

ORIGINAL

Recorded at the Request of:
Port of Anacortes
360.293.3134

After Recording Return To:
Port of Anacortes
P.O. Box 297
Anacortes, WA 98221



200504180034
Skagit County Auditor

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CHICAGO TITLE CO.

WASHINGTON STATE RECORDER'S Cover Sheet (RCW 65.04)

Document Title(s)	RIGHT OF FIRST REFUSAL FOR PURCHASE OF REAL PROPERTY, COVENANTS, AND REPURCHASE OPTION
Grantor(s)	Quattro Properties, LLC, a Washington limited liability company 12241 Bartholomew Road Anacortes, WA 98221
Grantee(s)	Port of Anacortes, a Washington municipal corporation 1 st Street and Commercial Avenue Anacortes, WA 98221
Abbreviated Legal description <i>Additional legal is on Exhibit A of document.</i>	Ptn. Gov't Lots 1 and 2 of 2-34-2.
Assessor's Property Tax Parcel/Account Number:	340203-0-041-0006; 340203-0-001-0004; 340203-0-002-0003; and 340203-0-011-0002.
Reference Number(s) of Documents assigned or released:	

ACCOMMODATION RECORDING

**RIGHT OF FIRST REFUSAL FOR PURCHASE OF REAL PROPERTY, COVENANTS,
AND REPURCHASE OPTION**

Grantor

Quattro Properties, LLC, a Washington limited liability company.

Grantee

Port of Anacortes, a Washington municipal corporation.

SKAGIT COUNTY WASHINGTON
REAL ESTATE EXCISE TAX

APR 18 2005

Amount Paid \$
Skagit Co. Treasurer
By  Deputy

Property subject to this Agreement

This Agreement concerns real property ("The Property") located in the City of Anacortes, Skagit County, Washington, as described in Exhibit "A" attached hereto, and incorporated herein as if fully set forth herein.

Introduction

This Agreement grants to the Port of Anacortes (the "Port") a right of first refusal for purchase of real property and an exclusive option to repurchase real property as set forth in that Lease Agreement between the Port of Anacortes, a Washington municipal corporation, as "Lessor", and T. Bailey, Inc., a Washington corporation, as "Lessee", dated March 7, 2002; as amended by that First Amendment to Lease between Lessor and Lessee, dated October 8, 2003; and that Second Amendment to Lease between Lessor and Lessee, dated January 25, 2005 (as so amended, the "Lease").

Pursuant to the Lease, Grantor Quattro Properties, LLC, a Washington limited liability company ("Quattro") has elected to purchase The Property, and in conformance with the terms and conditions of the Lease, and as additional consideration for the purchase of the The Property. Quattro grants to the Port the following right of first refusal to purchase real property, covenants, and option to repurchase real property.

Right of First Refusal to Purchase Real Property.

Pursuant to Paragraph 44, Option to Purchase, (g), of the Lease, Quattro as purchaser of The Property grants to the Port the right of first refusal to purchase The Property from Quattro in the event Quattro desires to sell The Property. Quattro agrees and covenants that it will not sell The Property or any part thereof or interest therein unless it first gives the Port written notice (the "Sale Notice") of its intent to sell The Property or a part thereof or an interest therein. The Sale Notice shall specify all terms



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of the proposed sale, including the identity of the proposed transferee, and shall include an offer to sell The Property or any such part of The Property or interest therein to the Port of on the same terms and conditions as specified for the proposed sale to the proposed transferee. The Port shall have 60 days after receipt of the Sale Notice to accept, in writing, the offer set forth in the Sale Notice. If the Port timely accepts such offer, then Quattro shall sell The Property, or the part thereof or interest therein described in the Sale Notice, to the Port on the terms accepted by the Port. If the Port does not timely accept the offer set forth in the Sale Notice, then Quattro may sell The Property, or the part thereof or interest therein described in the Sale Notice, on the terms and conditions and to the transferee in the Sale Notice, but not otherwise, without again complying with the provisions and procedures set forth herein.

This Agreement is not terminated if the Port does not accept the offer set forth in the Sale Notice, and then the proposed transferee fails to complete the proposed sale.

Covenants and Option to Repurchase Property

Pursuant to Paragraph (1)(E) of the Second Amendment to Lease, dated January 25, 2005, Quattro covenants with and grants to the Port as follows:

Quattro and/or T. Bailey, Inc., Lessee, pursuant to the Lease, shall expend not less than \$1.5 Million on improvements to The Property on or before December 31, 2006. Said qualifying improvements include but are not limited to necessary site work, permitting and design work, purchase and erection of structures, and including, without limitation, overhead cranes and crane rails, for a heavy plate/structural fabrication and storage tank construction facility, but does not include the purchase of The Property by Quattro nor any lease payments or taxes. If Quattro and/or T. Bailey fail to expend at least \$1.5 Million on improvements to The Property on or before December 31, 2006, then commencing January 1, 2007, and continuing on the first day of every month thereafter, Quattro shall pay to the Port, as compensation to the Port for the failure of Purchaser to comply with this covenant, an amount equal to the rent that would be payable to the Port for such months under the Lease, had the Lease continued in full force and effect, and such payments shall continue until purchaser has expended at least \$1.5 Million on improvements to The Property.

If Quattro desires to sell The Property without having expended at least \$1.5 Million for improvements to The Property, Quattro must first offer The Property to the Port for repurchase by the Port for the original cash purchase price (\$576,042.00), free and clear of any liens or encumbrances other than those of record at the time of the purchase of The Property by Quattro. The Port shall have 30 days from receipt of written notice of Quattro's offer to sell to the Port of Anacortes to accept said offer and to agree to repurchase The Property for the original cash purchase price, and upon acceptance of the offer the Port shall have 90 days in which to complete and close the repurchase. Unless otherwise agreed, all improvements and structures remaining on The Property upon closing of the sale to the Port shall become the property of the Port.



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Quattro's obligations and covenants pursuant to this grant to offer for sale The Property to the Port for repurchase at the original cash purchase price, under the terms and conditions set forth herein, shall terminate upon either (1) the Port's rejection of any such offer, or (2) upon the Port's failure to close on the purchase within 90 days of accepting the offer to repurchase.

If the Port of Anacortes elects to repurchase The Property under the terms and conditions set forth herein, The Property shall be conveyed to the Port by bargain and sale deed. Closing of such sale shall occur through escrow at a title insurance company in Skagit County, Washington selected by the Port, and each party shall pay one-half of the escrow fee. The Port shall pay the premium for any title insurance it elects to obtain, and the costs of recording the deed. Quattro shall pay the real estate excise tax due on the closing of such sale.

Upon reasonable request by Quattro, the Port of Anacortes agrees to execute all necessary documents for recording evidencing termination of the Covenants and Option to Repurchase Property upon either (1) presentation by Quattro and/or T. Bailey to the Port that \$1.5 Million has been expended on improvements to The Property, or (2) upon termination of the Covenants and Option to Repurchase Property as set forth above.

This Agreement shall be binding upon Quattro and its successors and assigns as owner of The Property, and shall be deemed a covenant running with the land, and shall inure to the benefit of the Port and its successors and assigns.

This Agreement shall be governed and construed in accordance with the laws of the State of Washington, Jurisdiction and venue shall be in Skagit County Superior Court, Mount Vernon, Washington.

This instrument contains the entire agreement of the parties with respect to the subject matter hereof, and may not be amended or modified except by a written instrument executed by the parties hereto.

All notices and payments hereunder may be delivered or mailed. If delivered by messenger, courier (including overnight air courier) or facsimile transmittal, they shall be deemed delivered when received at the street addresses or facsimile numbers listed below. All notices and payments mailed, whether sent by regular post or by certified or registered mail, shall be deemed to have been given on the second business day following the date of mailing, if properly mailed to the mailing addresses provided below, and shall be conclusive evidence of the date of mailing. The parties may designate new or additional addresses for mail or delivery by providing notice to the other party as provided in this section.



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To the Port (delivery):

Port of Anacortes
1st Street and Commercial Avenue
Anacortes, WA 98221
Telephone No.: (360) 293-3134
Fax No.: (360) 293-9608

To the Port (mail):

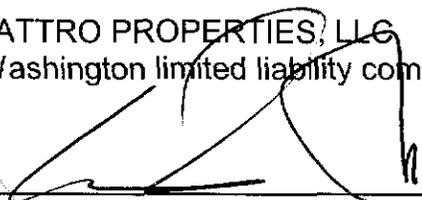
Port of Anacortes
P.O. Box 297
Anacortes, WA 98221

To Quattro (delivery and mail):

Quattro Properties, LLC
12441 BARTHOLOMEW RD.
ANACORTES, WA 98221

GRANTOR

QUATTRO PROPERTIES, LLC
A Washington limited liability company

By: 

GENE TANAKA, MANAGING MEMBER

GRANTEE

PORT OF ANACORTES

By: 

Dan Stahl, Executive Director



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(ACKNOWLEDGEMENT FOR GRANTOR)

STATE OF WASHINGTON)
) ss.
COUNTY OF SKAGIT)

On this 13 day of April, 2005, before me, the undersigned Notary Public in and for the State of Washington duly commissioned and sworn, personally appeared Gene Tanaka to me known to be the managing member of Quattro Properties, LLC, a Washington limited liability company, the limited liability company that executed the foregoing instrument, and acknowledged said instrument to be the free and voluntary act and deed of said limited liability company, for the uses and purposes therein mentioned, and on oath stated that he was duly authorized to execute the same..

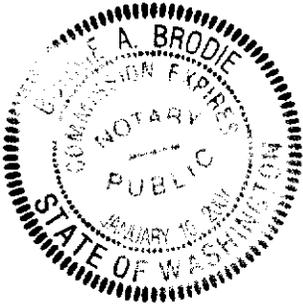
WITNESS my hand and official seal thereto the day and year in this certificate first above written.

Dated: 4/13/05

[Signature]

NOTARY PUBLIC
Print Name: Bonnie Brodie
Notary Public for the State of Washington
residing in LaConner, WA

My appointment expires: 1-10-07



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(ACKNOWLEDGEMENT FOR GRANTEE)

STATE OF WASHINGTON)
) ss.
COUNTY OF SKAGIT)

On this 13th day of April, 2005, before me, the undersigned Notary Public in and for the State of Washington duly commissioned and sworn, personally appeared Dan Stahl to me known to be the Executive Director for the Port of Anacortes, the municipal corporation that executed the foregoing instrument, and acknowledged said instrument to be the free and voluntary act and deed of said municipal corporation, for the uses and purposes therein mentioned, and on oath stated that he was duly authorized to execute the same.

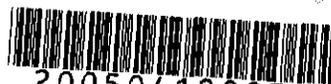
WITNESS my hand and official seal thereto the day and year in this certificate first above written.

Dated: 04-13-05



Julienne M. Lindsey
NOTARY PUBLIC
Print Name: Julienne M. Lindsey
Notary Public for the State of Washington
residing in Anacortes

My appointment expires: 07-24-08



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EXHIBIT A

LEGAL DESCRIPTION OF THE PROPERTY

PARCEL A:

That portion of government Lots 1 and 2 in Section 3, Township 34 North, Range 2 East of the Willamette Meridian, lying Southerly of a line which is equidistant 300 feet Southerly of and parallel to or concentric with the centerline of the right of way of the Great Northern Railway Company (formerly Seattle and Northern Railway Co.), as said centerline of said railroad existed on June 4, 1902, and lying Southwesterly of the Old Anacortes – Mount Vernon Highway more commonly referred to as March Point Road, and lying Easterly of that Boundary Line Adjustment between Lloyd E. Sanderson and Anita P. Sanderson, husband and wife and Keith D. Sanderson and Caroline N. Sanderson, husband and wife; and A.R. Kinney and Vera M. Kinney, husband and wife by those instruments recorded under Auditor's File Nos. 9302260002 and 9302260003, records of Skagit County, Washington; and lying Northeasterly of the Primary State Highway No. 1;

TOGETHER WITH that portion of the East 40 rods of the North 45 rods of the Northwest Quarter of the Southeast Quarter of said Section 3, Township 34 North, Range 2 East of the Willamette Meridian, lying Northeast of the State Highway;

EXCEPT that portion of said Government Lot 1 in Section 3, Township 34 North, Range 2 East of the Willamette Meridian, lying Southerly of the Southwesterly right of way line of that 60 foot wide County road commonly referred to as March Point Road, and lying Southerly of the approximate top of the bank to that hill above the gravel pit excavation site as same existed in February 1993 and being more particularly described as follows:

Beginning at a point at the intersection of the West line of said Government Lot 1 and that line described herein as being said top of the bank and the Northerly line of this property description, which point bears North 1°51'35" East, a distance of 264.10 feet, more or less, from the Southwest corner of said subdivision; thence along said top of bank in a Northerly and Easterly direction along the following described courses and distances:
North 88°34'17" East, a distance of 83.84 feet; North 72°19'44" East, a distance of 134.88 feet; North 28°40'26" East, a distance of 68.65 feet to a point which bears South 55°30'39" West along a line perpendicular to the Southwesterly right of way line of said County road, a distance of 55.19 feet, more or less;
thence North 55°30'39" East along said perpendicular line, a distance of 55.19 feet, more or less, to the Southwesterly right of way line of said County road and the terminus of this property line description;

Continued


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PARCEL A continued:

AND EXCEPT that portion of the above described tract of land lying within the following description or described as follows:

Beginning at a point on the East line of said Section 3 which is 2,158.2 feet North of the Southeast corner of said Section;
thence North 143.4 feet to the Westerly line of the E. Kasch Road;
thence North 35°22' West along the Westerly line of said road, 396.7 feet;
thence North 76°07' West 482 feet;
thence South 582.6 feet;
thence East 697.6 feet to the point of beginning;

Situated in Skagit County, Washington.

PARCEL B:

That portion of the following described tract of land lying and being Southerly of the State Highway as same existed on November 10, 1933 to-wit:

A strip of land 250 feet wide in Government Lots 1 and 2, of Section 3, Township 34 North, Range 2 East of the Willamette Meridian, being all that part of said Lots 1 and 2, lying between two lines parallel to and distance, respectively, 50 feet and 300 feet Southerly measured at right angles, from the centerline of the main tract of the Great Northern Railway as now located and constructed;

EXCEPTING THEREFROM all that part thereof lying Southwest of the following described line:

Beginning at a point in said Lot 2, a distance of 300 feet Southeasterly from the said centerline of main tract, as measured at right angles to said centerline from a point therein, 555.4 feet distant, Northeasterly, measured along said centerline, from the West line of said Lot 2;
Thence Northwesterly at right angles to said centerline 165 feet to a point 135 feet distant Southeasterly from said centerline;
Thence Northwesterly in a straight line to a point 50 feet distant Southeasterly from said centerline, as measured at right angles, thereto, from a point therein 430.4 feet distant Northeasterly measured along said centerline from the West line of said Lot 2;

AND EXCEPT Puget Sound and Baker River Railway;

Situated in Skagit County, Washington.

- END OF EXHIBIT "A" -