

COVER SHEET



200803050083

Skagit County Auditor

3/5/2008 Page

1 of

12 2:40PM

RETURN TO:

McGOFFIN, INC., P.S.

63 NORTH TOWNSHIP

2000 WOODLEY, WA 98284

DOCUMENT TITLE(S) (or transactions contained herein):

Memorandum of Lease

REFERENCE NUMBER(S) OF DOCUMENTS ASSIGNED OR RELEASED:

N/A

[] ADDITIONAL REFERENCE NUMBERS ON PAGE _____
OF DOCUMENT

GRANTOR(S) (Last name, first name and initials):

1. Punkin Center, L.L.C. (Landlord)

2.

3.

4.

MAR 05 2008

Amount Paid
Skagit Co. Treasurer
By *Lp* Deputy

[] ADDITIONAL NAMES ON PAGE _____ OF DOCUMENT.

GRANTEE(S) (Last name, first name and initials):

1. Janicki Industries, Inc. (Tenant)

2.

3.

4.

[] ADDITIONAL NAMES ON PAGE _____ OF DOCUMENT.

LEGAL DESCRIPTION (Abbreviated: i.e., lot, block, plat or quarter, quarter, section, township and range):

N 1/2 of NW 1/4; and NW 1/4 of NE 1/4, Section 14,
Township 35 North, Range 6 East W.M., Skagit County

[X] ADDITIONAL LEGAL(S) ON PAGE Ex. 1 OF DOCUMENT.

P41216 P41176

ASSESSOR'S PARCEL/TAX I.D. NUMBER:

P41204 P41201

[] TAX PARCEL NUMBER(S) FOR ADDITIONAL LEGAL(S) ON PAGE _____ OF DOCUMENT.

After recording return to:

Kevin B. McGoffin
103 North Township
Sedro-Woolley, WA 98284

MEMORANDUM OF LEASE

THIS MEMORANDUM OF LEASE executed this 1st day of October, 2007 between PUNKIN CENTER, L.L.C. ("Landlord") and JANICKI INDUSTRIES, INC. ("Tenant").

1. **Purpose:** The parties execute this memorandum of lease for recording purposes only.

2. **Incorporation by Reference:** The parties incorporate herein by reference that certain agreement for commercial lease entered into the 1st day of October, 2007, for an initial term of ten (10) years from October 1, 2007, with three (3) ten (10) year extensions.

3. **Description.** A portion of the real property described in attached Exhibit 1, namely: that part of "PARCEL A", comprised of P41216, P41176, and that portion of P41204 lying west of Muddy Creek, and P41201.

4. **Restrictions:** Tenant may not assign the lease, or any interest therein, nor let or sublet the premises, or any part thereof, or any privilege appurtenant thereto, nor permit the occupancy of use of any part thereof by any other person without the written consent of the Landlord first had



and obtained, which consent will not be unreasonably withheld.

5. **No Option to Purchase.** This lease does not contain an option to purchase the leased premises.

IN WITNESS WHEREOF, the parties hereto have executed this Memorandum of Lease the day and year first above written.

Landlord:

Tenant:



PUNKIN CENTER, L.L.C.
By: Robert W. Janicki
Its: Authorized Member



JANICKI INDUSTRIES, Inc.
By: Peter W. Janicki
Its: President

the rest of this page is intentionally blank



State of Washington)
)
County of Skagit) ss.

I certify that I know or have satisfactory evidence that Robert W. Janicki 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 memorandum of lease instrument and acknowledged it as the authorized signing member of PUNKIN CENTER, L.L.C. to be the free and voluntary act of such party for the uses and purposes mentioned in the lease agreement.

DATED this 1 day of October, 2007.

KEVIN B. MCGOFFIN
STATE OF WASHINGTON
NOTARY ---- PUBLIC
My Commission Expires 10-15-2009

[Signature]
Notary Public in and for the State
of Washington residing at Sedro-Woolley
My commission expires 10-15-2009.

State of Washington)
)
County of Skagit) ss.

I certify that I know or have satisfactory evidence that Peter W. Janicki 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 memorandum of lease instrument and acknowledged it as the President of JANICKI INDUSTRIES, INC. to be the free and voluntary act of such party for the uses and purposes mentioned in the lease agreement.

DATED this 1 day of October, 2007.

KEVIN B. MCGOFFIN
STATE OF WASHINGTON
NOTARY ---- PUBLIC
My Commission Expires 10-15-2009

[Signature]
Notary Public in and for the State
of Washington residing at Sedro-Woolley
My commission expires 10-15-2009



When Recorded Return to:
PUNKIN CENTER, L.L.C., a Washington limited liability com
103 North Township
Sedro Woolley WA 98284



200702150104
Skagit County Auditor

2/15/2007 Page 1 of 8 12:48PM

Chicago Title Company - Island Division
Order No: BE11081 MJJ 1040364

BARGAIN AND SALE DEED

THE GRANTOR(S) HAMILTON OFFICE LLC, a Delaware limited liability company

for and in consideration of One Million Six Hundred Fifty Thousand and 00/100.....(\$1,650,000.00)
DOLLARS in hand paid, bargains, sells, and conveys to PUNKIN CENTER, LLC, a Washington limited
liability company

the following described real estate, situated in the County of Skagit, State of Washington:

Abbreviated Legal: Portions of Section 14, Township 35 North, Range 6 East of the Willamette Meridian,
Skagit County, Washington; as more fully described in Exhibit "A" attached hereto.

Tax Parcel Number(s): 350614.0-005-0002 P41174, as more fully described in Exhibit "B" which is
attached hereto and made a part hereof.

The real estate is conveyed by Grantor and accepted by Grantee subject to those matters described on
Exhibit "C" attached hereto.

The Grantor(s) for themselves and for their successors in interest do(es) by these presents expressly limit
the covenants of the deed to those herein expressed, and exclude all covenants arising or to arise by
statutory or other implication, and do(es) hereby covenant that against all persons whomsoever lawfully
claiming or to claim by, through or under said Grantor(s) and not otherwise, they will forever warrant and
defend the said described real estate.

Dated: February 13, 2007

HAMILTON OFFICE LLC,
a Delaware limited liability company

By: Cascade Timberlands, LLC,
a Delaware limited liability company

Its: Member

By: Olympic Resource Management, LLC
A Washington limited liability company

Its Manager

By: Thomas M. Ringo
Its V.P. and CFO

SKAGIT COUNTY WASHINGTON
REAL ESTATE EXCISE TAX
(City)

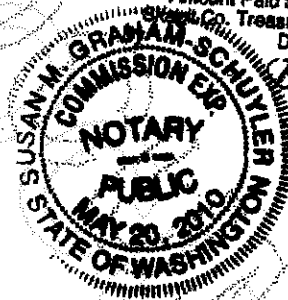
FEB 15 2007

Amount Paid \$ 18,913.24
By Skagit Co. Treasurer Deputy

SKAGIT COUNTY WASHINGTON
REAL ESTATE EXCISE TAX
(County)

FEB 15 2007

Amount Paid \$ 10,406.00
By Skagit Co. Treasurer Deputy



STATE OF WASHINGTON

COUNTY OF Kitsap

I certify that I know or have satisfactory evidence that Thomas M. Ringo is the person
who appeared before me, and he acknowledged that he signed this instrument and is authorized to execute the
document as the V.P. and CFO of Olympic Resource Management, LLC, a
Washington limited liability company, Manager of Cascade Timberlands, LLC, a Delaware limited liability company,
sole member of HAMILTON OFFICE LLC, a Delaware limited liability company and that it is the free and voluntary
act and deed of the said entity, for the uses and purposes declared in the document, and on oath state that he is
authorized to execute the said instrument on behalf of said entity.

Dated: February 13, 2007

Susan M. Graham-Schuyler
Notary Public in and for the State of Washington
Residing at Suquamish, WA
My appointment expires May 20, 2010

Exhibit 1



200803050083
Skagit County Auditor

3/5/2008 Page 5 of 12 2:40PM

EXHIBIT 'A'

Description:

Escrow Order No: BE11081

Title Order No.: IC40364

PARCEL A:

The North Half of the Northwest Quarter, and the Northwest Quarter of the Northeast Quarter of Section 14, Township 35 North, Range 6 East of the Willamette Meridian, Skagit County, Washington;

EXCEPT the following described tracts:

1. The North 50 feet thereof, as conveyed to the Puget Sound and Baker River Railroad Company, by deeds recorded in Volume 70 of deeds, Page 185, and in Volume 64 of deeds, Page 603, records of Skagit County, Washington
2. The North 15 feet of the Northeast Quarter of the Southeast Quarter of the Northwest Quarter of the Northwest Quarter
3. That portion of said property conveyed to Puget Sound Power and Light Company, a corporation, by deed dated April 3, 1957, filed April 4, 1957, under Auditor's File No. 549528, records of Skagit County, Washington, also described therein as the South 100 feet of the West 100 feet of the North 739.62 feet of that portion of the Northwest Quarter of the Northwest Quarter of said section, lying Easterly of the county road known as the Ensley Road (Cabin Creek Road) in Hamilton, Washington
4. That portion conveyed by Thomas Cook to the State of Washington by deed dated February 5, 1958, filed February 20, 1958, under Auditor's File No. 562027, records of Skagit County, Washington and recorded in Volume 292 of deeds, at Page 621, records of Skagit County, Washington
5. That portion conveyed to Skagit County, Washington, by deed dated July 7, 1962, recorded July 30, 1962, as Auditor's File No. 624432, records of Skagit County, Washington, and recorded in Volume 324 of deeds, Page 715, described as follows:

A tract of land 100 feet in width, lying 50 feet on each side of the following centerline:

Beginning at a point on the East line of said Northwest Quarter of the Northwest Quarter which 872.67 feet South of the Northeast Quarter corner thereof; thence South 56°12'20" West 1706.36 feet to the West end of the State Highway Bridge and the terminal point of this line;

ALSO that portion of the Northwest Quarter of the Southwest Quarter of the Northwest Quarter of said Section 14, lying Northerly of the Great Northern Railroad right of way;

EXCEPT road rights of way;

AND EXCEPT a 50 strip North of and parallel with said Great Northern Railroad right of way;

AND ALSO EXCEPT that portion of said premises lying Westerly of Harvey Davis Creek;

AND ALSO EXCEPT that portion deeded to the State of Washington for Primary State Highway No. 18, by deed dated August 12, 1964, recorded September 21, 1964, under Auditor's File No. 656103, records of Skagit County, Washington;

6. That portion conveyed to IMC Industry Group Inc., by instrument recorded under

LPB 15-05



200803050083

Skagit County Auditor

Auditor's File No. 8610230040, records of Skagit County, Washington

7. Those portions conveyed to the State of Washington by instruments recorded under Auditor's File Nos. 562026, 654609, 659282, 659518, and 659519 records of Skagit County, Washington;

ALSO any portion thereof taken by decree of appropriation in Skagit County Superior Court Cause No. 27870;

EXCEPT any portion lying in the bed of Alder Creek and Alder Slough;

AND EXCEPT from all the above any portion lying within any Skagit County road right of way, Washington State Highway, Town of Hamilton Street or the Puget Sound and Baker River Railroad right of way.

8. That portion lying North of State Route 20.
9. Lot 1 Town of Hamilton Short Plat No. 94-01, approved February 8, 1994, and recorded February 11, 1994, in Volume 11 of Short Plats, page 58, under Auditor's File No. 9402110124, records of Skagit County, Washington; being a portion of the Northwest Quarter of the Northeast Quarter.

TOGETHER WITH that portion of vacated Ensley Road as may attach by operation of law.

Situated in Skagit County, Washington

PARCEL B:

That portion of the East Half of the Northeast Quarter of the Southwest Quarter of the Northwest Quarter of Section 14, Township 35 North, Range 6 East of the Willamette Meridian, Skagit County, Washington, lying North of the Great Northern Railway right of way;

EXCEPT road rights of way;

AND EXCEPT a 50 foot strip adjoining the North side of the Great Northern Railway right of way as conveyed to the town of Hamilton, by deed dated April 18, 1922, recorded June 7, 1922, under Auditor's File No. 156862, records of Skagit County, Washington;

AND ALSO EXCEPT spur tract of railway, as referred to in deed from Seattle and Northern Railway Company, dated January 30, 1902, and recorded April 5, 1902, in Volume 46 of deeds, Page 428, records of Skagit County, Washington;

PARCEL C:

That portion of the West Half of the Northeast Quarter of the Southwest Quarter of the Northwest Quarter of said Section 14, Township 35 North, Range 6 East of the Willamette Meridian, Skagit County, Washington, lying North of the Great Northern Railway right of way and Westerly of the spur tract of railway extending from said main tract to the mill of the Lyman Lumber Company as conveyed by deed dated January 30, 1902 and recorded April 5, 1902 and Auditor's File No. 39426, records of Skagit County, Washington, in Volume 46 of deeds, Page 428;

EXCEPT highway rights of way;

AND EXCEPT a 50 foot strip adjoining the North side of the Great Northern Railway right of way as conveyed to the Town of Hamilton by deed dated April 18, 1922, recorded June 7, 1922 under Auditor's File No. 156862, records of Skagit County, Washington;

AND ALSO EXCEPT Lot 1, TOWN OF HAMILTON SHORT PLAT NO. HAM-94-1, approved February 9, 1994, recorded February 11, 1994, in Volume 11 of Short Plats, Page 58, under Auditor's File No. 9402110124, records of Skagit County, Washington, and being a portion of the Northwest Quarter of the



200803050083
Skagit County Auditor

3/5/2008 Page 7 of 12 2:40PM

Northeast Quarter of said Section 14.

Situated in Skagit County, Washington

PARCEL D:

That portion of the East Half of the Northwest Quarter of said Section 14, Township 35 North, Range 6 East of the Willamette Meridian, Skagit County, Washington, described as follows:

Beginning at a point 3555.4 feet West and 1238.6 feet South of the Northeast corner of Section 14; thence South 368 feet to the North boundary of the Great Northern Railway right of way boundary; thence North 88°19' West 220 feet, more or less, along said boundary, to the East boundary of the county road; thence North 194 feet to the South boundary of the Puget Sound and Baker River Railway; thence along curve to the right of 13° a distance of 286.9 feet, more or less, to the point of beginning;

EXCEPT that portion, if any, lying East of the West line of those premises conveyed to Tate Lundy by deed dated July 10, 1937, filed August 9, 1937 under Auditor's File No. 293192, records of Skagit County, Washington, and recorded in Volume 172 of deeds, at Page 431.

Situated in Skagit County, Washington

PARCEL E:

That portion of the Northwest Quarter of the Southwest Quarter of the Northwest Quarter of Section 14, Township 35 North, Range 6 East of the Willamette Meridian, Skagit County, Washington, lying North of a 50 foot strip North of and parallel to the right of way of Great Northern Railway Company and Westerly of Harvey Davis Creek.

Situated in Skagit County, Washington

PARCEL F:

The West 70 feet of the North 100 feet of the South Half of the Northwest Quarter of the Northwest Quarter of the Northwest Quarter of Section 14, Township 35 North, Range 6 East of the Willamette Meridian, Skagit County, Washington;

EXCEPT county road.

Situated in Skagit County, Washington

PARCEL G:

That portion of the Southeast Quarter of the Northeast Quarter of Section 14, Township 35 North, Range 6 East of the Willamette Meridian, Skagit County, Washington, which lies West of the West boundary of Alder Creek and North of the North line of HAMILTON'S TOWNSITE SECOND ADDITION, according to the plat thereof recorded in Volume 2 of Plats, page 60, records of Skagit County, Washington

Situated in Skagit County, Washington

PARCEL H:

That portion of the Northwest Quarter of the Southeast Quarter of the Northwest Quarter of Section 14, Township 35 North, Range 6 East of the Willamette Meridian, Skagit County, Washington, lying North of the Great Northern Railway right of way;

EXCEPT road rights of way;

AND EXCEPT that portion conveyed to Scott Paper Company by deed dated April 22, 1976 and recorded May 4, 1976, under Auditor's No. 834361, records of Skagit County, Washington;



200803050083
Skagit County Auditor

(Also known as a portion of Lot 2, TOWN OF HAMILTON SHORT PLAT NO. 94-01, approved February 8, 1894, and recorded February 11, 1994, in Volume 11 of Short Plats, page 58, under Auditor's File No. 9402110124, records of Skagit County, Washington; being a portion of the Northwest Quarter of the Northeast Quarter).

Situated in Skagit County, Washington

PARCEL I:

Lots 1 through 20, Block 19, Lots 1 through 3, 13, 14, 19 through 26, Block 23, Lots 1 through 15, Block 26, Lots 2 through 18, Block 27, Lots 1 through 9, Block 28, Lots 1 through 11, Block 37, Lots 1 and 2, Block 38, all in THE HAMILTON TOWNSITE COMPANY'S SECOND ADDITION TO THE TOWN OF HAMILTON, according to the plat thereof recorded in Volume 2 of Plats, page 60, records of Skagit County, Washington;

Situated in Skagit County, Washington

PARCEL J:

Lots 1 through 22, Block 16, Lots 1 through 5, the West 15 feet of Lot 6; the West 15 feet of Lots 19 and 20 through 24, Block 17, all in CENTRAL ADDITION TO HAMILTON, according to the plat thereof recorded in Volume 2 of Plats, page 55, records of Skagit County, Washington.

Situated in Skagit County, Washington

PARCEL K:

Lots 1 to 5, and Lots 7 to 22, Block 1, all of Block 2, Block 7 and Block 8, RIVERSIDE ADDITION TO THE TOWN OF HAMILTON, according to the plat thereof recorded in Volume 2 of Plats, page 83, records of Skagit County, Washington.

Situated in Skagit County, Washington



200803050083

Skagit County Auditor

3/5/2008 Page 9 of 12 2:40PM

3/12/2008 PM

EXHIBIT "B"

Assessor's Parcel Numbers

Hamilton Office

P41174	350814-0-008-0002
P41175	350814-0-008-0001
P41178	350814-0-007-0000
P41178	350814-0-009-0008
P41182	350814-1-007-0008
P41183	350814-1-008-0007
P41184	350814-1-009-0008
P41185	350814-1-010-0003
P41189	350814-1-011-0002
P41189	350814-1-012-0001
P41200	350814-1-014-0009
P41201	350814-2-001-0002
P41202	350814-2-002-0001
P41203	350814-2-003-0003
P41204	350814-2-004-0009
P41205	350814-2-008-0007
P41207	350814-2-008-0006
P41208	350814-2-009-0004
P41210	350814-2-011-0000
P41212	350814-2-013-0008
P41215	350814-2-018-0005
P41216	350814-2-017-0004

Hamilton City Lots

P65803	3922-001-008-0002
P65805	3922-001-022-0001
P65806	3922-002-022-0009
P65812	3922-007-022-0008
P65813	3922-008-005-0007
P65814	3922-008-007-0006
P65815	3922-008-011-0009
P65816	3922-008-013-0007
P65817	3922-008-022-0008
P73719	4113-019-026-0002
P73729	4113-023-028-0008
P73741	4113-028-004-0007
P73742	4113-028-018-0004
P73744	4113-027-018-0009
P73745	4113-028-009-0008
P73768	4113-037-009-0009
P73789	4113-037-011-0005
P73790	4113-038-002-0004
P73824	4116-016-022-0003
P73825	4116-017-008-0001
P73827	4116-017-024-0008



200803050083

Skagit County Auditor

EXHIBIT 'C'

Schedule B-001

Title Order.: IC40364

1. Exceptions and reservations as contained in Deed;
Recorded: July 7, 1989
Auditor's No.: 8907070037, records of Skagit County, Washington
In Favor Of: Scott Paper Company
As Follows: Mineral estate
2. Easement, including the terms and conditions thereof, granted by instrument(s);
Recorded: July 7, 1989
Auditor's No(s): 8907070037, records of Skagit County, Washington
In favor of: Scott Paper Company
For: Road use and road construction
3. Easement, including the terms and conditions thereof, granted by instrument(s);
Recorded: July 7, 1989
Auditor's No(s): 8907070037, records of Skagit County, Washington
In favor of: Scott Paper Company
For: Hydroelectric project site easement reservation
4. Any unpatented mining claims and all matters and rights relating thereto.
5. Any prohibition or limitation on the use, occupancy, or improvement of the land resulting from the rights of the public or riparian owners to use any waters which may cover the land or to use any portion of the land which is now or may formerly have been covered by water.
6. Right of use, control, or regulation by the United States of America in the exercise of power over commerce and navigation.
7. Any question of location, boundary, or area related to the Alder Creek or Muddy Creek.
8. Rights of the State of Washington in and to that portion of said premises, if any, lying in the bed or former bed of the Alder Creek or Muddy Creek.
9. Exceptions and reservations as contained in Deed;
Recorded: July 7, 1989
Auditor's No.: 8907070037, records of Skagit County, Washington
From: Scott Paper Company
As Follows: Grantor hereby excepts from the above-described real property and reserves unto Grantor, its successors and assigns, the mineral estate, as described below:

Description of the Mineral Estate. The substances herein excepted and reserved include the following minerals: All metals; precious or base; metallic and nonmetallic minerals; ores; mineral products; mineral materials, and substances in, on, or lying beneath the surface of the property, except earth soil, building stone, rock, sand and gravel.

continued.....



200803050083
Skagit County Auditor

EXHIBIT 'C'

Schedule B-001

Title Order.: IC40364

10. Exceptions and reservations as contained in Deed;
Recorded: July 7, 1989
Auditor's No.: 8907070037, records of Skagit County, Washington
Executed By: Scott Paper Company
As Follows: Grantor hereby excepts from the property and reserves unto Grantor, its successors and assigns, including its contractors and licensees, a non-exclusive easement over and upon any and all logging roads, as well as the right to construct such additional roads as may be necessary, for purposes of obtaining access to and removing forest products from lands adjacent to or adjoining the property and upon which Grantor has or shall have the right to harvest and remove forest products. Any damage caused to any road so used shall be repaired by Grantor at Grantor's expense. Reconstruction, alteration or substantial improvements of existing roads must receive approval in advance by Grantee, which approval shall not be unreasonably withheld.
11. Easement, including the terms and conditions thereof, granted by instrument(s);
Recorded: March 26, 2003
Auditor's No(s): 200303260003, records of Skagit County, Washington
In favor of: Town of Hamilton
For: Waterline
Affects: Section 14, Township 35 North, Range 6 East of the Willamette Meridian
12. Any question that may arise due to shifting or change in the course of the Alder Creek, Muddy Creek and the Skagit River or due to said Alder Creek, Skagit River, and Muddy Creek having shifted or changed its course.
13. Right of the State of Washington in and to that portion of the property described herein, if any, lying in the bed or former bed of the Alder Creek, Skagit River and Muddy Creek, if navigable.
14. Easement, including the terms and conditions thereof, granted by instrument;
Recorded: January 31, 2001
Auditor's No.: 200101310136, records of Skagit County, Washington
In favor of: Puget Sound Power & Light Company
For: Underground electric system, together with necessary appurtenances
Affects: North Half of the Northwest Quarter and the Northwest Quarter of the Northeast Quarter of Section 14, Township 35 North, Range 6 East of the Willamette Meridian
15. Easement, including the terms and conditions thereof, conveyed by instrument(s);
Recorded: March 26, 2003
Auditor's No(s): 200303260003, records of Skagit County, Washington
In favor of: Town of Hamilton
For: Non-exclusive perpetual easement for water main and related accessories

- END OF SCHEDULE B-001 -



200803050083

Skagit County Auditor

3/5/2008 Page

12 of 12 2:40PM