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SKAGIT COUNTY WASHINGTON
KATHY HULL

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WHEN RECORDED, RETURN TO:

Blue Cat Marine, LLC
8120 E. Maringo
Spokane, WA 99212

27374
SKAGIT COUNTY WASHINGTON
Rent Estate Excise Tax

JAN 12 1999

LAND TITLE COMPANY OF SKAGIT COUNTY

PA-88121-E

Amount Paid \$ 6
Skagit Co. Treasurer
By Deputy

MEMORANDUM OF MARINA SLIP SUBLEASE
FIDALGO MARINA

THIS MEMORANDUM OF MARINA SLIP SUBLEASE ("Memorandum") by and between FIDALGO MARINA PARTNERSHIP, a Washington general partnership ("Lessor"), and BLUE CAT MARINE, LLC, a Washington limited liability company ("Lessee"), is made as of the 8th day of January, 1999.

Unit 26: Fidalgo Marina Condominium

Assessor's Property Tax Parcel #4599-000-026-0005 and R102536

RECITALS

A. Lessor and Lessee have entered into a Marina Slip Sublease (the "Marina Slip Sublease") of even date herewith, which relates to Marina Slip No. 26, within the leased harbor area described on Exhibit A attached hereto and incorporated herein by this reference, located in Fidalgo Bay, Skagit County, Washington (the "Harbor Area"). Said Marina Slip is established by the Fidalgo Marina, a drawing of which is attached hereto as Exhibit B and incorporated herein by this reference.

B. The Marina Slip Sublease is a sublease of certain of Lessor's rights in the Harbor Area established under a Lease dated May 6, 1990, by and between the City of

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Anacortes, as lessor, and Development Ventures, Inc. ("DVI"), as lessee, as amended (the "City Lease"). The lessee's interest under the City Lease was assigned to and assumed by Lessor pursuant to an Assignment and Assumption Agreement, dated as of July 31, 1992, between DVI and Lessor and recorded under Skagit County Recording No. 9207310172. The City Lease expires September 30, 2016.

C. The City of Anacortes, as lessee, is leasing the Harbor Area and other adjacent harbor areas from the State of Washington Department of Natural Resources (the "DNR") under Harbor Area Lease No. 22 002664 dated August 18, 1987 (the "DNR Lease"). The DNR Lease expires October 1, 2016.

D. Lessor and Lessee have agreed to execute and record this Memorandum in order to give record notice of the Marina Slip Sublease. Capitalized terms used herein and not defined in this Memorandum shall have the meanings ascribed to them in the Marina Slip Sublease.

AGREEMENT

Now, therefore, Lessor and Lessee agree as follows:

1. Term. The term of the Marina Slip Sublease commences on January 8, 1999 and, unless sooner terminated as provided in the Marina Slip Sublease, continues until September 29, 2016, all as further described in the Marina Slip Sublease; provided, the term of the Marina Slip Sublease shall be automatically extended at such time that the City of Anacortes re leases the Harbor Area from the DNR as described in the Marina Slip Sublease.

2. Marina Slip. Under the Marina Slip Sublease, Lessor leases to Lessee Marina Slip No. 26 of the Fidalgo Marina located within the Harbor Area, and grants Lessee a nonexclusive irrevocable license to enter upon Marina Common Areas and certain other areas within the Harbor Area, as further described in the Marina Slip Sublease.

3. Tenancy in Common Agreement; Restrictions on Use. Lessee owns an undivided percentage interest in the Marina Improvements as a tenant in common. To the extent the Marina Slip Sublease in conjunction with the other mirror image subleases of Marina Slips establish rights, obligations and restrictions with respect to the use of the Marina Improvements, it serves as a form of tenancy in common agreement among the owners of the Marina Improvements. The Marina Slip Sublease contains certain restrictions upon Lessee's use of the Harbor Area and Fidalgo Marina, as further described in the Marina Slip Sublease.

4. Retained Rights; Assumption by Association. Under the Marina Slip Sublease, Lessor retains certain rights of access, use, management and control with regard to the Harbor Area and Fidalgo Marina, as further described in the Marina Slip Sublease. If Lessor assigns its interest under the City Lease to the Fidalgo Marina Owners Association (the "Association"), or turns over the operation and management of the Harbor Area and Fidalgo

Marina to the Association, the Association will be responsible for the obligations of the Lessor under the Marina Slip Sublease and for the obligations of the lessee under the City Lease, and Lessee will look solely to the Association to perform such obligations.

5. Assignment. Lessee's right to assign its interest under the Marina Slip Sublease is limited. Lessee's rights under the Marina Slip Sublease may not be assigned or transferred separate and apart from Lessee's conveyance of its ownership interest in the Fidalgo Marina Condominium (located on uplands adjacent to the Harbor Area) and its undivided percentage interest in the Fidalgo Marina Improvements.

6. Miscellaneous. This Memorandum is prepared for the purpose of giving record notice of the Marina Slip Sublease. It shall not constitute an amendment or modification of the Marina Slip Sublease and in the event of any conflict between this Memorandum and the Marina Slip Sublease, the Marina Slip Sublease shall control. This Memorandum may be executed in counterparts for the convenience of the parties, which counterparts may be assembled and when assembled shall have the effect of a single document.

Dated as of the day first written above.

LESSOR:

FIDALGO MARINA PARTNERSHIP, a
Washington general partnership

By Development Ventures, Inc., Its General
Partner

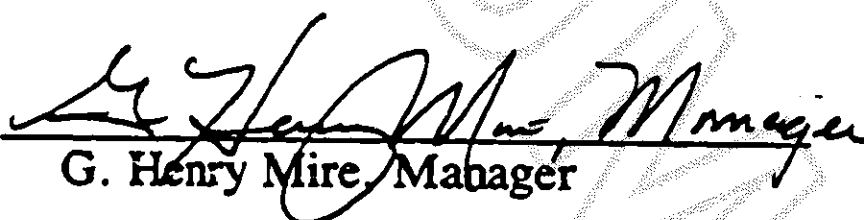
By



LESSEE:

BLUE CAT MARINE, LLC

By:


G. Henry Mire, Manager

Print Name:

- Exhibit A DNR Lease
- Exhibit B City Lease and Assignment and Assumption
- Exhibit C Agreement by City to Apply for Re Lease
- Exhibit D Drawing of Fidalgo Marina
- Exhibit E Description of Adjacent Property
- Exhibit F Description of Option Property That May Be Included as Part of the Adjacent Property

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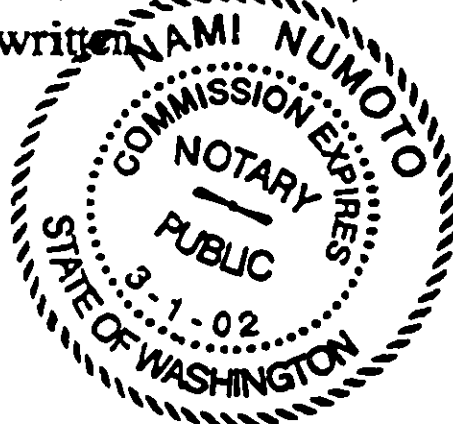
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Exhibit G Drawing of Reconfiguration of Marina for Dry Stack Project

STATE OF WASHINGTON)
) ss.
COUNTY OF KING)

On this 7 day of January, 1999, before me, a Notary Public in and for the State of Washington, personally appeared Terence P. Lukens, Vice President of DEVELOPMENT VENTURES, INC., general partner, personally known to me (or proved to me on the basis of satisfactory evidence) to be the persons who signed this instrument; on oath stated that they were authorized to execute the instrument; on oath stated that they were authorized to execute the instrument as officers of the corporate general partners of FIDALGO MARINA PARTNERSHIP; and acknowledged said instrument to be their free and voluntary acts and deeds, as officers of such general partners, for the uses and purposes therein mentioned.

IN WITNESS WHEREOF, I have hereunto set my hand and official seal the day and year first above written.



Nami Numoto
Print Name: NAMI NUMOTO
NOTARY PUBLIC in and for the State of
Washington, residing at
My appointment expires 3-1-02

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STATE OF WASHINGTON)

COUNTY OF Bonner SS.

I certify that I know or have satisfactory evidence that G. Henry Mire is the person who appeared before me, and said person acknowledged that he signed this instrument, on oath stated that he was authorized to execute the instrument and acknowledged it as the manager of BLUE CAT MARINE, LLC to be the free and voluntary act of such party for the uses and purposes mentioned in the instrument.

DATED: 1.11.99

Paralee Gates
NOTARY PUBLIC in and for the State
of Washington, Residing at Landpoint

Idaho
Paralee Gates
(Printed or Stamped Name of Notary)

My appointment expires 6-23-2004

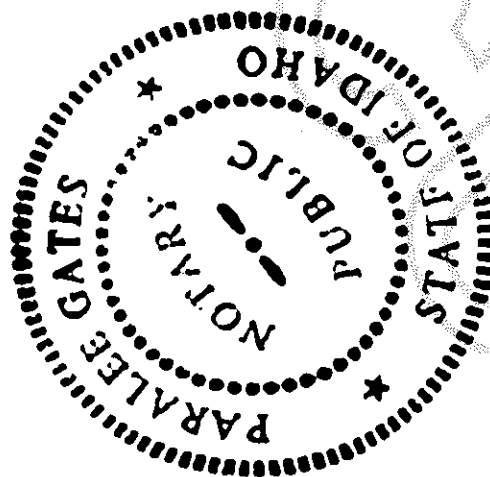


EXHIBIT A

HARBOR AREA LEGAL DESCRIPTION

FIDALGO MARINA PHASE I
DNR Harbor Area Sublease Legal Description

Revised March 17, 1992
September 17, 1991
Job No. 90-104-03

That portion of the harbor area, Plate No. 11, Tide and Shorelands of Section 30, Township 35 North, Range 2 East, Willamette Meridian, Anacortes Harbor in Skagit County, Washington, according to the official map thereof in the Office of the State Land Commissioner at Olympia, Washington described as follows:

Beginning at the meander corner common to Sections 19 and 30, Township 35 North, Range 2 East, Willamette Meridian, and the northwest corner of Tract One, Plate No. 11, Tide and Shorelands of Section 30, Township 35 North, Range 2 East, Willamette Meridian, Anacortes Harbor, from which the northwest corner of Section 30 bears North 89°56'05" West 2191.12 feet distant per the Plat of Anacortes Industrial Park Addition as recorded in Volume 10 of Plats, pages 19, 20 and 21, records of Skagit County, Washington; thence South 89°56'05" East along the north line of said Tract One, Plate No. 11, a distance of 606.30 feet to the inner harbor line on the east boundary of said Tract One; thence South 30°20'05" East along the inner harbor line, a distance of 1139.43 feet to the True Point of Beginning of the herein described parcel; thence North 83°49'22" East 250.00 feet; thence North 06°10'38" West 85.00 feet; thence South 83°49'22" West 185.00 feet; thence North 06°10'38" West 48.62 feet; thence North 46°49'22" East 78.03 feet; thence North 12°29'49" East 153.84 feet; thence North 06°10'38" West 603.40 feet; thence North 51°51'37" West 63.83 feet to a point of intersection on the easterly prolongation of the north line of said Tract One, Plate No. 11 from which the northeast corner of said Tract One, Plate No. 11 bears North 89°56'05" West 600.78 feet distant; thence North 89°56'05" West along said easterly prolongation a distance of 43.37 feet; thence South 53°39'33" West 129.76 feet; thence South 03°17'16" West 91.43 feet; thence South 00°31'22" East 111.54 feet; thence South 06°10'38" East 376.62 feet to a point of intersection on the easterly prolongation of the north line of Tract A of survey recorded in Volume 10 of Surveys, pages 29 and 30, records of Skagit County, Washington; thence North 88°07'59" West along said easterly prolongation 108.14 feet to the inner harbor line; thence South 30°20'05" East along the inner harbor line 384.86 feet to the True Point of Beginning.

Containing 215,858 square feet
or 4.9554 acres more or less

PREPARED BY TRIAD ASSOCIATES

WRITTEN: LEC
CHECKED: WYS
COMPARED: JH/VH

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