbitrators shall be final, binding, and conclusive on the Parties. The fees of the arbitrators and the expenses incident to the proceedings shall be borne equally between Lessor and Lessee. The arbitrators shall award to the prevailing Party the fees of that Party's counsel, expert witnesses, or other witnesses called by the prevailing Party.

37. **JOINT AND SEVERAL LIABILITY.** Each and every Party who signs this Lease, other than in a representative capacity, shall be jointly and severally liable hereunder.

38. **INVALIDITY OF PARTICULAR PROVISIONS.** If any term or provision of this Lease or the application thereof to either Party or circumstance shall, to any extent, be invalid or unenforceable, the remainder of this Lease or the application of such term or provision related to such Party or circumstances other than those as to which it is held invalid or unenforceable shall not be affected thereby and shall continue in full force and effect.

39. **NOTICES.** All default and other substantial notices required under the provisions of this Lease may be personally delivered or mailed. If mailed, they shall be sent by certified mail, return receipt requested, to the following addresses, or to such other address as either Party may designate from time to time:

If to Lessor:
City of Tenino
Attn: Clerk/Treasurer
PO Box 4019
Tenino, WA 98589

If to Lessee:
DIG Tenino LLC
Attn: Perry Shea
14307 Barbo Drive SW
Tenino, WA 98589

With a copy to:
LAW OFFICE OF RICHARD L. HUGHES
PLLC
Attn: Rick Hughes, City Attorney
1824 Black Lake Blvd NW Ste. 101 D
Olympia, WA 98512

With a copy to:
Dickson Fröhlich Phillips Burgess, PLLC
Attn: Rob Dickson & Andrew Hata
1200 East D Street
Tacoma, WA 98421

40. **WAIVER.** The acceptance of rent by the Lessor for any period or periods after a default by Lessee hereunder shall not be deemed a waiver of such default unless the Lessor shall so intend and shall so advise Lessee in writing. No waiver by Lessor of any default hereunder by Lessee shall be construed to be or act as a waiver of any subsequent default by Lessee. After any default shall have been cured by Lessee, it shall not thereafter be used by Lessor as grounds for the commencement of any action under the provisions of **Section 22**.

41. **BINDING EFFECT; CHOICE OF LAW.** Subject to **Paragraph 1.9** and **Section 25**, this Lease is binding upon the Parties hereto, their heirs, personal representatives, successors in interest and assigns. This Lease shall be governed by the laws of the State of Washington. Venue in the event of any dispute shall be Thurston County, Washington.

42. **RECORDING.** Without the prior written consent of the Lessor, this Lease shall not be placed of record.

43. **ENTIRE AGREEMENT.** This Lease contains the entire agreement between the Parties respecting the matters herein set forth and supersedes all prior agreements between the Parties hereto respecting such matters.

44. **FORCE MAJEURE.** If either Party's performance of an obligation under this Lease is delayed or prevented in whole or in part by (i) any act of God, fire, or other casualty, flood, storm, explosion, accident, epidemic, war, civil disorder, strike, or other labor difficulty; (ii) shortage or failure of supply of materials, labor, fuel, power, equipment, supplies, or transportation; or (iii) any other cause not reasonably within the Party's control, whether or not the cause is specifically mentioned in this Lease, the Party will be excused, discharged, and released of performance to the extent that such performance or obligation is so limited or prevented by the occurrence without liability of any kind.

The Parties recognize and agree that as of the date of this Lease there has been, and continues to be, a worldwide pandemic directly or indirectly related to COVID-19, and variants thereto, resulting in a variety of government orders, supply chain disruptions, disease and other related circumstances, and events or effects that may affect land development, including without limitation, permitting and construction, none of which shall be considered a Force Majeure event or condition for the purposes of this Lease and the performance of the Parties' obligations herein, except that such government orders related to COVID-19, and variants thereto, that are imposed after the effective date that directly and solely cause the failure or delay in the performance of obligations under this Lease shall be considered a Force Majeure event for the period of time that performance is delayed due to such reasons.

45. **ATTORNMEN**. In the event the Premises are sold, Lessee shall attorn to the purchaser upon the sale, provided that the purchaser expressly agrees in writing that, so long as Lessee is not in default under the Lease, Lessee's possession and occupancy of the Premises will not be disturbed and that such purchaser will perform all obligations of Lessor under the Lease.

46. **COUNTERPARTS.** This Agreement may be executed in counterparts, each of which shall be deemed an original, but which when taken together shall constitute one and the same instrument.

[Signature page follows]

IN WITNESS WHEREOF, the Parties have executed this Lease as of the Effective Date.

“LESSOR”

City of Tenino,
a Washington municipal corporation

“LESSEE”

DIG Tenino LLC,
a Washington limited liability company

Wayne Fournier, Mayor

Perry Shea, Manager

ATTEST:

John C. Millard, Clerk/Treasurer

STATE OF WASHINGTON)
) ss.
COUNTY OF _____)

On this ____ day of _____ 2023, before me, the undersigned, a Notary Public in and for the State of Washington duly commissioned and sworn, personally appeared Wayne Fournier, to me known as, or providing satisfactory evidence that he is the Mayor of the City of Tenino, a Washington municipal corporation, and that he executed the foregoing instrument and acknowledged the said instrument to be the free and voluntary act and deed of said party for the purposes therein mentioned and on oath stated that he is authorized to execute said instrument.

WITNESS my hand and official seal hereto affixed the day and year in this certificate above written.

NOTARY PUBLIC in and for the State of
Washington, residing at

My commission expires _____
Print Name: _____

STATE OF WASHINGTON)
) ss.
COUNTY OF _____)

On this ____ day of _____ 2023, before me, the undersigned, a Notary Public in and for the State of Washington duly commissioned and sworn, personally appeared Perry Shea, to me known as, or providing satisfactory evidence that he is the Manager of the DIG Tenino, LLC a Washington limited liability company, and that he executed the foregoing instrument and acknowledged the said instrument to be the free and voluntary act and deed of said party for the purposes therein mentioned and on oath stated that he is authorized to execute said instrument.

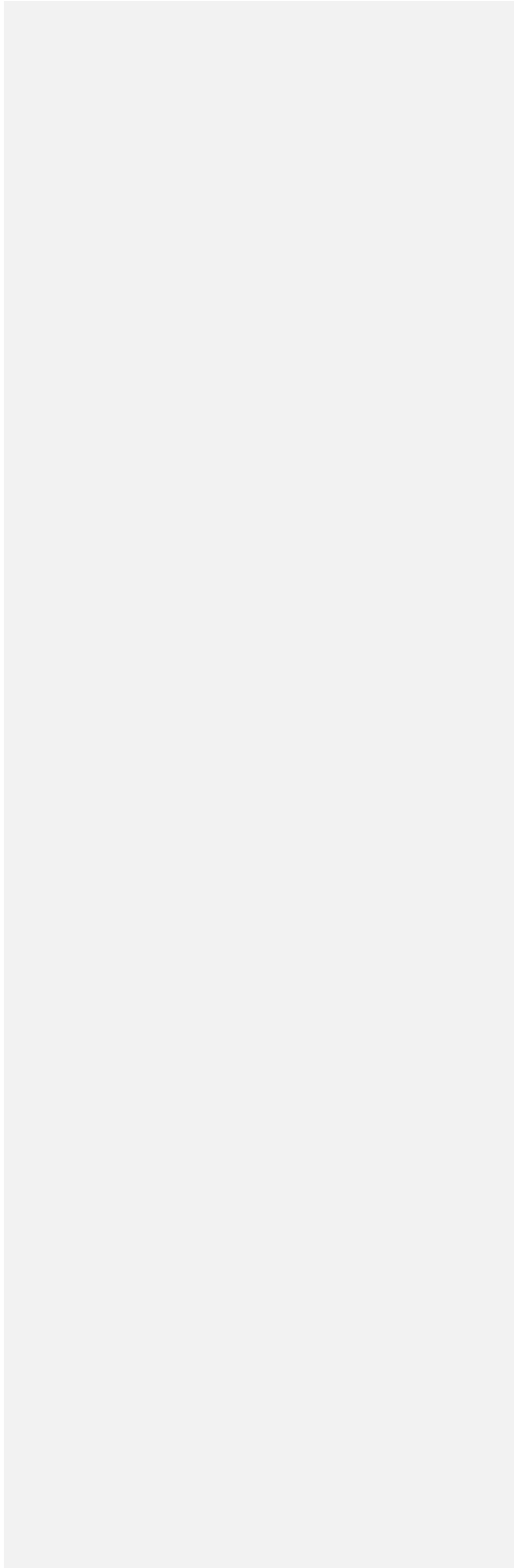
WITNESS my hand and official seal hereto affixed the day and year in this certificate above written.

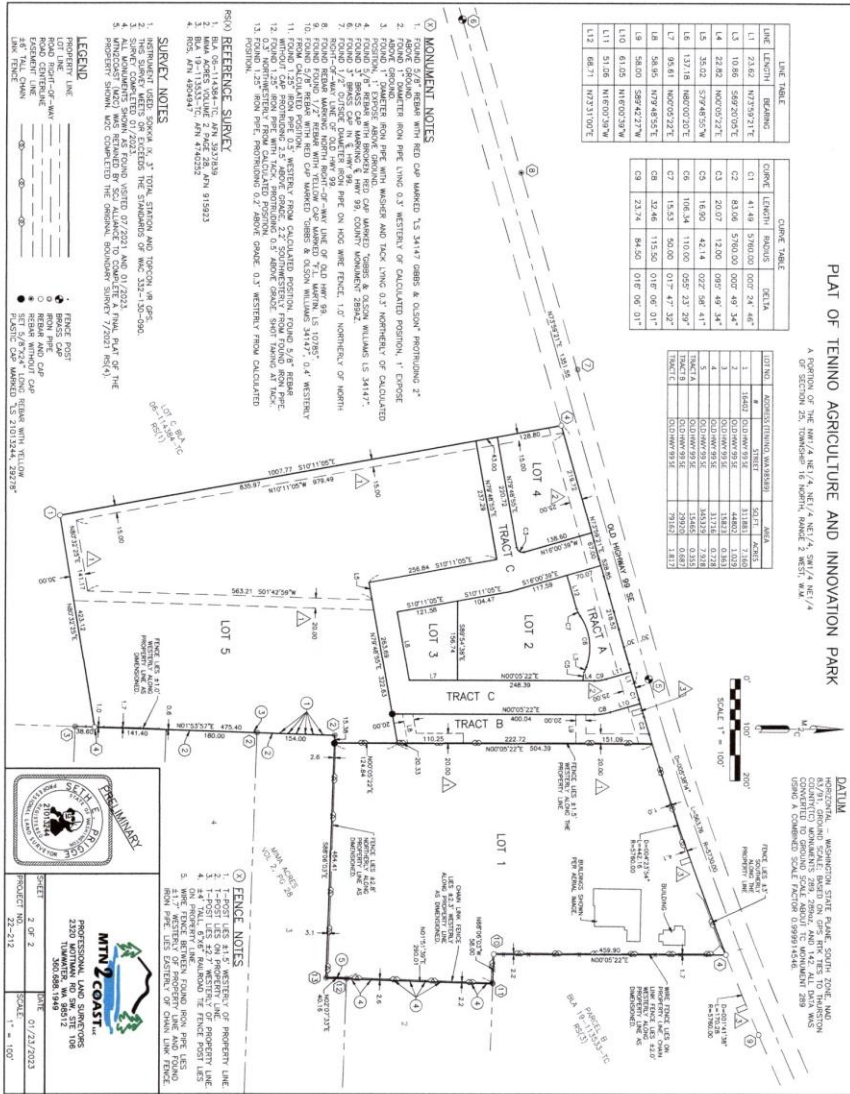
NOTARY PUBLIC in and for the State of
Washington, residing at

My commission expires _____
Print Name: _____

**EXHIBIT A
PLAT MAP**

[See following page]





LINE NUMBER	BEARING	CHAIN LENGTH	POUS	DECLA
L1	S 23.82° W	5700.03	607' 24.46"	
L2	S 10.86° W	5692.09	607' 49.54"	
L3	S 22.82° W	6020.09	657' 49.54"	
L4	S 22.82° W	6020.09	657' 49.54"	
L5	S 20.07° W	1200	1298' 49.54"	
L6	S 38.02° W	5794.95	627' 56.41"	
L7	S 137.18° W	6020.09	657' 49.54"	
L8	S 20.07° W	1200	1298' 49.54"	
L9	S 84.50° W	115.50	1257' 1.83"	
L10	S 84.50° W	115.50	1257' 1.83"	
L11	S 102.21° W	584.50	635' 06.00"	
L12	N 23.74° E	84.50	917' 06.00"	

CHAIN NUMBER	CHAIN LENGTH	POUS	DECLA
C1	41.48	5700.03	607' 24.46"
C2	83.08	5700.03	607' 49.54"
C3	203.07	1200	1298' 49.54"
C4	18.90	42.14	627' 56.41"
C5	108.34	1100	657' 23.29"
C6	15.53	50.00	617' 47.30"
C7	32.46	115.50	1257' 1.83"
C8	23.74	84.50	917' 06.00"

LOT NO.	ACROSS (TENNINO WASH)	SOUTH (AGRI)	EAST (INNOV)
1	503.0000 99.95	1488.01	1433.00
2	503.0000 99.95	1488.01	1433.00
3	503.0000 99.95	1488.01	1433.00
4	503.0000 99.95	1488.01	1433.00
5	503.0000 99.95	1488.01	1433.00

MONUMENT NOTES

- FOUND 5/8" REBAR WITH RED CAP MARKED 13.3414' EBBS & COLOR PROMINENCE 2"
- FOUND 1" CONCRETE FROM PIPE WITH WELDER AND TACK WELD 0.3' NORTHWEST OF CALCULATED POSITION, 1" PROPOSE
- FOUND 3/4" CONCRETE FROM PIPE WITH WELDER AND TACK WELD 0.3' NORTHWEST OF CALCULATED POSITION, 1" PROPOSE
- FOUND 5/8" REBAR WITH BROWN RED CAP MARKED EBBS & OLSON WILLIAMS US 3414'.
- FOUND 5/8" REBAR WITH BROWN RED CAP MARKED EBBS & OLSON WILLIAMS US 3414'.
- FOUND 3/4" BRASS CAP IN 2" DIA. HOLE 98' SOUTH MONUMENT 289A.
- FOUND 3/4" BRASS CAP IN 2" DIA. HOLE 98' SOUTH MONUMENT 289A.
- FOUND 3/4" BRASS CAP IN 2" DIA. HOLE 98' SOUTH MONUMENT 289A.
- FOUND 3/4" BRASS CAP IN 2" DIA. HOLE 98' SOUTH MONUMENT 289A.
- FOUND 2" PIPE WITH RED CAP MARKED EBBS & OLSON WILLIAMS US 3414'.
- FOUND 2" PIPE WITH RED CAP MARKED EBBS & OLSON WILLIAMS US 3414'.
- FOUND 1.25" NON PER. PROMINENCE 0.5' ABOVE GRADE 0.3' WESTERN FROM CALCULATED POSITION.
- FOUND 1.25" NON PER. PROMINENCE 0.5' ABOVE GRADE 0.3' WESTERN FROM CALCULATED POSITION.
- FOUND 1.25" NON PER. PROMINENCE 0.5' ABOVE GRADE 0.3' WESTERN FROM CALCULATED POSITION.

FENCE NOTES

- 1- POST LIES AT 5' WESTERN OF PROPERTY LINE
- 2- 4- POST LIES AT 2' WESTERN OF PROPERTY LINE
- 3- 4- POST LIES AT 2' WESTERN OF PROPERTY LINE
- 4- 1- POST LIES AT 2' WESTERN OF PROPERTY LINE
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- 50- 1- POST LIES AT 2' WESTERN OF PROPERTY LINE

PROPERTY NOTES

1. THIS SURVEY WAS MADE BY 3" TRIANGULATION AND TRIPANGULATION.
2. THE SURVEY WERE MADE BY THE METHOD OF ANGLES TO COMPASS BY THE METHOD OF ANGLES TO COMPASS.
3. ALL MONUMENTS FOUND AS FOUND VISITED ON 07/25/21 AND 01/23/23.
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PROJECT INFORMATION

PROJECT NO. 22-212

SHEET 2 OF 2

DATE 01/27/2023

SCALE 1" = 100'

MTN COAST LLC

PROFESSIONAL LAND SURVEYING

2020 TUMACACI BLVD, SUITE 101

PHOENIX, AZ 85004

TEL: 602.717.4600

FAX: 602.717.4601

WWW.MTNCOAST.COM

CREATED BY: [Name]

CHECKED BY: [Name]

DATE: 01/27/2023

PROJECT NO. 22-212

SHEET 2 OF 2

SCALE 1" = 100'

**EXHIBIT A-1
LEGAL DESCRIPTION OF PREMISES**

**LEGAL DESCRIPTION FOR LEASING PURPOSES OF THE SOUTH BUILDING ON LOT 2
OF PLAT OF TENINO AGRICULTURE AND INNOVATION PARK**

LOT 2.2 (SOUTH BUILDING)

THAT PORTION OF LOT 2 OF PLAT OF TENINO AGRICULTURE AND INNOVATION PARK, LOCATED IN THE NORTHWEST QUARTER OF THE NORTHEAST QUARTER, THE NORTHEAST QUARTER OF THE NORTHEAST QUARTER AND THE SOUTHWEST QUARTER OF THE NORTHEAST QUARTER OF SECTION 25, TOWNSHIP 16 NORTH, RANGE 2 WEST, W.M., LYING SOUTHERLY OF THE FOLLOWING DESCRIBED LINE:

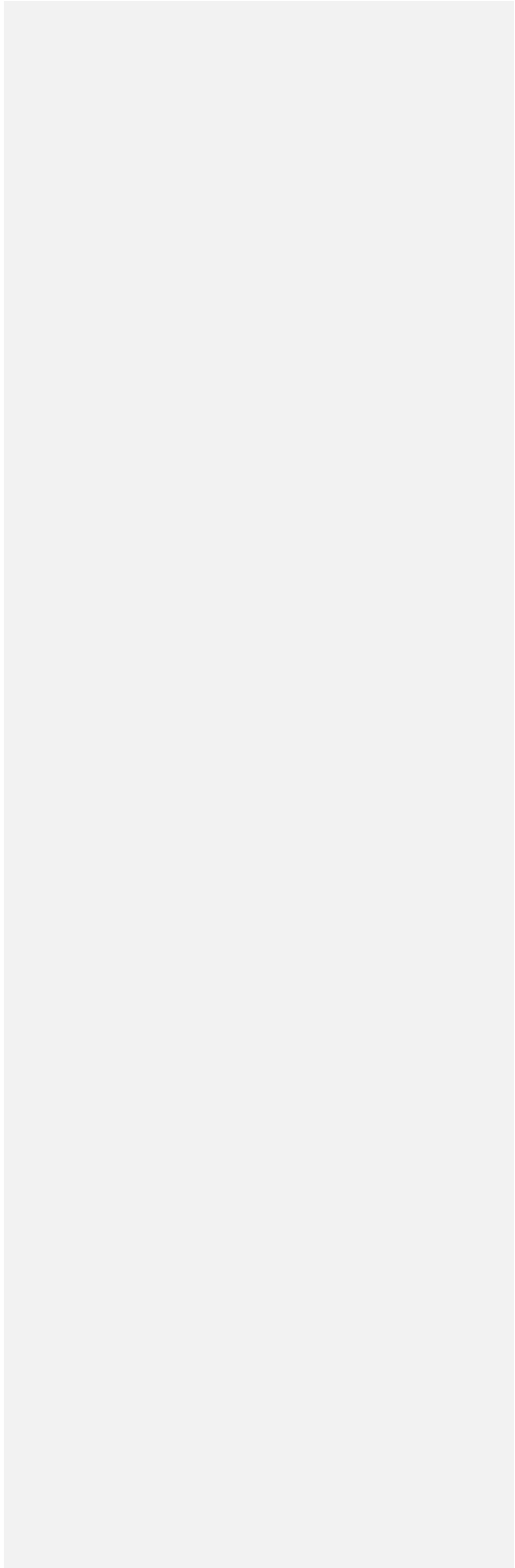
COMMENCING AT THE NORTHWEST CORNER OF SAID LOT 2;
THENCE SOUTHERLY ALONG THE WEST LINE OF SAID LOT 2, SOUTH 16°00'39" EAST, 117.59 FEET;
THENCE CONTINUING SOUTH ALONG SAID WEST LINE, SOUTH 10°11'05" EAST, 23.41 FEET TO THE TRUE POINT OF BEGINNING OF SAID LINE;
THENCE NORTH 79°48' 55" EAST, 70.27 FEET;
THENCE SOUTH 89°54'38" EAST, 102.05 FEET TO THE EAST LINE OF SAID LOT 2 AND THE TERMINUS OF SAID LINE;

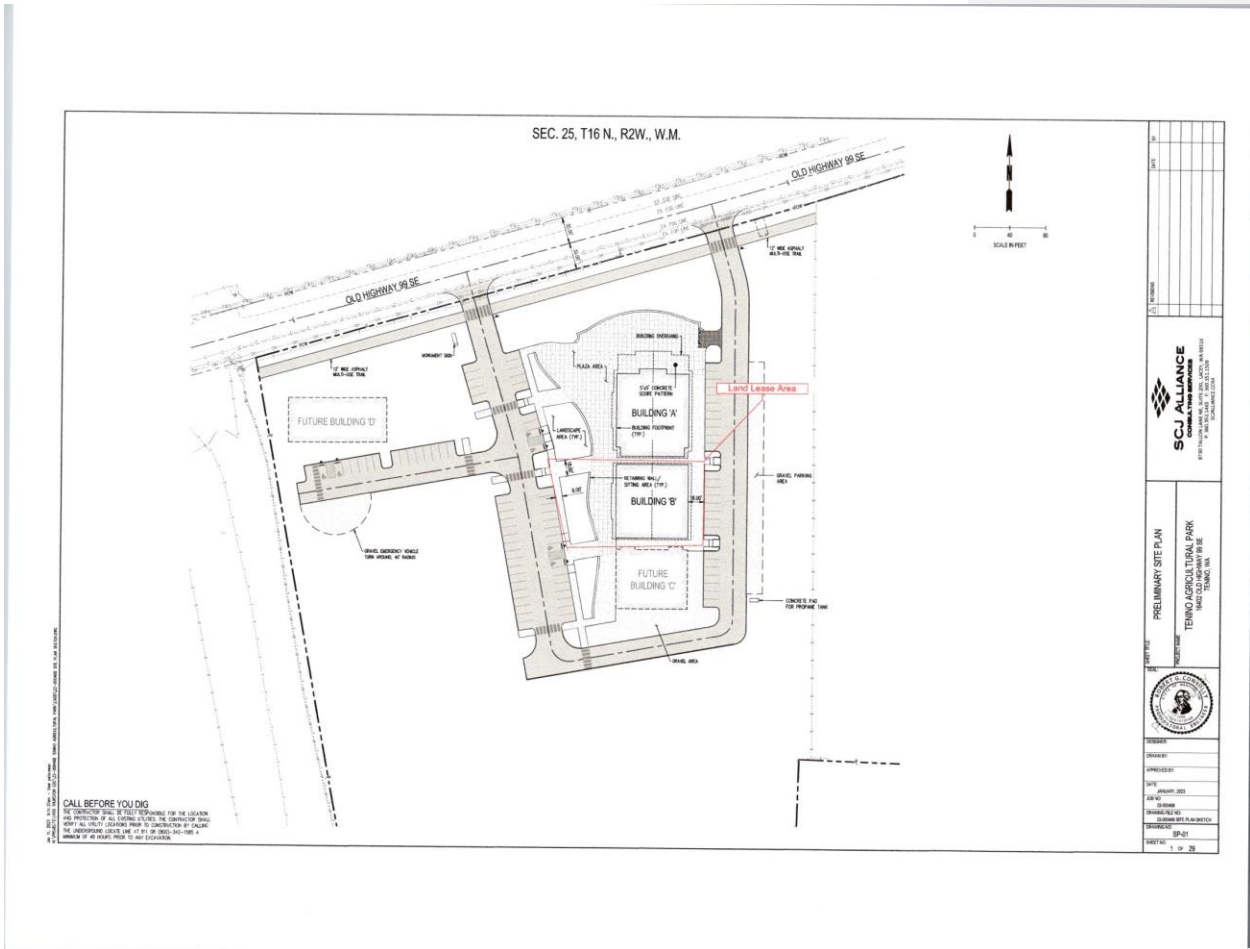
LOT 2.1 CONTAINING 30,010 SQUARE FEET, MORE OR LESS;

SITUATE IN THE CITY OF TENINO, COUNTY OF THURSTON, STATE OF WASHINGTON.

**EXHIBIT A-2
SITE PLAN**

[See following page]





**EXHIBIT B
SIGNAGE, MARKETING, AND BRANDING**



**EXHIBIT C
LESSOR'S REQUIREMENTS AS TO IMPROVEMENTS
AND READYING OF SITE PAD**

The Parties acknowledge and agree that Lessor plans to deliver a pad ready site for Lessee to construct an office building on the Premises and undertake associated improvements on the Premises. Lessee consents to such improvements, subject to the following terms and conditions:

(i) Unless otherwise agreed in writing, Lessor shall be solely responsible for all aspects of planning and delivering the pad ready site on the Premises, including without limitation:

a. Delivering a buildable pad to accommodate a minimum 6,303 square foot building referenced as "Lot 2 South Building" per Exhibit A-2, attached hereto and hereby incorporated by reference, and as referred to as the "Office Building" in the Lease. The Office Building pad will be cleared, graded, and compacted in accordance with the soils and geotechnical report and structural soil density requirements.

b. The Office Building, to be built by Lessee, and site development, to be built by Lessor, will be defined as having the following improvements and features:

i. Water service lines extended to within 5 feet of the Office Building, with a minimum of two service connections to the Office Building.

ii. Sewer force main extended to within 5 feet of the Office Building, with a minimum of two service connections to the Office Building.

iii. All surface paved access roads, parking lots, service drive aisles, and associated improvements serving the site and the Office Building.

iv. All site storm water facilities.

v. Parking lot lighting, pedestrian level lighting for hardscape areas and lighted bollards as necessary to illuminate sidewalk pathways to the Office Building and parking lots.

vi. Sidewalks and ADA compliant ramps around the perimeter of the Office Building.

vii. Landscaping and hardscape per approved civil engineering plans.

viii. Paced multi-use path along Old 99 frontage.

c. Providing necessary sewer STEP system improvements to support the Office Building including septic tanks, grinder pumps, electrical controls, and associated equipment consistent with STEP design criteria and standards applied for all new sewer connections. STEP sewer improvements will be considered part of the required Office Building improvements.

(ii) Lessor will complete and deliver the final site pad improvements as outlined in this Exhibit C by _____, 2023.

**EXHIBIT D
LESSEE’S REQUIREMENTS AS TO IMPROVEMENTS**

The Parties acknowledge and agree that Lessee plans to construct an office building on the Premises, and undertake associated improvements on the Premises to develop an aesthetically pleasing, first-class office building. Lessor consents to such improvements, subject to the following terms and conditions:

(i) Unless otherwise agreed in writing, Lessee shall be solely responsible for all aspects of constructing the Office Building and developing the Premises, including without limitation:

- a. Undertaking all planning, permitting and construction activities.
- b. Ensuring all necessary utility services are provided for.
- c. Entering into tenant leases with CB&I and other parties.
- d. Performing any needed repairs or maintenance which arises during the Term.

e. Acting as the property manager of the Agricultural Park and “Lot 2 North Building”, as shown in Exhibit A-2, and also known as the “Community Building”.

(ii) Lessee shall receive no public funds from the City of Tenino in connection with the Land Lease for Lot 2 South Area.

(iii) All work shall be conducted in compliance with all federal, state, and local laws, rules and regulations.

(iv) No development or other improvements may occur on the Premises until and unless Lessee demonstrates compliance with the Permitting and Environmental Review requirements in section 1.12 of the Lease.

(v) Lessee shall use commercially reasonable efforts to ensure no person or property is damaged on the Premises during the Term of this Lease.

**EXHIBIT E
LESSOR'S CONSENT AND AGREEMENT
(For Financing Purposes)**

Description of Ground Lease.

"Lessor"	The City of Tenino, a Washington municipal corporation
"Lessee":	DIG Tenino LLC, a Washington limited liability company
"Lease":	Land Lease dated _____
"Leasehold":	Lessee's interest in the Lease and all Leasehold Improvements
"Lender(s)":	_____ _____ _____ _____

NOW, THEREFORE, Lessor represents, warrants, covenants and agrees as follows:

1. **Consents.** Lessor hereby consents to the assignment of Lessee's interest in the Leasehold to Lender for security purposes under the Lender's Deed of Trust upon closing of the loan. Herein the term "Deed of Trust" shall mean the Lender's Deed of Trust as may be applicable and the "Lender" shall mean, as its/their interests appear in the Deed of Trust.
2. **Status of Lease.** A true and correct copy of the Lease, together with all amendments, supplements, and modifications thereto, is attached as Schedule A to this Agreement. The Lease is presently in full force and effect, is valid and enforceable according to its terms and has not been modified or amended in any way except as shown on the copy of the Lease attached hereto.
3. **Non-Default.** Lessee is not in default: (a) in the payment of rent or any other amounts due and payable by Lessee to Lessor under the Lease; or (b) to the knowledge of Lessor, in the observance or performance of any other covenant or condition to be observed or performed by Lessee under the Lease. To the knowledge of Lessor, no event has occurred which now does or hereafter will authorize Lessor to terminate the Lease.
4. **Right to Foreclose Deed of Trust.** Lender recognizes that any Deed of Trust taken by Lender affects and applies only to Lessee's interest in the Leasehold and that Lessor will not permit any security interest to be taken in any of its land. In the event of default by Lessee under the terms of the Deed of Trust, Lender may enforce or foreclose the Deed of Trust including the acceptance of a Deed in Lieu of Foreclosure. Landlord agrees that in connection with any such foreclosure, Lender may:

a. Acquire Lessee's interest in the Leasehold either by Deed in Lieu of Foreclosure or actual foreclosure without further consent of Lessor, subject to the requirements of paragraph 6.4 below.

b. Rent the Premises as office space pending foreclosure of the Leasehold by Lender without further consent of Lessor.

c. Assign and sell the Leasehold in whole or in part to any person or entity, subject to the requirements set forth in paragraph 6.5 below.

5. **Surrender of the Premises.** No surrender of the Premises or any other act of Lessee shall be deemed to terminate the Lease and Lessor will not terminate voluntarily by agreement with Lessee unless Lender has been previously notified in writing and has consented to the termination in writing. The Lease shall not be amended or modified unless Lender has been previously notified in writing and has consented to such amendment or modification in writing.

6. **Notice of Default and Lender's Rights.**

6.1. **Notice of Default.** If Lessee defaults under the Lease or if any event occurs which would give Lessor the right to terminate, modify, amend or shorten the term of the Lease, Lessor shall take no steps to exercise any right it may have under the Lease without first giving Lender written notice of such default. A copy of each and every Notice of Default served or sent by Lessor or its agent to or upon Lessee pursuant to the Lease shall be sent contemporaneously to Lender in accordance with paragraph 13 below. Such Notice of Default shall specify the event or events of default then outstanding and the time period at the end of which the indicated action would become effective.

6.2. **Termination for Monetary Default.** If the Notice of Default given by Lessor to Lender relates to a monetary default and Lessee has not cured such monetary default within 15 days as provided in the Lease and Lessee's failure to cure results in Lessor desiring to terminate the Lease, Lessor may terminate the Lease if such monetary default is not cured by either Lessee or Lender within twenty (20) days of Lender's receipt of Notice, and kept current thereafter.

6.3. **Termination for Non-Monetary Default.** If the notice given by Lessor to Lender relates to a non-monetary default and Lessee has not cured such non-monetary default within the 30- day period specified in the Lease, Lessor shall take no action to terminate the Lease if:

a. Within 20 days after Lessor's notice to Lender to Lessee's failure to cure (or failure to diligently pursue a cure) Lender notifies Lessor of its intent to realize upon its security interest and commences realization within 60 days thereafter, and diligently pursues realization; and

b. Lender notifies Lessor that it will assume the Lease when Lender is legally entitled to the ownership and/or possession of Lessee's interests in the Leasehold; and

c. Lender pays Lessor at time of notification all back rent or other monies or performances due that may be in default up to the date Lender notifies Lessor of Lender's intent and further pays all rent that accrues during the period after Lender so notifies Lessor and completes such other performances that may be required or come due under the Lease.

Lessor shall not terminate the Lease because of Lessee's breach of any term(s) of the Lease relating to the solvency of Lessee or the institution of any bankruptcy, insolvency, receivership or related action by or against Lessee as long as Lender cures any default under the Lease by Lessee as provided in this Agreement.

6.3.1. If the non-monetary default is of a nature which requires immediate abatement as a result of which Lender would not normally pursue realization on the collateral, and Lessee has not taken steps to immediately cure the default, then Lender must take immediate steps to cure such default within ten (10) days of receipt of notice or else the Lessor may terminate the Lease.

6.3.2. Upon termination of the Lease as provided herein, Lender will release its Deed of Trust within fifteen (15) days thereafter.

6.4. **Assumption of the Lease.** If Lender acquires the interest of Lessee at any time or takes possession of the collateral, then Lender shall formally assume the Lease within twenty (20) days thereafter. Failure to so assume the Lease shall give Lessor the right to immediately terminate the Lease.

6.5. **Right to Assign.** Lender shall not have the right to assign its interest in the Leasehold nor in the case of a foreclosure under the Deed of Trust shall the Trustee under the Deed of Trust transfer the Leasehold to any person or entity (other than Lender) without first obtaining the written consent of Lessor for such assignment or transfer, which consent will not be unreasonably withheld or delayed provided that Lender has disclosed to Lessor: (a) the identity of the proposed purchaser, assignee or transferee; (b) shown that the purchaser's, assignee's or transferee's credit standing would reasonably be acceptable to a commercially prudent lender; and (c) provided evidence to Lessor that the use of the property by such purchaser, assignee or transferee shall be consistent with the terms of the Lease or Lessee's prior use of the Leasehold. Upon the purchaser's, assignee's or transferee's assumption and agreement to perform and to be bound by all of the terms of the Lease, Lender shall be relieved of further liability under the Lease, however, if Lender finances the purchaser, assignee or transferee, Lender shall again be subject to all the obligations set forth in this Agreement.

7. **Disposition of Insurance and Condemnation Proceeds.** Lessor shall be named as an additional insured under any of Lessee's casualty policies on the Premises to the extent of the interests limited in this paragraph 7. Should the Premises suffer any loss which is covered by casualty insurance, and the insurance proceeds are used to restore any improvements made by Lessee, Lessor agrees that Lessee and Lender shall have the right to such proceeds so long as none of Lessor's property, utilities or other services therein are damaged or such damages are repaired. In the event the Premises are substantially damaged and Lessee's improvements have been repaired, Lessor shall only participate in the insurance proceeds to the extent necessary to repair and restore Lessor's ground and any of Lessor's or Lessee's improvements (excluding buildings and personal property) on or in the ground to the same condition the land was in at the commencement of the Lease, or in the same condition at the time of the casualty. Under the Lease, Lessor has the option of requiring Lessee to demolish the improvements at the end of the Lease term, or to have Lessee convey title to Lessor Lessee's interests in the Leasehold Improvements. In the event Premises and the Leasehold are so severely damaged that Lessee's and Lenders' decision is not to repair or restore the Premises, Lessor shall participate in the insurance proceeds to the extent necessary to remove the remainder of the damaged improvements and to restore the Premises and any utilities or other such improvements (excluding rebuilding the improvements or restoring other personal property of Lessee) to the same condition the land was in at the commencement of the Lease, or in the same condition at the time of the casualty. Other than as described herein, Lessor shall have no claim to insurance proceeds or condemnation proceeds that are attributable to Lessee's interest in the Leasehold, nor shall Lender have any interest in Lessor's condemnation proceeds, if any.

8. **Right to Participate in Litigation.** Lender shall have the right to participate in any litigation, arbitration or dispute directly affecting the Premises or the interests of Lessee or Lender therein, including without limitation, any suit, action, arbitration proceeding, condemnation proceeding or insurance claim. Lessor, upon instituting or receiving notice of any such litigation, arbitration or dispute will promptly

notify Lender of the same.

9. **Incorporation of Mortgage Protection Provisions.** To the extent not inconsistent with this Agreement, all provisions of the Lease which by their terms are for the benefit of any leasehold mortgagee, are hereby incorporated herein for the benefit of Lender. Without limited the foregoing, Lender shall be a beneficiary of the warranty and indemnity provided in the Lease.

10. **Right to Remove Collateral.** In the event Lender exercises its rights under its collateral and realizes upon the collateral, Lessor agrees that Lender is entitled to remove Lessee’s furniture, movable trade fixtures and equipment installed by Lessee from the Premises at any reasonable time and that the collateral shall remain personal property even though the trade fixtures may be affixed to or placed upon the Premises. “Trade fixtures” means the movable personal property of Lessee which is free standing or attached to floors, walls or ceiling, but does not include installed light fixtures, floor coverings, doors, windows, heating, plumbing or electrical systems or components thereof, including any roof-mounted HVAC equipment and/or units thereof, or permanent walls or partitions installed by Lessee. In the event Lender so realizes on its collateral, Lessor waives any right, title, claim, lien or interest in the above trade fixtures by reason of such fixtures being attached to or located on the Premises. Lender shall use reasonable care in removing the trade fixtures from the Premises and shall repair any damage that may result from such removal which shall be completed in accordance with the terms of the Lease.

11. **Interpretation of Agreement.** This Agreement sets forth the complete understanding of Lender with respect to this transaction; may be amended only in writing signed by the party against whom it is sought to be enforced; and, without limiting the generality of the foregoing shall not be deemed modified by any course of dealing. No provision in the Assignment of Lessee’s Interest in Lease, Security Agreement and Deed of Trust shall vary, modify or expand the covenants herein contained. In the event of any conflict between the terms of this Agreement and the Lease, this Agreement shall control.

12. **Disputes.** In the event of litigation or arbitration between the parties to enforce or interpret this Agreement, the arbitrator, Board of Arbitration or Judge, as may be appropriate, may award the prevailing party in such arbitration or litigation a reasonable attorney’s fee not to exceed 20 percent of the amount in controversy, plus costs and costs of collection.

13. **Notices.** All notices, copies of notices, consents or other communications given under this Agreement must be in writing and shall be effective when received. Such communications shall be given in person to an officer of Lender or to Lessor or shall be delivered to one of such persons by registered or certified U.S. mail or by public or private courier or wire service or facsimile transmission addressed to the parties at their respective addresses set forth below, unless by such notice a different person or address shall have been designated in writing:

If to Lender:

Attn: _____

With a copy to:

Attn: _____

If to Lessor:
City of Tenino
Attn: Clerk/Treasurer
PO Box 4019
Tenino, WA 98589

With a copy to:

Attn: _____

If to Lessee:

DIG Tenino LLC
Attn: Perry Shea
14307 Barbo Drive SW
Tenino, WA 98589

With a copy to:

Dickson Frohlich Phillips Burgess, PLLC
Attn: Rob Dickson & Andrew Hata
1200 East D Street
Tacoma, WA 98421

[Signature page follows]

IN WITNESS WHEREOF, Lessor has executed these presents this ____ day of _____,
202__.

“Lessor”

City of Tenino,
a Washington municipal corporation

By: _____

Name: _____

Its: _____

Exhibit To Lessor's Consent and Agreement

Insert copy of Lease

**EXHIBIT F
MINIMUM GROUND RENT CALCULATION
(Not including any applicable leasehold tax.)**

PROPERTY VALUE METRICS		
Land Value (Per Square Foot)	\$	7.15
Land Value		
Total Value	\$	4,020,248
Acres		12.908
Square Feet		562,272
Value Break Down		
Rate of Return on Value		7.00%
Value Per Acre	\$	311,454
Lease Per Acre (Annual)	\$	21,802
Lease Per Acre (Monthly)	\$	1,817
Lease Per Sq. Ft. (Annual)	\$	0.50
Lease Per Sq. Ft. (Monthly)	\$	0.04

LOT 2 SOUTH BUILDING LAND LEASE		
Acres		0.34
Total Lot Sq. Ft.		14,791
Annual Lease	\$	7,403
Monthly Lease	\$	617
Leashold Tax	\$	951
DIG Tenino LLC Annual Lease	\$	8,353

File Attachments for Item:

6. Vactor Truck Financing with Timberland bank. City Attorney has reviewed the terms.

Recommended Action: Approve Timberland Bank financing terms for Vactor truck purchase.

LOAN REQUEST SUMMARY

Principal	Loan Date	Maturity	Loan No	Call / Coll	Account	Officer	Initials
\$444,952.88	02-28-2023	06-01-2028	977495650	5A / 13		***	

References in the boxes above are for Lender's use only and do not limit the applicability of this document to any particular loan or item. Any item above containing "****" has been omitted due to text length limitations.

Borrower: City of Tenino
149 Hodgden St S
Tenino, WA 98589

Lender: Timberland Bank
Olympia Branch
423 Washington Street SE
Olympia, WA 98501

BALLOON LOAN (Fixed Rate)

	Financed	In Cash
AMOUNT REQUESTED:	\$440,287.50	
PREPAID FINANCE CHARGES:	0.00	
SECURITY INTEREST CHARGES:		
UCC Filing Fee	225.00	
Title Transfer Fee	37.50	
Loan Origination Fee (%)	4,402.88	
NOTE AMOUNT:	\$444,952.88	\$0.00

PAYMENT CALCULATION:

Interest Method:	365/360
Disbursement Date:	02-26-2023
First Payment Date:	12-01-2023
Due Date:	06-01-2028
Payment Period:	Semi-Annual
Periods to Amortize:	10
Total Number of Pmts:	10
Interest Rate:	6.500%
Credit Insurance:	None
Amount of Reg Pmt:	\$53,822.96
Final Payment:	\$53,822.99

Payment Schedule. Borrower's payment schedule consists of the following: 9 semi-annual consecutive payments of \$53,822.96 each, beginning December 1, 2023, with interest calculated on the unpaid principal balances at an interest rate of 6.500% per annum based on a year of 360 days, and one payment of \$53,822.99 on June 1, 2028, with interest calculated on the unpaid principal balances at an interest rate of 6.500% per annum based on a year of 360 days. This estimated final payment is based on the assumption that all payments will be made exactly as scheduled; the actual final payment will be for all principal and accrued interest not yet paid, together with any other unpaid amounts under the Note. The payment amounts are based on an amortization over 10 payment periods.

APR 6.584%	FINANCE CHARGE \$93,276.75	AMOUNT FINANCED \$444,952.88	TOTAL OF PAYMENTS \$538,229.63
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COLLATERAL: Titled Collateral
UCC - Financing Statement Collateral

TRANSACTION NUMBER: 57330

NOTICE: This Loan Request Summary is for informational purposes only and does not obligate Lender in any way to make this loan or any other loan to Borrower. The fees and charges listed above are estimates only; and, if a loan is made, different or additional fees and charges may be imposed.

AMORTIZATION SCHEDULE

Principal	Loan Date	Maturity	Loan No	Call / Coll	Account	Officer	Initials
\$444,952.88	02-28-2023	06-01-2028	977495650	5A / 13			

References in the boxes above are for Lender's use only and do not limit the applicability of this document to any particular loan or item. Any item above containing "*****" has been omitted due to text length limitations.

Borrower: City of Tenino
149 Hodgden St S
Tenino, WA 98589

Lender: Timberland Bank
Olympia Branch
423 Washington Street SE
Olympia, WA 98501

Disbursement Date: February 28, 2023
Interest Rate: 6.500

Repayment Schedule: Balloon
Calculation Method: 365/360 U.S. Rule

Payment Number	Payment Date	Payment Amount	Interest Paid	Principal Paid	Remaining Balance
1	12-01-2023	53,822.96	22,173.49	31,649.47	413,303.41
2023 TOTALS:		53,822.96	22,173.49	31,649.47	
2	06-01-2024	53,822.96	13,656.23	40,166.73	373,136.68
3	12-01-2024	53,822.96	12,329.06	41,493.90	331,642.78
2024 TOTALS:		107,645.92	25,985.29	81,660.63	
4	06-01-2025	53,822.96	10,898.15	42,924.81	288,717.97
5	12-01-2025	53,822.96	9,539.72	44,283.24	244,434.73
2025 TOTALS:		107,645.92	20,437.87	87,208.05	
6	06-01-2026	53,822.96	8,032.40	45,790.56	198,644.17
7	12-01-2026	53,822.96	6,563.53	47,259.43	151,384.74
2026 TOTALS:		107,645.92	14,595.93	93,049.99	
8	06-01-2027	53,822.96	4,974.67	48,848.29	102,536.45
9	12-01-2027	53,822.96	3,387.98	50,434.98	52,101.47
2027 TOTALS:		107,645.92	8,362.65	99,283.27	
10	06-01-2028	53,822.99	1,721.52	52,101.47	0.00
2028 TOTALS:		53,822.99	1,721.52	52,101.47	
TOTALS:		538,229.63	93,276.75	444,952.88	

NOTICE: This is an estimated loan amortization schedule. Actual amounts may vary if payments are made on different dates or in different amounts.

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CORPORATE RESOLUTION TO BORROW / GRANT COLLATERAL

Principal \$444,952.88	Loan Date 02-28-2023	Maturity 06-01-2028	Loan No 977495650	Call / Coll SA / 13	Account	Officer ***	Initials
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References in the boxes above are for Lender's use only and do not limit the applicability of this document to any particular loan or item. Any item above containing "*****" has been omitted due to text length limitations.

Corporation: City of Tenino
149 Hodgden St S
Tenino, WA 98589

Lender: Timberland Bank
Olympia Branch
423 Washington Street SE
Olympia, WA 98501

I, THE UNDERSIGNED, DO HEREBY CERTIFY THAT:

THE CORPORATION'S EXISTENCE. The complete and correct name of the Corporation is City of Tenino ("Corporation"). The Corporation is a non-profit corporation which is, and at all times shall be, duly organized, validly existing, and in good standing under and by virtue of the laws of the State of Washington. The Corporation is duly authorized to transact business in all other states in which the Corporation is doing business, having obtained all necessary filings, governmental licenses and approvals for each state in which the Corporation is doing business. Specifically, the Corporation is, and at all times shall be, duly qualified as a foreign corporation in all states in which the failure to so qualify would have a material adverse effect on its business or financial condition. The Corporation has the full power and authority to own its properties and to transact the business in which it is presently engaged or presently proposes to engage. The Corporation maintains an office at 149 Hodgden St S, Tenino, WA 98589. Unless the Corporation has designated otherwise in writing, the principal office is the office at which the Corporation keeps its books and records. The Corporation will notify Lender prior to any change in the location of the Corporation's state of organization or any change in the Corporation's name. The Corporation shall do all things necessary to preserve and to keep in full force and effect its existence, rights and privileges, and shall comply with all regulations, rules, ordinances, statutes, orders and decrees of any governmental or quasi-governmental authority or court applicable to the Corporation and the Corporation's business activities.

RESOLUTIONS ADOPTED. At a meeting of the Directors of the Corporation, or if the Corporation is a close corporation having no Board of Directors then at a meeting of the Corporation's shareholders, duly called and held on _____ at which a quorum was present and voting, or by other duly authorized action in lieu of a meeting, the resolutions set forth in this Resolution were adopted.

OFFICER. The following named person is an officer of City of Tenino:

NAMES	TITLES	AUTHORIZED	ACTUAL SIGNATURES
Wayne Fournier Jr	Mayor	Y X	

ACTIONS AUTHORIZED. The authorized person listed above may enter into any agreements of any nature with Lender, and those agreements will bind the Corporation. Specifically, but without limitation, the authorized person is authorized, empowered, and directed to do the following for and on behalf of the Corporation:

Borrow Money. To borrow, as a cosigner or otherwise, from time to time from Lender, on such terms as may be agreed upon between the Corporation and Lender, such sum or sums of money as in his or her judgment should be borrowed, without limitation.

Execute Notes. To execute and deliver to Lender the promissory note or notes, or other evidence of the Corporation's credit accommodations, on Lender's forms, at such rates of interest and on such terms as may be agreed upon, evidencing the sums of money so borrowed or any of the Corporation's indebtedness to Lender, and also to execute and deliver to Lender one or more renewals, extensions, modifications, refinancings, consolidations, or substitutions for one or more of the notes, any portion of the notes, or any other evidence of credit accommodations.

Grant Security. To mortgage, pledge, transfer, endorse, hypothecate, or otherwise encumber and deliver to Lender any property now or hereafter belonging to the Corporation or in which the Corporation now or hereafter may have an interest, including without limitation all of the Corporation's real property and all of the Corporation's personal property (tangible or intangible), as security for the payment of any loans or credit accommodations so obtained, any promissory notes so executed (including any amendments to or modifications, renewals, and extensions of such promissory notes), or any other or further indebtedness of the Corporation to Lender at any time owing, however the same may be evidenced. Such property may be mortgaged, pledged, transferred, endorsed, hypothecated or encumbered at the time such loans are obtained or such indebtedness is incurred, or at any other time or times, and may be either in addition to or in lieu of any property theretofore mortgaged, pledged, transferred, endorsed, hypothecated or encumbered.

Execute Security Documents. To execute and deliver to Lender the forms of mortgage, deed of trust, pledge agreement, hypothecation agreement, and other security agreements and financing statements which Lender may require and which shall evidence the terms and conditions under and pursuant to which such loans and encumbrances, or any of them, are given; and also to execute and deliver to Lender any other written instruments, any chattel paper, or any other collateral, of any kind or nature, which Lender may deem necessary or proper in connection with or pertaining to the giving of the loans and encumbrances.

Negotiate Items. To draw, endorse, and discount with Lender all drafts, trade acceptances, promissory notes, or other evidences of indebtedness payable to or belonging to the Corporation or in which the Corporation may have an interest, and either to receive cash for the same or to cause such proceeds to be credited to the Corporation's account with Lender, or to cause such other disposition of the proceeds derived therefrom as he or she may deem advisable.

Further Acts. In the case of lines of credit, to designate additional or alternate individuals as being authorized to request advances under such lines, and in all cases, to do and perform such other acts and things, to pay any and all fees and costs, and to execute and deliver such other documents and agreements, including agreements waiving the right to a trial by jury, as the officer may in his or her discretion deem reasonably necessary or proper in order to carry into effect the provisions of this Resolution.

ASSUMED BUSINESS NAMES. The Corporation has filed or recorded all documents or filings required by law relating to all assumed business names used by the Corporation. Excluding the name of the Corporation, the following is a complete list of all assumed business names under which the Corporation does business: None.

NOTICES TO LENDER. The Corporation will promptly notify Lender in writing at Lender's address shown above (or such other addresses as Lender may designate from time to time) prior to any (A) change in the Corporation's name; (B) change in the Corporation's assumed business name(s); (C) change in the management of the Corporation; (D) change in the authorized signer(s); (E) change in the Corporation's principal office address; (F) change in the Corporation's state of organization; (G) conversion of the Corporation to a new or different type of business entity; or (H) change in any other aspect of the Corporation that directly or indirectly relates to any agreements between the Corporation and Lender. No change in the Corporation's name or state of organization will take effect until after Lender has received notice.

CERTIFICATION CONCERNING OFFICERS AND RESOLUTIONS. The officer named above is duly elected, appointed, or employed by or for the Corporation, as the case may be, and occupies the position set opposite his or her respective name. This Resolution now stands of record on the books of the Corporation, is in full force and effect, and has not been modified or revoked in any manner whatsoever.

NO CORPORATE SEAL. The Corporation has no corporate seal, and therefore, no seal is affixed to this Resolution.

CONTINUING VALIDITY. Any and all acts authorized pursuant to this Resolution and performed prior to the passage of this Resolution are hereby ratified and approved. This Resolution shall be continuing, shall remain in full force and effect and Lender may rely on it until written notice of its revocation shall have been delivered to and received by Lender at Lender's address shown above (or such addresses as Lender may designate from time to time). Any such notice shall not affect any of the Corporation's agreements or commitments in effect at the time notice is given.

IN TESTIMONY WHEREOF, I have hereunto set my hand and attest that the signature set opposite the name listed above is his or her genuine signature.

I have read all the provisions of this Resolution, and I personally and on behalf of the Corporation certify that all statements and representations made in this Resolution are true and correct. This Corporate Resolution to Borrow / Grant Collateral is dated February 28, 2023.

CERTIFIED TO AND ATTESTED BY:

X
Wayne Fournier Jr, Mayor of City of Tenino

NOTE: If the officer signing this Resolution is designated by the foregoing document as one of the officers authorized to act on the Corporation's behalf, it is advisable to have this Resolution signed by at least one non-authorized officer of the Corporation.

LeasePro, Ver. 22-4-0-058 Copy, Finstra USA Corporation 1997, 2023. All Rights Reserved. - WA F:\HARLAND\CP\PL\Q10.FG TR-07/000 PR-3

DRAFT

BUSINESS LOAN AGREEMENT

Principal	Loan Date	Maturity	Loan No	Call / Coll	Account	Officer	Initials
\$444,952.88	02-28-2023	06-01-2028	977495650	5A / 13		***	

References in the boxes above are for Lender's use only and do not limit the applicability of this document to any particular loan or item. Any item above containing "****" has been omitted due to text length limitations.

Borrower: City of Tenino
149 Hodgden St S
Tenino, WA 98589

Lender: Timberland Bank
Olympia Branch
423 Washington Street SE
Olympia, WA 98501

THIS BUSINESS LOAN AGREEMENT dated February 28, 2023, is made and executed between City of Tenino ("Borrower") and Timberland Bank ("Lender") on the following terms and conditions. Borrower has received prior commercial loans from Lender or has applied to Lender for a commercial loan or loans or other financial accommodations, including those which may be described on any exhibit or schedule attached to this Agreement. Borrower understands and agrees that: (A) in granting, renewing, or extending any Loan, Lender is relying upon Borrower's representations, warranties, and agreements as set forth in this Agreement; (B) the granting, renewing, or extending of any Loan by Lender at all times shall be subject to Lender's sole judgment and discretion; and (C) all such Loans shall be and remain subject to the terms and conditions of this Agreement.

TERM. This Agreement shall be effective as of February 28, 2023, and shall continue in full force and effect until such time as all of Borrower's Loans in favor of Lender have been paid in full, including principal, interest, costs, expenses, attorneys' fees, and other fees and charges, or until such time as the parties may agree in writing to terminate this Agreement.

CONDITIONS PRECEDENT TO EACH ADVANCE. Lender's obligation to make the initial Advance and each subsequent Advance under this Agreement shall be subject to the fulfillment to Lender's satisfaction of all of the conditions set forth in this Agreement and in the Related Documents.

Loan Documents. Borrower shall provide to Lender the following documents for the Loan: (1) the Note; (2) Security Agreements granting to Lender security interests in the Collateral; (3) financing statements and all other documents perfecting Lender's Security Interests; (4) evidence of insurance as required below; (5) together with all such Related Documents as Lender may require for the Loan; all in form and substance satisfactory to Lender and Lender's counsel.

Borrower's Authorization. Borrower shall have provided in form and substance satisfactory to Lender properly certified resolutions, duly authorizing the execution and delivery of this Agreement, the Note and the Related Documents. In addition, Borrower shall have provided such other resolutions, authorizations, documents and instruments as Lender or its counsel may require.

Payment of Fees and Expenses. Borrower shall have paid to Lender all fees, charges, and other expenses which are then due and payable as specified in this Agreement or any Related Document.

Representations and Warranties. The representations and warranties set forth in this Agreement, in the Related Documents, and in any document or certificate delivered to Lender under this Agreement are true and correct.

No Event of Default. There shall not exist at the time of any Advance a condition which would constitute an Event of Default under this Agreement or under any Related Document.

REPRESENTATIONS AND WARRANTIES. Borrower represents and warrants to Lender, as of the date of this Agreement, as of the date of each disbursement of loan proceeds, as of the date of any renewal, extension or modification of any Loan, and at all times any indebtedness exists:

Organization. Borrower is a non-profit corporation which is, and at all times shall be, duly organized, validly existing, and in good standing under and by virtue of the laws of the State of Washington. Borrower is duly authorized to transact business in all other states in which Borrower is doing business, having obtained all necessary filings, governmental licenses and approvals for each state in which Borrower is doing business. Specifically, Borrower is, and at all times shall be, duly qualified as a foreign corporation in all states in which the failure to do so qualify would have a material adverse effect on its business or financial condition. Borrower has the full power and authority to own its properties and to transact the business in which it is presently engaged or presently proposes to engage. Borrower maintains an office at 149 Hodgden St S, Tenino, WA 98589. Unless Borrower has designated otherwise in writing, the principal office is the office at which Borrower keeps its books and records including its records concerning the Collateral. Borrower will notify Lender prior to any change in the location of Borrower's state of organization or any change in Borrower's name. Borrower shall do all things necessary to preserve and to keep in full force and effect its existence, rights and privileges, and shall comply with all regulations, rules, ordinances, statutes, orders and decrees of any governmental or quasi-governmental authority or court applicable to Borrower and Borrower's business activities.

Assumed Business Names. Borrower has filed or recorded all documents or filings required by law relating to all assumed business names used by Borrower. Excluding the name of Borrower, the following is a complete list of all assumed business names under which Borrower does business: None.

Authorization. Borrower's execution, delivery, and performance of this Agreement and all the Related Documents have been duly authorized by all necessary action by Borrower and do not conflict with, result in a violation of, or constitute a default under (1) any provision of (a) Borrower's articles of incorporation or organization, or bylaws, or (b) any agreement or other instrument binding upon Borrower or (2) any law, governmental regulation, court decree, or order applicable to Borrower or to Borrower's properties.

Financial Information. Each of Borrower's financial statements supplied to Lender truly and completely disclosed Borrower's financial condition as of the date of the statement, and there has been no material adverse change in Borrower's financial condition subsequent to the date of the most recent financial statement supplied to Lender. Borrower has no material contingent obligations except as disclosed in such financial statements.

Legal Effect. This Agreement constitutes, and any instrument or agreement Borrower is required to give under this Agreement when delivered will constitute legal, valid, and binding obligations of Borrower enforceable against Borrower in accordance with their respective terms.

Properties. Except as contemplated by this Agreement or as previously disclosed in Borrower's financial statements or in writing to Lender and as accepted by Lender, and except for property tax liens for taxes not presently due and payable, Borrower owns and has good title to all of Borrower's properties free and clear of all Security Interests, and has not executed any security documents or financing statements relating to such properties. All of Borrower's properties are titled in Borrower's legal name, and Borrower has not used or filed a financing statement under any other name for at least the last five (5) years.

Hazardous Substances. Except as disclosed to and acknowledged by Lender in writing, Borrower represents and warrants that: (1) During the period of Borrower's ownership of the Collateral, there has been no use, generation, manufacture, storage, treatment, disposal, release or threatened release of any Hazardous Substance by any person on, under, about or from any of the Collateral. (2) Borrower has no knowledge of, or reason to believe that there has been (a) any breach or violation of any Environmental Laws; (b) any use, generation, manufacture, storage, treatment, disposal, release or threatened release of any Hazardous Substance on, under, about or from the person relating to such matters; (3) Neither Borrower nor any tenant, contractor, agent or other authorized user of any of the Collateral shall use, generate, manufacture, store, treat, dispose of or release any Hazardous Substance on, under, about or from any of the Collateral; and any such activity shall be conducted in compliance with all applicable federal, state, and local laws, regulations, and ordinances, including without limitation all Environmental Laws. Borrower authorizes Lender and its agents to enter upon the Collateral to make such inspections and tests as Lender may deem appropriate to determine compliance of the Collateral with this section of the Agreement. Any inspections or tests made by Lender shall be at Borrower's expense and for Lender's purposes only and shall not be construed to create any responsibility or liability on the part of Lender to Borrower or to any other person. The representations and warranties contained herein are based on Borrower's due diligence in investigating the Collateral for hazardous waste and Hazardous Substances. Borrower hereby (1) releases and waives any future claims against Lender for indemnity or contribution in the event Borrower becomes liable for cleanup or other costs under any such laws, and (2) agrees to indemnify, defend, and hold harmless Lender against any and all claims, losses, liabilities, damages, penalties, and expenses which Lender may directly or indirectly sustain or suffer resulting from a breach of this section of the Agreement or as a consequence of any use, generation, manufacture, storage, disposal, release or threatened release of a hazardous waste or substance on the Collateral. The provisions of this section of the Agreement, including the obligation to indemnify and defend, shall survive the payment of the indebtedness and the termination, expiration or satisfaction of this Agreement and shall not be affected by Lender's acquisition of any interest in any of the Collateral, whether by foreclosure or otherwise.

Litigation and Claims. No litigation, claim, investigation, administrative proceeding or similar action (including those for unpaid taxes) against Borrower is pending or threatened, and no other event has occurred which may materially adversely affect Borrower's financial condition or properties, other than litigation, claims, or other events, if any, that have been disclosed to and acknowledged by Lender in

writing.

Taxes. To the best of Borrower's knowledge, all of Borrower's tax returns and reports that are or were required to be filed, have been filed, and all taxes, assessments and other governmental charges have been paid in full, except those presently being or to be contested by Borrower in good faith in the ordinary course of business and for which adequate reserves have been provided.

Lien Priority. Unless otherwise previously disclosed to Lender in writing, Borrower has not entered into or granted any Security Agreements, or permitted the filing or attachment of any Security Interests on or affecting any of the Collateral directly or indirectly securing repayment of Borrower's Loan and Note, that would be prior or that may in any way be superior to Lender's Security Interests and rights in and to such Collateral.

Binding Effect. This Agreement, the Note, all Security Agreements (if any), and all Related Documents are binding upon the signers thereof, as well as upon their successors, representatives and assigns, and are legally enforceable in accordance with their respective terms.

AFFIRMATIVE COVENANTS. Borrower covenants and agrees with Lender that, so long as this Agreement remains in effect, Borrower will:

Notices of Claims and Litigation. Promptly inform Lender in writing of (1) all material adverse changes in Borrower's financial condition, and (2) all existing and all threatened litigation, claims, investigations, administrative proceedings or similar actions affecting Borrower or any Guarantor which could materially affect the financial condition of Borrower or the financial condition of any Guarantor.

Financial Records. Maintain its books and records in accordance with GAAP, or an OCBOA acceptable to Lender, applied on a consistent basis, and permit Lender to examine and audit Borrower's books and records at all reasonable times.

Financial Statements. Furnish Lender with such financial statements and other related information at such frequencies and in such detail as Lender may reasonably request.

Additional Information. Furnish such additional information and statements, as Lender may request from time to time.

Insurance. Maintain fire and other risk insurance, public liability insurance, and such other insurance as Lender may require with respect to Borrower's properties and operations, in form, amounts, coverages and with insurance companies acceptable to Lender. Borrower, upon request of Lender, will deliver to Lender from time to time the policies or certificates of insurance in form satisfactory to Lender, including stipulations that coverages will not be cancelled or diminished without at least thirty (30) days prior written notice to Lender. Each insurance policy also shall include an endorsement providing that coverage in favor of Lender will not be impaired in any way by any act, omission or default of Borrower or any other person. In connection with all policies covering assets in which Lender holds or is offered a security interest for the Loans, Borrower will provide Lender with such lender's loss payable or other endorsements as Lender may require.

Insurance Reports. Furnish to Lender, upon request of Lender, reports on each existing insurance policy showing such information as Lender may reasonably request, including without limitation the following: (1) the name of the insurer; (2) the risks insured; (3) the amount of the policy; (4) the properties insured; (5) the then current property values on the basis of which insurance has been obtained, and the manner of determining those values; and (6) the expiration date of the policy. In addition, upon request of Lender (however not more often than annually), Borrower will have an independent appraiser satisfactory to Lender determine, as applicable, the actual cash value or replacement cost of any Collateral. The cost of such appraisal shall be paid by Borrower.

Other Agreements. Comply with all terms and conditions of all other agreements, whether now or hereafter existing, between Borrower and any other party and notify Lender immediately in writing of any default in connection with any other such agreements.

Loan Proceeds. Use all Loan proceeds solely for Borrower's business operations, unless specifically consented to the contrary by Lender in writing.

Taxes, Charges and Liens. Pay and discharge when due all of its indebtedness and obligations, including without limitation all assessments, taxes, governmental charges, levies and liens, of every kind and nature, imposed upon Borrower or its properties, income, or profits, prior to the date on which penalties would attach, and all lawful claims that, if unpaid, might become a lien or charge upon any of Borrower's properties, income, or profits. Provided however, Borrower will not be required to pay and discharge any such assessment, tax, charge, levy, lien or claim so long as (1) the legality of the same shall be contested in good faith by appropriate proceedings, and (2) Borrower shall have established on Borrower's books adequate reserves with respect to such contested assessment, tax, charge, levy, lien, or claim in accordance with GAAP or an OCBOA acceptable to Lender.

Performance. Perform and comply, in a timely manner, with all terms, conditions, and provisions set forth in this Agreement, in the Related Documents, and in all other instruments and agreements between Borrower and Lender. Borrower shall notify Lender immediately in writing of any default in connection with any agreement.

Operations. Maintain executive and management personnel with substantially the same qualifications and experience as the present executive and management personnel; provide written notice to Lender of any change in executive and management personnel; conduct its business affairs in a reasonable and prudent manner.

Environmental Studies. Promptly conduct and complete, at Borrower's expense, all such investigations, studies, samplings and testings as may be requested by Lender or any governmental authority relative to any substance, or any waste or by-product of any substance defined as toxic or a hazardous substance under applicable federal, state, or local law, rule, regulation, order or directive, at or affecting any property or any facility owned, leased, or used by Borrower.

Compliance with Governmental Requirements. Comply with all laws, ordinances, and regulations, now or hereafter in effect, of all governmental authorities applicable to the conduct of Borrower's properties, businesses and operations, and to the use or occupancy of the Collateral, including without limitation, the Americans With Disabilities Act. Borrower may contest in good faith any such law, ordinance, or regulation and withhold compliance during any proceeding, including appropriate appeals, so long as Borrower has notified Lender in writing prior to doing so and so long as, in Lender's sole opinion, Lender's interests in the Collateral are not jeopardized. Lender may require Borrower to post adequate security or a surety bond, reasonably satisfactory to Lender, to protect Lender's interest.

Inspection. Permit employees or agents of Lender at any reasonable time to inspect any and all Collateral for the Loan or Loans and Borrower's other properties and to examine or audit Borrower's books, accounts, and records and to make copies and memoranda of Borrower's books, accounts, and records. If Borrower now or at any time hereafter maintains any records (including without limitation computer generated records and computer software programs for the generation of such records) in the possession of a third party, Borrower, upon request of Lender, shall notify such party to permit Lender free access to such records at all reasonable times and to provide Lender with copies of any records it may request, all at Borrower's expense.

Environmental Compliance and Reports. Borrower shall comply in all respects with any and all Environmental Laws; not cause or permit to exist, as a result of an intentional or unintentional action or omission on Borrower's part or on the part of any third party, on property owned and/or occupied by Borrower, any environmental activity where damage may result to the environment, unless such environmental activity is pursuant to and in compliance with the conditions of a permit issued by the appropriate federal, state or local governmental authorities; shall furnish to Lender promptly and in any event within thirty (30) days after receipt thereof a copy of any notice, summons, lien, citation, directive, letter or other communication from any governmental agency or instrumentality concerning any intentional or unintentional action or omission on Borrower's part in connection with any environmental activity whether or not there is damage to the environment and/or other natural resources.

Additional Assurances. Make, execute and deliver to Lender such promissory notes, mortgages, deeds of trust, security agreements, assignments, financing statements, instruments, documents and other agreements as Lender or its attorneys may reasonably request to evidence and secure the Loans and to perfect all Security Interests.

LENDER'S EXPENDITURES. If any action or proceeding is commenced that would materially affect Lender's interest in the Collateral or if Borrower fails to comply with any provision of this Agreement or any Related Documents, including but not limited to Borrower's failure to discharge or pay when due any amounts Borrower is required to discharge or pay under this Agreement or any Related Documents, Lender on Borrower's behalf may (but shall not be obligated to) take any action that Lender deems appropriate, including but not limited to discharging or paying all taxes, liens, security interests, encumbrances and other claims, at any time levied or placed on any Collateral and paying all costs for insuring, maintaining and preserving any Collateral. All such expenditures incurred or paid by Lender for such purposes will then bear interest at the rate charged under the Note from the date incurred or paid by Lender to the date of repayment by Borrower. All such expenses will become apportioned among and be payable with any installment payments to become due during either (1) the term of any applicable insurance policy; or (2) the remaining term of the Note; or (C) be treated as a balloon payment which will be due and payable at the Note's maturity.

CESSATION OF ADVANCES. If Lender has made any commitment to make any Loan to Borrower, whether under this Agreement or under any other agreement, Lender shall have no obligation to make Loan Advances or to disburse Loan proceeds if: (A) Borrower or any Guarantor is in default under the terms of this Agreement or any of the Related Documents or any other agreement that Borrower or any Guarantor has with Lender; (B) Borrower or any Guarantor dies, becomes incompetent or becomes insolvent, files a petition in bankruptcy or similar proceedings,

or is adjudged a bankrupt; (C) there occurs a material adverse change in Borrower's financial condition, in the financial condition of any Guarantor, or in the value of any Collateral securing any Loan; or (D) any Guarantor seeks, claims or otherwise attempts to limit, modify or revoke such Guarantor's guaranty of the Loan or any other loan with Lender; or (E) Lender in good faith deems itself insecure, even though no Event of Default shall have occurred.

RIGHT OF SETOFF. To the extent permitted by applicable law, Lender reserves a right of setoff in all Borrower's accounts with Lender (whether checking, savings, or some other account). This includes all accounts Borrower holds jointly with someone else and all accounts Borrower may open in the future. However, this does not include any IRA or Keogh accounts, or any trust accounts for which setoff would be prohibited by law. Borrower authorizes Lender, to the extent permitted by applicable law, to charge or setoff all sums owing on the indebtedness against any and all such accounts, and, at Lender's option, to administratively freeze all such accounts to allow Lender to protect Lender's charge and setoff rights provided in this paragraph.

DEFAULT. Each of the following shall constitute an Event of Default under this Agreement:

Payment Default. Borrower fails to make any payment when due under the Loan.

Other Defaults. Borrower fails to comply with or to perform any other term, obligation, covenant or condition contained in this Agreement or in any of the Related Documents or to comply with or to perform any term, obligation, covenant or condition contained in any other agreement between Lender and Borrower.

Default in Favor of Third Parties. Borrower or any Grantor defaults under any loan, extension of credit, security agreement, purchase or sales agreement, or any other agreement, in favor of any other creditor or person that may materially affect any of Borrower's or any Grantor's property or Borrower's or any Grantor's ability to repay the Loans or perform their respective obligations under this Agreement or any of the Related Documents.

False Statements. Any warranty, representation or statement made or furnished to Lender by Borrower or on Borrower's behalf under this Agreement or the Related Documents is false or misleading in any material respect, either now or at the time made or furnished or becomes false or misleading at any time thereafter.

Insolvency. The dissolution or termination of Borrower's existence as a going business, the insolvency of Borrower, the appointment of a receiver for any part of Borrower's property, any assignment for the benefit of creditors, any type of creditor workout, or the commencement of any proceeding under any bankruptcy or insolvency laws by or against Borrower.

Defective Collateralization. This Agreement or any of the Related Documents ceases to be in full force and effect (including failure of any collateral document to create a valid and perfected security interest or lien) at any time and for any reason.

Creditor or Forfeiture Proceedings. Commencement of foreclosure or forfeiture proceedings, whether by judicial proceeding, self-help, repossession or any other method, by any creditor of Borrower or by any governmental agency against any collateral securing the Loan. This includes a garnishment of any of Borrower's accounts, including deposit accounts, with Lender. However, this Event of Default shall not apply if there is a good faith dispute by Borrower as to the validity or reasonableness of the claim which is the basis of the creditor or forfeiture proceeding and if Borrower gives Lender written notice of the creditor or forfeiture proceeding and deposits with Lender monies or a surety bond for the creditor or forfeiture proceeding, in an amount determined by Lender, in its sole discretion, as being an adequate reserve or bond for the dispute.

Events Affecting Guarantor. Any of the preceding events occurs with respect to any Guarantor of any of the indebtedness or any Guarantor dies or becomes incompetent, or revokes or disputes the validity of, or liability under, any Guaranty of the indebtedness.

Change in Ownership. Any change in ownership of twenty-five percent (25%) or more of the common stock of Borrower.

Adverse Change. A material adverse change occurs in Borrower's financial condition, or Lender believes the prospect of payment or performance of the Loan is impaired.

Insecurity. Lender in good faith believes itself insecure.

Right to Cure. If any default, other than a default on indebtedness, is curable and if Borrower or Grantor, as the case may be, has not been given a notice of a similar default within the preceding twelve (12) months, it may be cured if Borrower or Grantor, as the case may be, after Lender sends written notice to Borrower or Grantor, as the case may be, demanding cure of such default: (1) cure the default within fifteen (15) days; or (2) if the cure requires more than fifteen (15) days, immediately initiate steps which Lender deems in Lender's sole discretion to be sufficient to cure the default and thereafter continue and complete all reasonable and necessary steps sufficient to produce compliance as soon as reasonably practical.

EFFECT OF AN EVENT OF DEFAULT. If any Event of Default shall occur, except where otherwise provided in this Agreement or the Related Documents, all commitments and obligations of Lender under this Agreement or the Related Documents or any other agreement immediately will terminate (including any obligation to make further Loan Advances or disbursements), and, at Lender's option, all indebtedness immediately will become due and payable, all without notice of any kind to Borrower, except that in the case of an Event of Default of the type described in the "Insolvency" subsection above, such acceleration shall be automatic and not optional. In addition, Lender shall have all the rights and remedies provided in the Related Documents or available at law, in equity, or otherwise. Except as may be prohibited by applicable law, all of Lender's rights and remedies shall be cumulative and may be exercised singularly or concurrently. Election by Lender to pursue any remedy shall not exclude pursuit of any other remedy, and an election to make expenditures or to take action to perform an obligation of Borrower or of any Grantor shall not affect Lender's right to declare a default and to exercise its rights and remedies.

MISCELLANEOUS PROVISIONS. The following miscellaneous provisions are a part of this Agreement:

Amendments. This Agreement, together with any Related Documents, constitutes the entire understanding and agreement of the parties as to the matters set forth in this Agreement. No alteration of or amendment to this Agreement shall be effective unless given in writing and signed by the party or parties sought to be charged or bound by the alteration or amendment.

Attorneys Fees; Expenses. Borrower agrees to pay upon demand all of Lender's costs and expenses, including Lender's attorneys' fees and Lender's legal expenses, incurred in connection with the enforcement of this Agreement. Lender may hire or pay someone else to help enforce this Agreement, and Borrower shall pay the costs and expenses of such enforcement. Costs and expenses include Lender's attorneys' fees and legal expenses whether or not there is a lawsuit, including attorneys' fees and legal expenses for bankruptcy proceedings (including efforts to modify or vacate any automatic stay or injunction), appeals, and any anticipated post-judgment collection services. Borrower also shall pay all court costs and such additional fees as may be directed by the court.

Caption Headings. Caption headings in this Agreement are for convenience purposes only and are not to be used to interpret or define the provisions of this Agreement.

Consent to Loan Participation. Borrower agrees and consents to Lender's sale or transfer, whether now or later, of one or more participation interests in the Loan to one or more purchasers, whether related or unrelated to Lender. Lender may provide, without any limitation whatsoever, to any one or more purchasers, or potential purchasers, any information or knowledge Lender may have about Borrower or about any other matter relating to the Loan, and Borrower hereby waives any rights to privacy Borrower may have with respect to such matters. Borrower additionally waives any and all notices of sale of participation interests, as well as all notices of any repurchase of such participation interests. Borrower also agrees that the purchasers of any such participation interests will be considered as the absolute owners of such interests in the Loan and will have all the rights granted under the participation agreement or agreements governing the sale of such participation interests. Borrower further waives all rights of offset or counterclaim that it may have now or later against Lender or against any purchaser of such a participation interest and unconditionally agrees that either Lender or such purchaser may enforce Borrower's obligation under the Loan irrespective of the failure or insolvency of any holder of any interest in the Loan. Borrower further agrees that the purchaser of any such participation interests may enforce its interests irrespective of any personal claims or defenses that Borrower may have against Lender.

Governing Law. This Agreement will be governed by federal law applicable to Lender and, to the extent not preempted by federal law, the laws of the State of Washington without regard to its conflicts of law provisions. This Agreement has been accepted by Lender in the State of Washington.

Choice of Venue. If there is a lawsuit, Borrower agrees upon Lender's request to submit to the jurisdiction of the courts of Grays Harbor County, State of Washington.

No Waiver by Lender. Lender shall not be deemed to have waived any rights under this Agreement unless such waiver is given in writing and signed by Lender. No delay or omission on the part of Lender in exercising any right shall operate as a waiver of such right or any other right. A waiver of a provision of this Agreement shall not prejudice or constitute a waiver of Lender's right otherwise to demand strict compliance with that provision or any other provision of this Agreement. No prior waiver by Lender, nor any course of dealing between Lender and Borrower, or between Lender and any Grantor, shall constitute a waiver of any of Lender's rights or of any of Borrower's or any Grantor's obligations as to any future transactions. Whenever the consent of Lender is required under this Agreement, the granting of such consent by Lender in any instance shall not constitute continuing consent to subsequent instances where such consent

is required and in all cases such consent may be granted or withheld in the sole discretion of Lender.

Notices. Subject to applicable law, and except for notice required or allowed by law to be given in another manner, any notice required to be given under this Agreement shall be given in writing, and shall be effective when actually delivered, when actually received by telefacsimile (unless otherwise required by law), when deposited with a nationally recognized overnight courier, or, if mailed, when deposited in the United States mail, as first class, certified or registered mail postage prepaid, directed to the addresses shown near the beginning of this Agreement. Any party may change its address for notices under this Agreement by giving formal written notice to the other parties, specifying that the purpose of the notice is to change the party's address. For notice purposes, Borrower agrees to keep the Lender informed at all times of Borrower's current address. Subject to applicable law, and except for notice required or allowed by law to be given in another manner, if there is more than one Borrower, any notice given by Lender to any Borrower is deemed to be notice given to all Borrowers.

Severability. If a court of competent jurisdiction finds any provision of this Agreement to be illegal, invalid, or unenforceable as to any circumstance, that finding shall not make the offending provision illegal, invalid, or unenforceable as to any other circumstance. If feasible, the offending provision shall be considered modified so that it becomes legal, valid and enforceable. If the offending provision cannot be so modified, it shall be considered deleted from this Agreement. Unless otherwise required by law, the illegality, invalidity, or unenforceability of any provision of this Agreement shall not affect the legality, validity or enforceability of any other provision of this Agreement.

Subsidiaries and Affiliates of Borrower. To the extent the context of any provisions of this Agreement makes it appropriate, including without limitation any representation, warranty or covenant, the word "Borrower" as used in this Agreement shall include all of Borrower's subsidiaries and affiliates. Notwithstanding the foregoing however, under no circumstances shall this Agreement be construed to require Lender to make any Loan or other financial accommodation to any of Borrower's subsidiaries or affiliates.

Successors and Assigns. All covenants and agreements by or on behalf of Borrower contained in this Agreement or any Related Documents shall bind Borrower's successors and assigns and shall inure to the benefit of Lender and its successors and assigns. Borrower shall not, however, have the right to assign Borrower's rights under this Agreement or any interest therein without the prior written consent of Lender.

Survival of Representations and Warranties. Borrower understands and agrees that in making the Loan, Lender is relying on all representations, warranties, and covenants made by Borrower in this Agreement or in any certificate or other instrument delivered by Borrower to Lender under this Agreement or the Related Documents. Borrower further agrees that regardless of any investigation made by Lender, all such representations, warranties and covenants will survive the making of the Loan and delivery to Lender of the Related Documents, shall be continuing in nature, and shall remain in full force and effect until such time as Borrower's indebtedness shall be paid in full, or until this Agreement shall be terminated in the manner provided above, whichever is the last to occur.

Time is of the Essence. Time is of the essence in the performance of this Agreement.

Waive Jury. All parties to this Agreement hereby waive the right to any jury trial in any action, proceeding, or counterclaim brought by any party against any other party.

DEFINITIONS. The following capitalized words and terms shall have the following meanings when used in this Agreement. Unless specifically stated to the contrary, all references to dollar amounts shall mean amounts in lawful money of the United States of America. Words and terms used in the singular shall include the plural, and the plural shall include the singular, as the context may require. Words and terms not otherwise defined in this Agreement shall have the meanings attributed to such terms in the Uniform Commercial Code. Accounting words and terms not otherwise defined in this Agreement shall have the meanings assigned to them in accordance with generally accepted accounting principles as in effect on the date of this Agreement:

Advance. The word "Advance" means a disbursement of loan funds made, or to be made, to Borrower or on Borrower's behalf on a line of credit or multiple advance basis under the terms and conditions of this Agreement.

Agreement. The word "Agreement" means this Business Loan Agreement, as this Business Loan Agreement may be amended or modified from time to time, together with all exhibits and schedules attached to this Business Loan Agreement from time to time.

Borrower. The word "Borrower" means City of Tenino and includes all co-signers and co-makers signing the Note and all their successors and assigns.

Collateral. The word "Collateral" means all property and assets granted as collateral security for a Loan, whether real or personal property, whether granted directly or indirectly, whether granted now or in the future, and whether granted in the form of a security interest, mortgage, collateral mortgage, deed of trust, assignment, pledge, crop pledge, chattel mortgage, collateral chattel mortgage, chattel trust, factor's lien, equipment trust, conditional sale, trust receipt, lien, charge, lien or title retention contract, lease or consignment intended as a security device, or any other security or lien interest whatsoever, whether created by law, contract, or otherwise.

Environmental Laws. The words "Environmental Laws" mean any and all state, federal and local statutes, regulations and ordinances relating to the protection of human health of the environment, including without limitation the Comprehensive Environmental Response, Compensation, and Liability Act of 1980, as amended, 42 U.S.C. Section 9601, et seq. ("CERCLA"), the Superfund Amendments and Reauthorization Act of 1986, Pub. L. No. 99-499 ("SARA"), the Hazardous Materials Transportation Act, 49 U.S.C. Section 1801, et seq., the Resource Conservation and Recovery Act, 42 U.S.C. Section 6901, et seq., or other applicable state or federal laws, rules, or regulations adopted pursuant thereto.

Event of Default. The words "Event of Default" mean any of the events of default set forth in this Agreement in the default section of this Agreement.

GAAP. The word "GAAP" means generally accepted accounting principles.

Grantor. The word "Grantor" means each and all of the persons or entities granting a Security Interest in any Collateral for the Loan, including without limitation all Borrowers granting such a Security Interest.

Guarantor. The word "Guarantor" means any guarantor, surety, or accommodation party of any or all of the Loan.

Guaranty. The word "Guaranty" means the guaranty from Guarantor to Lender, including without limitation a guaranty of all or part of the Note.

Hazardous Substances. The words "Hazardous Substances" mean materials that, because of their quantity, concentration or physical, chemical or infectious characteristics, may cause or pose a present or potential hazard to human health or the environment when improperly used, treated, stored, disposed of, generated, manufactured, transported or otherwise handled. The words "Hazardous Substances" are used in their very broadest sense and include without limitation any and all hazardous or toxic substances, materials or waste as defined by or listed under the Environmental Laws. The term "Hazardous Substances" also includes, without limitation, petroleum and petroleum by-products or any fraction thereof and asbestos.

Indebtedness. The word "Indebtedness" means the indebtedness evidenced by the Note or Related Documents, including all principal and interest together with all other indebtedness and costs and expenses for which Borrower is responsible under this Agreement or under any of the Related Documents.

Lender. The word "Lender" means Timberland Bank, its successors and assigns.

Loan. The word "Loan" means any and all loans and financial accommodations from Lender to Borrower whether now or hereafter existing, and however evidenced, including without limitation those loans and financial accommodations described herein or described on any exhibit or schedule attached to this Agreement from time to time.

Note. The word "Note" means the Note dated February 28, 2023 and executed by City of Tenino in the principal amount of \$444,952.88, together with all renewals of, extensions of, modifications of, refinancings of, consolidations of, and substitutions for the note or credit agreement.

OCBOA. The term "OCBOA" means Other Comprehensive Basis of Accounting, as designated by Lender in writing as an acceptable alternative to GAAP.

Related Documents. The words "Related Documents" mean all promissory notes, credit agreements, loan agreements, environmental agreements, guaranties, security agreements, mortgages, deeds of trust, security deeds, collateral mortgages, and all other instruments, agreements and documents, whether now or hereafter existing, executed in connection with the Loan.

Security Agreement. The words "Security Agreement" mean and include without limitation any agreements, promises, covenants, arrangements, understandings or other agreements, whether created by law, contract, or otherwise, evidencing, governing, representing, or creating a Security Interest.

Security Interest. The words "Security Interest" mean, without limitation, any and all types of collateral security, present and future, whether in the form of a lien, charge, encumbrance, mortgage, deed of trust, security deed, assignment, pledge, crop pledge, chattel

**BUSINESS LOAN AGREEMENT
(Continued)**

Loan No: 977495650

mortgage, collateral chattel mortgage, chattel trust, factor's lien, equipment trust, conditional sale, trust receipt, lien or title retention contract, lease or consignment intended as a security device, or any other security or lien interest whatsoever whether created by law, contract, or otherwise.

BORROWER ACKNOWLEDGES HAVING READ ALL THE PROVISIONS OF THIS BUSINESS LOAN AGREEMENT AND BORROWER AGREES TO ITS TERMS. THIS BUSINESS LOAN AGREEMENT IS DATED FEBRUARY 28, 2023.

BORROWER:

CITY OF TENINO

By: _____
Wayne Fournier Jr, Mayor of City of Tenino

LENDER:

TIMBERLAND BANK

By: _____
Joel T Slovick, Commercial Loan Officer VP

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CERTIFICATION OF BENEFICIAL OWNER(S)

Principal	Loan Date	Maturity	Loan No	Call / Coll	Account	Officer	Initials
\$444,952.88	02-28-2023	06-01-2028	977495650	5A / 13		***	

References in the boxes above are for use only and do not limit the applicability of this document to any particular loan or item. Any item above containing "*****" has been omitted due to text length limitations.

Persons opening an account on behalf of a legal entity must provide the following information:

- a. Name and Title of Natural Person Opening Account:
Wayne Fournier Jr, Mayor of City of Tenino
- b. Name, Type, and Address of Legal Entity for Which the Account is Being Opened:
City of Tenino, Corporation, 149 Hodgden St S, Tenino, WA 98589
- c. The following information for each individual, if any, who, directly or indirectly, through any contract, arrangement, understanding, relationship or otherwise, owns 25 percent or more of the equity interests of the legal entity listed above:
Not Applicable
- d. The following information for one individual with significant responsibility for managing the legal entity listed above, such as:
 - An executive officer or senior manager (e.g., Chief Executive Officer, Chief Financial Officer, Chief Operating Officer, Managing Member, General Partner, President, Vice President, Treasurer); or
 - Any other individual who regularly performs similar functions.
 (If appropriate, an individual listed under section (c) above may also be listed in this section (d)).

Name/Title	Date of Birth	Address (Res. or Bus. Street Address)	For U.S. Persons ¹	For Non-U.S. Persons ²
Wayne Fournier Jr, Mayor		Tenino, WA 98589, USA		

I, **Wayne Fournier Jr** (name of natural person opening account), hereby certify, to the best of my knowledge, that the information provided above is complete and correct, and on behalf of **City of Tenino**, I agree to notify the financial institution of any change in such information.

By: Wayne Fournier Jr, Mayor of City of Tenino _____ Date _____

¹ U.S. Persons must provide a Social Security Number.

² Non-U.S. Persons must provide a Social Security Number, passport number and country of issuance, or similar identification number. In lieu of a passport number, Non-U.S. Persons may also provide a Social Security Number, an alien identification card number, or number and country of issuance of any other government-issued document evidencing nationality or residence and bearing a photograph or similar safeguard.

Legal Entity Identifier: _____ (Optional)

PROMISSORY NOTE

Principal	Loan Date	Maturity	Loan No	Call / Coll	Account	Officer	Initials
\$444,952.88	02-28-2023	06-01-2028	977496650	5A / 13		www	

References in the boxes above are for Lender's use only and do not limit the applicability of this document to any particular loan or item. Any item above containing "*****" has been omitted due to text length limitations.

Borrower: City of Tenino
149 Hodgden St S
Tenino, WA 98589

Lender: Timberland Bank
Olympia Branch
423 Washington Street SE
Olympia, WA 98501

Principal Amount: \$444,952.88

Date of Note: February 28, 2023

PROMISE TO PAY. City of Tenino ("Borrower") promises to pay to Timberland Bank ("Lender"), or order, in lawful money of the United States of America, the principal amount of Four Hundred Forty-four Thousand Nine Hundred Fifty-two & 88/100 Dollars (\$444,952.88), together with interest on the unpaid principal balance from February 28, 2023, calculated as described in the "INTEREST CALCULATION METHOD" paragraph using an interest rate of 6.500% per annum based on a year of 360 days, until paid in full. The interest rate may change under the terms and conditions of the "INTEREST AFTER DEFAULT" section.

PAYMENT. Borrower will pay this loan in full immediately upon Lender's demand. If no demand is made, Borrower will pay this loan in 9 regular payments of \$53,822.96 each and one irregular last payment estimated at \$53,822.99. Borrower's first payment is due December 1, 2023, and all subsequent payments are due on the same day of each half-year after that. Borrower's final payment will be due on June 1, 2028, and will be for all principal and all accrued interest not yet paid. Payments include principal and interest. The payment amounts are based on an amortization over 10 payment periods. Unless otherwise agreed or required by applicable law, payments will be applied first to any accrued unpaid interest; then to principal; and then to any late charges. Borrower will pay Lender at Lender's address shown above or at such other place as Lender may designate in writing.

INTEREST CALCULATION METHOD. Interest on this Note is computed on a 365/360 basis; that is, by applying the ratio of the interest rate over a year of 360 days, multiplied by the outstanding principal balance, multiplied by the actual number of days the principal balance is outstanding. All interest payable under this Note is computed using this method. This calculation method results in a higher effective interest rate than the numeric interest rate stated in this Note. (Initial Here _____)

PREPAYMENT. Borrower may pay without penalty all or a portion of the amount owed earlier than it is due. Early payments will not, unless agreed to by Lender in writing, relieve Borrower of Borrower's obligation to continue to make payments under the payment schedule. Rather, early payments will reduce the principal balance due and may result in Borrower's making fewer payments. Borrower agrees not to send Lender payments marked "paid in full", "without recourse", or similar language. If Borrower sends such a payment, Lender may accept it without losing any of Lender's rights under this Note, and Borrower will remain obligated to pay any further amount owed to Lender. All written communications concerning disputed amounts, including any check or other payment instrument that indicates that the payment constitutes "payment in full" of the amount owed or that is tendered with other conditions or limitations or as full satisfaction of a disputed amount must be mailed or delivered to: Timberland Bank, 624 Simpson Avenue Hoquiam, WA 98540.

LATE CHARGE. If a payment is 10 days or more late, Borrower will be charged 5.000% of the regularly scheduled payment.

INTEREST AFTER DEFAULT. Upon default, including failure to pay upon final maturity, the interest rate on this Note shall be increased to 18.000% per annum based on a year of 360 days ("Default Rate"). If judgment is entered in connection with this Note, interest will continue to accrue after the date of judgment at the Default Rate. However, in no event will the interest rate exceed the maximum interest rate limitations under applicable law.

DEFAULT. Each of the following shall constitute an event of default ("Event of Default") under this Note:

Payment Default. Borrower fails to make any payment when due under this Note.

Other Defaults. Borrower fails to comply with or to perform any other term, obligation, covenant or condition contained in this Note or in any of the related documents or to comply with or to perform any term, obligation, covenant or condition contained in any other agreement between Lender and Borrower.

Default in Favor of Third Parties. Borrower or any Grantor defaults under any loan, extension of credit, security agreement, purchase or sales agreement, or any other agreement, in favor of any other creditor or person that may materially affect any of Borrower's property or Borrower's ability to repay this Note or perform Borrower's obligations under this Note or any of the related documents.

False Statements. Any warranty, representation or statement made or furnished to Lender by Borrower or on Borrower's behalf under this Note or the related documents is false or misleading in any material respect, either now or at the time made or furnished or becomes false or misleading at any time thereafter.

Insolvency. The dissolution or termination of Borrower's existence as a going business, the insolvency of Borrower, the appointment of a receiver for any part of Borrower's property, any assignment for the benefit of creditors, any type of creditor workout, or the commencement of any proceeding under any bankruptcy or insolvency laws by or against Borrower.

Creditor or Forfeiture Proceedings. Commencement of foreclosure or forfeiture proceedings, whether by judicial proceeding, self-help, repossession or any other method, by any creditor of Borrower or by any governmental agency against any collateral securing the loan. This includes a garnishment of any of Borrower's accounts, including deposit accounts, with Lender. However, this Event of Default shall not apply if there is a good faith dispute by Borrower as to the validity or reasonableness of the claim which is the basis of the creditor or forfeiture proceeding and if Borrower gives Lender written notice of the creditor or forfeiture proceeding and deposits with Lender monies or a surety bond for the creditor or forfeiture proceeding, in an amount determined by Lender, in its sole discretion, as being an adequate reserve of bond for the dispute.

Events Affecting Guarantor. Any of the preceding events occurs with respect to any guarantor, endorser, surety, or accommodation party of any of the indebtedness or any guarantor, endorser, surety, or accommodation party dies or becomes incompetent, or revokes or disputes the validity of, or liability under, any guaranty of the indebtedness evidenced by this Note.

Change in Ownership. Any change in ownership of twenty-five percent (25%) or more of the common stock of Borrower.

Adverse Change. A material adverse change occurs in Borrower's financial condition, or Lender believes the prospect of payment or performance of this Note is impaired.

Insecurity. Lender in good faith believes itself insecure.

Cure Provisions. If any default, other than a default in payment, is curable and if Borrower has not been given a notice of a breach of the same provision of this Note within the preceding twelve (12) months, it may be cured if Borrower, after Lender sends written notice to Borrower demanding cure of such default: (1) cures the default within fifteen (15) days; or (2) if the cure requires more than fifteen (15) days, immediately initiates steps which Lender deems in Lender's sole discretion to be sufficient to cure the default and thereafter continues and completes all reasonable and necessary steps sufficient to produce compliance as soon as reasonably practical.

LENDER'S RIGHTS. Upon default, Lender may declare the entire unpaid principal balance under this Note and all accrued unpaid interest immediately due, and then Borrower will pay that amount.

ATTORNEYS' FEES; EXPENSES. Lender may hire or pay someone else to help collect this Note if Borrower does not pay. Borrower will pay Lender that amount. This includes, subject to any limits under applicable law, Lender's attorneys' fees and Lender's legal expenses, whether or not there is a lawsuit, including attorneys' fees, expenses for bankruptcy proceedings (including efforts to modify or vacate any automatic stay or injunction), and appeals. If not prohibited by applicable law, Borrower also will pay any court costs, in addition to all other sums provided by law.

JURY WAIVER. Lender and Borrower hereby waive the right to any jury trial in any action, proceeding, or counterclaim brought by either Lender or Borrower against the other.

GOVERNING LAW. This Note will be governed by federal law applicable to Lender and, to the extent not preempted by federal law, the laws of the State of Washington without regard to its conflicts of law provisions. This Note has been accepted by Lender in the State of Washington.

CHOICE OF VENUE. If there is a lawsuit, Borrower agrees upon Lender's request to submit to the jurisdiction of the courts of Grays Harbor County, State of Washington.

DISHONORED ITEM FEE. Borrower will pay a fee to Lender of \$30.00 if Borrower makes a payment on Borrower's loan and the check or preauthorized charge with which Borrower pays is later dishonored.

RIGHT OF SETOFF. To the extent permitted by applicable law, Lender reserves a right of setoff in all Borrower's accounts with Lender (whether

6.

checking, savings, or some other account). This includes all accounts Borrower holds jointly with someone else and all accounts Borrower may open in the future. However, this does not include any IRA or Keogh accounts, or any trust accounts for which setoff would be prohibited by law. Borrower authorizes Lender, to the extent permitted by applicable law, to charge or setoff all sums owing on the indebtedness against any and all such accounts, and, at Lender's option, to administratively freeze all such accounts to allow Lender to protect Lender's charge and setoff rights provided in this paragraph.

SUCCESSOR INTERESTS. The terms of this Note shall be binding upon Borrower, and upon Borrower's heirs, personal representatives, successors and assigns, and shall inure to the benefit of Lender and its successors and assigns.

NOTIFY US OF INACCURATE INFORMATION WE REPORT TO CONSUMER REPORTING AGENCIES. Borrower may notify Lender if Lender reports any inaccurate information about Borrower's account(s) to a consumer reporting agency. Borrower's written notice describing the specific inaccuracy(ies) should be sent to Lender at the following address: Timberland Bank 624 Simpson Avenue Hoquiam, WA 98550.

GENERAL PROVISIONS. This Note is payable on demand. The inclusion of specific default provisions or rights of Lender shall not preclude Lender's right to declare payment of this Note on its demand. If any part of this Note cannot be enforced, this fact will not affect the rest of the Note. Lender may delay or forgo enforcing any of its rights or remedies under this Note without losing them. Borrower and any other person who signs, guarantees or endorses this Note, to the extent allowed by law, waive presentment, demand for payment, and notice of dishonor. Upon any change in the terms of this Note, and unless otherwise expressly stated in writing, no party who signs this Note, whether as maker, guarantor, accommodation maker or endorser, shall be released from liability. All such parties agree that Lender may renew or extend (repeatedly and for any length of time) this loan or release any party or guarantor or collateral; or impair, fail to realize upon or perfect Lender's security interest in the collateral; and take any other action deemed necessary by Lender without the consent of or notice to anyone. All such parties also agree that Lender may modify this loan without the consent of or notice to anyone other than the party with whom the modification is made. The obligations under this Note are joint and several.

PRIOR TO SIGNING THIS NOTE, BORROWER READ AND UNDERSTOOD ALL THE PROVISIONS OF THIS NOTE. BORROWER AGREES TO THE TERMS OF THE NOTE.

BORROWER ACKNOWLEDGES RECEIPT OF A COMPLETED COPY OF THIS PROMISSORY NOTE.

BORROWER:

CITY OF TENINO

By: Wayne Fournier Jr, Mayor of City of Tenino

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COMMERCIAL SECURITY AGREEMENT

Principal	Loan Date	Maturity	Loan No	Call / Coll	Account	Officer	Initials
\$444,952.88	02-28-2023	06-01-2028	977498650	0A / 13			

References in the boxes above are for Lender's use only and do not limit the applicability of this document to any particular loan or item. Any item above containing "*****" has been omitted due to text length limitations.

Grantor: City of Tenino
149 Hodgden St S
Tenino, WA 98589

Lender: Timberland Bank
Olympia Branch
423 Washington Street SE
Olympia, WA 98501

THIS COMMERCIAL SECURITY AGREEMENT dated February 28, 2023, is made and executed between City of Tenino ("Grantor") and Timberland Bank ("Lender").

GRANT OF SECURITY INTEREST. For valuable consideration, Grantor grants to Lender a security interest in the Collateral to secure the indebtedness and agrees that Lender shall have the rights stated in this Agreement with respect to the Collateral, in addition to all other rights which Lender may have by law.

COLLATERAL DESCRIPTION. The word "Collateral" as used in this Agreement means the following described property, whether now owned or hereafter acquired, whether now existing or hereafter arising, and wherever located, in which Grantor is giving to Lender a security interest for the payment of the indebtedness and performance of all other obligations under the Note and this Agreement:

2022 Freightliner 114SD Chassis VIN 1FVAG3FE3PHNW1328
Located at: 149 Hodgden Street South
Tenino, WA 98589

Vac-Con Model TAQD350LHP/860 Serial Number 08229432

In addition, the word "Collateral" also includes all the following, whether now owned or hereafter acquired, whether now existing or hereafter arising, and wherever located:

- (A) All accessions, attachments, accessories, replacements of and additions to any of the collateral described herein, whether added now or later.
- (B) All products and produce of any of the property described in this Collateral section.
- (C) All accounts, general intangibles, instruments, rents, monies, payments, and all other rights, arising out of a sale, lease, consignment or other disposition of any of the property described in this Collateral section.
- (D) All proceeds (including insurance proceeds) from the sale, destruction, loss, or other disposition of any of the property described in this Collateral section, and sums due from a third party who has damaged or destroyed the Collateral or from that party's insurer, whether due to judgment, settlement or other process.
- (E) All records and data relating to any of the property described in this Collateral section, whether in the form of a writing, photograph, microfilm, microfiche, or electronic media, together with all of Grantor's right, title, and interest in and to all computer software required to utilize, create, maintain, and process any such records or data on electronic media.

CROSS-COLLATERALIZATION. In addition to the Note, this Agreement secures all obligations, debts and liabilities, plus interest thereon, of Grantor to Lender, or any one or more of them, as well as all claims by Lender against Grantor or any one or more of them, whether now existing or hereafter arising, whether related or unrelated to the purpose of the Note, whether voluntary or otherwise, whether due or not due, direct or indirect, determined or undetermined, absolute or contingent, liquidated or unliquidated, whether Grantor may be liable individually or jointly with others, whether obligated as guarantor, surety, accommodation party or otherwise, and whether recovery upon such amounts may be or hereafter may become barred by any statute of limitations; and whether the obligation to repay such amounts may be or hereafter may become otherwise unenforceable.

RIGHT OF SETOFF. To the extent permitted by applicable law, Lender reserves a right of setoff in all Grantor's accounts with Lender (whether checking, savings, or some other account). This includes all accounts Grantor holds jointly with someone else and all accounts Grantor may open in the future. However, this does not include any IRA or Keogh accounts, or any trust accounts for which setoff would be prohibited by law. Grantor authorizes Lender, to the extent permitted by applicable law, to charge or setoff all sums owing on the indebtedness against any and all such accounts, and, at Lender's option, to administratively freeze all such accounts to allow Lender to protect Lender's charge and setoff rights provided in this paragraph.

GRANTOR'S REPRESENTATIONS AND WARRANTIES WITH RESPECT TO THE COLLATERAL. With respect to the Collateral, Grantor represents and promises to Lender that:

Perfection of Security Interest. Grantor agrees to take whatever actions are requested by Lender to perfect and continue Lender's security interest in the Collateral. Upon request of Lender, Grantor will deliver to Lender any and all of the documents evidencing or constituting the Collateral, and Grantor will note Lender's interest upon any and all chattel paper and instruments if not delivered to Lender for possession by Lender. This is a continuing Security Agreement and will continue in effect even though all or any part of the indebtedness is paid in full and even though for a period of time Grantor may not be indebted to Lender.

Notice to Lender. Grantor will promptly notify Lender in writing at Lender's address shown above (or such other addresses as Lender may designate from time to time) prior to any (1) change in Grantor's name; (2) change in Grantor's assumed business name(s); (3) change in the management of the Corporation; Grantor; (4) change in the authorized signer(s); (5) change in Grantor's principal office address; (6) change in Grantor's state of organization; (7) conversion of Grantor to a new or different type of business entity; or (8) change in any other aspect of Grantor that directly or indirectly relates to any agreements between Grantor and Lender. No change in Grantor's name or state of organization will take effect until after Lender has received notice.

No Violation. The execution and delivery of this Agreement will not violate any law or agreement governing Grantor or to which Grantor is a party, and its certificate of articles of incorporation and bylaws do not prohibit any term or condition of this Agreement.

Enforceability of Collateral. To the extent the Collateral consists of accounts, chattel paper, or general intangibles, as defined by the Uniform Commercial Code, the Collateral is enforceable in accordance with its terms, is genuine, and fully complies with all applicable laws and regulations concerning form, content and manner of preparation and execution, and all persons appearing to be obligated on the Collateral have authority and capacity to contract and are in fact obligated as they appear to be on the Collateral. There shall be no setoffs or counterclaims against any of the Collateral, and no agreement shall have been made under which any deductions or discounts may be claimed concerning the Collateral except those disclosed to Lender in writing.

Location of the Collateral. Except in the ordinary course of Grantor's business, Grantor agrees to keep the Collateral at Grantor's address shown above, or at the location specified in the Collateral definition in this Agreement, or at such other locations as are acceptable to Lender. Upon Lender's request, Grantor will deliver to Lender in form satisfactory to Lender a schedule of real properties and Collateral locations relating to Grantor's operations, including without limitation the following: (1) all real property Grantor owns or is purchasing; (2) all real property Grantor is renting or leasing; (3) all storage facilities Grantor owns, rents, leases, or uses; and (4) all other properties where Collateral is or may be located.

Removal of the Collateral. Except in the ordinary course of Grantor's business, Grantor shall not remove the Collateral from its existing location without Lender's prior written consent. To the extent that the Collateral consists of vehicles, or other titled property, Grantor shall not take or permit any action which would require application for certificates of title for the vehicles outside the State of Washington, without Lender's prior written consent. Grantor shall, whenever requested, advise Lender of the exact location of the Collateral.

Transactions Involving Collateral. Except for inventory sold or accounts collected in the ordinary course of Grantor's business, or as otherwise provided for in this Agreement, Grantor shall not sell, offer to sell, or otherwise transfer or dispose of the Collateral. Grantor shall not pledge, mortgage, encumber or otherwise permit the Collateral to be subject to any lien, security interest, encumbrance, or charge, other than the security interest provided for in this Agreement, without the prior written consent of Lender. This includes security interests even if junior in right to the security interests granted under this Agreement. Unless waived by Lender, all proceeds from any disposition of the Collateral (for whatever reason) shall be held in trust for Lender and shall not be commingled with any other funds; provided however, this requirement shall not constitute consent by Lender to any sale or other disposition. Upon receipt, Grantor shall immediately deliver any such proceeds to Lender.

Title. Grantor represents and warrants to Lender that Grantor holds good and marketable title to the Collateral, free and clear of all liens and encumbrances except for the lien of this Agreement. No financing statement covering any of the Collateral is on file in any public

COMMERCIAL SECURITY AGREEMENT (Continued)

office other than those which reflect the security interest created by this Agreement or to which Lender has specifically consented. Grantor shall defend Lender's rights in the Collateral against the claims and demands of all other persons.

Repairs and Maintenance. Grantor agrees to keep and maintain, and to cause others to keep and maintain, the Collateral in good order, repair and condition at all times while this Agreement remains in effect. Grantor further agrees to pay when due all claims for work done on, or services rendered or material furnished in connection with the Collateral so that no lien or encumbrance may ever attach to or be filed against the Collateral.

Inspection of Collateral. Lender and Lender's designated representatives and agents shall have the right at all reasonable times to examine and inspect the Collateral wherever located.

Taxes, Assessments and Liens. Grantor will pay when due all taxes, assessments and liens upon the Collateral, its use or operation, upon this Agreement, upon any promissory note or notes evidencing the indebtedness, or upon any of the other Related Documents. Grantor may withhold any such payment or may elect to contest any lien if Grantor is in good faith conducting an appropriate proceeding to contest the obligation to pay and so long as Lender's interest in the Collateral is not jeopardized in Lender's sole opinion. If the Collateral is subjected to a lien which is not discharged within fifteen (15) days, Grantor shall deposit with Lender cash, a sufficient corporate surety bond or other security satisfactory to Lender in an amount adequate to provide for the discharge of the lien plus any interest, costs, attorneys' fees or other charges that could accrue as a result of foreclosure or sale of the Collateral. In any contest Grantor shall defend itself and Lender and shall satisfy any final adverse judgment before enforcement against the Collateral. Grantor shall name Lender as an additional obligee under any surety bond furnished in the contest proceedings. Grantor further agrees to furnish Lender with evidence that such taxes, assessments, and governmental and other charges have been paid in full and in a timely manner. Grantor may withhold any pay and so long as Lender's interest in the Collateral is not jeopardized.

Compliance with Governmental Requirements. Grantor shall comply promptly with all laws, ordinances, rules and regulations of all governmental authorities, now or hereafter in effect, applicable to the ownership, production, disposition, or use of the Collateral, including all laws or regulations relating to the undue erosion of highly-erodible land or relating to the conversion of wetlands for the production of an agricultural product or commodity. Grantor may contest in good faith any such law, ordinance or regulation and withhold compliance during any proceeding, including appropriate appeals, so long as Lender's interest in the Collateral, in Lender's opinion, is not jeopardized.

Hazardous Substances. Grantor represents and warrants that the Collateral never has been, and never will be so long as this Agreement remains a lien on the Collateral, used in violation of any Environmental Laws or for the generation, manufacture, storage, transportation, treatment, disposal, release or threatened release of any Hazardous Substance. The representations and warranties contained herein are based on Grantor's due diligence in investigating the Collateral for Hazardous Substances. Grantor hereby releases and waives any future claims against Lender for indemnity or contribution in the event Grantor becomes liable for cleanup or other costs under any Environmental Laws, and (2) agrees to indemnify, defend, and hold harmless Lender against any and all claims and losses resulting from a breach of this provision of this Agreement. This obligation to indemnify and defend shall survive the payment of the indebtedness and the satisfaction of this Agreement.

Maintenance of Casualty Insurance. Grantor shall procure and maintain all risks insurance, including without limitation fire, theft and liability coverage together with such other insurance as Lender may require with respect to the Collateral. In form, amounts, coverages and basis reasonably acceptable to Lender and issued by a company or companies reasonably acceptable to Lender. Grantor, upon request of Lender, will deliver to Lender from time to time the policies or certificates of insurance in form satisfactory to Lender, including stipulations that coverages will not be cancelled or diminished without at least thirty (30) days prior written notice to Lender and not including any disclaimer of the insurer's liability for failure to give such a notice. Each insurance policy also shall include an endorsement providing that coverage in favor of Lender will not be impaired in any way by any act, omission or default of Grantor or any other person. In connection with all policies covering assets in which Lender holds or is offered a security interest, Grantor will provide Lender with such loss payable or other endorsements as Lender may require. If Grantor at any time fails to obtain or maintain any insurance as required under this Agreement, Lender may (but shall not be obligated to) obtain such insurance as Lender deems appropriate, including if Lender so chooses "single interest insurance," which will cover only Lender's interest in the Collateral.

Application of Insurance Proceeds. Grantor shall promptly notify Lender of any loss or damage to the Collateral, whether or not such casualty or loss is covered by insurance. Lender may make proof of loss if Grantor fails to do so within fifteen (15) days of the casualty. All proceeds of any insurance on the Collateral, including accrued proceeds thereon, shall be held by Lender as part of the Collateral. If Lender consents to repair or replacement of the damaged or destroyed Collateral, Lender shall, upon satisfactory proof of expenditure, pay or reimburse Grantor from the proceeds for the reasonable cost of repair or restoration. If Lender does not consent to repair or replacement of the Collateral, Lender shall retain a sufficient amount of the proceeds to pay all of the indebtedness, and shall pay the balance to Grantor. Any proceeds which have not been disbursed within six (6) months after their receipt and which Grantor has not committed to the repair or restoration of the Collateral shall be used to prepay the indebtedness.

Insurance Reserves. Lender may require Grantor to maintain with Lender reserves for payment of insurance premiums, which reserves shall be created by monthly payments from Grantor of a sum estimated by Lender to be sufficient to produce, at least fifteen (15) days before the premium due date, amounts at least equal to the insurance premiums to be paid. If fifteen (15) days before payment is due, the reserve funds are insufficient, Grantor shall upon demand pay any deficiency to Lender. The reserve funds shall be held by Lender as a general deposit and shall constitute a non-interest-bearing account which Lender may satisfy by payment of the insurance premiums required to be paid by Grantor as they become due. Lender does not hold the reserve funds in trust for Grantor, and Lender is not the agent of Grantor for payment of the insurance premiums required to be paid by Grantor. The responsibility for the payment of premiums shall remain Grantor's sole responsibility.

Insurance Reports. Grantor, upon request of Lender, shall furnish to Lender reports on each existing policy of insurance showing such information as Lender may reasonably request including the following: (1) the name of the insurer; (2) the risks insured; (3) the amount of the policy; (4) the property insured; (5) the then current value on the basis of which insurance has been obtained and the manner of determining that value; and (6) the expiration date of the policy. In addition, Grantor shall upon request by Lender (however not more often than annually) have an independent appraiser satisfactory to Lender determine, as applicable, the cash value or replacement cost of the Collateral.

Financing Statements. Grantor authorizes Lender to file a UCC financing statement, or alternatively, a copy of this Agreement to perfect Lender's security interest. At Lender's request, Grantor additionally agrees to sign all other documents that are necessary to perfect, protect, and continue Lender's security interest in the Property. Grantor will pay all filing fees, title transfer fees, and other fees and costs involved unless prohibited by law or unless Lender is required by law to pay such fees and costs. Grantor irrevocably appoints Lender to execute documents necessary to transfer title if there is a default. Lender may file a copy of this Agreement as a financing statement.

GRANTOR'S RIGHT TO POSSESSION. Until default, Grantor may have possession of the tangible personal property and beneficial use of all the Collateral and may use it in any lawful manner not inconsistent with this Agreement or the Related Documents, provided that Grantor's right to possession and beneficial use shall not apply to any Collateral where possession of the Collateral by Lender is required by law to perfect Lender's security interest in such Collateral. If Lender at any time has possession of any Collateral, whether before or after an Event of Default, Lender shall be deemed to have exercised reasonable care in the custody and preservation of the Collateral if Lender takes such action for that purpose as Grantor shall request or as Lender, in Lender's sole discretion, shall deem appropriate under the circumstances, but failure to honor any request by Grantor shall not of itself be deemed to be a failure to exercise reasonable care. Lender shall not be required to take any steps necessary to preserve any rights in the Collateral against prior parties, nor to protect, preserve or maintain any security interest given to secure the indebtedness.

LENDER'S EXPENDITURES. If any action or proceeding is commenced that would materially affect Lender's interest in the Collateral or if Grantor fails to comply with any provision of this Agreement or any Related Documents, including but not limited to Grantor's failure to discharge or pay when due any amounts Grantor is required to discharge or pay under this Agreement or any Related Documents, Lender on Grantor's behalf may (but shall not be obligated to) take any action that Lender deems appropriate, including but not limited to discharging or insuring, maintaining and preserving the Collateral. All such expenditures incurred or paid by Lender for such purposes will then bear interest at the rate charged under the Note from the date incurred or paid by Lender to the date of repayment by Grantor. All such expenses will become a part of the indebtedness and, at Lender's option, will (A) be payable on demand; (B) be added to the balance of the Note and be apportioned among and be payable with any installment payments to become due during either (1) the term of any applicable insurance policy; or (2) the remaining term of the Note; or (C) be treated as a balloon payment which will be due and payable at the Note's maturity. The Agreement also will secure payment of these amounts. Such right shall be in addition to all other rights and remedies to which Lender may be entitled upon the occurrence of any Event of Default.

DEFAULT. Each of the following shall constitute an Event of Default under this Agreement:

Payment Default. Grantor fails to make any payment when due under the indebtedness.

Other Defaults. Grantor fails to comply with or to perform any other term, obligation, covenant or condition contained in this Agreement or

in any of the Related Documents or to comply with or to perform any term, obligation, covenant or condition contained in any other agreement between Lender and Grantor.

Default in Favor of Third Parties. Grantor defaults under any loan, extension of credit, security agreement, purchase or sales agreement, or any other agreement, in favor of any other creditor or person that may materially affect any of Grantor's property or ability to perform Grantor's obligations under this Agreement or any of the Related Documents.

False Statements. Any warranty, representation or statement made or furnished to Lender by Grantor or on Grantor's behalf under this Agreement or the Related Documents is false or misleading in any material respect, either now or at the time made or furnished or becomes false or misleading at any time thereafter.

Defective Collateralization. This Agreement or any of the Related Documents ceases to be in full force and effect (including failure of any collateral document to create a valid and perfected security interest or lien) at any time and for any reason.

Insolvency. The dissolution or termination of Grantor's existence as a going business, the insolvency of Grantor, the appointment of a receiver for any part of Grantor's property, any assignment for the benefit of creditors, any type of creditor workout, or the commencement of any proceeding under any bankruptcy or insolvency laws by or against Grantor.

Creditor or Forfeiture Proceedings. Commencement of foreclosure or forfeiture proceedings, whether by judicial proceeding, self-help, repossession or any other method, by any creditor of Grantor or by any governmental agency against any collateral securing the Indebtedness. This includes a garnishment of any of Grantor's accounts, including deposit accounts, with Lender. However, this Event of Default shall not apply if there is a good faith dispute by Grantor as to the validity or reasonableness of the claim which is the basis of the creditor or forfeiture proceeding and if Grantor gives Lender written notice of the creditor or forfeiture proceeding and deposits with Lender adequate reserve or bond for the dispute.

Events Affecting Guarantor. Any of the preceding events occurs with respect to any guarantor, endorser, surety, or accommodation party of any of the indebtedness or guarantor, endorser, surety, or accommodation party dies or becomes incompetent or revokes or disputes the validity of, or liability under, any Guaranty of the Indebtedness.

Adverse Change. A material adverse change occurs in Grantor's financial condition, or Lender believes the prospect of payment or performance of the indebtedness is impaired.

Insecurity. Lender in good faith believes itself insecure.

Cure Provisions. If any default, other than a default in payment, is curable and if Grantor has not been given a notice of a breach of the same provision of this Agreement within the preceding twelve (12) months, it may be cured if Grantor, after Lender sends written notice to Grantor demanding cure of such default: (1) cures the default within fifteen (15) days or (2) if the cure requires more than fifteen (15) days, immediately initiates steps which Lender deems in Lender's sole discretion to be sufficient to cure the default and thereafter continues and completes all reasonable and necessary steps sufficient to produce compliance as soon as reasonably practical.

RIGHTS AND REMEDIES ON DEFAULT. If an Event of Default occurs under this Agreement, at any time thereafter, Lender shall have all the rights of a secured party under the Washington Uniform Commercial Code. In addition and without limitation, Lender may exercise any one or more of the following rights and remedies:

Accelerate Indebtedness. Lender may declare the entire Indebtedness, including any prepayment penalty which Grantor would be required to pay, immediately due and payable, without notice of any kind to Grantor.

Assemble Collateral. Lender may require Grantor to deliver to Lender all or any portion of the Collateral and any and all certificates of title and other documents relating to the Collateral. Lender may require Grantor to assemble the Collateral and make it available to Lender at a place to be designated by Lender. Lender also shall have full power to enter upon the property of Grantor to take possession of and remove the Collateral. If the Collateral contains other goods not covered by this Agreement at the time of repossession, Grantor agrees Lender may take such other goods, provided that Lender makes reasonable efforts to return them to Grantor after repossession.

Sell the Collateral. Lender shall have full power to sell, lease, transfer, or otherwise deal with the Collateral or proceeds thereof in Lender's own name or that of Grantor. Lender may sell the Collateral at public auction or private sale. Unless the Collateral threatens to decline speedily in value or is of a type customarily sold on a recognized market, Lender will give Grantor, and other persons as required by law, reasonable notice of the time and place of any public sale, or the time after which any private sale or any other disposition of the Collateral is to be made. However, no notice need be provided to any person who, after Event of Default occurs, enters into and authenticates an agreement waiving that person's right to notification of sale. The requirements of reasonable notice shall be met if such notice is given at least ten (10) days before the time of the sale or disposition. All expenses relating to the disposition of the Collateral, including without limitation the expenses of retaking, holding, insuring, preparing for sale and selling the Collateral, shall become a part of the Indebtedness secured by this Agreement and shall be payable on demand, with interest at the Note rate from date of expenditure until repaid.

Appoint Receiver. Lender shall have the right to have a receiver appointed to take possession of all or any part of the Collateral, with the power to protect and preserve the Collateral, to operate the Collateral preceding or pending foreclosure or sale, and to collect the rents from the Collateral and apply the proceeds, over and above the cost of the receivership, against the Indebtedness. The receiver may serve without bond if permitted by law. Lender's right to the appointment of a receiver shall exist whether or not the apparent value of the Collateral exceeds the Indebtedness by a substantial amount. Employment by Lender shall not disqualify a person from serving as a receiver.

Collect Revenues, Apply Accounts. Lender, either itself or through a receiver, may collect the payments, rents, income, and revenues from the Collateral. Lender may at any time in Lender's discretion transfer any Collateral into Lender's own name or that of Lender's nominee and receive the payments, rents, income, and revenues therefrom and hold the same as security for the Indebtedness or apply it to payment of the Indebtedness in such order of preference as Lender may determine. Insofar as the Collateral consists of accounts, general settle, compromise, adjust, sue for, foreclose, or realize on the Collateral as Lender may demand, collect, receipt for, Collateral is then due. For these purposes, Lender may, on behalf of and in the name of Grantor, receive, open and dispose of mail addressed to Grantor, change any address to which mail and payments are to be sent; and endorse notes, checks, drafts, money orders, documents of title, instruments and items pertaining to payment, shipment, or storage of any Collateral. To facilitate collection, Lender may notify account debtors and obligors on any Collateral to make payments directly to Lender.

Obtain Deficiency. If Lender chooses to sell any or all of the Collateral, Lender may obtain a judgment against Grantor for any deficiency remaining on the Indebtedness due to Lender after application of all amounts received from the exercise of the rights provided in this Agreement. Grantor shall be liable for a deficiency even if the transaction described in this subsection is a sale of accounts or chattel paper.

Other Rights and Remedies. Lender shall have all the rights and remedies of a secured creditor under the provisions of the Uniform Commercial Code, as may be amended from time to time. In addition, Lender shall have and may exercise any or all other rights and remedies it may have available at law, in equity, or otherwise.

Election of Remedies. Except as may be prohibited by applicable law, all of Lender's rights and remedies, whether evidenced by this Agreement, the Related Documents, or by any other writing, shall be cumulative and may be exercised singularly or concurrently. Election by Lender to pursue any remedy shall not exclude pursuit of any other remedy, and an election to make expenditures or to take action to perform an obligation of Grantor under this Agreement, after Grantor's failure to perform, shall not affect Lender's right to declare a default and exercise its remedies.

MISCELLANEOUS PROVISIONS. The following miscellaneous provisions are a part of this Agreement:

Amendments. This Agreement, together with any Related Documents, constitutes the entire understanding and agreement of the parties as to the matters set forth in this Agreement. No alteration or amendment to this Agreement shall be effective unless given in writing and signed by the party or parties sought to be charged or bound by the alteration or amendment.

Attorneys' Fees; Expenses. Grantor agrees to pay upon demand all of Lender's costs and expenses, including Lender's attorneys' fees and Lender's legal expenses, incurred in connection with the enforcement of this Agreement. Lender may hire or pay someone else to help enforce this Agreement, and Grantor shall pay the costs and expenses of such enforcement. Costs and expenses include Lender's attorneys' fees and legal expenses whether or not there is a lawsuit, including attorneys' fees and legal expenses for bankruptcy proceedings (including efforts to modify or vacate any automatic stay or injunction), appeals, and any anticipated post-judgment collection services. Grantor also shall pay all court costs and such additional fees as may be directed by the court.

Caption Headings. Caption headings in this Agreement are for convenience purposes only and are not to be used to interpret or define the provisions of this Agreement.

Governing Law. This Agreement will be governed by federal law applicable to Lender and, to the extent not preempted by federal law, the

laws of the State of Washington without regard to its conflicts of law provisions. This Agreement has been accepted by Lender in the State of Washington.

Choice of Venue. If there is a lawsuit, Grantor agrees upon Lender's request to submit to the jurisdiction of the courts of Grays Harbor County, State of Washington.

Preference Payments. Any monies Lender pays because of an asserted preference claim in Grantor's bankruptcy will become a part of the indebtedness and, at Lender's option, shall be payable by Grantor as provided in this Agreement.

No Waiver by Lender. Lender shall not be deemed to have waived any rights under this Agreement unless such waiver is given in writing and signed by Lender. No delay or omission on the part of Lender in exercising any right shall operate as a waiver of such right or any other right. A waiver by Lender of a provision of this Agreement shall not prejudice or constitute a waiver of Lender's right otherwise to demand strict compliance with that provision or any other provision of this Agreement. No prior waiver by Lender, nor any course of dealing between Lender and Grantor, shall constitute a waiver of any of Lender's rights or of any of Grantor's obligations as to any future transactions. Whenever the consent of Lender is required under this Agreement, the granting of such consent by Lender in any instance shall not constitute continuing consent to subsequent instances where such consent is required and in all cases such consent may be granted or withheld in the sole discretion of Lender.

Notices. Subject to applicable law, and except for notice required or allowed by law to be given in another manner, any notice required to be given under this Agreement shall be given in writing, and shall be effective when actually delivered, when actually received by telefacsimile (unless otherwise required by law), when deposited with a nationally recognized overnight courier, or, if mailed, when deposited in the United States mail, as first class, certified or registered mail postage prepaid, directed to the addresses shown near the beginning of this Agreement. Any party may change its address for notices under this Agreement by giving formal written notice to the other parties, specifying that the purpose of the notice is to change the party's address. For notice purposes, Grantor agrees to keep Lender informed at all times of Grantor's current address. Subject to applicable law, and except for notice required or allowed by law to be given in another manner, if there is more than one Grantor, any notice given by Lender to any Grantor is deemed to be notice given to all Grantors.

Power of Attorney. Grantor hereby appoints Lender as Grantor's irrevocable attorney-in-fact for the purpose of executing any documents necessary to perfect, amend, or to continue the security interest granted in this Agreement or to demand termination of filings of other secured parties. Lender may at any time, and without further authorization from Grantor, file a carbon, photographic or other reproduction of any financing statement or of this Agreement for use as a financing statement. Grantor will reimburse Lender for all expenses for the perfection and the continuation of the perfection of Lender's security interest in the Collateral.

Waiver of Co-Obligor's Rights. If more than one person is obligated for the indebtedness, Grantor irrevocably waives, disclaims and relinquishes all claims against such other person which Grantor has or would otherwise have by virtue of payment of the indebtedness or any part thereof, specifically including but not limited to all rights of indemnity, contribution or exoneration.

Severability. If a court of competent jurisdiction finds any provision of this Agreement to be illegal, invalid, or unenforceable as to any circumstance, that finding shall not make the offending provision illegal, invalid, or unenforceable as to any other circumstance. If feasible, the offending provision shall be considered modified so that it becomes legal, valid and enforceable. If the offending provision cannot be so modified, it shall be considered deleted from this Agreement. Unless otherwise required by law, the illegality, invalidity, or unenforceability of any provision of this Agreement shall not affect the legality, validity or enforceability of any other provision of this Agreement.

Successors and Assigns. Subject to any limitations stated in this Agreement or transfer of Grantor's interest, this Agreement shall be binding upon and inure to the benefit of the parties, their successors and assigns. If ownership of the Collateral becomes vested in a person other than Grantor, Lender, without notice to Grantor, may deal with Grantor's successors with reference to this Agreement and the indebtedness by way of forbearance or extension without releasing Grantor from the obligations of this Agreement or liability under the indebtedness.

Survival of Representations and Warranties. All representations, warranties, and agreements made by Grantor in this Agreement shall survive the execution and delivery of this Agreement, shall be continuing in nature, and shall remain in full force and effect until such time as Grantor's indebtedness shall be paid in full.

Time is of the Essence. Time is of the essence in the performance of this Agreement.

DEFINITIONS. The following capitalized words and terms shall have the following meanings when used in this Agreement. Unless specifically stated to the contrary, all references to dollar amounts shall mean amounts in lawful money of the United States of America. Words and terms used in the singular shall include the plural, and the plural shall include the singular, as the context may require. Words and terms not otherwise defined in this Agreement shall have the meanings attributed to such terms in the Uniform Commercial Code:

Agreement. The word "Agreement" means this Commercial Security Agreement, as this Commercial Security Agreement may be amended or modified from time to time, together with all exhibits and schedules attached to this Commercial Security Agreement from time to time.

Borrower. The word "Borrower" means City of Tenino and includes all co-signers and co-makers signing the Note and all their successors and assigns.

Collateral. The word "Collateral" means all of Grantor's right, title and interest in and to all the Collateral as described in the Collateral Description section of this Agreement.

Environmental Laws. The words "Environmental Laws" mean any and all state, federal and local statutes, regulations and ordinances relating to the protection of human health or the environment, including without limitation the Comprehensive Environmental Response, Compensation, and Liability Act of 1980, as amended, 42 U.S.C. Section 9601, et seq. ("CERCLA"), the Superfund Amendments and Reauthorization Act of 1986, Pub. L. No. 99-499 ("SARA"), the Hazardous Materials Transportation Act, 49 U.S.C. Section 1801, et seq., the Resource Conservation and Recovery Act, 42 U.S.C. Section 6901, et seq., or other applicable state or federal laws, rules, or regulations adopted pursuant thereto.

Event of Default. The words "Event of Default" mean any of the events of default set forth in this Agreement in the default section of this Agreement.

Grantor. The word "Grantor" means City of Tenino.

Guaranty. The word "Guaranty" means the guaranty from guarantor, endorser, surety, or accommodation party to Lender, including without limitation a guaranty of all or part of the Note.

Hazardous Substances. The words "Hazardous Substances" mean materials that, because of their quantity, concentration or physical, chemical or infectious characteristics, may cause or pose a present or potential hazard to human health or the environment when improperly used, treated, stored, disposed of, generated, manufactured, transported or otherwise handled. The words "Hazardous Substances" are used in their very broadest sense and include without limitation any and all hazardous or toxic substances, materials or waste as defined by or listed under the Environmental Laws. The term "Hazardous Substances" also includes, without limitation, petroleum and petroleum by-products or any fraction thereof and asbestos.

Indebtedness. The word "Indebtedness" means the indebtedness evidenced by the Note or Related Documents, including all principal and interest together with all other indebtedness and costs and expenses for which Grantor is responsible under this Agreement or under any of the Related Documents. Specifically, without limitation, Indebtedness includes all amounts that may be indirectly secured by the Cross-Collateralization provision of this Agreement.

Lender. The word "Lender" means Timberland Bank, its successors and assigns.

Note. The word "Note" means the Note dated February 28, 2023 and executed by City of Tenino in the principal amount of \$444,952.88, together with all renewals of, extensions of, modifications of, refinancings of, consolidations of, and substitutions for the note or credit agreement.

Property. The word "Property" means all of Grantor's right, title and interest in and to all the Property as described in the "Collateral Description" section of this Agreement.

Related Documents. The words "Related Documents" mean all promissory notes, credit agreements, loan agreements, environmental agreements, guaranties, security agreements, mortgages, deeds of trust, security deeds, collateral mortgages, and all other instruments, agreements and documents, whether now or hereafter existing, executed in connection with the Indebtedness.

GRANTOR HAS READ AND UNDERSTOOD ALL THE PROVISIONS OF THIS COMMERCIAL SECURITY AGREEMENT AND AGREES TO ITS TERMS. THIS AGREEMENT IS DATED FEBRUARY 28, 2023.

GRANTOR:

CITY OF TENINO

By: Wayne Fournier Jr, Mayor of City of Tenino

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DRAFT

POWER OF ATTORNEY

City of Tenino of 149 Hodgden St S, Tenino, WA 98589, the bona fide registered owner of the following described property: 2022 Freightliner 114SD Chassis VIN 1FVAG3FE3PHNW1328, hereby irrevocably appoints Timberland Bank, with an address of Olympia Branch, 423 Washington Street SE, Olympia, WA 98501, or any officer thereof, as Grantor's attorney with full authority to execute and record any and all instruments, affidavits, certificates of title, renewals, and other documents necessary to effect registration, transfer of title, application for title and to evidence Timberland Bank's security interest in the above described other titled and to do such other things as may be proper pertaining to the title or licensing of the other titled, in Grantor's place and stead. This Power of Attorney shall not terminate or otherwise be affected by Grantor's subsequent disability or incapacity.

GRANTOR:

CITY OF TENINO

By: Wayne Fournier Jr, Mayor of City of Tenino

CORPORATE ACKNOWLEDGMENT

STATE OF _____)

COUNTY OF _____)

) SS
)

This record was acknowledged before me on _____, 20____ by Wayne Fournier Jr, Mayor of City of Tenino.

(Signature of notary public)

(Title of office)

My commission expires:

(date)

AUTOMATED PAYMENT SYSTEM

Principal	Loan Date	Maturity	Loan No	Call / Coll	Account	Officer	Initials
\$444,952.88	02-28-2023	06-01-2028	977495650	5A / 13		***	

References in the boxes above are for Lender's use only and do not limit the applicability of this document to any particular loan or item. Any item above containing "*****" has been omitted due to text length limitations.

Borrower: City of Tenino
 149 Hodgden St S
 Tenino, WA 98589

Lender: Timberland Bank
 Olympia Branch
 423 Washington Street SE
 Olympia, WA 98501

Timberland Bank
 Automated Payment System

Terms and Conditions

Please read all of the terms and conditions carefully and sign where indicated.

1. By completing the Automated Payment System (APS) authorization, you are authorizing Timberland Bank to make your loan payment each month by automatically transferring funds from the financial institution account specified by you.
2. Your loan must be in a current status before APS can be established.
3. If your scheduled automated payment date falls on a weekend or a legal bank holiday, the automated payment will occur on the next business day.
4. Be sure to check your financial institution account statement to verify the date and amount of any automated payments initiated by Timberland Bank. In the event of an error, please notify your financial institution and Timberland Bank immediately.
5. If under the terms of your loan the payment may change, this authorization allows Timberland Bank to adjust the amount paid from your financial institution account to accommodate these changes.
6. If you wish to pay an additional amount toward your outstanding principal balance, this deduction will be made along with your regular monthly payment. You can change or eliminate this additional amount as long as you give Timberland Bank notification at least ten business days before the scheduled APS payment date.
7. Timberland Bank cannot automatically pay fees or additional escrow payments. Payments for fees or additional escrow must be mailed separately.
8. If your financial institution returns an automated payment unpaid, Timberland Bank has the right to assess a reasonable fee. You are then responsible for mailing the payment to Timberland Bank. If your payment is not received by us before the end of your grace period, your payment will be counted as past due and the usual late payment fee will apply.
9. Timberland Bank reserves the right to cancel this arrangement for any reason and will terminate it if:
 - * your automated payment is returned by your financial institution because of "Authorization Revoked" or "Account Closed"
 - * three automated payments are returned unpaid for insufficient funds within a consecutive 12-month period
 - * you do not otherwise comply with these Terms and Conditions or your mortgage loan enters a foreclosure status

Borrower _____

Borrower _____

Automated Payment System Authorization

Timberland Bank Loan Number _____

Name _____

Daytime Phone Number _____

Your Financial Institution's Name _____

Your Financial Institution's Phone Number _____

*Deduct my payment on the _____ day of each month.

*You may request to have your payment withdrawn on a day other than your due date, taking into consideration your late charge assessment date per your Note. Unless otherwise noted, your payment will be made on your due date.

Financial Institution's ABA Routing Number _____

Financial Institution's Account Number _____

Account Type _____ Checking _____ Savings

Payment Options:

_____ Please deduct my regularly scheduled payment.

_____ I wish to increase the payment amount of my loan(s) beyond my regularly scheduled payment. Please deduct a total of \$ _____ (regular payment plus additional amount) per month and apply the additional amount to the principal balance of my loan.

My signature below authorizes Timberland Bank to debit my checking or savings account for my monthly payment plus any additional principal amount as designated above. I understand that my payment amount may vary with changes in escrow or principal and interest portions as applicable. I understand I must continue to remit payments on time until APS begins, and I must maintain sufficient funds in my designated account to cover the total APS debit amount or Timberland Bank will charge a fee. If my payment is not received by the late charge assessment date, usual late fees apply, in accordance with my Note.

I HAVE READ THE TERMS AND CONDITIONS OF THE AUTOMATED PAYMENT SYSTEMS.

Date _____

Signature _____

Signature _____

Attach voided check here

FOR BANK USE ONLY

First Payment Date _____

APS Number _____

Date Set-Up _____ Initials _____

AGREEMENT TO PROVIDE INSURANCE

Principal	Loan Date	Maturity	Loan No	Call / Coll	Account	Officer	Initials
\$444,952.88	02-28-2023	06-01-2028	977495650	5A / 13			

References in the boxes above are for Lender's use only and do not limit the applicability of this document to any particular loan or item. Any item above containing "*****" has been omitted due to text length limitations.

Grantor: City of Tenino
149 Hodgden St S
Tenino, WA 98589

Lender: Timberland Bank
Olympia Branch
423 Washington Street SE
Olympia, WA 98501

INSURANCE REQUIREMENTS. Grantor, City of Tenino ("Grantor"), understands that insurance coverage is required in connection with the extending of a loan or the providing of other financial accommodations to Grantor by Lender. These requirements are set forth in the security documents for the loan. The following minimum insurance coverages must be provided on the following described collateral (the "Collateral"):

Collateral: 2022 Freightliner 114SD Chassis VIN 1FVAG3FE3PHNW1328.
Type: Comprehensive and collision.
Amount: Full Insurable Value.
Basis: Replacement value.
Endorsements: Lender loss payable clause with stipulation that coverage will not be cancelled or diminished without a minimum of 30 days prior written notice to Lender.
Latest Delivery Date: By the loan closing date.

Collateral: Vac-Con Model TAQD350LHP/850 Serial Number 08229432.
Type: All risks, including fire, theft and liability.
Amount: Full Insurable Value.
Basis: Replacement value.
Endorsements: Lender loss payable clause with stipulation that coverage will not be cancelled or diminished without a minimum of 30 days prior written notice to Lender.
Latest Delivery Date: By the loan closing date.

INSURANCE COMPANY. Grantor may obtain insurance from any insurance company Grantor may choose that is reasonably acceptable to Lender. Grantor understands that credit may not be denied solely because insurance was not purchased through Lender.

FAILURE TO PROVIDE INSURANCE. Grantor agrees to deliver to Lender, on the latest delivery date stated above, proof of the required insurance as provided above, with an effective date of February 28, 2023, or earlier. Grantor acknowledges and agrees that if Grantor fails to provide any required insurance or fails to continue such insurance in force, Lender may do so at Grantor's expense as provided in the applicable security document. The cost of any such insurance, at the option of Lender, shall be added to the indebtedness as provided in the security document. GRANTOR ACKNOWLEDGES THAT IF LENDER SO PURCHASES ANY SUCH INSURANCE, THE INSURANCE WILL PROVIDE LIMITED PROTECTION AGAINST PHYSICAL DAMAGE TO THE COLLATERAL UP TO AN AMOUNT EQUAL TO THE LESSER OF (1) THE UNPAID BALANCE OF THE DEBT, EXCLUDING ANY UNEARNED FINANCE CHARGES, OR (2) THE VALUE OF THE COLLATERAL; HOWEVER, GRANTOR'S EQUITY IN THE COLLATERAL MAY NOT BE INSURED. IN ADDITION, THE INSURANCE MAY NOT PROVIDE ANY PUBLIC LIABILITY OR PROPERTY DAMAGE INDEMNIFICATION AND MAY NOT MEET THE REQUIREMENTS OF ANY FINANCIAL RESPONSIBILITY LAWS.

AUTHORIZATION. For purposes of insurance coverage on the Collateral, Grantor authorizes Lender to provide to any person (including any insurance agent or company) all information Lender deems appropriate, whether regarding the Collateral, the loan or other financial accommodations, or both.

GRANTOR ACKNOWLEDGES HAVING READ ALL THE PROVISIONS OF THIS AGREEMENT TO PROVIDE INSURANCE AND AGREES TO ITS TERMS. THIS AGREEMENT IS DATED FEBRUARY 28, 2023.

GRANTOR:

CITY OF TENINO

By: Wayne Fournier Jr., Mayor of City of Tenino

AGREEMENT TO PROVIDE INSURANCE (Continued)

**FOR LENDER USE ONLY
INSURANCE VERIFICATION**

DATE: _____ PHONE _____

AGENT'S NAME: _____

AGENCY: _____

ADDRESS: _____

INSURANCE COMPANY: _____

POLICY NUMBER: _____

EFFECTIVE DATES: _____

COMMENTS: _____

**FOR LENDER USE ONLY
INSURANCE VERIFICATION**

DATE: _____ PHONE _____

AGENT'S NAME: _____

AGENCY: _____

ADDRESS: _____

INSURANCE COMPANY: _____

POLICY NUMBER: _____

EFFECTIVE DATES: _____

COMMENTS: _____

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DRAFT

NOTICE OF INSURANCE REQUIREMENTS

Principal	Loan Date	Maturity	Loan No	Call / Coll	Account	Officer	Initials
	02-28-2023		977495650	5A / 13		***	

References in the boxes above are for Lender's use only and do not limit the applicability of this document to any particular loan or item. Any item above containing "*****" has been omitted due to text length limitations.

Grantor: City of Tenino
149 Hodgden St S
Tenino, WA 98589

Lender: Timberland Bank
Olympia Branch
423 Washington Street SE
Olympia, WA 98501

TO: ATTN: Insurance Agent

DATE: February 28, 2023

RE: Policy Number(s):
Insurance Companies/Company:

Dear Insurance Agent:

Grantor, City of Tenino ("Grantor") is obtaining a loan from Timberland Bank. Please send appropriate evidence of insurance to Timberland Bank, together with the requested endorsements, on the following property, which Grantor is giving as security for the loan.

Collateral: 2022 Freightliner 114SD Chassis VIN 1FVAG3FE3PHNW1328.

Type: Comprehensive and collision.

Amount: Full Insurable Value.

Basis: Replacement value.

Endorsements: Lender loss payable clause with stipulation that coverage will not be cancelled or diminished without a minimum of 30 days prior written notice to Lender.

Latest Delivery Date: By the loan closing date.

Collateral: Vac-Con Model TAQD350LHP/850 Serial Number 08229432.

Type: All risks, including fire, theft and liability.

Amount: Full Insurable Value.

Basis: Replacement value.

Endorsements: Lender loss payable clause with stipulation that coverage will not be cancelled or diminished without a minimum of 30 days prior written notice to Lender.

Latest Delivery Date: By the loan closing date.

GRANTOR:

CITY OF TENINO

By: Wayne Fournier Jr, Mayor of City of Tenino

RETURN TO:

Olympia Branch
423 Washington Street SE
Olympia, WA 98501

DISBURSEMENT REQUEST AND AUTHORIZATION

Principal	Loan Date	Maturity	Loan No	Call / Coll	Account	Officer	Initials
\$444,952.88	02-28-2023	08-01-2028	977495650	5A / 13		***	

References in the boxes above are for Lender's use only and do not limit the applicability of this document to any particular loan or item. Any item above containing "*****" has been omitted due to text length limitations.

Borrower: City of Tenino
149 Hodgden St S
Tenino, WA 98589

Lender: Timberland Bank
Olympia Branch
423 Washington Street SE
Olympia, WA 98501

LOAN TYPE. This is a Fixed Rate (6.500%) Nondisclosable Loan to a Corporation for \$444,952.88 due on demand and, if no demand, on June 1, 2028.

PRIMARY PURPOSE OF LOAN. The primary purpose of this loan is for:

- Personal, Family, or Household Purposes or Personal Investment.
- Business (Including Real Estate Investment).

SPECIFIC PURPOSE. The specific purpose of this loan is: purchase new vacuum truck.

DISBURSEMENT INSTRUCTIONS. Borrower understands that no loan proceeds will be disbursed until all of Lender's conditions for making the loan have been satisfied. Please disburse the loan proceeds of \$444,952.88, together with funds contributed of \$155,061.94, as follows:

Amount paid to others on Borrower's behalf:	\$595,349.44
\$595,349.44 to Cashier Check to Enviro-Clean Equipment, Inc.	
Other Charges Financed:	\$4,685.38
\$225.00 UCC Filing Fee	
\$37.50 Title Transfer Fee	
\$4,402.88 Loan Origination Fee (%)	
Other Funds Contributed:	(\$155,061.94)
\$155,061.94 Funds from borrower	
Note Principal:	\$444,952.88

LIEN RELEASE FEES. In addition to all other charges, Borrower agrees, to the extent not prohibited by law, to pay all governmental fees for release of Lender's security interests in collateral securing this loan. Borrower will pay these fees at the time the lien or liens are released. The estimated amount of these future lien release fees is \$39.50

FINANCIAL CONDITION. BY SIGNING THIS AUTHORIZATION, BORROWER REPRESENTS AND WARRANTS TO LENDER THAT THE INFORMATION PROVIDED ABOVE IS TRUE AND CORRECT AND THAT THERE HAS BEEN NO MATERIAL ADVERSE CHANGE IN BORROWER'S FINANCIAL CONDITION AS DISCLOSED IN BORROWER'S MOST RECENT FINANCIAL STATEMENT TO LENDER. THIS AUTHORIZATION IS DATED FEBRUARY 28, 2023.

BORROWER:

CITY OF TENINO

By: Wayne Fournier Jr, Mayor of City of Tenino

DRAFT

NOTICE OF FINAL AGREEMENT

Principal	Loan Date	Maturity	Loan No	Call / Coll	Account	Officer	Initials
\$444,952.88	02-28-2023	06-01-2028	977495650	5A / 13			

References in the boxes above are for Lender's use only and do not limit the applicability of this document to any particular loan or item. Any item above containing "*****" has been omitted due to text length limitations.

Borrower: City of Tenino
149 Hodgden St S
Tenino, WA 98589

Lender: Timberland Bank
Olympia Branch
423 Washington Street SE
Olympia, WA 98501

ORAL AGREEMENTS OR ORAL COMMITMENTS TO LOAN MONEY, EXTEND CREDIT, OR TO FORBEAR FROM ENFORCING REPAYMENT OF A DEBT ARE NOT ENFORCEABLE UNDER WASHINGTON LAW.

By signing this document each Party acknowledges receipt of the above notice. In addition (and not as a limitation on the legal effect of the notice), by signing this document each Party represents and agrees that: (a) The written Loan Agreement represents the final agreement between the Parties, (b) There are no unwritten oral agreements between the Parties, and (c) The written Loan Agreement may not be contradicted by evidence of any prior, contemporaneous, or subsequent oral agreements or understandings of the Parties.

As used in this Notice, the following terms have the following meanings:

Loan. The term "Loan" means the following described loan: a Fixed Rate (6.500%) Nondisclosable Loan to a Corporation for \$444,952.88 due on demand and, if no demand, on June 1, 2028.

Loan Agreement. The term "Loan Agreement" means one or more promises, promissory notes, agreements, undertakings, security agreements, deeds of trust or other documents, or commitments, or any combination of those actions or documents, relating to the Loan, including without limitation the following:

LOAN DOCUMENTS

- Corporate Resolution: City of Tenino
- Promissory Note
- Power of Attorney: 2022 Freightliner 114SD Chassis VIN 1FVAG3FE3PHNW1328
- National UCC Instructions 04/20/11
- National UCC Addendum Instructions 04/20/11
- Agreement to Provide Insurance
- Disbursement Request and Authorization
- Errors and Omissions Agreement: City of Tenino
- Business Loan Agreement
- WA Commercial Security Agreement Collateral owned by City of Tenino
- WA National UCC Financing Statement (Rev. 04/20/11); Collateral owned by City of Tenino
- Automated Payment System - Automated Payment System
- Notice of Insurance Requirements
- Notice of Final Agreement
- WA Request for Taxpayer ID Number and Certification: City of Tenino

Parties. The term "Parties" means Timberland Bank and any and all entities or individuals who are obligated to repay the loan or have pledged property as security for the Loan, including without limitation the following:

Borrower: City of Tenino
Grantor(s): City of Tenino

Each Party who signs below, other than Timberland Bank, acknowledges, represents, and warrants to Timberland Bank that it has received, read and understood this Notice of Final Agreement. This Notice is dated February 28, 2023.

BORROWER:

CITY OF TENINO

By: Wayne Fournier Jr, Mayor of City of Tenino

LENDER:

TIMBERLAND BANK

X Joel T Slovick, Commercial Loan Officer, VP

ERRORS AND OMISSIONS AGREEMENT

Principal	Loan Date	Maturity	Loan No	Call / Coll	Account	Officer	Initials
\$444,952.88	02-28-2023	06-01-2028	977495650	5A / 13			

References in the boxes above are for Lender's use only and do not limit the applicability of this document to any particular loan or item. Any item above containing "*****" has been omitted due to text length limitations.

Borrower: City of Tenino
149 Hodgden St S
Tenino, WA 98589

Lender: Timberland Bank
Olympia Branch
423 Washington Street SE
Olympia, WA 98501

LOAN NO.: 977495650

The undersigned Borrower for and in consideration of the above-referenced Lender funding the closing of this loan agrees, if requested by Lender or Closing Agent for Lender, to fully cooperate and adjust for clerical errors, any or all loan closing documentation if deemed necessary or desirable in the reasonable discretion of Lender to enable Lender to sell, convey, seek guaranty or market said loan to any entity, including but not limited to an investor, Federal National Mortgage Association, Federal Home Loan Mortgage Corporation, Government National Mortgage Association, Federal Housing Authority or the Department of Veterans Affairs.

The undersigned Borrower does hereby so agree and covenant in order to assure that this loan documentation executed this date will conform and be acceptable in the marketplace in the instance of transfer, sale or conveyance by Lender of its interest in and to said loan documentation.

DATED effective this **February 28, 2023**

BORROWER:

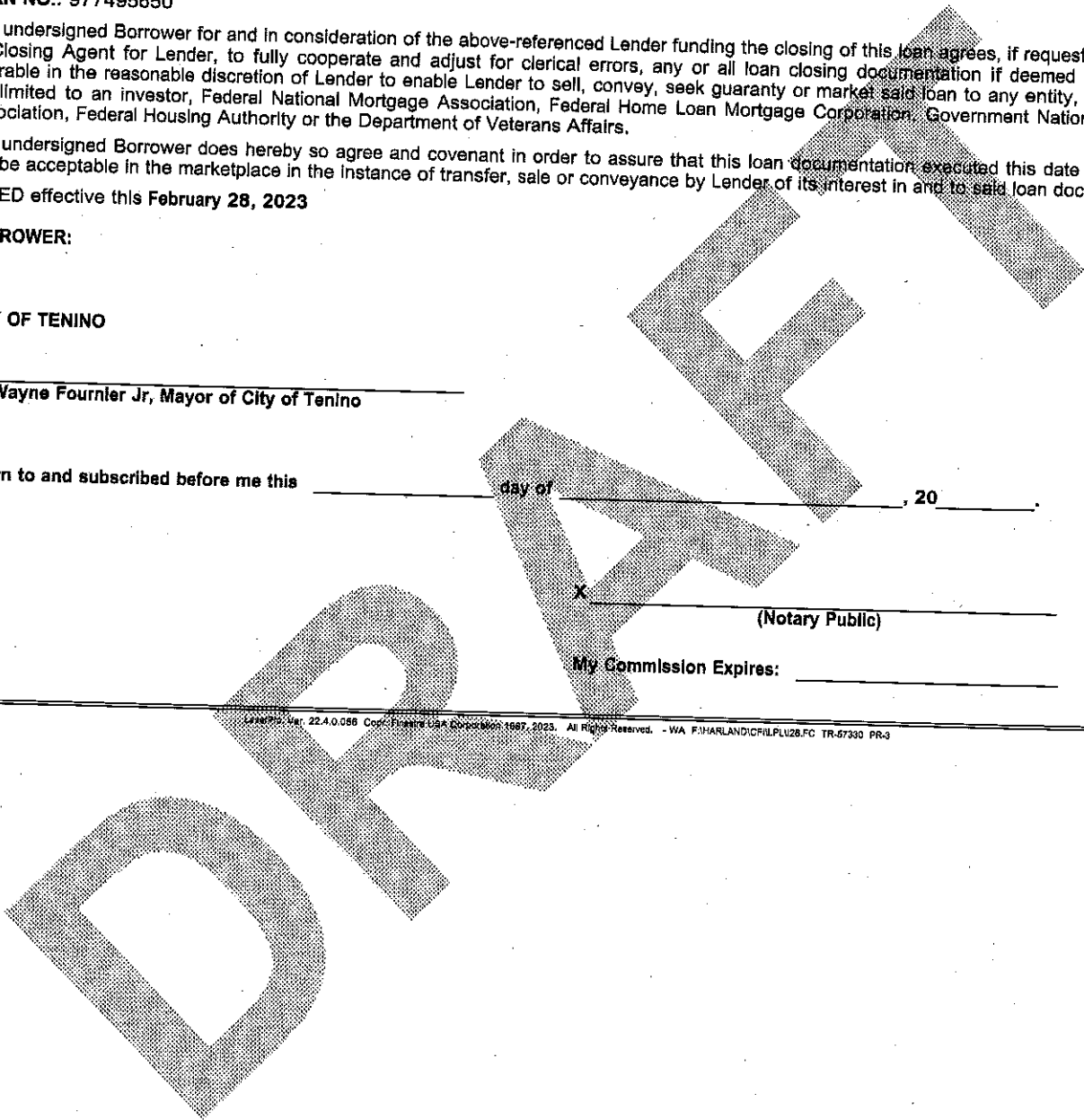
CITY OF TENINO

By: _____
Wayne Fournier Jr, Mayor of City of Tenino

Sworn to and subscribed before me this _____ day of _____, 20_____.

X _____
(Notary Public)

My Commission Expires: _____



UCC FINANCING STATEMENT

FOLLOW INSTRUCTIONS

A. NAME & PHONE OF CONTACT AT FILER (optional)

B. E-MAIL CONTACT AT FILER (optional)

C. SEND ACKNOWLEDGMENT TO: (Name and Address)

Timberland Bank
423 Washington Street SE
Olympia, WA 98501

THE ABOVE SPACE IS FOR FILING OFFICE USE ONLY

1. DEBTOR'S NAME: Provide only one Debtor name (1a or 1b) (use exact, full name; do not omit, modify, or abbreviate any part of the Debtor's name); if any part of the Individual Debtor's name will not fit in line 1b, leave all of item 1 blank, check here and provide the Individual Debtor information in item 10 of the Financing Statement Addendum (Form UCC1Ad)

1a. ORGANIZATION'S NAME City of Tenino				
OR	1b. INDIVIDUAL'S SURNAME			
	FIRST PERSONAL NAME	ADDITIONAL NAME(S)/INITIAL(S)	SUFFIX	
1c. MAILING ADDRESS 149 Hodgden St S				
CITY Tenino		STATE WA	POSTAL CODE 98589	COUNTRY USA

2. DEBTOR'S NAME: Provide only one Debtor name (2a or 2b) (use exact, full name; do not omit, modify, or abbreviate any part of the Debtor's name); if any part of the Individual Debtor's name will not fit in line 2b, leave all of item 2 blank, check here and provide the Individual Debtor information in item 10 of the Financing Statement Addendum (Form UCC1Ad)

2a. ORGANIZATION'S NAME				
OR	2b. INDIVIDUAL'S SURNAME			
	FIRST PERSONAL NAME	ADDITIONAL NAME(S)/INITIAL(S)	SUFFIX	
2c. MAILING ADDRESS				
CITY		STATE	POSTAL CODE	COUNTRY

3. SECURED PARTY'S NAME (or NAME of ASSIGNEE of ASSIGNOR SECURED PARTY): Provide only one Secured Party name (3a or 3b)

3a. ORGANIZATION'S NAME Timberland Bank				
OR	3b. INDIVIDUAL'S SURNAME			
	FIRST PERSONAL NAME	ADDITIONAL NAME(S)/INITIAL(S)	SUFFIX	
3c. MAILING ADDRESS 423 Washington Street SE				
CITY Olympia		STATE WA	POSTAL CODE 98501	COUNTRY USA

4. COLLATERAL: This financing statement covers the following collateral:
Vac-Con Model TAQD350LHP/850 Serial Number 08229432; whether any of the foregoing is owned now or acquired later; all accessions, additions, replacements, and substitutions relating to any of the foregoing; all records of any kind relating to any of the foregoing.

5. Check only if applicable and check only one box: Collateral is held in a Trust (see UCC1Ad, item 17 and Instructions) being administered by a Decedent's Personal Representative

6a. Check only if applicable and check only one box:
 Public-Finance Transaction Manufactured-Home Transaction A Debtor is a Transmitting Utility

6b. Check only if applicable and check only one box:
 Agricultural Lien Non-UCC Filing

7. ALTERNATIVE DESIGNATION (if applicable): Lessee/Lessor Consignee/Consignor Seller/Buyer Bailee/Bailor Licensee/Licensor

8. OPTIONAL FILER REFERENCE DATA:

File Attachments for Item:

7. Street Sweeper Financing with Timberland bank. City Attorney has reviewed the terms.

Recommended Action: Approve Timberland Bank financing terms for Street Sweeper purchase.

LOAN REQUEST SUMMARY

7.

Principal	Loan Date	Maturity	Loan No	Call / Coll	Account	Officer	Initials
\$216,750.00	02-28-2023	06-01-2028	977405668	5A / 13			

References in the boxes above are for Lender's use only and do not limit the applicability of this document to any particular loan or item. Any item above containing "*****" has been omitted due to text length limitations.

Borrower: City of Tenino
149 Hodgden St S
Tenino, WA 98589

Lender: Timberland Bank
Olympia Branch
423 Washington Street SE
Olympia, WA 98501

BALLOON LOAN (Fixed Rate)

	Financed	In Cash
AMOUNT REQUESTED:	\$214,320.00	
PREPAID FINANCE CHARGES:	0.00	
SECURITY INTEREST CHARGES:		
UCC Filing Fee	225.00	
Title Transfer Fee	37.50	
Loan Origination Fee (%)	2,167.50	
NOTE AMOUNT:	\$216,750.00	\$0.00

PAYMENT CALCULATION:

Interest Method:	365/360
Disbursement Date:	02-28-2023
First Payment Date:	12-01-2023
Due Date:	06-01-2028
Payment Period:	Semi-Annual
Periods to Amortize:	10
Total Number of Pmts:	10
Interest Rate:	6.500%
Credit Insurance:	None
Amount of Reg Pmt:	\$26,218.79
Final Payment:	\$26,218.82

Payment Schedule. Borrower's payment schedule consists of the following: 9 semi-annual consecutive payments of \$26,218.79 each, beginning December 1, 2023, with interest calculated on the unpaid principal balances at an interest rate of 6.500% per annum based on a year of 360 days, and one payment of \$26,218.82 on June 1, 2028, with interest calculated on the unpaid principal balances at an interest rate of 6.500% per annum based on a year of 360 days. This estimated final payment is based on the assumption that all payments will be made exactly as scheduled; the actual final payment will be for all principal and accrued interest not yet paid, together with any other unpaid amounts under the Note. The payment amounts are based on an amortization over 10 payment periods.

APR	FINANCE CHARGE	AMOUNT FINANCED	TOTAL OF PAYMENTS
6.584%	\$46,437.93	\$216,750.00	\$262,187.93

COLLATERAL: Titled Collateral
UCC Financing Statement Collateral

TRANSACTION NUMBER: 97333

NOTICE: This Loan Request Summary is for informational purposes only and does not obligate Lender in any way to make this loan or any other loan to Borrower. The fees and charges listed above are estimates only; and, if a loan is made, different or additional fees and charges may be imposed.

Lender No. WA 22400550 Copr. Franchise USA Corporation 1997, 2003. All Rights Reserved. - WA F:\MARLAND\CF\PLCA\10-FC TR-07333 PR-3

AMORTIZATION SCHEDULE

Principal	Loan Date	Maturity	Loan No	Call / Coll	Account	Officer	Initials
\$216,750.00	02-28-2023	06-01-2028	977495668	5A / 13		***	

References in the boxes above are for Lender's use only and do not limit the applicability of this document to any particular loan or item. Any item above containing "*****" has been omitted due to text length limitations.

Borrower: City of Tenino
149 Hodgden St S
Tenino, WA 98589

Lender: Timberland Bank
Olympia Branch
423 Washington Street SE
Olympia, WA 98501

Disbursement Date: February 28, 2023
Interest Rate: 6.500

Repayment Schedule: Balloon
Calculation Method: 365/360 U.S. Rule

Payment Number	Payment Date	Payment Amount	Interest Paid	Principal Paid	Remaining Balance
1	12-01-2023	26,218.79	10,801.38	15,417.41	201,332.59
2023 TOTALS:		26,218.79	10,801.38	15,417.41	
2	06-01-2024	26,218.79	6,652.36	19,566.43	181,766.16
3	12-01-2024	26,218.79	6,005.86	20,212.93	161,553.23
2024 TOTALS:		52,437.58	12,658.22	39,779.36	
4	06-01-2025	26,218.79	5,308.82	20,909.97	140,643.26
5	12-01-2025	26,218.79	4,647.09	21,571.70	119,071.56
2025 TOTALS:		52,437.58	9,955.91	42,481.67	
6	06-01-2026	26,218.79	3,912.82	22,305.97	96,765.59
7	12-01-2026	26,218.79	3,197.30	23,021.49	73,744.10
2026 TOTALS:		52,437.58	7,110.12	45,327.46	
8	06-01-2027	26,218.79	2,423.31	23,795.48	49,948.62
9	12-01-2027	26,218.79	1,650.39	24,568.40	25,380.22
2027 TOTALS:		52,437.58	4,073.70	48,363.88	
10	06-01-2028	26,218.82	838.60	25,380.22	0.00
2028 TOTALS:		26,218.82	838.60	25,380.22	
TOTALS:		262,187.93	45,437.93	216,750.00	

NOTICE: This is an estimated loan amortization schedule. Actual amounts may vary if payments are made on different dates or in different amounts.

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CORPORATE RESOLUTION TO BORROW / GRANT COLLATERAL

Principal \$216,750.00	Loan Date 02-28-2023	Maturity 06-01-2028	Loan No 977495668	Call / Coll 5A / 13	Account	Officer ***	Initials
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References in the boxes above are for Lender's use only and do not limit the applicability of this document to any particular loan or item. Any item above containing "****" has been omitted due to text length limitations.

Corporation: City of Tenino
149 Hodgden St S
Tenino, WA 98589

Lender: Timberland Bank
Olympia Branch
423 Washington Street SE
Olympia, WA 98501

I, THE UNDERSIGNED, DO HEREBY CERTIFY THAT:

THE CORPORATION'S EXISTENCE. The complete and correct name of the Corporation is City of Tenino ("Corporation"). The Corporation is a non-profit corporation which is, and at all times shall be, duly organized, validly existing, and in good standing under and by virtue of the laws of the State of Washington. The Corporation is duly authorized to transact business in all other states in which the Corporation is doing business, having obtained all necessary filings, governmental licenses and approvals for each state in which the Corporation is doing business. Specifically, the Corporation is, and at all times shall be, duly qualified as a foreign corporation in all states in which the failure to so qualify would have a material adverse effect on its business or financial condition. The Corporation has the full power and authority to own its properties and to transact the business in which it is presently engaged or presently proposes to engage. The Corporation maintains an office at 149 Hodgden St S, Tenino, WA 98589. Unless the Corporation has designated otherwise in writing, the principal office is the office at which the Corporation keeps its books and records. The Corporation will notify Lender prior to any change in the location of the Corporation's state of organization or any change in the Corporation's name. The Corporation shall do all things necessary to preserve and to keep in full force and effect its existence, rights and privileges, and shall comply with all regulations, rules, ordinances, statutes, orders and decrees of any governmental or quasi-governmental authority or court applicable to the Corporation and the Corporation's business activities.

RESOLUTIONS ADOPTED. At a meeting of the Directors of the Corporation, or if the Corporation is a close corporation having no Board of Directors then at a meeting of the Corporation's shareholders, duly called and held on _____ at which a quorum was present and voting, or by other duly authorized action in lieu of a meeting, the resolutions set forth in this Resolution were adopted.

OFFICER. The following named person is an officer of City of Tenino:

NAMES	TITLES	AUTHORIZED	ACTUAL SIGNATURES
Wayne Fournier Jr	Mayor	Y X	

ACTIONS AUTHORIZED. The authorized person listed above may enter into any agreements of any nature with Lender, and those agreements will bind the Corporation. Specifically, but without limitation, the authorized person is authorized, empowered, and directed to do the following for and on behalf of the Corporation:

Borrow Money. To borrow, as a cosigner or otherwise, from time to time from Lender, on such terms as may be agreed upon between the Corporation and Lender, such sum or sums of money as in his or her judgment should be borrowed, without limitation.

Execute Notes. To execute and deliver to Lender the promissory note or notes, or other evidence of the Corporation's credit accommodations, on Lender's forms, at such rates of interest and on such terms as may be agreed upon, evidencing the sums of money so borrowed or any of the Corporation's indebtedness to Lender, and also to execute and deliver to Lender one or more renewals, extensions, modifications, refinancings, consolidations, or substitutions for one or more of the notes, any portion of the notes, or any other evidence of credit accommodations.

Grant Security. To mortgage, pledge, transfer, endorse, hypothecate, or otherwise encumber and deliver to Lender any property now or hereafter belonging to the Corporation or in which the Corporation now or hereafter may have an interest, including without limitation all of the Corporation's real property and all of the Corporation's personal property (tangible or intangible), as security for the payment of any loans or credit accommodations so obtained, any promissory notes so executed (including any amendments to or modifications, renewals, and extensions of such promissory notes), or any other or further indebtedness of the Corporation to Lender at any time owing, however the same may be evidenced. Such property may be mortgaged, pledged, transferred, endorsed, hypothecated or encumbered at the time such loans are obtained or such indebtedness is incurred, or at any other time or times, and may be either in addition to or in lieu of any property theretofore mortgaged, pledged, transferred, endorsed, hypothecated or encumbered.

Execute Security Documents. To execute and deliver to Lender the forms of mortgage, deed of trust, pledge agreement, hypothecation agreement, and other security agreements and financing statements which Lender may require and which shall evidence the terms and conditions under and pursuant to which such liens and encumbrances, or any of them, are given; and also to execute and deliver to Lender any other written instruments, any chattel paper, or any other collateral, of any kind or nature, which Lender may deem necessary or proper in connection with or pertaining to the giving of the loans and encumbrances.

Negotiate Items. To draw, endorse, and discount with Lender all drafts, trade acceptances, promissory notes, or other evidences of indebtedness payable to or belonging to the Corporation or in which the Corporation may have an interest, and either to receive cash for the same or to cause such proceeds to be credited to the Corporation's account with Lender, or to cause such other disposition of the proceeds derived therefrom as he or she may deem advisable.

Further Acts. In the case of lines of credit, to designate additional or alternate individuals as being authorized to request advances under such lines, and in all cases, to do and perform such other acts and things, to pay any and all fees and costs, and to execute and deliver such other documents and agreements, including agreements waiving the right to a trial by jury, as the officer may in his or her discretion deem reasonably necessary or proper in order to carry into effect the provisions of this Resolution.

ASSUMED BUSINESS NAMES. The Corporation has filed or recorded all documents or filings required by law relating to all assumed business names used by the Corporation. Excluding the name of the Corporation, the following is a complete list of all assumed business names under which the Corporation does business: None.

NOTICES TO LENDER. The Corporation will promptly notify Lender in writing at Lender's address shown above (or such other addresses as Lender may designate from time to time) prior to any (A) change in the Corporation's name; (B) change in the Corporation's assumed business name(s); (C) change in the management of the Corporation; (D) change in the authorized signer(s); (E) change in the Corporation's principal office address; (F) change in the Corporation's state of organization; (G) conversion of the Corporation to a new or different type of business entity; or (H) change in any other aspect of the Corporation that directly or indirectly relates to any agreements between the Corporation and Lender. No change in the Corporation's name or state of organization will take effect until after Lender has received notice.

CERTIFICATION CONCERNING OFFICERS AND RESOLUTIONS. The officer named above is duly elected, appointed, or employed by or for the Corporation, as the case may be, and occupies the position set opposite his or her respective name. This Resolution now stands of record on the books of the Corporation, is in full force and effect, and has not been modified or revoked in any manner whatsoever.

NO CORPORATE SEAL. The Corporation has no corporate seal, and therefore, no seal is affixed to this Resolution.

CONTINUING VALIDITY. Any and all acts authorized pursuant to this Resolution and performed prior to the passage of this Resolution are hereby ratified and approved. This Resolution shall be continuing, shall remain in full force and effect and Lender may rely on it until written notice of its revocation shall have been delivered to and received by Lender at Lender's address shown above (or such addresses as Lender may designate from time to time). Any such notice shall not affect any of the Corporation's agreements or commitments in effect at the time notice is given.

IN TESTIMONY WHEREOF, I have hereunto set my hand and attest that the signature set opposite the name listed above is his or her genuine signature.

I have read all the provisions of this Resolution, and I personally and on behalf of the Corporation certify that all statements and representations made in this Resolution are true and correct. This Corporate Resolution to Borrow / Grant Collateral is dated February 28, 2023.

CERTIFIED TO AND ATTESTED BY:

X
Wayne Fournier Jr, Mayor of City of Tenino

NOTE: If the officer signing this Resolution is designated by the foregoing document as one of the officers authorized to act on the Corporation's behalf, it is advisable to have this Resolution signed by at least one non-authorized officer of the Corporation.

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DRAFT

BUSINESS LOAN AGREEMENT

Principal	Loan Date	Maturity	Loan No	Call / Coll	Account	Officer	Initials
\$216,750.00	02-28-2023	06-01-2028	977495668	5A / 13			

References in the boxes above are for Lender's use only and do not limit the applicability of this document to any particular loan or item. Any item above containing "*****" has been omitted due to text length limitations.

Borrower: City of Tenino
149 Hodgden St S
Tenino, WA 98589

Lender: Timberland Bank
Olympia Branch
423 Washington Street SE
Olympia, WA 98501

THIS BUSINESS LOAN AGREEMENT dated February 28, 2023, is made and executed between City of Tenino ("Borrower") and Timberland Bank ("Lender") on the following terms and conditions. Borrower has received prior commercial loans from Lender or has applied to Lender for a commercial loan or loans or other financial accommodations, including those which may be described on any exhibit or schedule attached to this Agreement. Borrower understands and agrees that: (A) in granting, renewing, or extending any Loan, Lender is relying upon Borrower's representations, warranties, and agreements as set forth in this Agreement; (B) the granting, renewing, or extending of any Loan by Lender at all times shall be subject to Lender's sole judgment and discretion; and (C) all such Loans shall be and remain subject to the terms and conditions of this Agreement.

TERM. This Agreement shall be effective as of February 28, 2023, and shall continue in full force and effect until such time as all of Borrower's Loans in favor of Lender have been paid in full, including principal, interest, costs, expenses, attorneys' fees, and other fees and charges, or until such time as the parties may agree in writing to terminate this Agreement.

CONDITIONS PRECEDENT TO EACH ADVANCE. Lender's obligation to make the initial Advance and each subsequent Advance under this Agreement shall be subject to the fulfillment to Lender's satisfaction of all of the conditions set forth in this Agreement and in the Related Documents.

Loan Documents. Borrower shall provide to Lender the following documents for the Loan: (1) the Note; (2) Security Agreements granting to Lender security interests in the Collateral; (3) financing statements and all other documents perfecting Lender's Security Interests; (4) evidence of insurance as required below; (5) together with all such Related Documents as Lender may require for the Loan; all in form and substance satisfactory to Lender and Lender's counsel.

Borrower's Authorization. Borrower shall have provided in form and substance satisfactory to Lender property certified resolutions, duly authorizing the execution and delivery of this Agreement, the Note and the Related Documents. In addition, Borrower shall have provided such other resolutions, authorizations, documents and instruments as Lender or its counsel may require.

Payment of Fees and Expenses. Borrower shall have paid to Lender all fees, charges, and other expenses which are then due and payable as specified in this Agreement or any Related Document.

Representations and Warranties. The representations and warranties set forth in this Agreement, in the Related Documents, and in any document or certificate delivered to Lender under this Agreement are true and correct.

No Event of Default. There shall not exist at the time of any Advance a condition which would constitute an Event of Default under this Agreement or under any Related Document.

REPRESENTATIONS AND WARRANTIES. Borrower represents and warrants to Lender, as of the date of this Agreement, as of the date of each disbursement of loan proceeds, as of the date of any renewal, extension or modification of any Loan, and at all times any indebtedness exists:

Organization. Borrower is a non-profit corporation which is, and at all times shall be, duly organized, validly existing, and in good standing under and by virtue of the laws of the State of Washington. Borrower is duly authorized to transact business in all other states in which Borrower is doing business, having obtained all necessary filings, governmental licenses and approvals for each state in which Borrower is doing business. Specifically, Borrower is, and at all times shall be, duly qualified as a foreign corporation in all states in which the failure to do so qualify would have a material adverse effect on its business or financial condition. Borrower has the full power and authority to own its properties and to transact the business in which it is presently engaged or presently proposes to engage. Borrower maintains an office at 149 Hodgden St S, Tenino, WA 98589. Unless Borrower has designated otherwise in writing, the principal office is the office at which Borrower keeps its books and records including its records concerning the Collateral. Borrower will notify Lender prior to any change in the location of Borrower's state of organization or any change in Borrower's name. Borrower shall do all things necessary to preserve and to keep in full force and effect its existence, rights and privileges, and shall comply with all regulations, rules, ordinances, statutes, orders and decrees of any governmental or quasi-governmental authority or court applicable to Borrower and Borrower's business activities.

Assumed Business Names. Borrower has filed or recorded all documents or filings required by law relating to all assumed business names used by Borrower. Excluding the name of Borrower, the following is a complete list of all assumed business names under which Borrower does business: None.

Authorization. Borrower's execution, delivery, and performance of this Agreement and all the Related Documents have been duly authorized by all necessary action by Borrower and do not conflict with, result in a violation of, or constitute a default under (1) any provision of (a) Borrower's articles of incorporation or organization, or bylaws, or (b) any agreement or other instrument binding upon Borrower or (2) any law, governmental regulation, court decree, or order applicable to Borrower or to Borrower's properties.

Financial Information. Each of Borrower's financial statements supplied to Lender truly and completely disclosed Borrower's financial condition as of the date of the statement, and there has been no material adverse change in Borrower's financial condition subsequent to the date of the most recent financial statement supplied to Lender. Borrower has no material contingent obligations except as disclosed in such financial statements.

Legal Effect. This Agreement constitutes, and any instrument or agreement Borrower is required to give under this Agreement when delivered will constitute legal, valid, and binding obligations of Borrower enforceable against Borrower in accordance with their respective terms.

Properties. Except as contemplated by this Agreement or as previously disclosed in Borrower's financial statements or in writing to Lender and as accepted by Lender, and except for property tax liens for taxes not presently due and payable, Borrower owns and has good title to all of Borrower's properties free and clear of all Security Interests, and has not executed any security documents or financing statements relating to such properties. All of Borrower's properties are titled in Borrower's legal name, and Borrower has not used or filed a financing statement under any other name for at least the last five (5) years.

Hazardous Substances. Except as disclosed to and acknowledged by Lender in writing, Borrower represents and warrants that: (1) During the period of Borrower's ownership of the Collateral, there has been no use, generation, manufacture, storage, treatment, disposal, release or threatened release of any Hazardous Substance by any person on, under, about or from any of the Collateral. (2) Borrower has no knowledge of, or reason to believe that there has been (a) any breach or violation of any Environmental Laws; (b) any use, generation, manufacture, storage, treatment, disposal, release or threatened release of any Hazardous Substance on, under, about or from the Collateral by any prior owners or occupants of any of the Collateral; or (c) any actual or threatened litigation or claims of any kind by any person relating to such matters. (3) Neither Borrower nor any tenant, contractor, agent or other authorized user of any of the Collateral shall use, generate, manufacture, store, treat, dispose of or release any Hazardous Substance on, under, about or from any of the Collateral; and any such activity shall be conducted in compliance with all applicable federal, state, and local laws, regulations, and ordinances, including without limitation all Environmental Laws. Borrower authorizes Lender and its agents to enter upon the Collateral to make such inspections and tests as Lender may deem appropriate to determine compliance of the Collateral with this section of the Agreement. Any inspections or tests made by Lender shall be at Borrower's expense and for Lender's purposes only and shall not be construed to create any responsibility or liability on the part of Lender to Borrower or to any other person. The representations and warranties contained herein are based on Borrower's due diligence in investigating the Collateral for hazardous waste and Hazardous Substances. Borrower hereby (1) releases and waives any future claims against Lender for indemnity or contribution in the event Borrower becomes liable for cleanup or other costs under any such laws, and (2) agrees to indemnify, defend, and hold harmless Lender against any and all claims, losses, liabilities, damages, penalties, and expenses which Lender may directly or indirectly sustain or suffer resulting from a breach of this section of the Agreement or as a consequence of any use, generation, manufacture, storage, disposal, release or threatened release of a hazardous waste or substance on the Collateral. The provisions of this section of the Agreement, including the obligation to indemnify and defend, shall survive the payment of the indebtedness and the termination, expiration or satisfaction of this Agreement and shall not be affected by Lender's acquisition of any interest in any of the Collateral, whether by foreclosure or otherwise.

Litigation and Claims. No litigation, claim, investigation, administrative proceeding or similar action (including those for unpaid taxes) against Borrower is pending or threatened, and no other event has occurred which may materially adversely affect Borrower's financial condition or properties, other than litigation, claims, or other events, if any, that have been disclosed to and acknowledged by Lender in

writing.

Taxes. To the best of Borrower's knowledge, all of Borrower's tax returns and reports that are or were required to be filed, have been filed, and all taxes, assessments and other governmental charges have been paid in full, except those presently being or to be contested by Borrower in good faith in the ordinary course of business and for which adequate reserves have been provided.

Lien Priority. Unless otherwise previously disclosed to Lender in writing, Borrower has not entered into or granted any Security Agreements, or permitted the filing or attachment of any Security Interests on or affecting any of the Collateral directly or indirectly securing repayment of Borrower's Loan and Note, that would be prior or that may in any way be superior to Lender's Security Interests and rights in and to such Collateral.

Binding Effect. This Agreement, the Note, all Security Agreements (if any), and all Related Documents are binding upon the signers thereof, as well as upon their successors, representatives and assigns, and are legally enforceable in accordance with their respective terms.

AFFIRMATIVE COVENANTS. Borrower covenants and agrees with Lender that, so long as this Agreement remains in effect, Borrower will:

Notices of Claims and Litigation. Promptly inform Lender in writing of (1) all material adverse changes in Borrower's financial condition, and (2) all existing and all threatened litigation, claims, investigations, administrative proceedings or similar actions affecting Borrower or any Guarantor which could materially affect the financial condition of Borrower or the financial condition of any Guarantor.

Financial Records. Maintain its books and records in accordance with GAAP, or an OCBOA acceptable to Lender, applied on a consistent basis, and permit Lender to examine and audit Borrower's books and records at all reasonable times.

Financial Statements. Furnish Lender with such financial statements and other related information at such frequencies and in such detail as Lender may reasonably request.

Additional Information. Furnish such additional information and statements, as Lender may request from time to time.

Insurance. Maintain fire and other risk insurance, public liability insurance, and such other insurance as Lender may require with respect to Borrower's properties and operations, in form, amounts, coverages and with insurance companies acceptable to Lender. Borrower, upon request of Lender, will deliver to Lender from time to time the policies or certificates of insurance in form satisfactory to Lender, including stipulations that coverages will not be cancelled or diminished without at least thirty (30) days prior written notice to Lender. Each insurance policy also shall include an endorsement providing that coverage in favor of Lender will not be impaired in any way by any act, omission or default of Borrower or any other person. In connection with all policies covering assets in which Lender holds or is offered a security interest for the Loans, Borrower will provide Lender with such lender's loss payable or other endorsements as Lender may require.

Insurance Reports. Furnish to Lender, upon request of Lender, reports on each existing insurance policy showing such information as Lender may reasonably request, including without limitation the following: (1) the name of the insurer; (2) the risks insured; (3) the amount of the policy; (4) the properties insured; (5) the then current property values on the basis of which insurance has been obtained, and the manner of determining those values; and (6) the expiration date of the policy. In addition, upon request of Lender (however not more often than annually), Borrower will have an independent appraiser satisfactory to Lender determine, as applicable, the actual cash value or replacement cost of any Collateral. The cost of such appraisal shall be paid by Borrower.

Other Agreements. Comply with all terms and conditions of all other agreements, whether now or hereafter existing, between Borrower and any other party and notify Lender immediately in writing of any default in connection with any other such agreements.

Loan Proceeds. Use all Loan proceeds solely for Borrower's business operations, unless specifically consented to the contrary by Lender in writing.

Taxes, Charges and Liens. Pay and discharge when due all of its indebtedness and obligations, including without limitation all assessments, taxes, governmental charges, levies and liens, of every kind and nature, imposed upon Borrower or its properties, income, or profits, prior to the date on which penalties would attach, and all lawful claims that, if unpaid, might become a lien or charge upon any of Borrower's properties, income, or profits. Provided however, Borrower will not be required to pay and discharge any such assessment, tax, charge, levy, lien or claim so long as (1) the legality of the same shall be contested in good faith by appropriate proceedings, and (2) Borrower shall have established on Borrower's books adequate reserves with respect to such contested assessment, tax, charge, levy, lien, or claim in accordance with GAAP or an OCBOA acceptable to Lender.

Performance. Perform and comply, in a timely manner, with all terms, conditions, and provisions set forth in this Agreement, in the Related Documents, and in all other instruments and agreements between Borrower and Lender. Borrower shall notify Lender immediately in writing of any default in connection with any agreement.

Operations. Maintain executive and management personnel with substantially the same qualifications and experience as the present executive and management personnel; provide written notice to Lender of any change in executive and management personnel; conduct its business affairs in a reasonable and prudent manner.

Environmental Studies. Promptly conduct and complete, at Borrower's expense, all such investigations, studies, samplings and testings as may be requested by Lender or any governmental authority relative to any substance, or any waste or by-product of any substance defined as toxic or a hazardous substance under applicable federal, state, or local law, rule, regulation, order or directive, at or affecting any property or any facility owned, leased, or used by Borrower.

Compliance with Governmental Requirements. Comply with all laws, ordinances, and regulations, now or hereafter in effect, of all governmental authorities applicable to the conduct of Borrower's properties, businesses and operations, and to the use or occupancy of the Collateral, including without limitation, the Americans With Disabilities Act. Borrower may contest in good faith any such law, ordinance, or regulation and withhold compliance during any proceeding, including appropriate appeals, so long as Borrower has notified Lender in writing prior to doing so and so long as, in Lender's sole opinion, Lender's Interests in the Collateral are not jeopardized. Lender may require Borrower to post adequate security or a surety bond, reasonably satisfactory to Lender, to protect Lender's interest.

Inspection. Permit employees or agents of Lender at any reasonable time to inspect any and all Collateral for the Loan or Loans and Borrower's other properties and to examine or audit Borrower's books, accounts, and records and to make copies and memoranda of Borrower's books, accounts, and records. If Borrower now or at any time hereafter maintains any records (including without limitation computer generated records and computer software programs for the generation of such records) in the possession of a third party, Borrower, upon request of Lender, shall notify such party to permit Lender free access to such records at all reasonable times and to provide Lender with copies of any records it may request, all at Borrower's expense.

Environmental Compliance and Reports. Borrower shall comply in all respects with any and all Environmental Laws; not cause or permit to exist, as a result of an intentional or unintentional action or omission on Borrower's part or on the part of any third party, on property owned and/or occupied by Borrower, any environmental activity where damage may result to the environment, unless such environmental activity is pursuant to and in compliance with the conditions of a permit issued by the appropriate federal, state or local governmental authorities; shall furnish to Lender promptly and in any event within thirty (30) days after receipt thereof a copy of any notice, summons, lien, citation, directive, letter or other communication from any governmental agency or instrumentality concerning any intentional or unintentional action or omission on Borrower's part in connection with any environmental activity whether or not there is damage to the environment and/or other natural resources.

Additional Assurances. Make, execute and deliver to Lender such promissory notes, mortgages, deeds of trust, security agreements, assignments, financing statements, instruments, documents and other agreements as Lender or its attorneys may reasonably request to evidence and secure the Loans and to perfect all Security Interests.

LENDER'S EXPENDITURES. If any action or proceeding is commenced that would materially affect Lender's interest in the Collateral or if Borrower fails to comply with any provision of this Agreement or any Related Documents, including but not limited to Borrower's failure to discharge or pay when due any amounts Borrower is required to discharge or pay under this Agreement or any Related Documents, Lender on Borrower's behalf may (but shall not be obligated to) take any action that Lender deems appropriate, including but not limited to discharging or paying all taxes, liens, security interests, encumbrances and other claims, at any time levied or placed on any Collateral and paying all costs for insuring, maintaining and preserving any Collateral. All such expenditures incurred or paid by Lender for such purposes will then bear interest at the rate charged under the Note from the date incurred or paid by Lender to the date of repayment by Borrower. All such expenses will become a part of the indebtedness and, at Lender's option, will (A) be payable on demand; (B) be added to the balance of the Note and be apportioned among and be payable with any installment payments to become due during either (1) the term of any applicable insurance policy; or (2) the remaining term of the Note; or (C) be treated as a balloon payment which will be due and payable at the Note's maturity.

CESSATION OF ADVANCES. If Lender has made any commitment to make any Loan to Borrower, whether under this Agreement or under any other agreement, Lender shall have no obligation to make Loan Advances or to disburse Loan proceeds if: (A) Borrower or any Guarantor is in default under the terms of this Agreement or any of the Related Documents or any other agreement that Borrower or any Guarantor has with Lender; (B) Borrower or any Guarantor dies, becomes incompetent or becomes insolvent, files a petition in bankruptcy or similar proceedings,

**BUSINESS LOAN AGREEMENT
(Continued)**

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or is adjudged a bankrupt; (C) there occurs a material adverse change in Borrower's financial condition, in the financial condition of any Guarantor, or in the value of any Collateral securing any Loan; or (D) any Guarantor seeks, claims or otherwise attempts to limit, modify or revoke such Guarantor's guaranty of the Loan or any other loan with Lender; or (E) Lender in good faith deems itself insecure, even though no Event of Default shall have occurred.

RIGHT OF SETOFF. To the extent permitted by applicable law, Lender reserves a right of setoff in all Borrower's accounts with Lender (whether checking, savings, or some other account). This includes all accounts Borrower holds jointly with someone else and all accounts Borrower may open in the future. However, this does not include any IRA or Keogh accounts, or any trust accounts for which setoff would be prohibited by law. Borrower authorizes Lender, to the extent permitted by applicable law, to charge or setoff all sums owing on the Indebtedness against any and all such accounts, and, at Lender's option, to administratively freeze all such accounts to allow Lender to protect Lender's charge and setoff rights provided in this paragraph.

DEFAULT. Each of the following shall constitute an Event of Default under this Agreement:

Payment Default. Borrower fails to make any payment when due under the Loan.

Other Defaults. Borrower fails to comply with or to perform any other term, obligation, covenant or condition contained in this Agreement or in any of the Related Documents or to comply with or to perform any term, obligation, covenant or condition contained in any other agreement between Lender and Borrower.

Default in Favor of Third Parties. Borrower or any Grantor defaults under any loan, extension of credit, security agreement, purchase or sales agreement, or any other agreement, in favor of any other creditor or person that may materially affect any of Borrower's or any Grantor's property or Borrower's or any Grantor's ability to repay the Loans or perform their respective obligations under this Agreement or any of the Related Documents.

False Statements. Any warranty, representation or statement made or furnished to Lender by Borrower or on Borrower's behalf under this Agreement or the Related Documents is false or misleading in any material respect, either now or at the time made or furnished or becomes false or misleading at any time thereafter.

Insolvency. The dissolution or termination of Borrower's existence as a going business, the insolvency of Borrower, the appointment of a receiver for any part of Borrower's property, any assignment for the benefit of creditors, any type of creditor workout, or the commencement of any proceeding under any bankruptcy or insolvency laws by or against Borrower.

Defective Collateralization. This Agreement or any of the Related Documents ceases to be in full force and effect (including failure of any collateral document to create a valid and perfected security interest or lien) at any time and for any reason.

Creditor or Forfeiture Proceedings. Commencement of foreclosure or forfeiture proceedings, whether by judicial proceeding, self-help, repossession or any other method, by any creditor of Borrower or by any governmental agency against any collateral securing the Loan. This includes a garnishment of any of Borrower's accounts, including deposit accounts, with Lender. However, this Event of Default shall not apply if there is a good faith dispute by Borrower as to the validity or reasonableness of the claim which is the basis of the creditor or forfeiture proceeding and if Borrower gives Lender written notice of the creditor or forfeiture proceeding and deposits with Lender monies or a surety bond for the creditor or forfeiture proceeding, in an amount determined by Lender, in its sole discretion, as being an adequate reserve or bond for the dispute.

Events Affecting Guarantor. Any of the preceding events occurs with respect to any Guarantor of any of the Indebtedness or any Guarantor dies or becomes incompetent, or revokes or disputes the validity of, or liability under, any Guaranty of the Indebtedness.

Change in Ownership. Any change in ownership of twenty-five percent (25%) or more of the common stock of Borrower.

Adverse Change. A material adverse change occurs in Borrower's financial condition, or Lender believes the prospect of payment or performance of the Loan is impaired.

Insecurity. Lender in good faith believes itself insecure.

Right to Cure. If any default, other than a default on Indebtedness, is curable and if Borrower or Grantor, as the case may be, has not been given a notice of a similar default within the preceding twelve (12) months, it may be cured if Borrower or Grantor, as the case may be, after Lender sends written notice to Borrower or Grantor, as the case may be, demanding cure of such default: (1) cure the default within fifteen (15) days; or (2) if the cure requires more than fifteen (15) days, immediately initiate steps which Lender deems in Lender's sole discretion to be sufficient to cure the default and thereafter continue and complete all reasonable and necessary steps sufficient to produce compliance as soon as reasonably practical.

EFFECT OF AN EVENT OF DEFAULT. If any Event of Default shall occur, except where otherwise provided in this Agreement or the Related Documents, all commitments and obligations of Lender under this Agreement or the Related Documents or any other agreement immediately will terminate (including any obligation to make further Loan Advances or disbursements), and, at Lender's option, all Indebtedness immediately will become due and payable, all without notice of any kind to Borrower, except that in the case of an Event of Default of the type described in the "Insolvency" subsection above, such acceleration shall be automatic and not optional. In addition, Lender shall have all the rights and remedies provided in the Related Documents or available at law, in equity, or otherwise. Except as may be prohibited by applicable law, all of Lender's rights and remedies shall be cumulative and may be exercised singularly or concurrently. Election by Lender to pursue any remedy shall not exclude pursuit of any other remedy, and an election to make expenditures or to take action to perform an obligation of Borrower or of any Grantor shall not affect Lender's right to declare a default and to exercise its rights and remedies.

MISCELLANEOUS PROVISIONS. The following miscellaneous provisions are a part of this Agreement:

Amendments. This Agreement, together with any Related Documents, constitutes the entire understanding and agreement of the parties as to the matters set forth in this Agreement. No alteration or amendment to this Agreement shall be effective unless given in writing and signed by the party or parties sought to be charged or bound by the alteration or amendment.

Attorneys' Fees; Expenses. Borrower agrees to pay upon demand all of Lender's costs and expenses, including Lender's attorneys' fees and Lender's legal expenses, incurred in connection with the enforcement of this Agreement. Lender may hire or pay someone else to help enforce this Agreement, and Borrower shall pay the costs and expenses of such enforcement. Costs and expenses include Lender's attorneys' fees and legal expenses whether or not there is a lawsuit, including attorneys' fees and legal expenses for bankruptcy proceedings (including efforts to modify or vacate any automatic stay or injunction), appeals, and any anticipated post-judgment collection services. Borrower also shall pay all court costs and such additional fees as may be directed by the court.

Caption Headings. Caption headings in this Agreement are for convenience purposes only and are not to be used to interpret or define the provisions of this Agreement.

Consent to Loan Participation. Borrower agrees and consents to Lender's sale or transfer, whether now or later, of one or more participation interests in the Loan to one or more purchasers, whether related or unrelated to Lender. Lender may provide, without any limitation whatsoever, to any one or more purchasers, or potential purchasers, any information or knowledge Lender may have about Borrower or about any other matter relating to the Loan, and Borrower hereby waives any rights to privacy Borrower may have with respect to such matters. Borrower additionally waives any and all notices of sale of participation interests, as well as all notices of any repurchase of such participation interests. Borrower also agrees that the purchasers of any such participation interests will be considered as the absolute owners of such interests in the Loan and will have all the rights granted under the participation agreement or agreements governing the sale of such participation interests. Borrower further waives all rights of offset or counterclaim that it may have now or later against Lender or against any purchaser of such a participation interest and unconditionally agrees that either Lender or such purchaser may enforce Borrower's obligation under the Loan irrespective of the failure or insolvency of any holder of any interest in the Loan. Borrower further agrees that the purchaser of any such participation interests may enforce its interests irrespective of any personal claims or defenses that Borrower may have against Lender.

Governing Law. This Agreement will be governed by federal law applicable to Lender and, to the extent not preempted by federal law, the laws of the State of Washington without regard to its conflicts of law provisions. This Agreement has been accepted by Lender in the State of Washington.

Choice of Venue. If there is a lawsuit, Borrower agrees upon Lender's request to submit to the jurisdiction of the courts of Grays Harbor County, State of Washington.

No Waiver by Lender. Lender shall not be deemed to have waived any rights under this Agreement unless such waiver is given in writing and signed by Lender. No delay or omission on the part of Lender in exercising any right shall operate as a waiver of such right or any other right. A waiver by Lender of a provision of this Agreement shall not prejudice or constitute a waiver of Lender's right otherwise to demand strict compliance with that provision or any other provision of this Agreement. No prior waiver by Lender, nor any course of dealing between Lender and Borrower, or between Lender and any Grantor, shall constitute a waiver of any of Lender's rights or of any of Borrower's or any Grantor's obligations as to any future transactions. Whenever the consent of Lender is required under this Agreement, the granting of such consent by Lender in any instance shall not constitute continuing consent to subsequent instances where such consent

is required and in all cases such consent may be granted or withheld in the sole discretion of Lender.

Notices. Subject to applicable law, and except for notice required or allowed by law to be given in another manner, any notice required to be given under this Agreement shall be given in writing, and shall be effective when actually delivered, when actually received by telefacsimile (unless otherwise required by law), when deposited with a nationally recognized overnight courier, or, if mailed, when deposited in the United States mail, as first class, certified or registered mail postage prepaid, directed to the addresses shown near the beginning of this Agreement. Any party may change its address for notices under this Agreement by giving formal written notice to the other parties, specifying that the purpose of the notice is to change the party's address. For notice purposes, Borrower agrees to keep Lender informed at all times of Borrower's current address. Subject to applicable law, and except for notice required or allowed by law to be given in another manner, if there is more than one Borrower, any notice given by Lender to any Borrower is deemed to be notice given to all Borrowers.

Severability. If a court of competent jurisdiction finds any provision of this Agreement to be illegal, invalid, or unenforceable as to any circumstance, that finding shall not make the offending provision illegal, invalid, or unenforceable as to any other circumstance. If feasible, the offending provision shall be considered modified so that it becomes legal, valid and enforceable. If the offending provision cannot be so modified, it shall be considered deleted from this Agreement. Unless otherwise required by law, the illegality, invalidity, or unenforceability of any provision of this Agreement shall not affect the legality, validity or enforceability of any other provision of this Agreement.

Subsidiaries and Affiliates of Borrower. To the extent the context of any provisions of this Agreement makes it appropriate, including without limitation any representation, warranty or covenant, the word "Borrower" as used in this Agreement shall include all of Borrower's subsidiaries and affiliates. Notwithstanding the foregoing however, under no circumstances shall this Agreement be construed to require Lender to make any Loan or other financial accommodation to any of Borrower's subsidiaries or affiliates.

Successors and Assigns. All covenants and agreements by or on behalf of Borrower contained in this Agreement or any Related Documents shall bind Borrower's successors and assigns and shall inure to the benefit of Lender and its successors and assigns. Borrower shall not, however, have the right to assign Borrower's rights under this Agreement or any interest therein without the prior written consent of Lender.

Survival of Representations and Warranties. Borrower understands and agrees that in making the Loan, Lender is relying on all representations, warranties, and covenants made by Borrower in this Agreement or in any certificate or other instrument delivered by Borrower to Lender under this Agreement or the Related Documents. Borrower further agrees that regardless of any investigation made by Lender, all such representations, warranties and covenants will survive the making of the Loan and delivery to Lender of the Related Documents, shall be continuing in nature, and shall remain in full force and effect until such time as Borrower's indebtedness shall be paid in full, or until this Agreement shall be terminated in the manner provided above, whichever is the last to occur.

Time is of the Essence. Time is of the essence in the performance of this Agreement.

Waive Jury. All parties to this Agreement hereby waive the right to any jury trial in any action, proceeding, or counterclaim brought by any party against any other party.

DEFINITIONS. The following capitalized words and terms shall have the following meanings when used in this Agreement. Unless specifically stated to the contrary, all references to dollar amounts shall mean amounts in lawful money of the United States of America. Words and terms used in the singular shall include the plural, and the plural shall include the singular, as the context may require. Words and terms not otherwise defined in this Agreement shall have the meanings attributed to such terms in the Uniform Commercial Code. Accounting words and terms not otherwise defined in this Agreement shall have the meanings assigned to them in accordance with generally accepted accounting principles as in effect on the date of this Agreement:

Advance. The word "Advance" means a disbursement of loan funds made, or to be made, to Borrower or on Borrower's behalf on a line of credit or multiple advance basis under the terms and conditions of this Agreement.

Agreement. The word "Agreement" means this Business Loan Agreement, as this Business Loan Agreement may be amended or modified from time to time, together with all exhibits and schedules attached to this Business Loan Agreement from time to time.

Borrower. The word "Borrower" means City of Tenino and includes all co-signers and co-makers signing the Note and all their successors and assigns.

Collateral. The word "Collateral" means all property and assets granted as collateral security for a Loan, whether real or personal property, whether granted directly or indirectly, whether granted now or in the future, and whether granted in the form of a security interest, mortgage, collateral mortgage, deed of trust, assignment, pledge, crop pledge, chattel mortgage, collateral chattel mortgage, chattel trust, factor's lien, equipment trust, conditional sale, trust receipt, lien, charge, lien or title retention contract, lease or consignment intended as a security device, or any other security or lien interest whatsoever, whether created by law, contract, or otherwise.

Environmental Laws. The words "Environmental Laws" mean any and all state, federal and local statutes, regulations and ordinances relating to the protection of human health or the environment, including without limitation the Comprehensive Environmental Response, Compensation, and Liability Act of 1980, as amended, 42 U.S.C. Section 9601, et seq. ("CERCLA"), the Superfund Amendments and Reauthorization Act of 1986, Pub. L. No. 99-499 ("SARA"), the Hazardous Materials Transportation Act, 49 U.S.C. Section 1801, et seq., the Resource Conservation and Recovery Act, 42 U.S.C. Section 6901, et seq., or other applicable state or federal laws, rules, or regulations adopted pursuant thereto.

Event of Default. The words "Event of Default" mean any of the events of default set forth in this Agreement in the default section of this Agreement.

GAAP. The word "GAAP" means generally accepted accounting principles.

Grantor. The word "Grantor" means each and all of the persons or entities granting a Security Interest in any Collateral for the Loan, including without limitation all Borrowers granting such a Security Interest.

Guarantor. The word "Guarantor" means any guarantor, surety, or accommodation party of any or all of the Loan.

Guaranty. The word "Guaranty" means the guaranty from Guarantor to Lender, including without limitation a guaranty of all or part of the Note.

Hazardous Substances. The words "Hazardous Substances" mean materials that, because of their quantity, concentration or physical, chemical or infectious characteristics, may cause or pose a present or potential hazard to human health or the environment when improperly used, treated, stored, disposed of, generated, manufactured, transported or otherwise handled. The words "Hazardous Substances" are used in their very broadest sense and include without limitation any and all hazardous or toxic substances, materials or waste as defined by or listed under the Environmental Laws. The term "Hazardous Substances" also includes, without limitation, petroleum and petroleum by-products or any fraction thereof and asbestos.

Indebtedness. The word "Indebtedness" means the indebtedness evidenced by the Note or Related Documents, including all principal and interest together with all other indebtedness and costs and expenses for which Borrower is responsible under this Agreement or under any of the Related Documents.

Lender. The word "Lender" means Timberland Bank, its successors and assigns.

Loan. The word "Loan" means any and all loans and financial accommodations from Lender to Borrower whether now or hereafter existing, and however evidenced, including without limitation those loans and financial accommodations described herein or described on any exhibit or schedule attached to this Agreement from time to time.

Note. The word "Note" means the Note dated February 28, 2023 and executed by City of Tenino in the principal amount of \$216,750.00, together with all renewals of, extensions of, modifications of, refinancings of, consolidations of, and substitutions for the note or credit agreement.

OCBOA. The term "OCBOA" means Other Comprehensive Basis of Accounting, as designated by Lender in writing as an acceptable alternative to GAAP.

Related Documents. The words "Related Documents" mean all promissory notes, credit agreements, loan agreements, environmental agreements, guaranties, security agreements, mortgages, deeds of trust, security deeds, collateral mortgages, and all other instruments, agreements and documents, whether now or hereafter existing, executed in connection with the Loan.

Security Agreement. The words "Security Agreement" mean and include without limitation any agreements, promises, covenants, arrangements, understandings or other agreements, whether created by law, contract, or otherwise, evidencing, governing, representing, or creating a Security Interest.

Security Interest. The words "Security Interest" mean, without limitation, any and all types of collateral security, present and future, whether in the form of a lien, charge, encumbrance, mortgage, deed of trust, security deed, assignment, pledge, crop pledge, chattel

**BUSINESS LOAN AGREEMENT
(Continued)**

Loan No: 977495668

mortgage, collateral chattel mortgage, chattel trust, factor's lien, equipment trust, conditional sale, trust receipt, lien or title retention contract, lease or consignment intended as a security device, or any other security or lien interest whatsoever whether created by law, contract, or otherwise.

BORROWER ACKNOWLEDGES HAVING READ ALL THE PROVISIONS OF THIS BUSINESS LOAN AGREEMENT AND BORROWER AGREES TO ITS TERMS. THIS BUSINESS LOAN AGREEMENT IS DATED FEBRUARY 28, 2023.

BORROWER:

CITY OF TENINO

By: Wayne Fournier Jr, Mayor of City of Tenino

LENDER:

TIMBERLAND BANK

By: Joel T Slovick, Commercial Loan Officer VP

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CERTIFICATION OF BENEFICIAL OWNER(S)

Principal	Loan Date	Maturity	Loan No	Call / Coll	Account	Officer	Initials
\$216,750.00	02-28-2023	06-01-2028	977495668	5A / 13		***	

References in the boxes above are for use only and do not limit the applicability of this document to any particular loan or item. Any item above containing "*****" has been omitted due to text length limitations.

Persons opening an account on behalf of a legal entity must provide the following information:

- a. Name and Title of Natural Person Opening Account:
Wayne Fournier Jr, Mayor of City of Tenino
- b. Name, Type, and Address of Legal Entity for Which the Account is Being Opened:
City of Tenino, Corporation, 149 Hodgden St S, Tenino, WA 98589
- c. The following information for each individual, if any, who, directly or indirectly, through any contract, arrangement, understanding, relationship or otherwise, owns 25 percent or more of the equity interests of the legal entity listed above:
Not Applicable
- d. The following information for one individual with significant responsibility for managing the legal entity listed above, such as:
 An executive officer or senior manager (e.g., Chief Executive Officer, Chief Financial Officer, Chief Operating Officer, Managing Member, General Partner, President, Vice President, Treasurer); or
 Any other individual who regularly performs similar functions.
 (If appropriate, an individual listed under section (c) above may also be listed in this section (d)).

Name/Title	Date of Birth	Address (Res. or Bus. Street Address)	For U.S. Persons ¹	For Non-U.S. Persons ²
Wayne Fournier Jr, Mayor	1980	Tenino, WA 98589, USA	0790	

I, Wayne Fournier Jr (name of natural person opening account), hereby certify, to the best of my knowledge, that the information provided above is complete and correct, and on behalf of City of Tenino, I agree to notify the financial institution of any change in such information.

By: Wayne Fournier Jr, Mayor of City of Tenino Date _____

¹ U.S. Persons must provide a Social Security Number

² Non-U.S. Persons must provide a Social Security Number, passport number and country of issuance, or similar identification number. In lieu of a passport number, Non-U.S. Persons may also provide a Social Security Number, an alien identification card number, or number and country of issuance of any other government-issued document evidencing nationality or residence and bearing a photograph or similar safeguard.

Legal Entity Identifier: _____ (Optional)

PROMISSORY NOTE

Principal	Loan Date	Maturity	Loan No	Call / Coll	Account	Officer	Initials
\$216,750.00	02-28-2023	06-01-2028	977495668	SA / 13			

References in the boxes above are for Lender's use only and do not limit the applicability of this document to any particular loan or item. Any item above containing "*****" has been omitted due to text length limitations.

Borrower: City of Tenino
149 Hodgden St S
Tenino, WA 98589

Lender: Timberland Bank
Olympia Branch
423 Washington Street SE
Olympia, WA 98501

Principal Amount: \$216,750.00

Date of Note: February 28, 2023

PROMISE TO PAY. City of Tenino ("Borrower") promises to pay to Timberland Bank ("Lender"), or order, in lawful money of the United States of America, the principal amount of Two Hundred Sixteen Thousand Seven Hundred Fifty & 00/100 Dollars (\$216,750.00), together with interest on the unpaid principal balance from February 28, 2023, calculated as described in the "INTEREST CALCULATION METHOD" paragraph using an interest rate of 6.500% per annum based on a year of 360 days, until paid in full. The interest rate may change under the terms and conditions of the "INTEREST AFTER DEFAULT" section.

PAYMENT. Borrower will pay this loan in full immediately upon Lender's demand. If no demand is made, Borrower will pay this loan in 9 regular payments of \$26,218.79 each and one irregular last payment estimated at \$26,218.82. Borrower's first payment is due December 1, 2023, and all subsequent payments are due on the same day of each half-year after that. Borrower's final payment will be due on June 1, 2028, and will be for all principal and all accrued interest not yet paid. Payments include principal and interest. The payment amounts are based on an amortization over 10 payment periods. Unless otherwise agreed or required by applicable law, payments will be applied first to any accrued unpaid interest; then to principal; and then to any late charges. Borrower will pay Lender at Lender's address shown above or at such other place as Lender may designate in writing.

INTEREST CALCULATION METHOD. Interest on this Note is computed on a 365/360 basis; that is, by applying the ratio of the interest rate over a year of 360 days, multiplied by the outstanding principal balance, multiplied by the actual number of days the principal balance is outstanding. All interest payable under this Note is computed using this method. This calculation method results in a higher effective interest rate than the numeric interest rate stated in this Note. (Initial Here _____)

PREPAYMENT. Borrower may pay without penalty all or a portion of the amount owed earlier than it is due. Early payments will not, unless agreed to by Lender in writing, relieve Borrower of Borrower's obligation to continue to make payments under the payment schedule. Rather, early payments will reduce the principal balance due and may result in Borrower's making fewer payments. Borrower agrees not to send Lender payments marked "paid in full", "without recourse", or similar language. If Borrower sends such a payment, Lender may accept it without losing any of Lender's rights under this Note, and Borrower will remain obligated to pay any further amount owed to Lender. All written communications concerning disputed amounts, including any check or other payment instrument that indicates that the payment constitutes "payment in full" of the amount owed or that is tendered with other conditions or limitations or as full satisfaction of a disputed amount must be mailed or delivered to: Timberland Bank, 624 Simpson Avenue Hoquiam, WA 98550.

LATE CHARGE. If a payment is 10 days or more late, Borrower will be charged 5.000% of the regularly scheduled payment.

INTEREST AFTER DEFAULT. Upon default, including failure to pay upon final maturity, the interest rate on this Note shall be increased to 18.000% per annum based on a year of 360 days ("Default Rate"). If judgment is entered in connection with this Note, interest will continue to accrue after the date of judgment at the Default Rate. However, in no event will the interest rate exceed the maximum interest rate limitations under applicable law.

DEFAULT. Each of the following shall constitute an event of default ("Event of Default") under this Note:

Payment Default. Borrower fails to make any payment when due under this Note.

Other Defaults. Borrower fails to comply with or to perform any other term, obligation, covenant or condition contained in this Note or in any of the related documents or to comply with or to perform any term, obligation, covenant or condition contained in any other agreement between Lender and Borrower.

Default in Favor of Third Parties. Borrower or any Grantor defaults under any loan, extension of credit, security agreement, purchase or sales agreement, or any other agreement, in favor of any other creditor or person that may materially affect any of Borrower's property or Borrower's ability to repay this Note or perform Borrower's obligations under this Note or any of the related documents.

False Statements. Any warranty, representation or statement made or furnished to Lender by Borrower or on Borrower's behalf under this Note or the related documents is false or misleading in any material respect, either now or at the time made or furnished or becomes false or misleading at any time thereafter.

Insolvency. The dissolution or termination of Borrower's existence as a going business, the insolvency of Borrower, the appointment of a receiver for any part of Borrower's property, any assignment for the benefit of creditors, any type of creditor workout, or the commencement of any proceeding under any bankruptcy or insolvency laws by or against Borrower.

Creditor or Forfeiture Proceedings. Commencement of foreclosure or forfeiture proceedings, whether by judicial proceeding, self-help, repossession or any other method, by any creditor of Borrower or by any governmental agency against any collateral securing the loan. This includes a garnishment of any of Borrower's accounts, including deposit accounts, with Lender. However, this Event of Default shall not apply if there is a good faith dispute by Borrower as to the validity or reasonableness of the claim which is the basis of the creditor or forfeiture proceeding and if Borrower gives Lender written notice of the creditor or forfeiture proceeding and deposits with Lender monies or a surety bond for the creditor or forfeiture proceeding, in an amount determined by Lender, in its sole discretion, as being an adequate reserve or bond for the dispute.

Events Affecting Guarantor. Any of the preceding events occurs with respect to any guarantor, endorser, surety, or accommodation party of any of the indebtedness or any guarantor, endorser, surety, or accommodation party dies or becomes incompetent, or revokes or disputes the validity of, or liability under, any guaranty of the indebtedness evidenced by this Note.

Change in Ownership. Any change in ownership of twenty-five percent (25%) or more of the common stock of Borrower.

Adverse Change. A material adverse change occurs in Borrower's financial condition, or Lender believes the prospect of payment or performance of this Note is impaired.

Insecurity. Lender in good faith believes itself insecure.

Cure Provisions. If any default, other than a default in payment, is curable and if Borrower has not been given a notice of a breach of the same provision of this Note within the preceding twelve (12) months, it may be cured if Borrower, after Lender sends written notice to Borrower demanding cure of such default: (1) cures the default within fifteen (15) days; or (2) if the cure requires more than fifteen (15) days, immediately initiates steps which Lender deems in Lender's sole discretion to be sufficient to cure the default and thereafter continues and completes all reasonable and necessary steps sufficient to produce compliance as soon as reasonably practical.

LENDER'S RIGHTS. Upon default, Lender may declare the entire unpaid principal balance under this Note and all accrued unpaid interest immediately due, and then Borrower will pay that amount.

ATTORNEYS' FEES; EXPENSES. Lender may hire or pay someone else to help collect this Note if Borrower does not pay. Borrower will pay Lender that amount. This includes, subject to any limits under applicable law, Lender's attorneys' fees and Lender's legal expenses, whether or not there is a lawsuit, including attorneys' fees, expenses for bankruptcy proceedings (including efforts to modify or vacate any automatic stay or injunction), and appeals. If not prohibited by applicable law, Borrower also will pay any court costs, in addition to all other sums provided by law.

JURY WAIVER. Lender and Borrower hereby waive the right to any jury trial in any action, proceeding, or counterclaim brought by either Lender or Borrower against the other.

GOVERNING LAW. This Note will be governed by federal law applicable to Lender and, to the extent not preempted by federal law, the laws of the State of Washington without regard to its conflicts of law provisions. This Note has been accepted by Lender in the State of Washington.

CHOICE OF VENUE. If there is a lawsuit, Borrower agrees upon Lender's request to submit to the jurisdiction of the courts of Grays Harbor County, State of Washington.

DISHONORED ITEM FEE. Borrower will pay a fee to Lender of \$30.00 if Borrower makes a payment on Borrower's loan and the check or preauthorized charge with which Borrower pays is later dishonored.

RIGHT OF SETOFF. To the extent permitted by applicable law, Lender reserves a right of setoff in all Borrower's accounts with Lender (whether

checking, savings, or some other account). This includes all accounts Borrower holds jointly with someone else and all accounts Borrower may open in the future. However, this does not include any IRA or Keogh accounts, or any trust accounts for which setoff would be prohibited by law. Borrower authorizes Lender, to the extent permitted by applicable law, to charge or setoff all sums owing on the indebtedness against any and all such accounts, and, at Lender's option, to administratively freeze all such accounts to allow Lender to protect Lender's charge and setoff rights provided in this paragraph.

SUCCESSOR INTERESTS. The terms of this Note shall be binding upon Borrower, and upon Borrower's heirs, personal representatives, successors and assigns, and shall inure to the benefit of Lender and its successors and assigns.

NOTIFY US OF INACCURATE INFORMATION WE REPORT TO CONSUMER REPORTING AGENCIES. Borrower may notify Lender if Lender reports any inaccurate information about Borrower's account(s) to a consumer reporting agency. Borrower's written notice describing the specific inaccuracy(ies) should be sent to Lender at the following address: Timberland Bank 624 Simpson Avenue Hoquiam, WA 98550.

GENERAL PROVISIONS. This Note is payable on demand. The inclusion of specific default provisions or rights of Lender shall not preclude Lender's right to declare payment of this Note on its demand. If any part of this Note cannot be enforced, this fact will not affect the rest of the Note. Lender may delay or forgo enforcing any of its rights or remedies under this Note without losing them. Borrower and any other person who signs, guarantees or endorses this Note, to the extent allowed by law, waive presentment, demand for payment, and notice of dishonor. Upon any change in the terms of this Note, and unless otherwise expressly stated in writing, no party who signs this Note, whether as maker, guarantor, accommodation maker or endorser, shall be released from liability. All such parties agree that Lender may renew or extend (repeatedly and for any length of time) this loan or release any party or guarantor or collateral; or impair, fail to realize upon or perfect Lender's security interest in the collateral; and take any other action deemed necessary by Lender without the consent of or notice to anyone. All such parties also agree that Lender may modify this loan without the consent of or notice to anyone. All such parties also agree that Lender may modify this loan without the consent of or notice to anyone other than the party with whom the modification is made. The obligations under this Note are joint and several.

PRIOR TO SIGNING THIS NOTE, BORROWER READ AND UNDERSTOOD ALL THE PROVISIONS OF THIS NOTE. BORROWER AGREES TO THE TERMS OF THE NOTE.

BORROWER ACKNOWLEDGES RECEIPT OF A COMPLETED COPY OF THIS PROMISSORY NOTE.

BORROWER:

CITY OF TENINO

By: Wayne Fournier Jr, Mayor of City of Tenino

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COMMERCIAL SECURITY AGREEMENT

Principal	Loan Date	Maturity	Loan No	Coll / Coll	Account	Officer	Initials
\$218,750.00	02-28-2023	06-01-2028	977495668	5A / 13		***	

References in the boxes above are for Lender's use only and do not limit the applicability of this document to any particular loan or item. Any item above containing "****" has been omitted due to text length limitations.

Grantor: City of Tenino
149 Hodgden St S
Tenino, WA 98589

Lender: Timberland Bank
Olympia Branch
423 Washington Street SE
Olympia, WA 98501

THIS COMMERCIAL SECURITY AGREEMENT dated February 28, 2023, is made and executed between City of Tenino ("Grantor") and Timberland Bank ("Lender").

GRANT OF SECURITY INTEREST. For valuable consideration, Grantor grants to Lender a security interest in the Collateral to secure the indebtedness and agrees that Lender shall have the rights stated in this Agreement with respect to the Collateral, in addition to all other rights which Lender may have by law.

COLLATERAL DESCRIPTION. The word "Collateral" as used in this Agreement means the following described property, whether now owned or hereafter acquired, whether now existing or hereafter arising, and wherever located, in which Grantor is giving to Lender a security interest for the payment of the indebtedness and performance of all other obligations under the Note and this Agreement:

2022 Ravo Sweeper Model 5ISeries Chassis VIN XM45FEHB9NA020384
Located at: 149 Hodgden Street South
Tenino, WA 98589

2022 Ravo Sweeper Model 5ISeries Chassis VIN XM45FEHB9NA020384

In addition, the word "Collateral" also includes all the following, whether now owned or hereafter acquired, whether now existing or hereafter arising, and wherever located:

- (A) All accessions, attachments, accessories, replacements of and additions to any of the collateral described herein, whether added now or later.
- (B) All products and produce of any of the property described in this Collateral section.
- (C) All accounts, general intangibles, instruments, rents, monies, payments, and all other rights, arising out of a sale, lease, consignment or other disposition of any of the property described in this Collateral section.
- (D) All proceeds (including insurance proceeds) from the sale, destruction, loss, or other disposition of any of the property described in this Collateral section, and sums due from a third party who has damaged or destroyed the Collateral or from that party's insurer, whether due to judgment, settlement or other process.
- (E) All records and data relating to any of the property described in this Collateral section, whether in the form of a writing, photograph, microfilm, microfiche, or electronic media, together with all of Grantor's right, title, and interest in and to all computer software required to utilize, create, maintain, and process any such records or data on electronic media.

CROSS-COLLATERALIZATION. In addition to the Note, this Agreement secures all obligations, debts and liabilities, plus interest thereon, of Grantor to Lender, or any one or more of them, as well as all claims by Lender against Grantor or any one or more of them, whether now existing or hereafter arising, whether related or unrelated to the purpose of the Note, whether voluntary or otherwise, whether due or not due, direct or indirect, determined or undetermined, absolute or contingent, liquidated or unliquidated, whether Grantor may be liable individually or jointly with others, whether obligated as guarantor, surety, accommodation party or otherwise, and whether recovery upon such amounts may be or hereafter may become barred by any statute of limitations; and whether the obligation to repay such amounts may be or hereafter may become otherwise unenforceable.

RIGHT OF SETOFF. To the extent permitted by applicable law, Lender reserves a right of setoff in all Grantor's accounts with Lender (whether checking, savings, or some other account). This includes all accounts Grantor holds jointly with someone else and all accounts Grantor may open in the future. However, this does not include any IRA or Keogh accounts, or any trust accounts for which setoff would be prohibited by law. Grantor authorizes Lender, to the extent permitted by applicable law, to charge or setoff all sums owing on the indebtedness against any and all such accounts, and, at Lender's option, to administratively freeze all such accounts to allow Lender to protect Lender's charge and setoff rights provided in this paragraph.

GRANTOR'S REPRESENTATIONS AND WARRANTIES WITH RESPECT TO THE COLLATERAL. With respect to the Collateral, Grantor represents and promises to Lender that:

Perfection of Security Interest. Grantor agrees to take whatever actions are requested by Lender to perfect and continue Lender's security interest in the Collateral. Upon request of Lender, Grantor will deliver to Lender any and all of the documents evidencing or constituting the Collateral, and Grantor will note Lender's interest upon any and all chattel paper and instruments if not delivered to Lender for possession by Lender. This is a continuing Security Agreement and will continue in effect even though all or any part of the indebtedness is paid in full and even though for a period of time Grantor may not be indebted to Lender.

Notice to Lender. Grantor will promptly notify Lender in writing at Lender's address shown above (or such other addresses as Lender may designate from time to time) prior to any (1) change in Grantor's name; (2) change in Grantor's assumed business name(s); (3) change in the management of the Corporation Grantor; (4) change in the authorized signer(s); (5) change in Grantor's principal office address; (6) change in Grantor's state of organization; (7) conversion of Grantor to a new or different type of business entity; or (8) change in any other aspect of Grantor that directly or indirectly relates to any agreements between Grantor and Lender. No change in Grantor's name or state of organization will take effect until after Lender has received notice.

No Violation. The execution and delivery of this Agreement will not violate any law or agreement governing Grantor or to which Grantor is a party, and its certificate of incorporation and bylaws do not prohibit any term or condition of this Agreement.

Enforceability of Collateral. To the extent the Collateral consists of accounts, chattel paper, or general intangibles, as defined by the Uniform Commercial Code, the Collateral is enforceable in accordance with its terms, is genuine, and fully complies with all applicable laws and regulations concerning form, content and manner of preparation and execution, and all persons appearing to be obligated on the Collateral have authority and capacity to contract and are in fact obligated as they appear to be on the Collateral. There shall be no setoffs or counterclaims against any of the Collateral, and no agreement shall have been made under which any deductions or discounts may be claimed concerning the Collateral except those disclosed to Lender in writing.

Location of the Collateral. Except in the ordinary course of Grantor's business, Grantor agrees to keep the Collateral at Grantor's address shown above, or at the location specified in the Collateral definition in this Agreement, or at such other locations as are acceptable to Lender. Upon Lender's request, Grantor will deliver to Lender in form satisfactory to Lender a schedule of real properties and Collateral locations relating to Grantor's operations, including without limitation the following: (1) all real property Grantor owns or is purchasing; (2) all real property Grantor is renting or leasing; (3) all storage facilities Grantor owns, rents, leases, or uses; and (4) all other properties where Collateral is or may be located.

Removal of the Collateral. Except in the ordinary course of Grantor's business, Grantor shall not remove the Collateral from its existing location without Lender's prior written consent. To the extent that the Collateral consists of vehicles, or other titled property, Grantor shall not take or permit any action which would require application for certificates of title for the vehicles outside the State of Washington, without Lender's prior written consent. Grantor shall, whenever requested, advise Lender of the exact location of the Collateral.

Transactions Involving Collateral. Except for inventory sold or accounts collected in the ordinary course of Grantor's business, or as otherwise provided for in this Agreement, Grantor shall not sell, offer to sell, or otherwise transfer or dispose of the Collateral. Grantor shall not pledge, mortgage, encumber or otherwise permit the Collateral to be subject to any lien, security interest, encumbrance, or charge, other than the security interest provided for in this Agreement, without the prior written consent of Lender. This includes security interests even if junior in right to the security interests granted under this Agreement. Unless waived by Lender, all proceeds from any disposition of the Collateral (for whatever reason) shall be held in trust for Lender and shall not be commingled with any other funds; provided however, this requirement shall not constitute consent by Lender to any sale or other disposition. Upon receipt, Grantor shall immediately deliver any such proceeds to Lender.

Title. Grantor represents and warrants to Lender that Grantor holds good and marketable title to the Collateral, free and clear of all liens and encumbrances except for the lien of this Agreement. No financing statement covering any of the Collateral is on file in any public

office other than those which reflect the security interest created by this Agreement or to which Lender has specifically consented. Grantor shall defend Lender's rights in the Collateral against the claims and demands of all other persons.

Repairs and Maintenance. Grantor agrees to keep and maintain, and to cause others to keep and maintain, the Collateral in good order, repair and condition at all times while this Agreement remains in effect. Grantor further agrees to pay when due all claims for work done on, or services rendered or material furnished in connection with the Collateral so that no lien or encumbrance may ever attach to or be filed against the Collateral.

Inspection of Collateral. Lender and Lender's designated representatives and agents shall have the right at all reasonable times to examine and inspect the Collateral wherever located.

Taxes, Assessments and Liens. Grantor will pay when due all taxes, assessments and liens upon the Collateral, its use or operation, upon this Agreement, upon any promissory note or notes evidencing the Indebtedness, or upon any of the other Related Documents. Grantor may withhold any such payment or may elect to contest any lien if Grantor is in good faith conducting an appropriate proceeding to contest the obligation to pay and so long as Lender's interest in the Collateral is not jeopardized in Lender's sole opinion. If the Collateral is bonded or other security satisfactory to Lender in an amount adequate to provide for the discharge of the lien plus any interest, costs, attorneys' fees or other charges that could accrue as a result of foreclosure or sale of the Collateral. In any contest Grantor shall defend itself and Lender and shall satisfy any final adverse judgment before enforcement against the Collateral. Grantor shall name Lender as an additional obligee under any surety bond furnished in the contest proceedings. Grantor further agrees to furnish Lender with evidence that such payment or may elect to contest any lien if Grantor is in good faith conducting an appropriate proceeding to contest the obligation to pay and so long as Lender's interest in the Collateral is not jeopardized.

Compliance with Governmental Requirements. Grantor shall comply promptly with all laws, ordinances, rules and regulations of all governmental authorities, now or hereafter in effect, applicable to the ownership, production, disposition, or use of the Collateral, including all laws or regulations relating to the undue erosion of highly-erodible land or relating to the conversion of wetlands for the production of an agricultural product or commodity. Grantor may contest in good faith any such law, ordinance or regulation and withhold compliance during any proceeding, including appropriate appeals, so long as Lender's interest in the Collateral, in Lender's opinion, is not jeopardized.

Hazardous Substances. Grantor represents and warrants that the Collateral never has been, and never will be so long as this Agreement remains in effect, used in violation of any Environmental Laws or for the generation, manufacture, storage, transportation, treatment, disposal, release or threatened release of any Hazardous Substance. The representations and warranties contained herein are based on Grantor's due diligence in investigating the Collateral for Hazardous Substances. Grantor hereby (1) releases and waives any future claims against Lender for indemnity or contribution in the event Grantor becomes liable for cleanup or other costs under any Environmental Laws, and (2) agrees to indemnify, defend, and hold harmless Lender against any and all claims and losses resulting from a breach of this provision of this Agreement. This obligation to indemnify and defend shall survive the payment of the Indebtedness and the satisfaction of this Agreement.

Maintenance of Casualty Insurance. Grantor shall procure and maintain all risks insurance, including without limitation fire, theft and liability coverage together with such other insurance as Lender may require with respect to the Collateral, in form, amounts, coverages and basis reasonably acceptable to Lender and issued by a company or companies reasonably acceptable to Lender. Grantor, upon request of Lender, will deliver to Lender from time to time the policies or certificates of insurance in form satisfactory to Lender, including stipulations that coverages will not be cancelled or diminished without at least thirty (30) days prior written notice to Lender and not including any disclaimer of the insurer's liability for failure to give such a notice. Each insurance policy also shall include an endorsement providing that coverage in favor of Lender will not be impaired in any way by any act, omission or default of Grantor or any other person. In connection with all policies covering assets in which Lender holds or is offered a security interest, Grantor will provide Lender with such loss payable or other endorsements as Lender may require. If Grantor at any time fails to obtain or maintain any insurance as required under this Agreement, Lender may (but shall not be obligated to) obtain such insurance as Lender deems appropriate, including if Lender so chooses "single interest insurance," which will cover only Lender's interest in the Collateral.

Application of Insurance Proceeds. Grantor shall promptly notify Lender of any loss or damage to the Collateral, whether or not such casualty or loss is covered by insurance. Lender may make proof of loss if Grantor fails to do so within fifteen (15) days of the casualty. All proceeds of any insurance on the Collateral, including accrued proceeds hereon, shall be held by Lender as part of the Collateral. If Lender consents to repair or replacement of the damaged or destroyed Collateral, Lender shall, upon satisfactory proof of expenditure, pay or reimburse Grantor from the proceeds for the reasonable cost of repair or restoration. If Lender does not consent to repair or replacement of the Collateral, Lender shall retain a sufficient amount of the proceeds to pay all of the Indebtedness, and shall pay the balance to Grantor. Any proceeds which have not been disbursed within six (6) months after their receipt and which Grantor has not committed to the repair or restoration of the Collateral shall be used to prepay the Indebtedness.

Insurance Reserves. Lender may require Grantor to maintain with Lender reserves for payment of insurance premiums, which reserves shall be created by monthly payments from Grantor of a sum estimated by Lender to be sufficient to produce, at least fifteen (15) days before the premium due date, amounts at least equal to the insurance premiums to be paid. If fifteen (15) days before payment is due, the reserve funds are insufficient, Grantor shall upon demand pay any deficiency to Lender. The reserve funds shall be held by Lender as a general deposit and shall constitute a non-interest-bearing account which Lender may satisfy by payment of the insurance premiums required to be paid by Grantor as they become due. Lender does not hold the reserve funds in trust for Grantor, and Lender is not the agent of Grantor for payment of the insurance premiums required to be paid by Grantor. The responsibility for the payment of premiums shall remain Grantor's sole responsibility.

Insurance Reports. Grantor, upon request of Lender, shall furnish to Lender reports on each existing policy of insurance showing such information as Lender may reasonably request including the following: (1) the name of the insurer; (2) the risks insured; (3) the amount of the policy; (4) the property insured; (5) the then current value on the basis of which insurance has been obtained and the manner of determining that value; and (6) the expiration date of the policy. In addition, Grantor shall upon request by Lender (however not more often than annually) have an independent appraiser satisfactory to Lender determine, as applicable, the cash value or replacement cost of the Collateral.

Financing Statements. Grantor authorizes Lender to file a UCC financing statement, or alternatively, a copy of this Agreement to perfect Lender's security interest. At Lender's request, Grantor additionally agrees to sign all other documents that are necessary to perfect, protect, and continue Lender's security interest in the Property. Grantor will pay all filing fees, title transfer fees, and other fees and costs involved unless prohibited by law or unless Lender is required by law to pay such fees and costs. Grantor irrevocably appoints Lender to execute documents necessary to transfer title if there is a default. Lender may file a copy of this Agreement as a financing statement.

GRANTOR'S RIGHT TO POSSESSION. Until default, Grantor may have possession of the tangible personal property and beneficial use of all the Collateral and may use it in any lawful manner not inconsistent with this Agreement or the Related Documents, provided that Grantor's right to possession and beneficial use shall not apply to any Collateral where possession of the Collateral by Lender is required by law to perfect Lender's security interest in such Collateral. If Lender at any time has possession of any Collateral, whether before or after an Event of Default, Lender shall be deemed to have exercised reasonable care in the custody and preservation of the Collateral if Lender takes such action for that purpose as Grantor shall request or as Lender, in Lender's sole discretion, shall deem appropriate under the circumstances, but failure to honor any request by Grantor shall not of itself be deemed to be a failure to exercise reasonable care. Lender shall not be required to take any steps necessary to preserve any rights in the Collateral against prior parties, nor to protect, preserve or maintain any security interest given to secure the Indebtedness.

LENDER'S EXPENDITURES. If any action or proceeding is commenced that would materially affect Lender's interest in the Collateral or if Grantor fails to comply with any provision of this Agreement or any Related Documents, including but not limited to Grantor's failure to discharge or pay when due any amounts Grantor is required to discharge or pay under this Agreement or any Related Documents, Lender on Grantor's behalf may (but shall not be obligated to) take any action that Lender deems appropriate, including but not limited to discharging or paying all taxes, liens, security interests, encumbrances and other claims, at any time levied or placed on the Collateral and paying all costs for insuring, maintaining and preserving the Collateral. All such expenditures incurred or paid by Lender for such purposes will then bear interest at the rate charged under the Note from the date incurred or paid by Lender to the date of repayment by Grantor. All such expenses will become a part of the Indebtedness and, at Lender's option, will (A) be payable on demand; (B) be added to the balance of the Note and be apportioned among and be payable with any installment payments to become due during either (1) the term of any applicable insurance policy; or (2) the remaining term of the Note; or (C) be treated as a balloon payment which will be due and payable at the Note's maturity. The Agreement also will secure payment of these amounts. Such right shall be in addition to all other rights and remedies to which Lender may be entitled upon the occurrence of any Event of Default.

DEFAULT. Each of the following shall constitute an Event of Default under this Agreement:

Payment Default. Grantor fails to make any payment when due under the Indebtedness.

Other Defaults. Grantor fails to comply with or to perform any other term, obligation, covenant or condition contained in this Agreement or

in any of the Related Documents or to comply with or to perform any term, obligation, covenant or condition contained in any other agreement between Lender and Grantor.

Default in Favor of Third Parties. Grantor defaults under any loan, extension of credit, security agreement, purchase or sales agreement, or any other agreement, in favor of any other creditor or person that may materially affect any of Grantor's property or ability to perform Grantor's obligations under this Agreement or any of the Related Documents.

False Statements. Any warranty, representation or statement made or furnished to Lender by Grantor or on Grantor's behalf under this Agreement or the Related Documents is false or misleading in any material respect, either now or at the time made or furnished or becomes false or misleading at any time thereafter.

Defective Collateralization. This Agreement or any of the Related Documents ceases to be in full force and effect (including failure of any collateral document to create a valid and perfected security interest or lien) at any time and for any reason.

Insolvency. The dissolution or termination of Grantor's existence as a going business, the insolvency of Grantor, the appointment of a receiver for any part of Grantor's property, any assignment for the benefit of creditors, any type of creditor workout, or the commencement of any proceeding under any bankruptcy or insolvency laws by or against Grantor.

Creditor or Forfeiture Proceedings. Commencement of foreclosure or forfeiture proceedings, whether by judicial proceeding, self-help, repossession or any other method, by any creditor of Grantor or by any governmental agency against any collateral securing the Indebtedness. This includes a garnishment of any of Grantor's accounts, including deposit accounts, with Lender. However, this Event of Default shall not apply if there is a good faith dispute by Grantor as to the validity or reasonableness of the claim which is the basis of the creditor or forfeiture proceeding and if Grantor gives Lender written notice of the creditor or forfeiture proceeding, in an amount determined by Lender, in its sole discretion, as being the monies or a surety bond for the creditor or forfeiture proceeding, in an amount determined by Lender, in its sole discretion, as being an adequate reserve or bond for the dispute.

Events Affecting Guarantor. Any of the preceding events occurs with respect to any guarantor, endorser, surety, or accommodation party of any of the Indebtedness or guarantor, endorser, surety, or accommodation party dies or becomes incompetent or revokes or disputes the validity of, or liability under, any Guaranty of the Indebtedness.

Adverse Change. A material adverse change occurs in Grantor's financial condition, or Lender believes the prospect of payment or performance of the Indebtedness is impaired.

Insecurity. Lender in good faith believes itself insecure.

Cure Provisions. If any default, other than a default in payment, is curable and if Grantor has not been given a notice of a breach of the same provision of this Agreement within the preceding twelve (12) months, it may be cured if Grantor, after Lender sends written notice to Grantor demanding cure of such default: (1) cures the default within fifteen (15) days, or (2) if the cure requires more than fifteen (15) days, immediately initiates steps which Lender deems in Lender's sole discretion to be sufficient to cure the default and thereafter continues and completes all reasonable and necessary steps sufficient to produce compliance as soon as reasonably practical.

RIGHTS AND REMEDIES ON DEFAULT. If an Event of Default occurs under this Agreement, at any time thereafter, Lender shall have all the rights of a secured party under the Washington Uniform Commercial Code. In addition, and without limitation, Lender may exercise any one or more of the following rights and remedies:

Accelerate Indebtedness. Lender may declare the entire Indebtedness, including any prepayment penalty which Grantor would be required to pay, immediately due and payable, without notice of any kind to Grantor.

Assemble Collateral. Lender may require Grantor to deliver to Lender all or any portion of the Collateral and any and all certificates of title and other documents relating to the Collateral. Lender may require Grantor to assemble the Collateral and make it available to Lender at a place to be designated by Lender. Lender also shall have full power to enter upon the property of Grantor to take possession of and remove the Collateral. If the Collateral contains other goods not covered by this Agreement at the time of repossession, Grantor agrees Lender may take such other goods, provided that Lender makes reasonable efforts to return them to Grantor after repossession.

Sell the Collateral. Lender shall have full power to sell, lease, transfer, or otherwise deal with the Collateral or proceeds thereof in Lender's own name or that of Grantor. Lender may sell the Collateral at public auction or private sale. Unless the Collateral threatens to decline speedily in value or is of a type customarily sold on a recognized market, Lender will give Grantor, and other persons as required by law, reasonable notice of the time and place of any public sale, or the time after which any private sale or any other disposition of the Collateral is to be made. However, no notice need be provided to any person who, after Event of Default occurs, enters into and authenticates an agreement waiving that person's right to notification of sale. The requirements of reasonable notice shall be met if such notice is given at least ten (10) days before the time of the sale or disposition. All expenses relating to the disposition of the Collateral, including without limitation the expenses of retaking, holding, insuring, preparing for sale and selling the Collateral, shall become a part of the indebtedness secured by this Agreement and shall be payable on demand, with interest at the Note rate from date of expenditure until repaid.

Appoint Receiver. Lender shall have the right to have a receiver appointed to take possession of all or any part of the Collateral, with the power to protect and preserve the Collateral, to operate the Collateral preceding or pending foreclosure or sale, and to collect the rents from the Collateral and apply the proceeds, over and above the cost of the receivership, against the Indebtedness. The receiver may serve without bond if permitted by law. Lender's right to the appointment of a receiver shall exist whether or not the apparent value of the Collateral exceeds the Indebtedness by a substantial amount. Employment by Lender shall not disqualify a person from serving as a receiver.

Collect Revenues; Apply Accounts. Lender, either itself or through a receiver, may collect the payments, rents, income, and revenues from the Collateral. Lender may at any time in Lender's discretion transfer any Collateral into Lender's own name or that of Lender's nominee and receive the payments, rents, income, and revenues therefrom and hold the same as security for the Indebtedness or apply it to payment of the Indebtedness in such order of preference as Lender may determine. Insofar as the Collateral consists of accounts, general intangibles, insurance policies, instruments, chattel paper, choses in action, or similar property, Lender may demand, collect, receipt for, settle, compromise, adjust, sue for, foreclose, or realize on the Collateral as Lender may determine, whether or not Indebtedness or Collateral is then due. For these purposes, Lender may, on behalf of and in the name of Grantor, receive, open and dispose of mail addressed to Grantor, change any address to which mail and payments are to be sent, and endorse notes, checks, drafts, money orders, documents of title, instruments and items pertaining to payment, shipment, or storage of any Collateral. To facilitate collection, Lender may notify account debtors and obligors on any Collateral to make payments directly to Lender.

Obtain Deficiency. If Lender chooses to sell any or all of the Collateral, Lender may obtain a judgment against Grantor for any deficiency remaining on the Indebtedness due to Lender after application of all amounts received from the exercise of the rights provided in this Agreement. Grantor shall be liable for a deficiency even if the transaction described in this subsection is a sale of accounts or chattel paper.

Other Rights and Remedies. Lender shall have all the rights and remedies of a secured creditor under the provisions of the Uniform Commercial Code, as may be amended from time to time. In addition, Lender shall have and may exercise any or all other rights and remedies it may have available at law, in equity, or otherwise.

Election of Remedies. Except as may be prohibited by applicable law, all of Lender's rights and remedies, whether evidenced by this Agreement, the Related Documents, or by any other writing, shall be cumulative and may be exercised singularly or concurrently. Election by Lender to pursue any remedy shall not exclude pursuit of any other remedy, and an election to make expenditures or to take action to perform an obligation of Grantor under this Agreement, after Grantor's failure to perform, shall not affect Lender's right to declare a default and exercise its remedies.

MISCELLANEOUS PROVISIONS. The following miscellaneous provisions are a part of this Agreement:

Amendments. This Agreement, together with any Related Documents, constitutes the entire understanding and agreement of the parties as to the matters set forth in this Agreement. No alteration or amendment to this Agreement shall be effective unless given in writing and signed by the party or parties sought to be charged or bound by the alteration or amendment.

Attorneys' Fees; Expenses. Grantor agrees to pay upon demand all of Lender's costs and expenses, including Lender's attorneys' fees and Lender's legal expenses, incurred in connection with the enforcement of this Agreement. Lender may hire or pay someone else to help enforce this Agreement, and Grantor shall pay the costs and expenses of such enforcement. Costs and expenses include Lender's attorneys' fees and legal expenses whether or not there is a lawsuit, including attorneys' fees and legal expenses for bankruptcy proceedings (including efforts to modify or vacate any automatic stay or injunction), appeals, and any anticipated post-judgment collection services. Grantor also shall pay all court costs and such additional fees as may be directed by the court.

Caption Headings. Caption headings in this Agreement are for convenience purposes only and are not to be used to interpret or define the provisions of this Agreement.

Governing Law. This Agreement will be governed by federal law applicable to Lender and, to the extent not preempted by federal law, the

laws of the State of Washington without regard to its conflicts of law provisions. This Agreement has been accepted by Lender in the State of Washington.

Choice of Venue. If there is a lawsuit, Grantor agrees upon Lender's request to submit to the jurisdiction of the courts of Grays Harbor County, State of Washington.

Preference Payments. Any monies Lender pays because of an asserted preference claim in Grantor's bankruptcy will become a part of the indebtedness and, at Lender's option, shall be payable by Grantor as provided in this Agreement.

No Waiver by Lender. Lender shall not be deemed to have waived any rights under this Agreement unless such waiver is given in writing and signed by Lender. No delay or omission on the part of Lender in exercising any right shall operate as a waiver of such right or any other right. A waiver by Lender of a provision of this Agreement shall not prejudice or constitute a waiver of Lender's right otherwise than demand strict compliance with that provision or any other provision of this Agreement. No prior waiver by Lender, nor any course of dealing between Lender and Grantor, shall constitute a waiver of any of Lender's rights or of any of Grantor's obligations as to any future transactions. Whenever the consent of Lender is required under this Agreement, the granting of such consent by Lender in any instance shall not constitute continuing consent to subsequent instances where such consent is required and in all cases such consent may be granted or withheld in the sole discretion of Lender.

Notices. Subject to applicable law, and except for notice required or allowed by law to be given in another manner, any notice required to be given under this Agreement shall be given in writing, and shall be effective when actually delivered, when actually received by telefacsimile (unless otherwise required by law), when deposited with a nationally recognized overnight courier, or, if mailed, when deposited in the United States mail, as first class, certified or registered mail postage prepaid, directed to the addresses shown near the beginning of this Agreement. Any party may change its address for notices under this Agreement by giving formal written notice to the other parties, specifying that the purpose of the notice is to change the party's address. For notice purposes, Grantor agrees to keep Lender informed at all times of Grantor's current address. Subject to applicable law, and except for notice required or allowed by law to be given in another manner, if there is more than one Grantor, any notice given by Lender to any Grantor is deemed to be notice given to all Grantors.

Power of Attorney. Grantor hereby appoints Lender as Grantor's irrevocable attorney-in-fact for the purpose of executing any documents necessary to perfect, amend, or to continue the security interest granted in this Agreement or to demand termination of filings of other secured parties. Lender may at any time, and without further authorization from Grantor, file a carbon, photographic or other reproduction of any financing statement or of this Agreement for use as a financing statement. Grantor will reimburse Lender for all expenses for the perfection and the continuation of the perfection of Lender's security interest in the Collateral.

Waiver of Co-Obligor's Rights. If more than one person is obligated for the indebtedness, Grantor irrevocably waives, disclaims and relinquishes all claims against such other person which Grantor has or would otherwise have by virtue of payment of the indebtedness or any part thereof, specifically including but not limited to all rights of indemnity, contribution or exoneration.

Severability. If a court of competent jurisdiction finds any provision of this Agreement to be illegal, invalid, or unenforceable as to any circumstance, that finding shall not make the offending provision illegal, invalid, or unenforceable as to any other circumstances. If feasible, the offending provision shall be considered modified so that it becomes legal, valid and enforceable. If the offending provision cannot be so modified, it shall be considered deleted from this Agreement. Unless otherwise required by law, the illegality, invalidity, or unenforceability of any provision of this Agreement shall not affect the legality, validity or enforceability of any other provision of this Agreement.

Successors and Assigns. Subject to any limitations stated in this Agreement on transfer of Grantor's interest, this Agreement shall be binding upon and inure to the benefit of the parties, their successors and assigns. If ownership of the Collateral becomes vested in a person other than Grantor, Lender, without notice to Grantor, may deal with Grantor's successors with reference to this Agreement and the indebtedness by way of forbearance or extension without releasing Grantor from the obligations of this Agreement or liability under the indebtedness.

Survival of Representations and Warranties. All representations, warranties, and agreements made by Grantor in this Agreement shall survive the execution and delivery of this Agreement, shall be continuing in nature, and shall remain in full force and effect until such time as Grantor's indebtedness shall be paid in full.

Time is of the Essence. Time is of the essence in the performance of this Agreement.

DEFINITIONS. The following capitalized words and terms shall have the following meanings when used in this Agreement. Unless specifically stated to the contrary, all references to dollar amounts shall mean amounts in lawful money of the United States of America. Words and terms used in the singular shall include the plural, and the plural shall include the singular, as the context may require. Words and terms defined in this Agreement shall have the meanings attributed to such terms in the Uniform Commercial Code:

Agreement. The word "Agreement" means this Commercial Security Agreement, as this Commercial Security Agreement may be amended or modified from time to time, together with all exhibits and schedules attached to this Commercial Security Agreement from time to time.

Borrower. The word "Borrower" means City of Tenino and includes all co-signers and co-makers signing the Note and all their successors and assigns.

Collateral. The word "Collateral" means all of Grantor's right, title and interest in and to all the Collateral as described in the Collateral Description section of this Agreement.

Environmental Laws. The words "Environmental Laws" mean any and all state, federal and local statutes, regulations and ordinances relating to the protection of human health or the environment, including without limitation the Comprehensive Environmental Response, Compensation, and Liability Act of 1980, as amended, 42 U.S.C. Section 9601, et seq. ("CERCLA"), the Superfund Amendments and Reauthorization Act of 1986, Pub. L. No. 99-499 ("SARA"), the Hazardous Materials Transportation Act, 49 U.S.C. Section 1801, et seq., and the Resource Conservation and Recovery Act, 42 U.S.C. Section 6901, et seq., or other applicable state or federal laws, rules, or regulations adopted pursuant thereto.

Event of Default. The words "Event of Default" mean any of the events of default set forth in this Agreement in the default section of this Agreement.

Grantor. The word "Grantor" means City of Tenino.

Guaranty. The word "Guaranty" means the guaranty from guarantor, endorser, surety, or accommodation party to Lender, including without limitation a guaranty of all or part of the Note.

Hazardous Substances. The words "Hazardous Substances" mean materials that, because of their quantity, concentration or physical, chemical or infectious characteristics, may cause or pose a present or potential hazard to human health or the environment when improperly used, treated, stored, disposed of, generated, manufactured, transported or otherwise handled. The words "Hazardous Substances" are used in their very broadest sense and include without limitation any and all hazardous or toxic substances, materials or waste as defined by or listed under the Environmental Laws. The term "Hazardous Substances" also includes, without limitation, petroleum and petroleum by-products or any fraction thereof and asbestos.

Indebtedness. The word "Indebtedness" means the indebtedness evidenced by the Note or Related Documents, including all principal and interest together with all other indebtedness and costs and expenses for which Grantor is responsible under this Agreement or under any of the Related Documents. Specifically, without limitation, indebtedness includes all amounts that may be indirectly secured by the Cross-Collateralization provision of this Agreement.

Lender. The word "Lender" means Timberland Bank, its successors and assigns.

Note. The word "Note" means the Note dated February 28, 2023 and executed by City of Tenino in the principal amount of \$216,750.00, together with all renewals of, extensions of, modifications of, refinancings of, consolidations of, and substitutions for the note or credit agreement.

Property. The word "Property" means all of Grantor's right, title and interest in and to all the Property as described in the "Collateral Description" section of this Agreement.

Related Documents. The words "Related Documents" mean all promissory notes, credit agreements, loan agreements, environmental agreements, guaranties, security agreements, mortgages, deeds of trust, security deeds, collateral mortgages, and all other instruments, agreements and documents, whether now or hereafter existing, executed in connection with the indebtedness.

GRANTOR HAS READ AND UNDERSTOOD ALL THE PROVISIONS OF THIS COMMERCIAL SECURITY AGREEMENT AND AGREES TO ITS TERMS. THIS AGREEMENT IS DATED FEBRUARY 28, 2023.

GRANTOR:

CITY OF TENINO

By: _____
Wayne Fournier Jr, Mayor of City of Tenino

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DRAFT

POWER OF ATTORNEY

City of Tenino of 149 Hodgden St S, Tenino, WA 98589, the bona fide registered owner of the following described property: 2022 Ravo Sweeper Model 5ISeries Chassis VIN XM45FEHB9NA020384, hereby irrevocably appoints Timberland Bank, with an address of Olympia Branch, 423 Washington Street SE, Olympia, WA 98501, or any officer thereof, as Grantor's attorney with full authority to execute and record any and all instruments, affidavits, certificates of title, renewals, and other documents necessary to effect registration, transfer of title, application for title and to evidence Timberland Bank's security interest in the above described other titled and to do such other things as may be proper pertaining to the title or licensing of the other titled, in Grantor's place and stead. This Power of Attorney shall not terminate or otherwise be affected by Grantor's subsequent disability or incapacity.

GRANTOR:

CITY OF TENINO

By: Wayne Fournier Jr, Mayor of City of Tenino

CORPORATE ACKNOWLEDGMENT

STATE OF _____)

COUNTY OF _____) SS

This record was acknowledged before me on _____, 20____ by Wayne Fournier Jr, Mayor of City of Tenino.

(Signature of notary public)

(Title of office)

My commission expires:

(date)

AUTOMATED PAYMENT SYSTEM

Principal	Loan Date	Maturity	Loan No	Call / Coll	Account	Officer	Initials
\$216,750.00	02-28-2023	06-01-2028	977495668	5A / 13		***	

References in the boxes above are for Lender's use only and do not limit the applicability of this document to any particular loan or item. Any item above containing "*****" has been omitted due to text length limitations.

Borrower: City of Tenino
149 Hodgden St S
Tenino, WA 98589

Lender: Timberland Bank
Olympia Branch
423 Washington Street SE
Olympia, WA 98501

Timberland Bank
Automated Payment System

Terms and Conditions

Please read all of the terms and conditions carefully and sign where indicated.

1. By completing the Automated Payment System (APS) authorization, you are authorizing Timberland Bank to make your loan payment each month by automatically transferring funds from the financial institution account specified by you.
2. Your loan must be in a current status before APS can be established.
3. If your scheduled automated payment date falls on a weekend or a legal bank holiday, the automated payment will occur on the next business day.
4. Be sure to check your financial institution account statement to verify the date and amount of any automated payments initiated by Timberland Bank. In the event of an error, please notify your financial institution and Timberland Bank immediately.
5. If under the terms of your loan the payment may change, this authorization allows Timberland Bank to adjust the amount paid from your financial institution account to accommodate these changes.
6. If you wish to pay an additional amount toward your outstanding principal balance, this deduction will be made along with your regular monthly payment. You can change or eliminate this additional amount as long as you give Timberland Bank notification at least ten business days before the scheduled APS payment date.
7. Timberland Bank cannot automatically pay fees or additional escrow payments. Payments for fees or additional escrow must be mailed separately.
8. If your financial institution returns an automated payment unpaid, Timberland Bank has the right to assess a reasonable fee. You are then responsible for mailing the payment to Timberland Bank. If your payment is not received by us before the end of your grace period, your payment will be counted as past due and the usual late payment fee will apply.
9. Timberland Bank reserves the right to cancel this arrangement for any reason and will terminate it if:
 - * your automated payment is returned by your financial institution because of "Authorization Revoked" or "Account Closed"
 - * three automated payments are returned unpaid for insufficient funds within a consecutive 12-month period
 - * you do not otherwise comply with these Terms and Conditions or your mortgage loan enters a foreclosure status

Borrower _____

Borrower _____

AUTOMATED PAYMENT SYSTEM (Continued)

Loan No: 977495668

Automated Payment System Authorization

Timberland Bank Loan Number _____

Name _____

Daytime Phone Number _____

Your Financial Institution's Name _____

Your Financial Institution's Phone Number _____

*Deduct my payment on the _____ day of each month.

*You may request to have your payment withdrawn on a day other than your due date, taking into consideration your late charge assessment date per your Note. Unless otherwise noted, your payment will be made on your due date.

Financial Institution's ABA Routing Number _____

Financial Institution's Account Number _____

Account Type _____ Checking _____ Savings

Payment Options:

_____ Please deduct my regularly scheduled payment.

_____ I wish to increase the payment amount of my loan(s) beyond my regularly scheduled payment. Please deduct a total of \$ _____ (regular payment plus additional amount) per month and apply the additional amount to the principal balance of my loan.

My signature below authorizes Timberland Bank to debit my checking or savings account for my monthly payment plus any additional principal amount as designated above. I understand that my payment amount may vary with changes in escrow or principal and interest portions as applicable. I understand I must continue to remit payments on time until APS begins, and I must maintain sufficient funds in my designated account to cover the total APS debit amount or Timberland Bank will charge a fee. If my payment is not received by the late charge assessment date, usual late fees apply, in accordance with my Note.

I HAVE READ THE TERMS AND CONDITIONS OF THE AUTOMATED PAYMENT SYSTEMS.

Date _____

Signature _____

Signature _____

Attach voided check here

FOR BANK USE ONLY

First Payment Date _____

APS Number _____

Date Set-Up _____ Initials _____

AGREEMENT TO PROVIDE INSURANCE

Principal	Loan Date	Maturity	Loan No	Call / Coll	Account	Officer	Initials
\$216,750.00	02-28-2023	06-01-2028	977495668	5A / 13		***	

References in the boxes above are for Lender's use only and do not limit the applicability of this document to any particular loan or item. Any item above containing "*****" has been omitted due to text length limitations.

Grantor: City of Tenino
149 Hodgden St S
Tenino, WA 98589

Lender: Timberland Bank
Olympia Branch
423 Washington Street SE
Olympia, WA 98501

INSURANCE REQUIREMENTS. Grantor, City of Tenino ("Grantor"), understands that insurance coverage is required in connection with the extending of a loan or the providing of other financial accommodations to Grantor by Lender. These requirements are set forth in the security documents for the loan. The following minimum insurance coverages must be provided on the following described collateral (the "Collateral"):

Collateral: 2022 Ravo Sweeper Model 5iSeries Chassis VIN XM45FEHB9NA020384.
Type: Comprehensive and collision.
Amount: Full Insurable Value.
Basis: Replacement value.
Endorsements: Lender loss payable clause with stipulation that coverage will not be cancelled or diminished without a minimum of 30 days prior written notice to Lender.
Latest Delivery Date: By the loan closing date.

Collateral: 2022 Ravo Sweeper Model 5iSeries Chassis VIN XM45FEHB9NA020384.
Type: All risks, including fire, theft and liability.
Amount: Full Insurable Value.
Basis: Replacement value.
Endorsements: Lender loss payable clause with stipulation that coverage will not be cancelled or diminished without a minimum of 30 days prior written notice to Lender.
Latest Delivery Date: By the loan closing date.

INSURANCE COMPANY. Grantor may obtain insurance from any insurance company Grantor may choose that is reasonably acceptable to Lender. Grantor understands that credit may not be denied solely because insurance was not purchased through Lender.

FAILURE TO PROVIDE INSURANCE. Grantor agrees to deliver to Lender, on the latest delivery date stated above, proof of the required insurance as provided above, with an effective date of February 28, 2023, or earlier. Grantor acknowledges and agrees that if Grantor fails to provide any required insurance or fails to continue such insurance in force, Lender may do so at Grantor's expense as provided in the applicable security document. The cost of any such insurance, at the option of Lender, shall be added to the indebtedness as provided in the security document. **GRANTOR ACKNOWLEDGES THAT IF LENDER SO PURCHASES ANY SUCH INSURANCE, THE INSURANCE WILL PROVIDE LIMITED PROTECTION AGAINST PHYSICAL DAMAGE TO THE COLLATERAL UP TO AN AMOUNT EQUAL TO THE LESSER OF (1) THE UNPAID BALANCE OF THE DEBT, EXCLUDING ANY UNEARNED FINANCE CHARGES, OR (2) THE VALUE OF THE COLLATERAL; HOWEVER, GRANTOR'S EQUITY IN THE COLLATERAL MAY NOT BE INSURED. IN ADDITION, THE INSURANCE MAY NOT PROVIDE ANY PUBLIC LIABILITY OR PROPERTY DAMAGE INDEMNIFICATION AND MAY NOT MEET THE REQUIREMENTS OF ANY FINANCIAL RESPONSIBILITY LAWS.**

AUTHORIZATION. For purposes of insurance coverage on the Collateral, Grantor authorizes Lender to provide to any person (including any insurance agent or company) all information Lender deems appropriate, whether regarding the Collateral, the loan or other financial accommodations, or both.

GRANTOR ACKNOWLEDGES HAVING READ ALL THE PROVISIONS OF THIS AGREEMENT TO PROVIDE INSURANCE AND AGREES TO ITS TERMS. THIS AGREEMENT IS DATED FEBRUARY 28, 2023.

GRANTOR:

CITY OF TENINO

By: Wayne Fournier Jr, Mayor of City of Tenino

AGREEMENT TO PROVIDE INSURANCE
(Continued)

**FOR LENDER USE ONLY
INSURANCE VERIFICATION**

DATE: _____ PHONE _____

AGENT'S NAME: _____

AGENCY: _____

ADDRESS: _____

INSURANCE COMPANY: _____

POLICY NUMBER: _____

EFFECTIVE DATES: _____

COMMENTS: _____

**FOR LENDER USE ONLY
INSURANCE VERIFICATION**

DATE: _____ PHONE _____

AGENT'S NAME: _____

AGENCY: _____

ADDRESS: _____

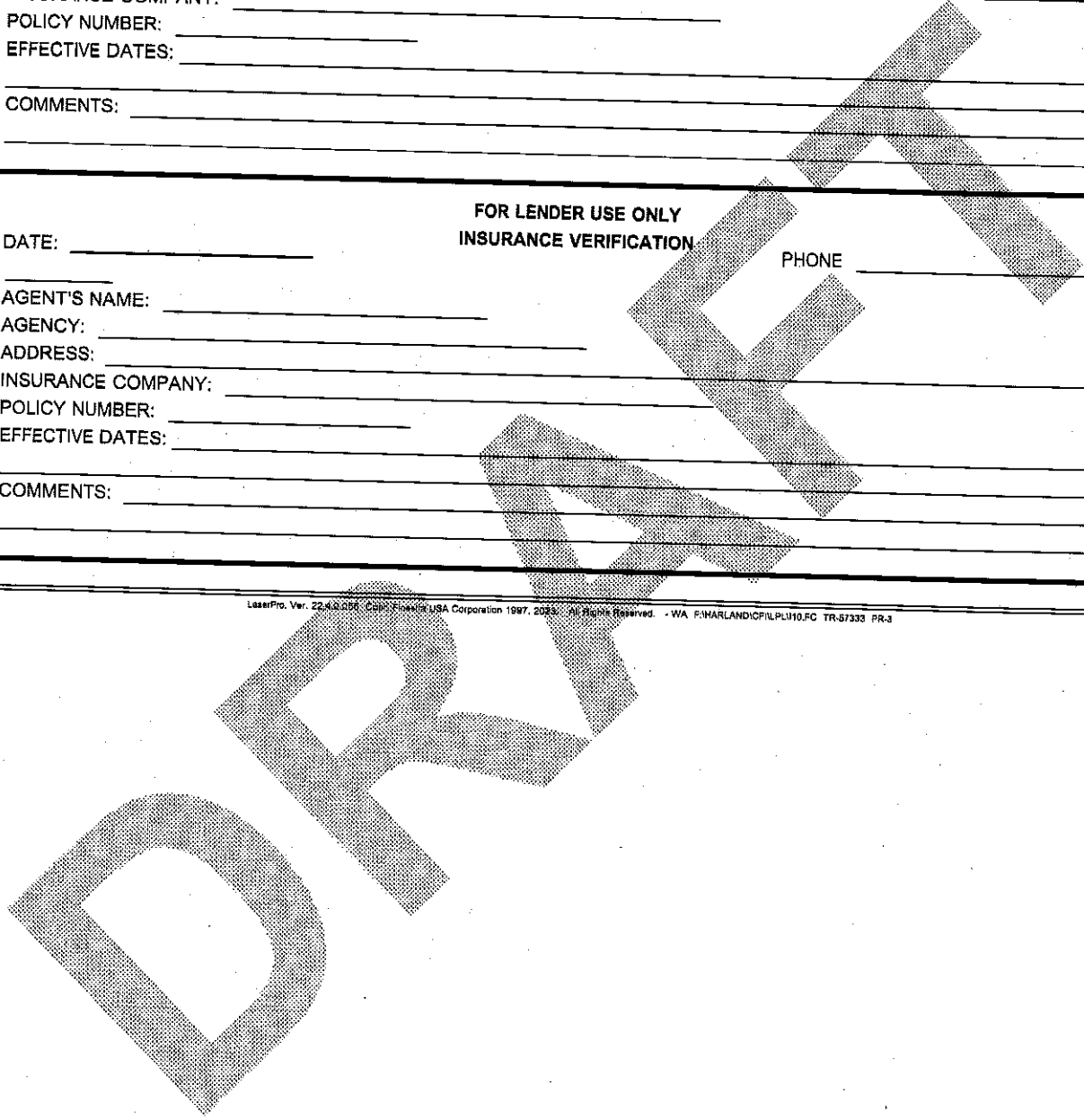
INSURANCE COMPANY: _____

POLICY NUMBER: _____

EFFECTIVE DATES: _____

COMMENTS: _____

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NOTICE OF INSURANCE REQUIREMENTS

Principal	Loan Date	Maturity	Loan No	Call / Coll	Account	Officer	Initials
	02-28-2023		977495668	5A / 13		****	

References in the boxes above are for Lender's use only and do not limit the applicability of this document to any particular loan or item. Any item above containing "*****" has been omitted due to text length limitations.

Grantor: City of Tenino
149 Hodgden St S
Tenino, WA 98589

Lender: Timberland Bank
Olympia Branch
423 Washington Street SE
Olympia, WA 98501

TO: ATTN: Insurance Agent

DATE: February 28, 2023

RE: Policy Number(s):
Insurance Companies/Company:

Dear Insurance Agent:

Grantor, City of Tenino ("Grantor") is obtaining a loan from Timberland Bank. Please send appropriate evidence of insurance to Timberland Bank, together with the requested endorsements, on the following property, which Grantor is giving as security for the loan.

Collateral: 2022 Ravo Sweeper Model 5iSeries Chassis VIN XM45FEHB9NA020384.
Type: Comprehensive and collision.
Amount: Full Insurable Value.
Basis: Replacement value.
Endorsements: Lender loss payable clause with stipulation that coverage will not be cancelled or diminished without a minimum of 30 days prior written notice to Lender.
Latest Delivery Date: By the loan closing date.

Collateral: 2022 Ravo Sweeper Model 5iSeries Chassis VIN XM45FEHB9NA020384.
Type: All risks, including fire, theft and liability.
Amount: Full Insurable Value.
Basis: Replacement value.
Endorsements: Lender loss payable clause with stipulation that coverage will not be cancelled or diminished without a minimum of 30 days prior written notice to Lender.
Latest Delivery Date: By the loan closing date.

GRANTOR:

CITY OF TENINO

By: Wayne Fournier Jr, Mayor of City of Tenino

RETURN TO:

Olympia Branch
423 Washington Street SE
Olympia, WA 98501

DISBURSEMENT REQUEST AND AUTHORIZATION

Principal	Loan Date	Maturity	Loan No	Call / Coll	Account	Officer	Initials
\$216,750.00	02-28-2023	06-01-2028	977495668	SA / 13		***	

References in the boxes above are for Lender's use only and do not limit the applicability of this document to any particular loan or item. Any item above containing "*****" has been omitted due to text length limitations.

Borrower: City of Tenino
149 Hodgden St S
Tenino, WA 98589

Lender: Timberland Bank
Olympia Branch
423 Washington Street SE
Olympia, WA 98501

LOAN TYPE. This is a Fixed Rate (6.500%) Nondisclosable Loan to a Corporation for \$216,750.00 due on demand and, if no demand, on June 1, 2028.

PRIMARY PURPOSE OF LOAN. The primary purpose of this loan is for:

- Personal, Family, or Household Purposes or Personal Investment.
- Business (Including Real Estate Investment).

SPECIFIC PURPOSE. The specific purpose of this loan is: purchase new street sweeper.

DISBURSEMENT INSTRUCTIONS. Borrower understands that no loan proceeds will be disbursed until all of Lender's conditions for making the loan have been satisfied. Please disburse the loan proceeds of \$216,750.00, together with funds contributed of \$67,977.85, as follows:

Amount paid to others on Borrower's behalf:	
\$282,297.85 to Cashier Check to Enviro-Clean Equipment, Inc.	\$282,297.85
Other Charges Financed:	
\$225.00 UCC Filing Fee	\$2,430.00
\$37.50 Title Transfer Fee	
\$2,167.50 Loan Origination Fee (%)	
Other Funds Contributed:	
\$67,977.85 Funds from borrower	(\$67,977.85)
Note Principal:	\$216,750.00

LIEN RELEASE FEES. In addition to all other charges, Borrower agrees, to the extent not prohibited by law, to pay all governmental fees for release of Lender's security interests in collateral securing this loan. Borrower will pay these fees at the time the lien or liens are released. The estimated amount of these future lien release fees is \$39.50

FINANCIAL CONDITION. BY SIGNING THIS AUTHORIZATION, BORROWER REPRESENTS AND WARRANTS TO LENDER THAT THE INFORMATION PROVIDED ABOVE IS TRUE AND CORRECT AND THAT THERE HAS BEEN NO MATERIAL ADVERSE CHANGE IN BORROWER'S FINANCIAL CONDITION AS DISCLOSED IN BORROWER'S MOST RECENT FINANCIAL STATEMENT TO LENDER. THIS AUTHORIZATION IS DATED FEBRUARY 28, 2023.

BORROWER:

CITY OF TENINO

By: Wayne Fournier Jr, Mayor of City of Tenino

LENDING: 10/23/2023 10:00:00 AM - WA FOUNIER/CP/PL/2023/FC TR 0203 PR-3

DRAFT

NOTICE OF FINAL AGREEMENT

Principal	Loan Date	Maturity	Loan No	Call / Coll	Account	Officer	Initials
\$216,750.00	02-28-2023	06-01-2028	977495666	5A / 13			

References in the boxes above are for Lender's use only and do not limit the applicability of this document to any particular loan or item. Any item above containing "*****" has been omitted due to text length limitations.

Borrower: City of Tenino
149 Hodgden St S
Tenino, WA 98589

Lender: Timberland Bank
Olympia Branch
423 Washington Street SE
Olympia, WA 98501

ORAL AGREEMENTS OR ORAL COMMITMENTS TO LOAN MONEY, EXTEND CREDIT, OR TO FORBEAR FROM ENFORCING REPAYMENT OF A DEBT ARE NOT ENFORCEABLE UNDER WASHINGTON LAW.

By signing this document each Party acknowledges receipt of the above notice. In addition (and not as a limitation on the legal effect of the notice), by signing this document each Party represents and agrees that: (a) The written Loan Agreement represents the final agreement between the Parties, (b) There are no unwritten oral agreements between the Parties, and (c) The written Loan Agreement may not be contradicted by evidence of any prior, contemporaneous, or subsequent oral agreements or understandings of the Parties.

As used in this Notice, the following terms have the following meanings:

Loan. The term "Loan" means the following described loan: a Fixed Rate (6.500%) Nondisclosable Loan to a Corporation for \$216,750.00 due on demand and, if no demand, on June 1, 2028.

Loan Agreement. The term "Loan Agreement" means one or more promises, promissory notes, agreements, undertakings, security agreements, deeds of trust or other documents, or commitments, or any combination of those actions or documents, relating to the Loan, including without limitation the following:

LOAN DOCUMENTS

- Corporate Resolution: City of Tenino
- Promissory Note
- Power of Attorney: 2022 Ravo Sweeper Model 5iSeries Chassis VIN XM45FEHB9NA020384
- National UCC Instructions 04/20/11
- National UCC Addendum Instructions 04/20/11
- Agreement to Provide Insurance
- Disbursement Request and Authorization
- Errors and Omissions Agreement: City of Tenino
- Business Loan Agreement
- WA Commercial Security Agreement: Collateral owned by City of Tenino.
- WA National UCC Financing Statement (Rev. 04/20/11): Collateral owned by City of Tenino
- Automated Payment System - Automated Payment System
- Notice of Insurance Requirements
- Notice of Final Agreement
- WA Request for Taxpayer ID Number and Certification: : City of Tenino

Parties. The term "Parties" means Timberland Bank and any and all entities or individuals who are obligated to repay the loan or have pledged property as security for the Loan, including without limitation the following:

Borrower: City of Tenino
Grantor(s): City of Tenino

Each Party who signs below, other than Timberland Bank, acknowledges, represents, and warrants to Timberland Bank that it has received, read and understood this Notice of Final Agreement. This Notice is dated February 28, 2023.

BORROWER:

CITY OF TENINO

By: Wayne Fournier Jr, Mayor of City of Tenino

LENDER:

TIMBERLAND BANK

X Joel T Slovick, Commercial Loan Officer, VP

ERRORS AND OMISSIONS AGREEMENT

Principal	Loan Date	Maturity	Loan No	Call / Coll	Account	Officer	Initials
\$216,750.00	02-28-2023	06-01-2028	977495668	5A / 13		***	

References in the boxes above are for Lender's use only and do not limit the applicability of this document to any particular loan or item. Any item above containing "****" has been omitted due to text length limitations.

Borrower: City of Tenino
 149 Hodgden St S
 Tenino, WA 98589

Lender: Timberland Bank
 Olympia Branch
 423 Washington Street SE
 Olympia, WA 98501

LOAN NO.: 977495668

The undersigned Borrower for and in consideration of the above-referenced Lender funding the closing of this loan agrees, if requested by Lender or Closing Agent for Lender, to fully cooperate and adjust for clerical errors, any or all loan closing documentation if deemed necessary or desirable in the reasonable discretion of Lender to enable Lender to sell, convey, seek guaranty or market said loan to any entity, including but not limited to an investor, Federal National Mortgage Association, Federal Home Loan Mortgage Corporation, Government National Mortgage Association, Federal Housing Authority or the Department of Veterans Affairs.

The undersigned Borrower does hereby so agree and covenant in order to assure that this loan documentation executed this date will conform and be acceptable in the marketplace in the instance of transfer, sale or conveyance by Lender of its interest in and to said loan documentation.

DATED effective this **February 28, 2023**

BORROWER:

CITY OF TENINO

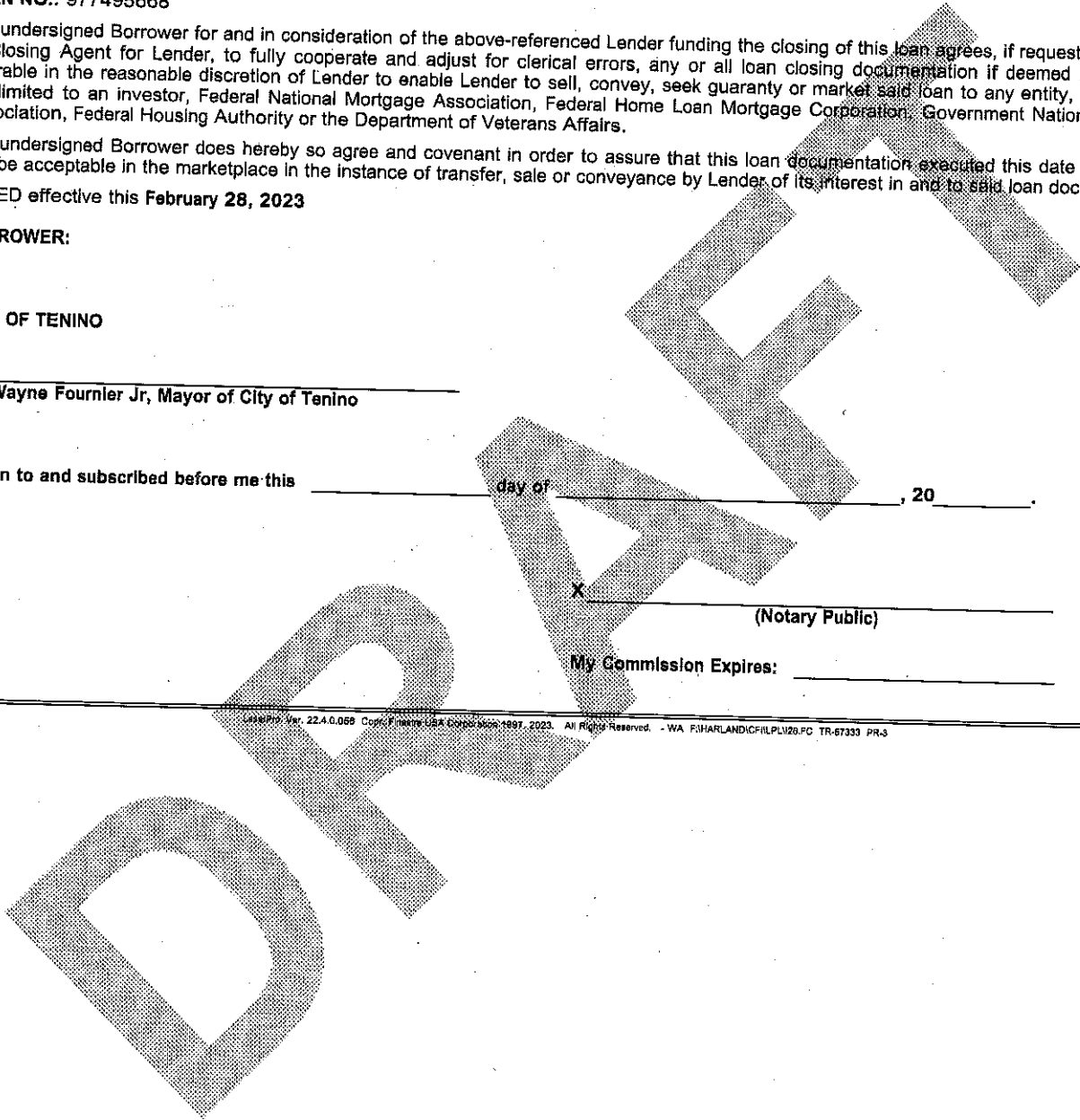
By: _____
 Wayne Fournier Jr, Mayor of City of Tenino

Sworn to and subscribed before me this _____ day of _____, 20_____.

X _____
 (Notary Public)

My Commission Expires: _____

LA94919 Ver. 22-A-0-068 Corp Finance LSA Corporation 1997, 2023. All Right Reserved. - WA F:\HARLAND\C\FIL\PL\126.FC TR-67333 PR-5



Request for Taxpayer Identification Number and Certification

Give Form to the
requester. Do not
send to the IRS.

Go to www.irs.gov/FormW9 for instructions and the latest information.

Print
or
type.

See
Specific
Instructions
on
page
3.

1 Name (as shown on your income tax return). Name is required on this line; do not leave this line blank.
City of Tenino

2 Business name/disregarded entity name, if different from above

3 Check appropriate box for federal tax classification of the person whose name is entered on line 1. Check only one of the following seven boxes.

Individual/sole proprietor or single-member LLC C Corporation S Corporation Partnership Trust/estate

Limited liability company. Enter the tax classification (C=C corporation, S=S corporation, P=Partnership) ▶ _____

Note: Check the appropriate box in the line above for the tax classification of the single-member owner. Do not check LLC if the LLC is classified as a single-member LLC that is disregarded from the owner unless the owner of the LLC is another LLC that is not disregarded from the owner for U.S. federal tax purposes. Otherwise, a single-member LLC that is disregarded from the owner should check the appropriate box for the tax classification of its owner.

Other (see instructions) ▶ _____

4 Exemptions (codes apply only to certain entities, not individuals; see instructions on page 3):
Exempt payee code (if any) _____
Exemption from FATCA reporting code (if any) _____
(Applies to accounts maintained outside the U.S.)

5 Address (number, street, and apt. or suite no.) See instructions.
149 Hodgden St S

6 City, state, and ZIP code
Tenino, WA 98589

7 List account number(s) here (optional)
977495668

Requester's name and address (optional)
**Timberland Bank
Olympia Branch
423 Washington Street SE
Olympia, WA 98501**

Part I Taxpayer Identification Number (TIN)

Enter your TIN in the appropriate box. The TIN provided must match the name given on line 1 to avoid backup withholding. For individuals, this is generally your social security number (SSN). However, for a resident alien, sole proprietor, or disregarded entity, see the instructions for Part I, later. For other entities, it is your employer identification number (EIN). If you do not have a number, see **How to get a TIN**, later.

Social security number

OR

Employer identification number
91-6001514

Part II Certification

Under penalties of perjury, I certify that:

- The number shown on this form is my correct taxpayer identification number (or I am waiting for a number to be issued to me); and
- I am not subject to backup withholding because: (a) I am exempt from backup withholding, or (b) I have not been notified by the Internal Revenue Service (IRS) that I am subject to backup withholding as a result of a failure to report all interest or dividends, or (c) the IRS has notified me that I am no longer subject to backup withholding; and
- I am a U.S. citizen or other U.S. person (defined below); and
- The FATCA code(s) entered on this form (if any) indicating that I am exempt from FATCA reporting is correct.

Certification instructions. You must cross out item 2 above if you have been notified by the IRS that you are currently subject to backup withholding because you have failed to report all interest and dividends on your tax return. For real estate transactions, item 2 does not apply. For mortgage interest paid, acquisition or abandonment of secured property, cancellation of debt, contributions to an individual retirement arrangement (IRA), and generally, payments other than interest and dividends, you are not required to sign the certification, but you must provide your correct TIN. See the instructions for Part II, later.

Sign Here	Signature of U.S. person ▶	Date ▶
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General Instructions

Section references are to the Internal Revenue Code unless otherwise noted.

Future developments. For the latest information about developments related to Form W-9 and its instructions, such as legislation enacted after they were published, go to www.irs.gov/FormW9.

Purpose of Form

An individual or entity (Form W-9 requester) who is required to file an information return with the IRS must obtain your correct taxpayer identification number (TIN) which may be your social security number (SSN), individual taxpayer identification number (ITIN), adoption taxpayer identification number (ATIN), or employer identification number (EIN), to report on an information return the amount paid to you, or other amount reportable on an information return. Examples of information returns include, but are not limited to, the following.

- Form 1099-INT (interest earned or paid)
- Form 1099-DIV (dividends, including those from stocks or mutual funds)
- Form 1099-MISC (various types of income, prizes, awards, or gross proceeds)
- Form 1099-B (stock or mutual fund sales and certain other transactions by brokers)
- Form 1099-S (proceeds from real estate transactions)
- Form 1099-K (merchant card and third party network transactions)

- Form 1098 (home mortgage interest), 1098-E (student loan interest), 1098-T (tuition)
 - Form 1099-C (canceled debt)
 - Form 1099-A (acquisition or abandonment of secured property)
- Use Form W-9 only if you are a U.S. person (including a resident alien), to provide your correct TIN.

If you do not return Form W-9 to the requester with a TIN, you might be subject to backup withholding. See **What is backup withholding**, later.

- By signing the filled-out form, you:
- Certify that the TIN you are giving is correct (or you are waiting for a number to be issued).
 - Certify that you are not subject to backup withholding, or
 - Claim exemption from backup withholding if you are a U.S. exempt payee. If applicable, you are also certifying that as a U.S. person, your allocable share of any partnership income from a U.S. trade or business is not subject to the withholding tax on foreign partners' share of effectively connected income, and
 - Certify that FATCA code(s) entered on this form (if any) indicating that you are exempt from the FATCA reporting, is correct. See **What is FATCA reporting**, later, for further information.

Note: If you are a U.S. person and a requester gives you a form other than Form W-9 to request your TIN, you must use the requester's form if it is substantially similar to this Form W-9.

Definition of a U.S. person. For federal tax purposes, you are considered a U.S. person if you are:

- An individual who is a U.S. citizen or U.S. resident alien;
- A partnership, corporation, company, or association created or organized in the United States or under the laws of the United States;
- An estate (other than a foreign estate); or
- A domestic trust (as defined in Regulations section 301.7701-7).

Special rules for partnerships. Partnerships that conduct a trade or business in the United States are generally required to pay a withholding tax under section 1446 on any foreign partners' share of effectively connected taxable income from such business. Further, in certain cases where a Form W-9 has not been received, the rules under section 1446 require a partnership to presume that a partner is a foreign person, and pay the section 1446 withholding tax. Therefore, if you are a U.S. person that is a partner in a partnership conducting a trade or business in the United States, provide Form W-9 to the partnership to establish your U.S. status and avoid section 1446 withholding on your share of partnership income.

In the cases below, the following person must give Form W-9 to the partnership for purposes of establishing its U.S. status and avoiding withholding on its allocable share of net income from the partnership conducting a trade or business in the United States.

- In the case of a disregarded entity with a U.S. owner, the U.S. owner of the disregarded entity and not the entity;
- In the case of a grantor trust with a U.S. grantor or other U.S. owner, generally, the U.S. grantor or other U.S. owner of the grantor trust and not the trust; and
- In the case of a U.S. trust (other than a grantor trust), the U.S. trust (other than a grantor trust) and not the beneficiaries of the trust.

Foreign person. If you are a foreign person or the U.S. branch of a foreign bank that has elected to be treated as a U.S. person, do not use Form W-9. Instead, use the appropriate Form W-8 or Form 8233 (see Pub. 515, Withholding of Tax on Nonresident Aliens and Foreign Entities).

Nonresident alien who becomes a resident alien. Generally, only a nonresident alien individual may use the terms of a tax treaty to reduce or eliminate U.S. tax on certain types of income. However, most tax treaties contain a provision known as a "saving clause." Exceptions specified in the saving clause may permit an exemption from tax to continue for certain types of income even after the payee has otherwise become a U.S. resident alien for tax purposes.

If you are a U.S. resident alien who is relying on an exception contained in the saving clause of a tax treaty to claim an exemption from U.S. tax on certain types of income, you must attach a statement to Form W-9 that specifies the following five items.

1. The treaty country. Generally, this must be the same treaty under which you claimed exemption from tax as a nonresident alien.
2. The treaty article addressing the income.
3. The article number (or location) in the tax treaty that contains the saving clause and its exceptions.
4. The type and amount of income that qualifies for the exemption from tax.
5. Sufficient facts to justify the exemption from tax under the terms of the treaty article.

Example. Article 20 of the U.S.-China income tax treaty allows an exemption from tax for scholarship income received by a Chinese student temporarily present in the United States. Under U.S. law, this student will become a resident alien for tax purposes if his or her stay in the United States exceeds 5 calendar years. However, paragraph 2 of the first Protocol to the U.S.-China treaty (dated April 30, 1984) allows the provisions of Article 20 to continue to apply even after the Chinese student becomes a resident alien of the United States. A Chinese student who qualifies for this exception (under paragraph 2 of the first protocol) and is relying on this exception to claim an exemption from tax on his or her scholarship or fellowship income would attach to Form W-9 a statement that includes the information described above to support that exemption.

If you are a nonresident alien or a foreign entity, give the requester the appropriate completed Form W-8 or Form 8233.

Backup Withholding

What is backup withholding? Persons making certain payments to you must under certain conditions withhold and pay to the IRS 24% of such payments. This is called "backup withholding." Payments that may be subject to backup withholding include interest, tax-exempt interest, dividends, broker and barter exchange transactions, rents, royalties, nonemployee pay, payments made in settlement of payment card and third party network transactions, and certain payments from fishing boat operators. Real estate transactions are not subject to backup withholding.

You will not be subject to backup withholding on payments you receive if you give the requester your correct TIN, make the proper certifications, and report all your taxable interest and dividends on your tax return.

Payments you receive will be subject to backup withholding if:

1. You do not furnish your TIN to the requester,
2. You do not certify your TIN when required (see the instructions for Part II for details),

3. The IRS tells the requester that you furnished an incorrect TIN,
4. The IRS tells you that you are subject to backup withholding because you did not report all your interest and dividends on your tax return (for reportable interest and dividends only), or
5. You do not certify to the requester that you are not subject to backup withholding under 4 above (for reportable interest and dividend accounts opened after 1983 only).

Certain payees and payments are exempt from backup withholding. See **Exempt payee code**, later, and the separate instructions for the Requester of Form W-9 for more information.

Also see **Special rules for partnerships**, earlier.

What is FATCA Reporting?

The Foreign Account Tax Compliance Act (FATCA) requires a participating foreign financial institution to report all United States account holders that are specified United States persons. Certain payees are exempt from FATCA reporting. See **Exemption from FATCA reporting code**, later, and the instructions for the Requester of Form W-9 for more information.

Updating Your Information

You must provide updated information to any person to whom you claimed to be an exempt payee if you are no longer an exempt payee and anticipate receiving reportable payments in the future from this person. For example, you may need to provide updated information if you are a C corporation that elects to be an S corporation, or if you no longer are tax exempt. In addition, you must furnish a new Form W-9 if the name or TIN changes for the account; for example, if the grantor of a grantor trust dies.

Penalties

Failure to furnish TIN. If you fail to furnish your correct TIN to a requester, you are subject to a penalty of \$50 for each such failure unless your failure is due to reasonable cause and not to willful neglect.

Civil penalty for false information with respect to withholding. If you make a false statement with no reasonable basis that results in no backup withholding, you are subject to a \$500 penalty.

Criminal penalty for falsifying information. Willfully falsifying certifications or affirmations may subject you to criminal penalties including fines and/or imprisonment.

Misuse of TINs. If the requester discloses or uses TINs in violation of federal law, the requester may be subject to civil and criminal penalties.

Specific Instructions

Line 1

You must enter one of the following on this line; **do not** leave this line blank. The name should match the name on your tax return.

If this Form W-9 is for a joint account (other than an account maintained by a foreign financial institution (FFI)), list first, and then circle, the name of the person or entity whose number you entered in Part I of Form W-9. If you are providing Form W-9 to an FFI to document a joint account, each holder of the account that is a U.S. person must provide a Form W-9.

a. **Individual.** Generally, enter the name shown on your tax return. If you have changed your last name without informing the Social Security Administration (SSA) of the name change, enter your first name, the last name as shown on your social security card, and your new last name.

Note: ITIN applicant: Enter your individual name as it was entered on your Form W-7 application, line 1a. This should also be the same as the name you entered on the Form 1040/1040A/1040EZ you filed with your application.

b. **Sole proprietor or single-member LLC.** Enter your individual name as shown on your 1040/1040A/1040EZ on line 1. You may enter your business, trade, or "doing business as" (DBA) name on line 2.

c. **Partnership, LLC that is not a single-member LLC, C corporation, or S corporation.** Enter the entity's name as shown on the entity's tax return on line 1 and any business, trade, or DBA name on line 2.

d. **Other entities.** Enter your name as shown on required U.S. federal tax documents on line 1. This name should match the name shown on the charter or other legal document creating the entity. You may enter any business, trade, or DBA name on line 2.

e. **Disregarded entity.** For U.S. federal tax purposes, an entity that is disregarded as an entity separate from its owner is treated as a "disregarded entity." See Regulations section 301.7701-2(c)(2)(ii). Enter the owner's name on line 1. The name of the entity entered on line 1 should never be a disregarded entity. The name on line 1 should be the name shown on the income tax return on which the income should be reported. For example, if a foreign LLC that is treated as a disregarded entity for U.S. federal tax purposes has a single owner that is a U.S. person, the U.S. owner's name is required to be provided on line 1. If the direct owner of the entity is also a disregarded entity, enter the first owner that is not disregarded for federal tax purposes. Enter the disregarded entity's name on line 2, "Business name/disregarded entity name." If the owner of the disregarded entity is a foreign person, the owner must complete an appropriate Form W-8 instead of a Form W-9. This is the case even if the foreign person has a U.S. TIN.

Line 2

If you have a business name, trade name, DBA name, or disregarded entity name, you may enter it on line 2.

Line 3

Check the appropriate box on line 3 for the U.S. federal tax classification of the person whose name is entered on line 1. Check only one box on line 3.

Table with 2 columns: IF the entity/person on line 1 is a(n) ... THEN check the box for ...

Line 4, Exemptions

If you are exempt from backup withholding and/or FATCA reporting, enter in the appropriate space on line 4 any code(s) that may apply to you.

Exempt payee code.

- Generally, individuals (including sole proprietors) are not exempt from backup withholding.
Except as provided below, corporations are exempt from backup withholding for certain payments, including interest and dividends.
Corporations are not exempt from backup withholding for payments made in settlement of payment card or third party network transactions.
Corporations are not exempt from backup withholding with respect to attorneys' fees or gross proceeds paid to attorneys, and corporations that provide medical or health care services are not exempt with respect to payments reportable on Form 1099-MISC.

The following codes identify payees that are exempt from backup withholding. Enter the appropriate code in the space in line 4.

- 1 - An organization exempt from tax under section 501(a), any IRA, or a custodial account under section 403(b)(7) if the account satisfies the requirements of section 401(f)(2).
2 - The United States or any of its agencies or instrumentalities
3 - A state, the District of Columbia, a U.S. commonwealth or possession, or any of their political subdivisions or instrumentalities
4 - A foreign government or any of its political subdivisions, agencies, or instrumentalities
5 - A corporation
6 - A dealer in securities or commodities required to register in the United States, the District of Columbia, or a U.S. commonwealth or possession
7 - A futures commission merchant registered with the Commodity Futures Trading Commission
8 - A real estate investment trust
9 - An entity registered at all times during the tax year under the Investment Company Act of 1940
10 - A common trust fund operated by a bank under section 584(a)
11 - A financial institution
12 - A middleman known in the investment community as a nominee or custodian
13 - A trust exempt from tax under section 664 or described in section 4947

The following chart shows types of payments that may be exempt from backup withholding. The chart applies to the exempt payees listed above, 1 through 13.

Table with 2 columns: IF the payment is for ... THEN the payment is exempt for ...

1 See Form 1099-MISC, Miscellaneous Income, and its instructions.
2 However, the following payments made to a corporation and reportable on Form 1099-MISC are not exempt from backup withholding: medical and health care payments, attorneys' fees, gross proceeds paid to an attorney reportable under section 6045(f), and payments for services paid by a federal executive agency.

Exemption from FATCA reporting code. The following codes identify payees that are exempt from reporting under FATCA. These codes apply to persons submitting this form for accounts maintained outside of the United States by certain foreign financial institutions. Therefore, if you are only submitting this form for an account you hold in the United States, you may leave this field blank. Consult with the person requesting this form if you are uncertain if the financial institution is subject to these requirements. A requester may indicate that a code is not required by providing you with a Form W-9 with "Not Applicable" (or any similar indication) written or printed on the line for a FATCA exemption code.

- A - An organization exempt from tax under section 501(a) or any individual retirement plan as defined in section 7701(e)(37)
B - The United States or any of its agencies or instrumentalities
C - A state, the District of Columbia, a U.S. commonwealth or possession, or any of their political subdivisions or instrumentalities
D - A corporation the stock of which is regularly traded on one or more established securities markets, as described in Regulations section 1.1472-1(c)(1)(i)
E - A corporation that is a member of the same expanded affiliated group as a corporation described in Regulations section 1.1472-1(c)(1)(i)
F - A dealer in securities, commodities, or derivative financial instruments (including notional principal contracts, futures, forwards, and options) that is registered as such under the laws of the United States or any state
G - A real estate investment trust
H - A regulated investment company as defined in section 851 or an entity registered at all times during the tax year under the Investment Company Act of 1940
I - A common trust fund as defined in section 584(a)
J - A bank as defined in section 581
K - A broker
L - A trust exempt from tax under section 664 or described in section 4947(a)(1)
M - A tax exempt trust under a section 403(b) plan or section 457(g) plan

Note: You may wish to consult with the financial institution requesting this form to determine whether the FATCA code and/or exempt payee code should be completed.

Line 5

Enter your address (number, street, and apartment or suite number). This is where the requester of this Form W-9 will mail your information returns. If this address differs from the one the requester already has on file, write NEW at the top. If a new address is provided, there is still a chance the old address will be used until the payor changes your address in their records.

Line 6

Enter your city, state, and ZIP code.

Part I. Taxpayer Identification Number (TIN)

Enter your TIN in the appropriate box. If you are a resident alien and you do not have and are not eligible to get an SSN, your TIN is your IRS individual taxpayer identification number (ITIN). Enter it in the social security number box. If you do not have an ITIN, see How to get a TIN below.

If you are a sole proprietor and you have an EIN, you may enter either your SSN or EIN.

If you are a single-member LLC that is disregarded as an entity separate from its owner, enter the owner's SSN (or EIN, if the owner has one). Do not enter the disregarded entity's EIN. If the LLC is classified as a corporation or partnership, enter the entity's EIN.

Note: See What Name and Number To Give the Requester, later, for further clarification of name and TIN combinations.

How to get a TIN. If you do not have a TIN, apply for one immediately. To apply for an SSN, get Form SS-5, Application for a Social Security Card, from your local SSA office or get this form online at www.SSA.gov. You may also get this form by calling 1-800-772-1213. Use Form W-7, Application for IRS Individual Taxpayer Identification Number, to apply for an ITIN, or Form SS-4, Application for Employer Identification Number, to apply for an EIN. You can apply for an EIN online by accessing the IRS website at www.irs.gov/Businesses and clicking on Employer Identification Number (EIN) under Starting a Business. Go to www.irs.gov/Forms to view, download, or print Form W-7 and/or Form SS-4. Or, you can go to www.irs.gov/OrderForms to place an order and have Form W-7 and/or SS-4 mailed to you within 10 business days.

If you are asked to complete Form W-9 but do not have a TIN, apply for a TIN and write "Applied For" in the space for the TIN, sign and date the form, and give it to the requester. For interest and dividend payments, and certain payments made with respect to readily tradable instruments, generally you will have 60 days to get a TIN and give it to the requester before you are subject to backup withholding on payments. The 60-day rule does not apply to other types of payments. You will be subject to backup withholding on all such payments until you provide your TIN to the requester.

Note: Entering "Applied For" means that you have already applied for a TIN or that you intend to apply for one soon.

Caution: A disregarded U.S. entity that has a foreign owner must use the appropriate Form W-8.

Part II. Certification

To establish to the withholding agent that you are a U.S. person, or resident alien, sign Form W-9. You may be requested to sign by the withholding agent even if item 1, 4, or 5 below indicates otherwise.

For a joint account, only the person whose TIN is shown in Part I should sign (when required). In the case of a disregarded entity, the person identified on line 1 must sign. Exempt payees, see **Exempt payee code**, earlier.

Signature requirements. Complete the certification as indicated in items 1 through 5 below.

1. Interest, dividend, and barter exchange accounts opened before 1984 and broker accounts considered active during 1983. You must give your correct TIN, but you do not have to sign the certification.

2. Interest, dividend, broker, and barter exchange accounts opened after 1983 and broker accounts considered inactive during 1983. You must sign the certification or backup withholding will apply. If you are subject to backup withholding and you are merely providing your correct TIN to the requester, you must cross out item 2 in the certification before signing the form.

3. Real estate transactions. You must sign the certification. You may cross out item 2 of the certification.

4. Other payments. You must give your correct TIN, but you do not have to sign the certification unless you have been notified that you have previously given an incorrect TIN. "Other payments" include payments made in the course of the requester's trade or business for rents, royalties, goods (other than bills for merchandise), medical and health care services (including payments to corporations), payments to a nonemployee for services, payments made in settlement of payment card and third party network transactions, payments to certain fishing boat crew members and fishermen, and gross proceeds paid to attorneys (including payments to corporations).

5. Mortgage interest paid by you, acquisition or abandonment of secured property, cancellation of debt, qualified tuition program payments (under section 529), ABLE accounts (under section 529A), IRA, Coverdell ESA, Archer MSA or HSA contributions or distributions, and pension distributions. You must give your correct TIN, but you do not have to sign the certification.

What Name and Number To Give the Requester

For this type of account:	Give name and SSN of:
1. Individual	The individual
2. Two or more individuals (joint account) other than an account maintained by an FFI	The actual owner of the account or, if combined funds, the first individual on the account ¹
3. Two or more U.S. persons (joint account maintained by an FFI)	Each holder of the account
4. Custodial account of a minor (Uniform Gift to Minors Act)	The minor ²
5. a. The usual revocable savings trust (grantor is also trustee)	The grantor-trustee ¹
b. So-called trust account that is not a legal or valid trust under state law	The actual owner ¹
6. Sole proprietorship or disregarded entity owned by an individual	The owner ³
7. Grantor trust filing under Optional Form 1099 Filing Method 1 (see Regulations section 1.671-4(b)(2)(i)(A))	The grantor*

For this type of account:	Give name and EIN of:
8. Disregarded entity not owned by an individual	The owner
9. A valid trust, estate, or pension trust	Legal entity ⁴
10. Corporation or LLC electing corporate status on Form 8832 or Form 2553	The corporation
11. Association, club, religious, charitable, educational, or other tax-exempt organization	The organization
12. Partnership or multi-member LLC	The partnership
13. A broker or registered nominee	The broker or nominee
14. Account with the Department of Agriculture in the name of a public entity (such as a state or local government, school district, or prison) that receives agricultural program payments	The public entity
15. Grantor trust filing under the Form 1041 Filing Method or the Optional Form 1099 Filing Method 2 (see Regulations section 1.671-4(b)(2)(i)(B))	The trust

¹ List first and circle the name of the person whose number you furnish. If only one person on a joint account has an SSN, that person's number must be furnished.

² Circle the minor's name and furnish the minor's SSN.

³ You must show your individual name and you may also enter your business or DBA name on the "Business name/disregarded entity" name line. You may use either your SSN or EIN (if you have one), but the IRS encourages you to use your SSN.

⁴ List first and circle the name of the trust, estate, or pension trust. (Do not furnish the TIN of the personal representative or trustee unless the legal entity itself is not designated in the account title.) Also see **Special rules for partnerships**, earlier.

*Note: The grantor also must provide a Form W-9 to trustee of trust. Note: If no name is circled when more than one name is listed, the number will be considered to be that of the first name listed.

Secure Your Tax Records from Identity Theft

Identity theft occurs when someone uses your personal information such as your name, SSN, or other identifying information, without your permission, to commit fraud or other crimes. An identity thief may use your SSN to get a job or may file a tax return using your SSN to receive a refund.

To reduce your risk:

- Protect your SSN,
- Ensure your employer is protecting your SSN, and
- Be careful when choosing a tax preparer.

If your tax records are affected by identity theft and you receive a notice from the IRS, respond right away to the name and phone number printed on the IRS notice or letter.

If your tax records are not currently affected by identity theft but you think you are at risk due to a lost or stolen purse or wallet, questionable credit card activity or credit report, contact the IRS Identity Theft Hotline at 1-800-908-4490 or submit Form 14039.

For more information, see Pub. 5027, Identity Theft Information for Taxpayers.

Victims of identity theft who are experiencing economic harm or a systemic problem, or are seeking help in resolving tax problems that have not been resolved through normal channels, may be eligible for Taxpayer Advocate Service (TAS) assistance. You can reach TAS by calling the TAS toll-free case intake line at 1-877-777-4778 or TTY/TDD 1-800-829-4059.

Protect yourself from suspicious emails or phishing schemes. Phishing is the creation and use of email and websites designed to mimic legitimate business emails and websites. The most common act is sending an email to a user falsely claiming to be an established legitimate enterprise in an attempt to scam the user into surrendering private information that will be used for identity theft.

The IRS does not initiate contacts with taxpayers via emails. Also, the IRS does not request personal detailed information through email or ask taxpayers for the PIN numbers, passwords or similar secret access information for their credit card, bank, or other financial accounts.

If you receive an unsolicited email claiming to be from the IRS, forward this message to phishing@irs.gov. You may also report misuse of the IRS name, logo, or other IRS property to the Treasury Inspector General for Tax Administration (TIGTA) at 1-800-366-4484. You can forward suspicious emails to the Federal Trade Commission at spam@ftc.gov or report them at www.ftc.gov/complaint. You can contact the FTC at www.ftc.gov/idtheft or 877-IDTHEFT (877-438-4338). If you have been the victim of identity theft, see www.IdentityTheft.gov and Pub. 5027.

Visit www.irs.gov/IdentityTheft to learn more about identity theft and how to reduce your risk.

Privacy Act Notice

Section 6109 of the Internal Revenue Code requires you to provide your correct TIN to persons (including federal agencies) who are required to file information returns with the IRS to report interest, dividends, or certain other income paid to you; mortgage interest you paid; the acquisition or abandonment of secured property; the cancellation of debt; or contributions you made to an IRA, Archer MSA, or HSA. The person collecting this form uses the information on the form to file information returns with the IRS, reporting the above information. Routine uses of this information include giving it to the Department of Justice for civil and criminal litigation and to cities, states, the District of Columbia, and U.S. commonwealths and possessions for use in administering their laws. The information also may be disclosed to other countries under a treaty, to federal and state agencies to enforce civil and criminal laws, or to federal law enforcement and intelligence agencies to combat terrorism. You must provide your TIN whether or not you are required to file a tax return. Under section 3406, payers must generally withhold a percentage of taxable interest, dividend, and certain other payments to a payee who does not give a TIN to the payer. Certain penalties may also apply for providing false or fraudulent information.



UCC FINANCING STATEMENT

FOLLOW INSTRUCTIONS

A. NAME & PHONE OF CONTACT AT FILER (optional)
B. E-MAIL CONTACT AT FILER (optional)
C. SEND ACKNOWLEDGMENT TO: (Name and Address)
Timberland Bank 423 Washington Street SE Olympia, WA 98501

THE ABOVE SPACE IS FOR FILING OFFICE USE ONLY

1. DEBTOR'S NAME: Provide only one Debtor name (1a or 1b) (use exact, full name; do not omit, modify, or abbreviate any part of the Debtor's name); if any part of the Individual Debtor's name will not fit in line 1b, leave all of item 1 blank, check here and provide the Individual Debtor information in item 10 of the Financing Statement Addendum (Form UCC1Ad)

1a. ORGANIZATION'S NAME City of Tenino				
OR 1b. INDIVIDUAL'S SURNAME	FIRST PERSONAL NAME	ADDITIONAL NAME(S)/INITIAL(S)	SUFFIX	
1c. MAILING ADDRESS 149 Hodgden St S	CITY Tenino	STATE WA	POSTAL CODE 98589	COUNTRY USA

2. DEBTOR'S NAME: Provide only one Debtor name (2a or 2b) (use exact, full name; do not omit, modify, or abbreviate any part of the Debtor's name); if any part of the Individual Debtor's name will not fit in line 2b, leave all of item 2 blank, check here and provide the Individual Debtor information in item 10 of the Financing Statement Addendum (Form UCC1Ad)

2a. ORGANIZATION'S NAME				
OR 2b. INDIVIDUAL'S SURNAME	FIRST PERSONAL NAME	ADDITIONAL NAME(S)/INITIAL(S)	SUFFIX	
2c. MAILING ADDRESS	CITY	STATE	POSTAL CODE	COUNTRY
				USA

3. SECURED PARTY'S NAME (or NAME of ASSIGNEE of ASSIGNOR SECURED PARTY): Provide only one Secured Party name (3a or 3b)

3a. ORGANIZATION'S NAME Timberland Bank				
OR 3b. INDIVIDUAL'S SURNAME	FIRST PERSONAL NAME	ADDITIONAL NAME(S)/INITIAL(S)	SUFFIX	
3c. MAILING ADDRESS 423 Washington Street SE	CITY Olympia	STATE WA	POSTAL CODE 98501	COUNTRY USA

4. COLLATERAL: This financing statement covers the following collateral:
2022 Ravo Sweeper Model 5iSeries Chassis VIN XM45FEHB9NA020384.

5. Check only if applicable and check only one box: Collateral is held in a Trust (see UCC1Ad, item 17 and Instructions) being administered by a Decedent's Personal Representative

6a. Check only if applicable and check only one box:
 Public-Finance Transaction Manufactured-Home Transaction A Debtor is a Transmitting Utility

6b. Check only if applicable and check only one box:
 Agricultural Lien Non-UCC Filing

7. ALTERNATIVE DESIGNATION (if applicable): Lessee/Lessor Consignee/Consignor Seller/Buyer Bailee/Bailor Licensee/Licensor

8. OPTIONAL FILER REFERENCE DATA: