RESOLUTION NO. R-46-15

A RESOLUTION AUTHORIZING THE EXECUTION OF AN INTERLOCAL AGREEMENT BETWEEN WHITMAN COUNTY, WASHINGTON AND THE CITY OF PULLMAN RELATING TO THE SHARING OF SALES AND USE TAXES COLLECTED WITHIN A TAX SHARING AREA AND THE CONTINUED JOINT PLANNING FOR THE TAX SHARING AREA.

WHEREAS, the City Council for the city of Pullman has before it an interlocal agreement between Whitman County, Washington and the city of Pullman, Washington which is attached hereto and marked as Exhibit "A"; and,

WHEREAS, this Council believes it to be in the best interests of the city of Pullman to authorize the execution of said agreement, pursuant to RCW Chapter 39.34, Interlocal Cooperation Act; now, therefore,

IT IS HEREBY RESOLVED that the Mayor and the finance director be and they are hereby authorized and directed to execute the agreement attached hereto and marked as Exhibit "A" and to deliver an executed original thereof to Whitman County, Washington.

IT IS FURTHER RESOLVED that the Mayor and finance director are each hereby authorized and directed to take such further action as may be appropriate in order to effect the purpose of this Resolution and the agreement authorized thereby.

BE IT FURTHER RESOLVED that an executed copy of said Interagency Agreement shall be posted on the official Web site of the city of Pullman and shall be effective upon posting.

ADOPTED by the City Council of the city of Pullman at a regular meeting held on the 2nd day of June, 2015.

DATED this 3rd day of June, 2015.

[Signature]
Mayor Glenn A. Johnson

ATTEST:
[Signature]
Finance Director Leann L. Hubbard

Approved as to Form:
[Signature]
City Attorney Laura D. McAloon

FILED
JUN 03 2015
CITY CLERK'S OFFICE
PULLMAN WASHINGTON
RETURN ADDRESS:
Whitman County Commissioners
400 N Main Street
Colfax, WA 99111

DOCUMENT TITLE: Interlocal Agreement Between Whitman County, WA and the City of Pullman Relating to the Sharing of Sales and Use Taxes Collected Within a Tax Sharing Area and the Continued Joint Planning for the Tax Sharing Area

REFERENCE NUMBERS OF RELATED DOCUMENT: 076753 ON PAGE 2 OF DOCUMENT

GRANTOR(S): 1. Whitman County, WA
             2. City of Pullman, WA

GRANTEE(S): 1. Whitman County, WA
             2. City of Pullman, WA

LEGAL DESCRIPTION: (LOT, BLOCK, ADDITION, CITY/TOWN, QUARTER/QUARTER SECTION, TOWNSHIP, RANGE)
1. See Exhibit “C”
ADDITIONAL LEGAL DESCRIPTION ON PAGES 16-17 OF DOCUMENT

ASSESSOR’S PROPERTY TAX PARCEL ACCOUNT NUMBER(S):
INTERLOCAL AGREEMENT
BETWEEN WHITMAN COUNTY, WASHINGTON
AND THE CITY OF PULLMAN RELATING TO THE SHARING OF SALES AND USE TAXES COLLECTED WITHIN A TAX SHARING AREA AND THE CONTINUED JOINT PLANNING FOR THE TAX SHARING AREA

This Interlocal Agreement (the “AGREEMENT”) is between WHITMAN COUNTY, WASHINGTON, a municipal corporation and political subdivision of the State of Washington (“COUNTY”) and the CITY OF PULLMAN, a municipal corporation and non-charter code city of the State of Washington (“CITY”), jointly referred to herein as “Party” or “Parties.”

WHEREAS, Chapter 39.34 RCW, Interlocal Cooperation Act, permits governmental units to make the most efficient use of their powers by enabling them to cooperate with other localities on the basis of mutual advantage to perform functions, and provide services and facilities to each other and the public; and

WHEREAS, the CITY and COUNTY are desirous of establishing a process for the sharing of certain sales and use tax revenues generated within an agreed geographic area generally surrounding the CITY limits and extending east from the CITY limits along a corridor to the north and south of State Route 270 to the Idaho state line; and

WHEREAS, the CITY and COUNTY share a continued commitment to ensure that infrastructure will be in place within the agreed geographic area to serve development as it is ready for occupancy and use without decreasing service levels below locally established minimum standards and which is within funding capacities of the CITY and COUNTY; and

WHEREAS, in furtherance of their mutual commitment, the CITY and COUNTY have previously adopted an INTERLOCAL AGREEMENT FOR JOINT PLANNING BETWEEN THE CITY OF PULLMAN AND WHITMAN COUNTY, dated February 4, 2004 (the “2004 JOINT PLANNING AGREEMENT”); and

WHEREAS, the CITY and COUNTY intend to replace the 2004 JOINT PLANNING AGREEMENT with this new AGREEMENT that will govern annexation; sharing of sales, use, and property tax revenue; and infrastructure improvements within a defined area and related matters thereto; and

WHEREAS, the COUNTY and CITY recognize the CITY’s need for urban growth and are willing to work together to prevent undesirable growth through cooperative planning, regular communication, appropriate land use regulations, and mutually beneficial agreements relative to a defined area; and

WHEREAS, the CITY and COUNTY recognize the need for continued joint planning to establish the local and regional facilities which are planned or anticipated for a defined area,
identify ways to provide for construction and delivery of these services, and identify transition of ownership and maintenance responsibilities should annexations occur.

NOW THEREFORE, the Parties agree as follows:

1 PURPOSE

The purposes of this AGREEMENT are:

1.1 to establish the boundaries of an area of protection for the City’s future growth and the COUNTY’s future tax revenue as the area depicted on Exhibit A and hereafter referred to as the “Tax Sharing Area” or “TSA”; and

1.2 to establish a methodology and time frame for the transitional sharing of property taxes collected in the TSA in the event of annexation; and

1.3 to establish a methodology and time frame for the sharing of certain sales and use tax revenue generated by retail activity in the TSA; and

1.4 to establish the dedicated use of .09 sales and use tax dollars for the funding of infrastructure improvements in the TSA; and

1.5 to facilitate an orderly transition of services and responsibility for capital projects from the COUNTY to the CITY in the event of annexation.

The CITY and COUNTY recognize and agree that this AGREEMENT will replace and supersede prior interlocal agreements and addenda executed by the parties, specifically the 2004 JOINT PLANNING AGREEMENT and any addenda or amendments thereto.

Separate interlocal or government service agreements on specific annexation issues may supersede the specific language in this AGREEMENT only as expressly stated and agreed to by joint action of the parties.

2 AREA OF TAX SHARING AND ANNEXATION AGREEMENT; LAND USE DECISIONS WITHIN AREA

2.1 The TSA as designated on Exhibit A shall be the area of tax sharing and annexation agreement.

2.2 The CITY will consider, on a case by case basis, the extension of CITY utilities beyond CITY limits and, where deemed appropriate and feasible by the CITY, will utilize development agreements and other methods to provide for utility extensions at
a cost the CITY deems reasonable, including agreements whereby the developer pays all costs of the utility improvements necessary.

2.3 Permitted uses, including new or expanded uses, may be allowed by COUNTY on property located in the unincorporated area of the TSA.

2.4 The COUNTY will promptly initiate action to revise its current zoning regulations within the TSA to preclude the permitting or construction of residential structures within the TSA classified as “Cluster Residential Development” after the date of adoption of the zoning ordinance or regulation. Failure of the COUNTY to adopt revised zoning regulations to preclude Cluster Residential Development within the TSA within eight months of the commencement date of this AGREEMENT, or the subsequent adoption of zoning regulations during the life of this AGREEMENT authorizing Cluster Residential Development or any similarly sized residential lots within the TSA, will render this AGREEMENT null and void and the Parties shall no longer be bound by any of its terms, rights and/or obligations.

2.5 COUNTY will seek and consider CITY’S input on any new conditional use proposal within the TSA. For each proposal involving a conditional use application in accordance with COUNTY Code as it exists now or may hereafter be amended, the COUNTY shall provide notice of said proposal to the CITY Planning Department at least 30 days prior to the COUNTY’s final decision on said proposal. The CITY may or may not, at its discretion, comment on said proposal to the COUNTY. The COUNTY agrees to make every reasonable effort to send the CITY notice within one week after a complete application has been received. The CITY agrees to make every reasonable effort to provide the COUNTY similar notice for land use decisions within the CITY that may impact the COUNTY.

2.6 The CITY may or may not, at its discretion, annex property within the TSA into the CITY by means of pertinent procedures set forth in state and local law; provided, however, the CITY shall not take any action to annex the property described in Exhibit C for the thirty-five (35) year term of this AGREEMENT.

2.7 The COUNTY will support any reasonable CITY annexation proposal within the TSA. An annexation proposal will be deemed to be reasonable if the proposal:

2.7.1 includes all adjacent roadways;

2.7.2 involves land contiguous to the existing CITY limits, or land owned by the CITY;

2.7.3 does not deliberately exclude less desirable properties;
2.7.4 does not create "irregular boundaries," "strip annexations," or "islands" surrounded by CITY limits.

2.8 If the COUNTY feels an annexation proposal is unreasonable because the above criteria have not been met, the COUNTY shall contact the CITY and discuss its concerns, and the CITY shall respond prior to acceptance of the annexation proposal.

3 **ADMINISTRATOR**

3.1 This AGREEMENT shall be administered by the Joint Planning Area Committee (JPAC), previously established by the CITY and COUNTY, reauthorized by this AGREEMENT as a joint committee of the CITY and COUNTY and comprised of the following eight (8) members:

CITY: Mayor

CITY: Supervisor

CITY: Planning Director

CITY: Public Works Director

COUNTY: Commissioner (1)

COUNTY: Director of Public Works/County Engineer

COUNTY: County Planner

COUNTY: County elected or appointed official appointed by the Board of County Commissioners

3.2 JPAC shall meet as required by the terms of this AGREEMENT, or as directed by the CITY and COUNTY legislative bodies, but not less than yearly. JPAC may also meet whenever such action is deemed appropriate by a majority of its membership. All meetings of JPAC shall be subject to the Open Public Meetings Act, Ch. 42.30 RCW, and all records of JPAC shall be maintained in accordance with state law and the Public Disclosure Act, Ch. 42.56 RCW.

3.3 The terms and conditions of the AGREEMENT shall be reviewed by JPAC at least once per year. If appropriate, JPAC shall make recommendations to the CITY and COUNTY legislative bodies regarding amendments or extensions to this AGREEMENT. As needed, JPAC shall make recommendations to the CITY and COUNTY legislative bodies regarding the following:
3.3.1 Local and regional infrastructure projects the Parties have planned or anticipate within the TSA during a planning period determined by JPAC;

3.3.2 Proposed plans for the funding, construction and delivery of infrastructure and services within the TSA, including but not limited to recommendations for the designation of the project-specific lead agency;

3.3.3 The transition of ownership and maintenance responsibilities between the CITY and COUNTY upon the annexation of any property located within the TSA; and

3.3.4 Expenditure of shared revenues under Section 5.2.1 – 5.2.4 of this AGREEMENT on infrastructure improvement projects within the TSA.

4 TERM AND TERMINATION

This AGREEMENT between the Parties shall be for an initial term of thirty-five (35) years, commencing July 1, 2015 and ending June 30, 2050; provided, however, Revenue Sharing and Reimbursement as set forth in Paragraph 5 shall have an initial term of twenty four (24) years and shall terminate on June 30, 2039 unless the Parties mutually agree in writing to continue the Revenue Sharing and Reimbursement. At any point in time prior to the ending date of this AGREEMENT, the Parties may mutually agree in writing to extend the term of this AGREEMENT.

5 REVENUE SHARING AND REIMBURSEMENT

5.1 PROPERTY TAX REVENUE SHARING AFTER ANNEXATION

5.1.1 During the calendar year of annexation by the CITY of property located within the TSA, the COUNTY will continue to receive the full property tax levied for COUNTY road purposes for the remainder of the year, plus all outstanding prior years’ taxes. The assessed value used to calculate reimbursement is the assessed value of a parcel (land and improvements) as established in the official records of the COUNTY Assessor for property tax purposes as of the date of the annexation.

5.1.2 Upon annexation of property within the TSA and for a period of ten (10) calendar years thereafter, the CITY will reimburse the COUNTY to mitigate the impact on the COUNTY Road Fund budget. The reimbursement will start in the calendar year following the calendar year of annexation and be at a rate of $1.00 per $1,000 of assessed valuation in the first year and decreased by $0.10 per $1,000 each year thereafter until it reaches zero. The assessed value used for each year’s calculation shall be the assessed value as established in the official records.
of the COUNTY Assessor as of the date of annexation. This ten year ramp-down period will substantially assist the COUNTY in adjusting to reduced COUNTY Road Fund revenues while maintaining planned levels of service.

5.1.3 Annual payments owed by CITY to COUNTY under this Paragraph 5 shall be deducted by COUNTY from the distribution of property tax payments on May 10 and November 10 to the CITY. The COUNTY shall send notice and supporting documentation to the CITY no later than April 1 of each year of the amounts that will be deducted from the May 10 and November 10 property tax distributions pursuant to this AGREEMENT. No deductions shall be made until said documentation has been provided to and acknowledged by the CITY. For delayed documentation and acknowledgment, said deduction shall then be made at the next property tax distribution following said provision and acknowledgment.

5.2 SALES AND USE TAX REVENUE SHARING DURING TERM OF THIS AGREEMENT

5.2.1 From the commencement date of this AGREEMENT and continuing for the term of this AGREEMENT, the CITY and COUNTY agree to equally share that certain portion of the 1% local share of State sales and use taxes as authorized by RCW 82.14.030 and generated by all commercial retail sales generated within the TSA after the commencement date of this AGREEMENT ("TSA Local Share"), except as limited herein.

5.2.2 The COUNTY will annually appropriate 10% of its 50% share of the 1% TSA Local Share into a restricted fund for infrastructure that will be allocated through the JPAC process.

5.2.3 The CITY will annually appropriate 10% of its 50% share of the 1% TSA Local Share into a restricted fund for infrastructure that will be allocated through the JPAC process.

5.2.4 No JPAC allocated funds shall be expended on infrastructure improvements without prior approval by both the CITY and COUNTY.

5.2.5 The COUNTY Treasurer and CITY Finance Director shall confer no less than quarterly to determine and allocate the TSA Local Share as set forth herein based on the quarterly sales and use tax revenue distributions from the State.

5.2.6 Sales and use taxes attributable to the following are hereby exempted from Revenue Sharing and shall remain with the County for the duration of the AGREEMENT, regardless of annexation:
1) Commercial retail sales generated by existing retail establishments in operation (or in possession of a Conditional Use Permit) on the commencement date of this AGREEMENT, as shown in Exhibit B; and

2) Commercial retail building projects with a valid building permit issued by the COUNTY before the commencement date of this AGREEMENT; and

3) All building and development projects and retail sales occurring within the boundaries of the property commonly known as "Hawkins Property", with the legal description as set forth in Exhibit C; provided, however, in the event of a change of property use, as defined by the need for a new conditional use permit, and provided there is no public debt for infrastructure construction as provided under 5.2.6 (4), the tax sharing provisions of this AGREEMENT shall then apply to said businesses; and

4) CITY and COUNTY agree that property known as "Hawkins Property", with the legal description as set forth in Exhibit C, will not be subject to tax sharing as long as COUNTY is legally bound to pay for public infrastructure related to that property.

5.2.7 After the commencement date of this AGREEMENT, a change in the commercial use of an establishment located within the TSA, such that a new conditional use permit is required by the County, will constitute a new use and will reclassify any sales and use tax revenue accordingly.

5.2.7.1 Paragraph 5.2.7 shall not apply to the property described in Exhibit C, as long as the COUNTY has, or is required to have, any public debt tied to that property.

5.3 SALES AND USE TAX REVENUE AFTER ANNEXATION

Upon annexation by the CITY of all or any portion of the exempted areas described in Paragraph 5.2.6 during the initial twenty-four (24) year term of this AGREEMENT, the COUNTY will continue to receive 100% of the local share of the commercial retail sales and use tax generated within or by such exempt establishments, projects, or areas. Provided, however, that upon a change of use of any such business, the tax sharing provisions of this AGREEMENT shall then apply to said business. Upon expiration of the twenty-four (24) year term of this AGREEMENT, state law shall govern the distribution of all commercial retail sales and use tax generated within or by such exempt establishments, projects, or areas.

5.4 RCW 82.14.370 – COUNTY PUBLIC FACILITIES IMPROVEMENT FUND REVENUE (".09 FUNDS")
The COUNTY will dedicate 100% of the commercial retail sales and use tax revenue collected under the authority of RCW 82.14.370, Whitman County Resolution No. 055093, and Whitman County Ordinance No. 067016 and generated annually within the TSA, excluding those areas identified in Paragraph 5.2.6, after the commencement date of this AGREEMENT (".09 FUNDS TSA Share") for infrastructure improvements within the TSA.

6 DISPUTE RESOLUTION

Disputes arising from the interpretation or administration of this AGREEMENT shall be mediated by a panel of three people. The mediation process shall be commenced by a written notice filed with the offices of the Pullman CITY Clerk and Whitman COUNTY Board of Commissioners. Upon the filing of this written mediation notice, a CITY representative, non-elected official, shall be appointed by the Pullman CITY Council, and a COUNTY representative, non-elected official, shall be appointed by the Whitman COUNTY Board of Commissioners. The CITY and COUNTY shall appoint such mediators within 30 days after the filing of the written mediation notice. A third mediator shall be agreed upon and appointed by the two appointed representatives. The panel of three mediators shall attempt to resolve the dispute between the CITY and COUNTY through discussion and negotiation among the panel members. Appropriate parties may present evidence or argument to the panel. Decisions of the panel shall not be binding on the CITY or the COUNTY and all discussions and negotiations among the panel members shall remain confidential and privileged. The decision of the mediation panel is not to be confidential. Mediation shall be completed and a decision rendered within 90 days after the filing of the written mediation notice. Each party shall bear the costs of its appointed mediator and one-half the costs of the third mediator appointed by the two mediators. In the unlikely event that a dispute cannot be resolved through mediation, the next step would be legal action in Whitman County Superior Court.

7 NOTICES

All notices shall be in writing and served on any of the Parties either personally or by regular U.S. Mail, at their respective addresses. Notices sent by regular mail shall be deemed served when deposited in the United States mail, postage prepaid to:

CITY OF PULLMAN:
Mayor
325 SE Paradise St.
Pullman, WA 99163

WHITMAN COUNTY:
Chairman, Board of Commissioners
400 N. Main St.
Colfax, WA 99111
8 AMENDMENTS

Amendments to this AGREEMENT may be proposed by CITY, COUNTY, or JPAC. In order for this AGREEMENT to be amended, the legislative bodies of the CITY and COUNTY must jointly authorize the amended terms and conditions by legislative action adopting the same. No modification or amendment to this AGREEMENT shall be valid until put in writing and signed with the same formalities as this AGREEMENT.

9 ASSIGNMENT

Neither Party may assign its interest in or obligations under this AGREEMENT without the express written consent of the other Party.

10 SEVERABILITY

In the event any portion of this AGREEMENT should become invalid or unenforceable, the rest of the AGREEMENT shall remain in full force and effect.

11 COMPLIANCE WITH LAWS

The Parties shall observe all federal, state and local laws, ordinances and regulations, to the extent that they may be applicable to the terms of this AGREEMENT.

12 NONDISCRIMINATION

No individual shall be excluded from participation in, denied the benefit of, subjected to discrimination under, or denied employment in the administration of or in connection with this contract because of age, sex, race, color, religion, creed, marital status, familial status, sexual orientation, national origin, the presence of any sensory, mental or physical disability, or use of a service animal by a disabled person.

13 VENUE

This AGREEMENT shall be construed under the laws of Washington State. Any action at law, suit in equity or judicial proceeding regarding this AGREEMENT or any provision hereto shall be instituted only in courts of competent jurisdiction within Whitman County, Washington.

14 COUNTERPARTS
This AGREEMENT may be executed in any number of counterparts, each of which, when so executed and delivered, shall be an original, but such counterparts shall together constitute but one and the same.

15 **RCW 39.34 REQUIRED CLAUSES**

15.1 Purpose. See Section 1 above.

15.2 Duration. See Section 4 above.

15.3 Organization of Separate Entity and its Powers. No new separate legal or administrative entity is created to administer the provisions of this AGREEMENT.

15.4 Responsibilities of the Parties. See provisions above.

15.5 AGREEMENT to be Filed. The CITY shall file this AGREEMENT with its CITY Clerk and shall publish this AGREEMENT on its website. COUNTY shall record this AGREEMENT with the COUNTY Auditor and shall publish this AGREEMENT on its website.

15.6 Financing. Each Party shall be responsible for the financing of its contractual obligations under its normal budgetary process. No Party shall charge any fees for its contractual obligations and/or fund management.

15.7 Termination. See Section 4 above.

15.8 Acquisition/Disposition of Property. Title to all property acquired by any Party in the performance of this AGREEMENT shall remain with the acquiring Party upon termination of the AGREEMENT. Jointly acquired property shall be divided in proportion to the percentage share of each Party contributing to its acquisition.

16 **APPENDICES**

Exhibit A: Tax Sharing Area (TSA) Map

Exhibit B: List of existing businesses within the TSA

Exhibit C: Legal Description of property known as “Hawkins Development”

17 **REPEALER**

The INTERLOCAL AGREEMENT FOR JOINT PLANNING BETWEEN THE CITY OF PULLMAN AND WHITMAN COUNTY, dated February 4, 2004, Recording No. 652763, records
of Whitman County, Washington and all addenda or amendments thereto are hereby repealed and rescinded effective upon the commencement date of this AGREEMENT.

18  APPROVAL AND EXECUTION

Dated:  

CITY OF PULLMAN

By:  
Mayor

Attest:  
Finance Director

Dated:  

WHITMAN COUNTY

Chair, Board of Commissioners

Commissioner

Commissioner

Attest:  
Clerk of the Board

APPROVED AS TO FORM:

Laura D. McAlloon  
City Attorney

APPROVED AS TO FORM:

Denis P. Tracy  
Prosecuting Attorney
EXHIBIT B

List of Existing Businesses in Tax Sharing Area

Pullman-Moscow Corridor Area:

1. Busch Distributors – 7603 Washington 270, Pullman, WA 99163
2. Transportation Demand Management – 9801 MLK Jr. Way S., Seattle, WA 98118
3. Crossroads Nursery – 5952 Pullman Airport Rd, Pullman, WA 99163
4. Pullman Toyota – 8833 SR 270, Pullman WA 99163
5. Time Warner – 8631 SR270, Pullman WA 99163
6. Hawkins Development
7. Platt Electric – 5951 Airport Rd. Pullman, WA
8. Stoneway Electric (Crescent Electric) – 7202 Washington 270, Pullman WA
9. Wawawai Canyon Winery - 5602 Washington 270, Pullman, WA
10. Maverick Mini Storage
11. Appaloosa Horse Club – 2720 Pullman Rd, Moscow Id 83843
12. Garaj Mahal – Kevin Kirkman, P.O. Box 642, Pullman, WA 99163
13. Maverick Properties – 6052 Old Moscow Road, Pullman, WA 99163
14. Avista
15. Alpine Animal Hospital – 4853 Washington 270, Pullman WA 99163
16. Wonder Stables – Pullman Moscow Hwy 270
17. Wheatland Express
18. Model Home Furnishings (South Grand Ave. and SR 195)
20. SYG Nursery - 3252 Brayton Rd, Pullman WA
21. Riddco Inc. - (Pullman-Moscow Airport Road)
22. Bill Christian, Ag Fab Shop – Airport Road
23. Pre Mix – 6901 Washington 270, Pullman, WA 99163
25. Motley R.V. Storage/Sales/Maintenance – 4101 SR 270, Pullman, WA 99163

N. E. Pullman Area:

1. Whiskey Barrel Cider Company – 3431 Airport Road Unit B, Pullman, WA 99163
2. Interstate 502 Corp. - 3431 Airport Road, Unit A, Pullman, WA 99163
3. MassAEffect, - 545 NE Morton Street, #103, Pullman, WA 99163
North Hwy. 27 Area:

1. Busch Distributors, Inc - 4703 Washington 27, Pullman WA 99163
2. Steve & Kevin Mader -- 4932 Washington 27, Pullman WA 99163
3. Ace Elliot (SR 27 and Whelan Road)
4. PNW COOP – 5096 Hwy 27, Pullman WA
5. The Storage Spot – 4503 Hwy 27, Pullman WA
6. McKeiman’s Auto Repair – 4501 Washington 27, Pullman WA
7. Carlson’s Plumbing (SR 27) – 4491 Washington, Pullman WA

West Pullman Area:

1. Hinrichs Seed Plant – 1303 Old Wawawai Rd. Pullman, WA
The following described real property located in Whitman County Washington:

Lots 2 and 4, and the Southwest Quarter of Section 32, Township 15 North, Range 40 East, W.M., and Lots 1, 2 and 3, Section 5, Township 14 North, Range 46 East, W.M.

EXCEPT that portion of the above-described property lying between the Northern Pacific Railroad and Oregon-Washington Railroad and Navigation Company rights of way.

EXCEPT ALSO a tract of land situated in Lot 2, Section 5, Township 14 North, Range 46 East, W.M., and in the Southwest Quarter of the Southwest Quarter of Section 32, Township 15 North, Range 46 East, W.M., and more particularly described as follows:

BEGINNING at a point on the Northerly right of way line of the Northern Pacific Railway which is 3155.92 feet North 65°31'24" West of the Southeast corner of Lot 1, Section 5, Township 14 North, Range 46 East, W.M., and point being the Southwesterly corner of a tract recorded under Weyerhaeuser Deed No. 44668 on February 24, 1977, and to the true point of beginning; running thence North 32°32'40" East along the Westerly line of said tract recorded in said Warranty Deed a distance of 743.36 feet to a point on the Southwesterly right of way line of the Union Pacific Railway; thence North 48°59' West along said right of way line 1276.29 feet to the West line of said Section 32, Township 15 North, Range 46 East, W.M.; thence South 0°16'25" West 1220.00 feet along the West line of Section 32 and along the West line of Section 5, Township 14 North, Range 46 East, W.M., to a point on the Northerly right of way line of the Northern Pacific Railway at railway right of way Station 4400+00; thence South 80°04' East along the Northerly right of way line of said railway which project on a 8°39' curve to the right at the centerline of said railway, a distance of 398.44 feet (measured on the chord of the arc); thence South 58°49' East along the Northerly right-of-way line 397.41 feet (measured on the chord of the arc) to the true point of beginning.

ALSO EXCEPT a tract of land situated in Lot 1, Section 5, Township 14 North, Range 46 East, W.M., lying North of and adjacent to Washington State Highway No. 270 and adjoining the Washington-Idaho State Line in Whitman County, more particularly described as follows:

BEGINNING as a point on the North right of way line of Washington Primary State Highway No. 270 at its intersection with the Washington-Idaho State Line, said point being located 1129.04 feet North of the Southeast corner of Lot 1, said point being the true point of beginning; running thence South 48°59' West 120.00 feet along said North right of way line; thence North on a line parallel with the Washington-Idaho State line 181.3 feet; thence North 88°39' East 120.00 feet to a point on the Washington-Idaho State Line; thence South along said State line 181.3 feet to the point of beginning.

ALSO EXCEPT a tract of land in Lot 1, Section 5, Township 14 North, Range 46 East, W.M., more particularly described as follows:

COMMENCING as a concrete monument on the North right of way line of Washington State Highway No. 270 at its intersection with the Washington-Idaho State line, said monument being located 1129.04 feet (by Yexas) North of the Southeast corner of said Lot 1; thence South 88°39'00" West 120.00 feet to the Northwest corner of Yates survey and the true point of beginning; thence along the arc of a spiral curve, the chord of said spiral bears North 88°09'43" West 22.43 feet; thence along the arc of a 2790 feet radius curve to the 9th through 1° central angle of 4°56'10" the chord of said curve bears South 88°49'00" West 224.18 feet; thence North 226.18 feet; thence North 88°39'00" East 264.30 feet to a point on the Washington-Idaho line; thence South 60.00 feet along said line; thence South 88°39'00" West 120.00 feet; thence South 181.30 feet to the true point of beginning.

ALSO EXCEPT a parcel of land situated within the Southwest Quarter of Section 32, Township 15 North, Range 46 East, W.M., more particularly described as follows:

Exhibit "C"
COMMENCING on the West quarter corner of said Section 32, thence South 00°16'54" East 585.00 feet, along the West line of said Section 32; thence North 40°45'54" East 54.00 feet to centerline Station 144+84.34 (CRP 5600-3) of County Road No. 5600; thence South 1°09'59" West 415.46, along centerline of said road, to Station 140+00 (CRP 5600-3); thence South 88°20'01" East 32.00 feet to a point on the East right of way (ROW) of said County Road at the point of beginning; thence South 53°31'50" East 1273.42 feet; thence South 43°29'40" West 483.85 feet, to a point on the North ROW of State Highway 270 at Station 355+91.94; thence along said North ROW, the following courses: North 40°30'20" West 591.94 feet, to Station 350+00; North 43°29'40" East 50.00 feet, to Station 345+00; North 46°50'20" West 155.30 feet to the beginning point of a spiral curve at Station 348+44.7; thence 120.98 feet along a spiral curve concave to the Southwest (degree of spiral = 0°43'53"), with its chord bearing North 43°43'42" West 220.04 feet, to its intersection with the East ROW of said County Road No. 5600; thence along said County Road ROW the following courses: North 1°09'59" East 325.44 feet to Station 149+50 (CRP 5600-2); North 6°53'27" East 50.25 feet, to the point of beginning.

ALSO EXCEPT a strip of land over and across the Northwest Quarter of the Southwest Quarter of Section 32, Township 15 North, Range 46 East, W.M., Whitman County, Washington, of which the centerline is more particularly described as follows:

COMMENCING in the West quarter corner of said Section 32; thence South 91°26" East, along the West line of said Section 32; a distance of 585.00 feet; thence North 40°45'54" East a distance of 54.65 feet to centerline Station 144+84.34, being the true point of beginning for this description, left and right of way lines to be shortened or extended as to begin on said bearing of North 40°45'54" East from the true point of beginning; thence South 1°09'59" West a distance of 586.67 feet to P.C. Station 150+47.11, being the terminus of this description.

The widths of said strip are as tabulated below:

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<td>30 feet</td>
<td>30 feet</td>
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</tbody>
</table>

EXCEPTING from said strip of land described here, all that portion of the now existing Whitman County Road right of way for Road No. 5600. Plans showing the location of the existing and additional right-of-way for said Road No. 5600 are on file in the Office of the Whitman County Engineer, at the County Courthouse, Colfax, Washington.

ALSO EXCEPT a portion of the Southwest Quarter of Section 32, Township 15 North, Range 46 East, W.M., described as follows:

COMMENCING as a point on the West line of said Southwest Quarter that is 585 feet South of the Northwest corner thereof; thence North along said line 585 feet to said Northwest corner; thence Easterly along the North line of said Southwest Quarter a distance of 510 feet; thence Southwesterly in a straight line 800.0 feet, more or less, to the point of beginning.

ALSO EXCEPT that portion of Lots 1, 2 and 3 of Section 5 lying South of the Northern Pacific Railroad right of way.

ALSO EXCEPT property described in Decree of Appropriation filed under Auditor's File No. 67-2-6-6, records of Whitman County, Washington and filed in Case No. 03-2-00148-6.

ALSO INCLUDING a portion of the Northwest Quarter of Section 32, Township 15 North, Range 46 East, W.M., described as follows:

COMMENCING at a point on the South line of said Northwest Quarter that is 851 feet East of the Southwesterly corner of said Northwest Quarter; thence continuing on said South line Easterly 520 feet; thence Northwesterly 260 feet to a point that is 320 feet East of the point of beginning and 170 feet North of said South line; thence Southwesterly 360 feet to the point of beginning.