

AFTER RECORDING RETURN TO:

Department of General Administration
Division of State Services, Real Estate
P. O. Box 41015
Olympia, Washington 98504-1015



200402040026
Skagit County Auditor

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Lease No. SRL 03-0158
SR 208-06-03

(LaConner) NAT
Page 1 of 10
December 17, 2003

LEASE

1. This LEASE is made and entered into between LA Conner Pier, L.L.C., whose address is P.O. Box 731, LaConner, Washington 98257 for its heirs, executors, administrators, successors, and assigns, hereinafter called the Lessor, and the State of Washington, Department of Fish and Wildlife (WDFW), acting through the Department of General Administration, hereinafter called the Lessee.

WHEREAS, the Department of General Administration is granted authority to lease property under RCW 43.82.010;

WHEREAS, the Lessor and Lessee deem it to be in the best public interest to enter into this Lease;

NOW, THEREFORE, in consideration of the terms, conditions, covenants and performances contained herein, IT IS MUTUALLY AGREED AS FOLLOWS:

LEASED PREMISES

2. The Lessor hereby leases to the Lessee the following described premises:

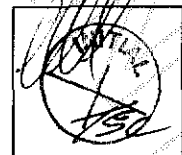
Tax Parcel Number: 4129-018-021-0005

Common Street Address: 111 Sherman Street, La Conner, Skagit County, Washington 98257

Approximately 16,176 BOMA usable square feet of office/warehouse space, consisting of 6,429 square feet of office space and 9,747 square feet of warehouse space, TOGETHER WITH code parking, in an area facing Sherman Street, as well as spaces within warehouse area, legally situated as follows: Parcel 'A': All of Tracts 18, 19, 20, 21 & 22; as shown on 'CORRECTED PLATE # 18, MAP OF LA CONNER TIDE AND SHORE LANDS', on file in the office of the State Land Commissioner, at Olympia, Washington.

ALSO, all of Blocks 1 & 2; the Saw Mill Reserve; & that certain unnumbered tract lying Southerly of the Saw Mill Reserve, & also lying southerly of Lot 13, Block 2, all as shown on the Plat of 'SYNDICATE ADDITION TO THE TOWN OF LA CONNER', as per plat recorded in Volume 2 of Plats, page 109, records of Skagit County, Washington; (said plat being an over plat & including all of Tracts 18, 19, 20, 21, & 22 of 'CORRECTED PLATE #18, MAP OF LA CONNER TIDE AND SHORE LANDS', & also being an over plat & including all of Blocks 5 & 6 of 'FIRST ADDITION TO THE TOWN OF LA CONNER', as per plat recorded in Volume 1 of Plats, page 4, records of Skagit County, Washington.)

ALSO, all of vacated Second Street lying between the North line of Sherman Street & the South line of Caledonia Street, as said streets are delineated on the face of the above mentioned plats.



ALSO, all of the South 313 feet of First Street from Caledonia Street Southerly to its end, as said street is delineated on the face of said plat.

TOGETHER WITH that certain easement to drive & maintain piles as set forth in document dated May 23, 1955 & recorded August 4, 1955, under Auditor's File No. 522025, records of Skagit County, Washington.

EXCEPT from all of the above the following described tracts:

- (1) All that portion of the above described property lying East of the centerline of the dike, as said centerline is set forth & established by deed recorded November 13, 1926 under Auditor's File No. 198706, in Volume 141 of Deeds, page 633, records of Skagit County, Washington, and lying Southerly of the Southerly line of a tract of land conveyed to Jack Regenvetter by deed recorded April 5, 1945 under Auditor's File No. 379332 (said line being 188 feet South of the Northeast corner of Block 2 of said 'SYNDICATE ADDITION TO THE TOWN OF LA CONNER' as measured along the Westerly line of Third Street & drawn Westerly at right angles to Third Street).
- (2) That portion of Tract 22 of 'CORRECTED PLATE #18, MAP OF LA CONNER TIDE AND SHORE LANDS', as on file in the office of the State Land Commissioner, at Olympia, Washington, that lies Northwesternly of a boundary line as established by an Exchange Deed recorded August 4, 1955 under Auditor's File No. 522024, records of Skagit County, Washington, said boundary line being described as being drawn Northerly, perpendicular to Sherman Street at a point that is equi-distant between two lines, the first line being drawn Northerly perpendicular to Sherman Street at a point that is 200 feet Southeasterly, as measured along Sherman Street from the most Westerly corner of said Tract 22, Plate #18; the second line being drawn Southerly perpendicular to the common boundary line between Tracts 21 & 22 of the said Plate #18, at a point 200 feet southeasterly of the most Northerly point of said Tract 22, as measured along the North line of said Tract 22.
- (3) All that portion lying Westerly of the inner Harbor Line as shown on the survey recorded April 6, 1988 in Volume 7 of Surveys, page 182 & 183, under Auditor's File No. 804060031.

TOGETHER WITH that certain easement to drive & maintain piles as set forth in document dated May 23, 1955 & recorded August 4, 1955 under Auditor's File No. 522025, records of Skagit County, Washington.

Situate in the County of Skagit, State of Washington.

PARCEL 'B':

That portion of Tract 22, 'Corrected Plate No. 18, Tide and Shore Lands of Section 36, Township 34 North, Range 2 East, W.M., LaConner Harbor', according to the official map thereof in the office of the State Land Commissioner at Olympia, Washington, Described as follows:

Beginning at the most Westerly corner of said Tract 22; thence in a Southeasterly direction along the Southwesterly line of said Tract 22, a distance of 200 feet to the true point of beginning; thence Northeasterly, at right angles to said Southwesterly line a distance of 74 feet, more or less, to the Northeasterly line of said Tract 22; thence Southeasterly along said Northeasterly line a distance of 25 feet, more or less, to the Northwesternly line of a Tract conveyed to Puget Sound Terminal Co., a Washington corporation by deed dated June 22, 1955, recorded August 4, 1955, under Auditor's File No. 522024;

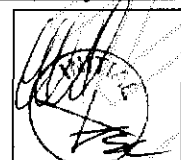
Thence Southwesterly along said Northwesternly line a distance of 74 feet, more or less, to the Southeasterly line of said Tract 22; thence Northwesternly along said Southeasterly line a distance of 25 feet, more or less, to the true point of beginning.

Situate in the County of Skagit, State of Washin



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PARCEL 'C':

A leasehold interest in the following described tract:

The harbor area in front of Tract 21 & the Southwesterly 188 feet of Tract 18 as measured along the Southeasterly line thereof, Corrected Plate 18, LaConner Tide Lands, forming a tract bounded by the inner & outer harbor lines, and the Southwesterly line of said Tract 21 produced Northwesterly & a line which is parallel to & 188 feet Northeasterly from the Southwesterly line of said Tract 18 produced Northwesterly, as shown on the official maps of LaConner Tide Lands on file in the office of the Commissioner of Public Lands at Olympia, Washington.

PARCEL 'D':

A Leasehold interest in the following described tract:

That portion of the harbor area lying in front of the Northeasterly 125 feet of Tract 18, LA CONNER TIDE LANDS, & bounded by the inner & outer harbor lines, the produced Southerly line of Caledonia Street, & the produced Southerly line of said portion of Tract 18, as shown on Corrected Plate 18, LaConner Tide Lands on file in the office of the Commissioner of Public Lands at Olympia, Washington.

All situate in the County of Skagit, State of Washington.

USE

3. The premises shall be used by the Department of Fish and Wildlife and/or other state agencies for the following purpose(s): Office space, interior and exterior warehouse space.

TERM

4. TO HAVE AND TO HOLD the premises with their appurtenances for the term beginning November 1, 2003, and ending October 31, 2008.

RENTAL RATE

5. The Lessee shall pay rent to the Lessor for the premises at the following rate:

Office Area:

Four Thousand Ninety-one Dollars and Ninety-four Cents

SKAGIT COUNTY WASHINGTON
Real Estate Excise Tax
PAID

\$4,091.94 per month

Warehouse Area:

Three Thousand Six Hundred Six Dollars and Thirty-nine Cents

Amount Paid \$
By:  Skagit County Treasurer
Deputy

\$3,606.39 per month

Total Rent:

Seven Thousand Six Hundred Ninety-eight Dollars and Thirty-three Cents

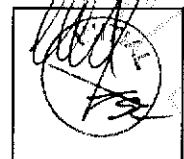
\$7,698.33 per month

Payment shall be made at the end of each month upon submission of properly executed vouchers.



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NON-APPROPRIATION / EMERGENCY REDUCTION IN FUNDING

6. Lessee pledges:

- (a) To include in its biennial budget required by law to be submitted to the Office of Financial Management (OFM) all Rent required by this Lease;
- (b) To submit budgets timely to OFM in accordance with applicable law,
- (c) To use its best efforts to obtain appropriations by the State Legislature in amounts sufficient to pay all Rent required by this Lease,
- (d) To include all Rent in its statements of proposed expenditures for each fiscal period required by law to be submitted to OFM, and
- (e) To use its best efforts to obtain allotments by OFM of appropriated funds sufficient to pay all Rent.

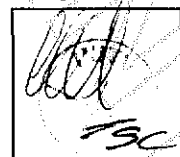
If Lessee anticipates that such appropriations will not be available during any Biennium, the Lessee shall notify the Lessor immediately. Lessee agrees that to the extent that any amounts are allocated in its budget for the obligations provided by the Lease, it will allocate such amounts first to the satisfaction of those obligations under this Lease.

It being the intention of the parties hereto that all Rent payable by the Lessee hereunder shall continue to be payable in the manner and at the times herein provided unless the obligation to pay the same shall be terminated as otherwise expressly provided herein or in the event the Lessor is in default hereunder.

6.1. Lessee's obligation to pay Rent is subject to appropriation by the Washington State Legislature and such obligation to make payments does not constitute a debt or a general obligation of the State of Washington or any agency or subdivision thereof, or the contracting of indebtedness by the State, or a pledge of the faith and credit or taxing power of the State, for purposes of any constitutional or statutory limitation upon debt or the contracting of indebtedness. Upon the occurrence of a Permitted Termination Event, Lessee shall vacate the Premises and deliver possession and control thereof to the Lessor on the Permitted Termination Date and thereupon shall be released of its obligations to make all further Rent hereunder with respect to the Leased Premises. If Lessee returns the Premises pursuant to the term of this Section, the Lessor shall be entitled to retain all sums theretofore transmitted to the Lessor by Lessee. The occurrence of a Permitted Termination Event shall not constitute an Event of Default. If the State Legislature provides a supplemental appropriation prior to the date the Premises have been vacated and the Premises have not yet been sold, re-let or otherwise disposed of, Lessee may, by notice to the Lessor, revoke the Permitted Termination Event and the Permitted Termination Date.

6.2. "Permitted Termination Event" means the occurrence of the following: (1)(a) sufficient funds have not been appropriated within any biennial budget for the purpose of paying rent in the next occurring biennium or, (b) The Governor of the State issues an Executive Order mandating an emergency reduction in funding, and (2) the Lessee delivers written notice to the Lessor within five days following the enactment of such budget or within 30 days following such an emergency reduction in funding, as the case may be, describing the failure to appropriate the necessary funds or insufficiency of funds as a result of an emergency reduction in funding and stating the Permitted Termination Date.

6.3. If, concurrent with a Permitted Termination Event there is an unamortized tenant improvement cost pursuant to the Lease, still owed by the Lessee to the Lessor; then, said amount shall be paid by the Lessee to the Lessor no later than the Permitted Termination Date.



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EXPENSES

7. During the term of this Lease, Lessor shall pay all real estate taxes, all property assessments, insurance, storm water, and maintenance and repair as described below.

7.1. Lessee shall pay for only natural gas, electricity, water, sewer, garbage, janitorial services and restroom supplies.

MAINTENANCE AND REPAIR

8. The Lessor shall maintain the premises in good repair and tenantable condition during the continuance of this Lease, except in case of damage arising from the negligence of the Lessee's clients, agents or employees. For the purposes of maintaining and repairing the premises, the Lessor reserves the right at reasonable times to enter and inspect the premises and to make any necessary repairs to the building. Lessor's maintenance and repair obligations under Paragraph 7 shall include, but not be limited to, the mechanical, electrical, interior lighting (including replacement of ballasts and starters as required), plumbing, heating, ventilating and air-conditioning systems (including replacement of filters as recommended in equipment service manual); floor coverings; window coverings; inside and outside walls (including windows and entrance and exit doors); all structural portions of the building (including the roof and the watertight integrity of same); porches, stairways; sidewalks; exterior lighting; parking lot (including snow removal, cleaning and restriping as required); wheel bumpers; drainage; landscaping and continuous satisfaction of all governmental requirements generally applicable to similar office buildings in the area (example: fire, building, energy codes, indoor air quality and requirements to provide architecturally barrier-free premises for persons with disabilities, etc.).

ASSIGNMENT/SUBLEASE

9. The Lessee may assign this Lease or sublet the premises with the prior written consent of the Lessor, which consent shall not be unreasonably withheld. Lessee shall not permit the use of the premises by anyone other than the Lessee, such assignee or sublessee, and the employees, agents and servants of the Lessee, assignee, or sublessee.

RENEWAL/CANCELLATION

10. The Lease may, at the option of the Lessee, be renegotiated for an additional five (5) years.

PAYMENT

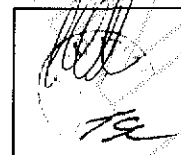
11. Any and all payments provided for herein when made to the Lessor by the Lessee shall release the Lessee from any obligation therefore to any other party or assignee.

COMPLIANCE WITH STATE/FEDERAL LAWS

12. Lessor is responsible for complying with all applicable provisions of the Americans With Disabilities Act of 1990 (42 U.S.C. 12101- 12213) and the Washington State Law Against Discrimination, Chapter 49.60 RCW, as well as the regulations adopted thereunder, with respect to the Leased Premises.

FIXTURES

13. The Lessee, upon the written authorization of the Department of General Administration, shall have the right during the existence of this Lease with the written permission of the Lessor (such permission shall not be unreasonably withheld), to make alterations, attach fixtures, and erect additions, structures or signs, in or upon the premises hereby leased. Such alterations, fixtures, additions, structures and signs shall be authorized only by the Department of



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General Administration. Performance of any of the rights authorized above shall be conducted in compliance with all applicable governmental regulations, building codes, including obtaining any necessary permits. Any fixtures, additions, or structures so placed in or upon or attached to the premises shall be and remain the property of the Lessee and may be removed therefrom by the Lessee upon the termination of this Lease. Any damage caused by the removal of any of the above items shall be repaired by the Lessee.

ALTERATIONS/IMPROVEMENTS

14. In the event the Lessee requires alterations/improvements during the term of this Lease, any renewals and/or modifications thereof, the Lessor shall have the right to provide such services. If required by state law, the Lessor shall pay prevailing rate of wage to all workers, laborers or mechanics employed to perform such work as well as comply with the rules and regulations of the Department of Labor & Industries. If the Lessee considers Lessor's proposed costs for alterations/ improvements excessive, Lessee shall have the right, but not the obligation, to request and receive at least two independent bids; and the Lessee shall have the right at its option to select one alternative contractor whom the Lessor shall allow to provide such services for the Lessee in compliance with the Lessor's building standards and operation procedures.

PREVAILING WAGE

15. Lessor agrees to pay the prevailing rate of wage to all workers, laborers, or mechanics employed in the performance of any part of this Lease when required by state law to do so, and to comply with the provisions of Chapter 39.12 RCW, as amended, and the rules and regulations of the Department of Labor and Industries. The rules and regulations of the Department of Labor and Industries and the schedule of prevailing wage rates for the locality or localities where this Lease will be performed as determined by the Industrial Statistician of the Department of Labor and Industries, are by reference made a part of this Lease as though fully set forth herein.

DISASTER

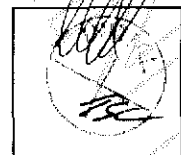
16. In the event the leased premises are destroyed or injured by fire, earthquake or other casualty so as to render the premises unfit for occupancy, and the Lessor(s) neglects and/or refuses to restore said premises to their former condition, then the Lessee may terminate this Lease and shall be reimbursed for any unearned rent that has been paid. In the event said premises are partially destroyed by any of the aforesaid means, the rent herein agreed to be paid shall be abated from the time of occurrence of such destruction or injury until the premises are again restored to their former condition, and any rent paid by the Lessee during the period of abatement shall be credited upon the next installment(s) of rent to be paid. It is understood that the terms "abated" and "abatement" mean a pro rata reduction of area unsuitable for occupancy due to casualty loss in relation to the total rented area.

NO GUARANTEES

17. It is understood that no guarantees, express or implied, representations, promises or statements have been made by the Lessee unless endorsed herein in writing. And it is further understood that this Lease shall not be valid and binding upon the State of Washington, unless same has been approved by the Director of the Department of General Administration of the State of Washington or his or her designee and approved as to form by the Office of the Attorney General. Any amendment or modification of this Lease must be in writing and signed by both parties.

ENERGY

18. The Lessor, or authorized representative, in accordance with RCW 43.19.685, has conducted a walk-through survey of the leased premises with a representative of the Director of the Department of General Administration. Lessor will undertake technical assistance studies and/or subsequent acquisition and installation of energy conservation measures identified as cost effective by the survey.



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REIMBURSEMENT FOR DAMAGE TO PREMISES

19. The Lessee hereby agrees to reimburse the Lessor for damages caused by the negligence of its employees, clients, and agents, but in no event shall this paragraph be construed as diminishing the Lessor's duty to make repairs as set forth in preceding paragraphs of this Lease, or as making Lessee responsible for the repair of normal wear and tear.

HAZARDOUS SUBSTANCES

20. Lessor warrants to his/her knowledge that no hazardous substance, toxic waste, or other toxic substance has been produced, disposed of, or is or has been kept on the premises hereby leased which if found on the property would subject the owner or user to any damages, penalty, or liability under an applicable local, state or federal law or regulation.

Lessor shall indemnify and hold harmless the Lessee with respect to any and all damages, costs, attorneys' fees, and penalties arising from the presence of any hazardous or toxic substances on the premises, except for such substances as may be placed on the premises by the Lessee.

ADDITIONAL LEASE PROVISIONS

21. It is agreed that the Lessor shall, at Lessor's sole cost and expense, on or before January 1, 2004, complete in a good and workmanlike manner, in accordance with state Leased Space Requirements attached hereto and incorporated herein by reference as Exhibit "A", the following items:

a) Professionally clean all floor covering in the office areas

21.1. It is also agreed that the Lessor shall, at Lessor's sole cost and expense, on or before April 1, 2004, complete in a good and workmanlike manner in accordance with state Leased Space Requirements attached hereto and incorporated herein by reference as Exhibit "A" the following items:

a) Install a separate HVAC system and controls in the conference room adjacent to the office area

CANCELLATION/SUPERSESSION

22. This Lease cancels, supersedes, or replaces SR&L 7923 dated April 10, 1998, and all modifications thereto effective November 1, 2003.

WITHHOLDING OF RENT PAYMENTS

23. If the Lessor fails to maintain, repair and/or improve the premises as set forth herein, the Lessee may, if authorized by the Department of General Administration, withhold ten percent (10%) of rent payments until such time as Lessor completes deficient maintenance, repair and/or improvements. Upon receipt of documentation of Lessor's noncompliance with maintenance, repair and/or improvement provisions and a written request to withhold rent payments from the Lessee, the Department of General Administration shall provide Lessor with a list of deficient maintenance, repair and/or improvement items and notify Lessor that Lessee has been authorized to withhold rent payment until deficient maintenance, repair and/or improvements have been completed. Lessee shall place all withheld rent payments in an interest bearing account. Withheld rent payments plus accrued interest will be remitted to Lessor after the Department of General Administration verifies that Lessor has satisfactorily completed all maintenance, repair and/or improvements and authorizes Lessee to remit the withheld rent. Nothing in this provision shall limit other remedies which may be available to Lessee under this Lease.



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DATE COMPLIANCE

24. All building systems controls which are time or date sensitive shall operate correctly with dates in the 20th or 21st century, so that the functions, calculations, and other computing processes of the systems controls perform in a consistent manner regardless of the date in time on which the systems controls are actually performed and regardless of the Date Data input to the systems controls, whether before, during or after the year 2000, and whether or not the Date Data is affected by leap years.

"Date Data" means any data, formula, algorithm, process, input or output which includes, calculates, or represents a date, a reference to a date, or a representation of a date; including, but not limited to the following:

- a) No value for current date will cause any interruption in operation. Current date means today's date as known to the equipment or product.
- b) Date-based functionality will behave consistently for dates prior to, during, and after year 2000.
- c) In all interfaces and data storage, the century in any date will be specified either explicitly or by unambiguous algorithms or a suitable interface rule.

CONDEMNATION

25. If all the premises or such portions of the Building as may be required for the reasonable use of the premises, are taken by eminent domain, this Lease shall automatically terminate as of the date Lessee is required to vacate the premises and all rentals shall be paid to that date. In case of a taking of a part of the premises, or a portion of the Building not required for the reasonable use of the premises, at Lessee's determination, then the Lease shall continue in full force and effect and the rental shall be equitably reduced based on the proportion by which the floor area of the premises is reduced, such rent reduction to be effective as of the date possession of such portion is delivered to the condemning authority. Lessor reserves all rights to damages and awards in connection therewith, except Lessee shall have the right to claim from the condemning authority the value of its leasehold interest and any relocation benefits.

HOLDING OVER

26. If Lessee remains in possession of the premises after the expiration or termination of the Lease term, or any extension thereof, such possession by Lessee shall be deemed to be a month-to-month tenancy, terminable as provided by law. During such month-to-month tenancy, Lessee shall pay all rent provided in this Lease or such other rent as the parties mutually agree in writing and all provisions of this Lease shall apply to the month-to-month tenancy, except those pertaining to term and option to extend.

SUBORDINATION

27. So long as Lessor has fully performed under the terms of this Lease, Lessee agrees to execute, within ten (10) days of written request by Lessor, the state's standard Tenant Estoppel and Subordination Agreements which have been approved as to form by the Office of the Attorney General. A \$400.00 processing fee will be assessed for processing these documents.

CAPTIONS

28. The captions and paragraph headings hereof are inserted for convenience purposes only and shall not be deemed to limit or expand the meaning of any paragraph.



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NOTICES

29. Wherever in this Lease written notices are to be given or made, they will be sent by certified mail to the address listed below unless a different address shall be designated in writing and delivered to the other party.

LESSOR: LA Conner Pier, LLC
P.O. Box 731
La Conner, WA 98257

LESSEE: Department of General Administration
Division of State Services, Real Estate
210 11th Avenue SW., Room 230
Post Office Box 41015
Olympia, Washington 98504-1015

SRL 03-0158

IN WITNESS WHEREOF, the parties hereto have hereunto subscribed their names.

La Conner Pier, LLCBy: [Signature]Title: MR.Date: 1-9-04

[Signature]
Neil Tuggle
Real Estate Agent

Date: 1-14-04

(Lessor: If corporation, partnership,
or other officer with legal authority
other than a natural person, give title)

STATE OF WASHINGTON
Department of Fish and Wildlife

Acting through the Department
of General Administration

[Signature] FOR MARK LAHAIE
Mark L. Lahaie, Real Estate Services Manager
Division of State Services

APPROVED AS TO FORM:

By: [Signature]

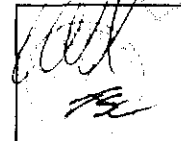
Assistant Attorney General

Date: 1/26/04Date: 1/27/04

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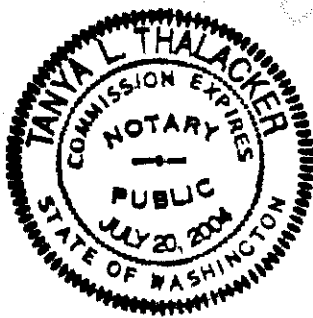
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STATE OF Washington
) ss.
 County of San Juan

I, the undersigned, a Notary Public, do hereby certify that on this 9th day of January, 2004, personally appeared before me Craig W Dorsey to me known to be the individual(s) described in and who executed the within instrument, and acknowledged that he signed and sealed the same as his free and voluntary act and deed, for the purposes and uses therein mentioned.

In Witness Whereof I have hereunto set my hand and affixed my official seal the day and year first above written.

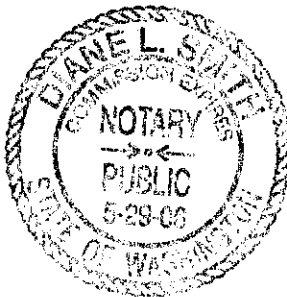


Tanya L. Thalacker
 Notary Public in and for the State of Washington,
 Residing at Friday Harbor
 My commission expires July 20, 2004

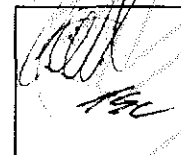
STATE OF WASHINGTON)
) ss.
 County of Thurston)

I, the undersigned, a Notary Public, do hereby certify that on this 27th day of January, 2004, personally appeared before me TED Cohen MARK L. LAHAIE, Real Estate Services Manager, Division of State Services, Department of General Administration, State of Washington, to me known to be the individual described in and who executed the within instrument, and acknowledged that he signed and sealed the same as the free and voluntary act and deed of the Department, for the purposes and uses therein mentioned, and on oath stated that he was duly authorized to execute said document.

In Witness Whereof I have hereunto set my hand and affixed my official seal the day and year first above written.



Daniel L. Smith
 Notary Public in and for the State of Washington,
 Residing at Alympia
 My commission expires 5/29/06



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