

November 1, 2012

EMAIL AND OVERNIGHT COURIER

Mr. Matt McClincy
Northwest Region
Oregon Department of Environmental Quality
2020 SW Fourth Avenue, Suite 400
Portland, OR 97204

Re: State of Oregon v. L. D. McFarland Company, Ltd., Stipulation and Consent Decree (CCV0108179) (the "Consent Decree"); Assignment and Assumption Agreement

Dear Matt:

L. D. McFarland Company, Ltd. ("**LDM**") is the defendant under the Consent Decree, which requires remedial action at LDM's former property located between SE Oak Street, SE Monroe Street, SE 37th Street and the Union Pacific Railroad in Milwaukie, Oregon (the "**Milwaukie Property**"). By separate letter dated November 2, 2012, LDM has notified DEQ of the pending transfer of fee title to the Milwaukie Property to Tyee Management Company, LLC ("**Tyee**") pursuant to paragraph 3.2(4) of the Consent Decree (LDM previously transferred title to the Milwaukie Property to MCPLC).

Related to the change in ownership of the Milwaukie Property, LDM and Tyee have executed an assignment and assumption agreement to transfer obligations under the Consent Decree. Under this agreement, Tyee has agreed to be responsible for complying with all of the obligations under the Consent Decree, and LDM will be relieved of the Consent Decree obligations pursuant to paragraph 3.2(4) of the Consent Decree. The assignment and assumption agreement as executed by LDM and Tyee is enclosed.

Pursuant to paragraph 3.2(4) of the Consent Decree, we are requesting DEQ's approval of the assignment and assumption of the Consent Decree obligations by Tyee. We ask that DEQ approve the assignment and assumption agreement by signing the approval block on the signature page of the agreement and returning it to me at your earliest convenience.

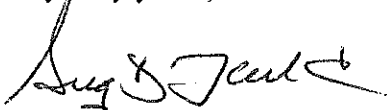
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Effective November 30, 2012, please send all future correspondence to me at the following address:

Greg D. McFarland
Tyee Management Company, LLC
5501 Pacific Highway East, Suite 2
Fife, Washington 98424

Please call me if you have any questions about the assignment and assumption agreement.

Very truly yours,

A handwritten signature in black ink, appearing to read "Greg D. McFarland", with a stylized flourish at the end.

Greg D. McFarland

Enclosure

cc (w/encl.): Mr. Les Lonning
Mr. J. Mark Morford

MILWAUKIE SITE CONSENT DECREE ASSIGNMENT AND ASSUMPTION AGREEMENT

THIS MILWAUKIE SITE CONSENT DECREE ASSIGNMENT AND ASSUMPTION AGREEMENT (this "**Agreement**") is made and entered into effective November 1, 2012, between L. D. McFarland Company, Ltd., an Idaho corporation ("**LDM**"), and Tyee Management Company, LLC, a Washington limited liability company ("**Tyee**").

RECITALS

A. LDM, as defendant, and the Oregon Department of Environmental Quality ("**ODEQ**"), as plaintiff, are parties to the Stipulation and Consent Decree (the "**Consent Decree**") (CCV0108179), entered by the Circuit Court of Oregon for the County of Clackamas on August 14, 2001, requiring remedial action for real property formerly owned by LDM in Milwaukie, Clackamas County, Oregon (the "**Milwaukie Property**").

B. LDM transferred fee title to the Milwaukie Property to McFarland Cascade Pole & Lumber Company ("**MCPLC**") on December 29, 2003. In that transaction, MCPLC did not assume LDM's obligations under the Consent Decree and LDM has retained all those obligations.

C. MCPLC is the current owner of the Milwaukie Property and is conveying fee title to the Milwaukie Property to Tyee effective as of this same day.

D. As the new owner of the Milwaukie Property, Tyee wishes to accept and assume all the defendant's rights and obligations under the Consent Decree and LDM wishes to assign to Tyee all of LDM's rights and obligations under the Consent Decree.

AGREEMENT

1. LDM assigns, transfers, conveys and sets over to Tyee, LDM's rights and obligations under the Consent Decree.

2. Tyee accepts the foregoing assignment and assumes and agrees to perform all of the obligations of the defendant under the Consent Decree, including any continuing obligations of the defendant that are owed to ODEQ arising out of the period before the date of this Agreement (as described in ODEQ's approval below).

3. LDM and Tyee covenant and agree to execute and deliver, at the reasonable request of any other, such further instruments of transfer and assignment and to take such other action as such other party may reasonably request to more effectively consummate the assignments and assumptions contemplated by this Agreement.

4. This Agreement shall be governed by and construed under the laws of the State of Oregon without giving effect to any choice or conflict of law provision or rule (whether of the State of Oregon or any other jurisdiction) that would cause the application of laws of any jurisdiction other than those of Oregon.

5. This Agreement is not intended to confer upon any person other than the parties to this Agreement any rights or remedies hereunder.

6. This Agreement shall be binding upon and shall inure to the benefit of the parties and their respective successors and assigns.

LDM:

L. D. McFarland Company, Ltd.,
an Idaho corporation

By: [Signature]
Name: GREG D. MCFARLAND
Title: CO-CHIEF EXECUTIVE OFFICER

TYEE:

Tyee Management Company, LLC,
a Washington limited liability company

By: McFarland Cascade Investment Co., its sole member

By: [Signature]
Name: B. Corey McFarland
Title: CO-CEO

ODEQ Approval of Assignment and Assumption

ODEQ approves this Assignment and Assumption Agreement pursuant to paragraph 3.2(4) of the Consent Decree. This approval by ODEQ's relieves LDM of its Consent Decree obligations under the Consent Decree, except the provisions of subsection 4.F (retention of records produced before assumption by Tyee) and subsection 4.O. (indemnity to the extent of acts or omissions occurring before assumption by Tyee) of the Consent Decree, which provisions shall continue to be binding on LDM.

ODEQ is executing this document solely for purposes of approval of the assignment and assumption as stated above.

Approved by:

Oregon Department of Environmental Quality

By: [Signature]
Name: Nina De Concini
Title: NW Region Administrator / DEQ