

When recorded return to:
Skagit County Farmland Legacy Program
County Administration Building
1800 Continental Place
Mount Vernon, WA 98273



200904280153

Skagit County Auditor

4/28/2009 Page 1 of 32 4:00PM

LAND TITLE OF SKAGIT COUNTY

129903SE

Grantor: S&B PROPERTIES, LLC

SKAGIT COUNTY
Contract # C20090246
Page 1 of 30

Grantee: SKAGIT COUNTY

Legal Description

Abbreviated form: South 1/2 of the SE 1/4 of the SE 1/4 of Section 11, T33N, R3E, NE 1/4

Additional legal at Exhibit A.

SKAGIT COUNTY WASHINGTON
REAL ESTATE EXCISE TAX

1187
APR 28 2009

Assessor's Tax Parcel Number: P15750

Amount Paid \$ 2105.40
By mm Skagit Co. Treasurer Deputy

GRANT DEED OF AGRICULTURAL CONSERVATION EASEMENT

per ~~Skagit County Code 14.15.200~~ and 79A.15.130 Revised Code of Washington
Farmland Legacy Program

THIS GRANT DEED OF AGRICULTURAL CONSERVATION EASEMENT ("Easement") is made this 7th day of APRIL, 2009, by S & B PROPERTIES, LLC, a Washington Limited Liability Company, whose address is 18154 West Stackpole Road, Mount Vernon, Washington 98273 (hereinafter referred to as "Grantor"), in favor of Skagit County, a political subdivision of the State of Washington, having an address at Skagit County Farmland Legacy Program, c/o Skagit County Administration Building, 1800 Continental Place, Mount Vernon, WA 98273 (hereinafter referred to as "Grantee"); (collectively "Parties"). The following third party beneficiary has certain rights hereunder, including third party right of enforcement: The State of Washington, by and through the Washington State Recreation and Conservation Office ("RCO").

I. RECITALS

- A. Grantor is the sole owner in fee simple of that certain real property (the "Protected Property") in Skagit County, Washington, more particularly described in Exhibit A (Legal Description) and shown on Exhibit B (Baseline Documentation), which exhibits are attached to and incorporated into this Easement by this reference. The Protected Property is approximately 16.8 acres in size and is predominately open farmland.
- B. The Protected Property is of significant agricultural value to Grantor, the people of Skagit County and the people of the State of Washington (collectively, "Conservation Values"). The Conservation Values include protection of agricultural productivity and protection of prime and important agricultural soils. The Conservation Values also include winter habitat for Wrangell

Island Snow Geese and foraging and staging habitat for other shorebirds, however, habitat values are subordinate to agricultural values of the Protected Property.

- C. The Protected Property is zoned Agricultural Natural Resource Land under the Skagit County Zoning Ordinance. Skagit County Zoning Ordinance 14.16.400 states that the goal of the Agricultural Natural Resource Land zone is to "provide land for continued farming activities, conserve agricultural land, and reaffirm Agricultural use, activities and operations as the primary use of the district."
- D. The specific Conservation Values and characteristics of the Protected Property are further documented in an inventory of relevant features of the Protected Property, dated March, 2009, attached hereto as Exhibit B and incorporated into this Easement by this reference ("Baseline Documentation"). The Baseline Documentation consists of reports, maps, photographs, and other documentation that provide, collectively, an accurate representation of the Protected Property at the time of this grant and which is intended to serve as an objective information baseline for monitoring compliance with the terms of this grant.
- E. Grantor, as owner of the Protected Property, has the right to protect and preserve the Conservation Values of the Protected Property, and desires to transfer such rights to Grantee in perpetuity.
- F. The Protected Property consists primarily of farmland (as defined in RCW 79A.15.010(4)) whose diked and drained Skagit Silt Loam soils and mild maritime climate contribute to high productivity.
- G. **Permanent Protection of the Protected Property** will further the purposes of the Washington State Farmlands Preservation Account (FPA) established under RCW 79A.15.130(1), which provides that moneys appropriated to the FPA "must be distributed for the acquisition and preservation of farmlands in order to maintain the opportunity for agricultural activity upon these lands." The legislatively declared policies of the State of Washington in the Washington State Open Space Tax Act, Chapter 84.34 RCW (OSTA), provide that "it is in the best interest of the state to maintain, preserve, conserve, and otherwise continue in existence adequate open space lands for the production of food, fiber and forest crop, and to assure the use and enjoyment of natural resources and scenic beauty for the economic and social well being of the state and its citizens." This reference to OSTA does not automatically enroll the Protected Property in the Skagit County open space program.
- H. This Easement is acquired in anticipation of a grant agreement (#08-1804A) between *RCO and Grantee* ("RCO Grant Agreement"). Therefore RCO is a third-party beneficiary of certain rights under this Easement. If the RCO Grant Agreement is not funded, the Grantor, Grantee and RCO will amend this easement to remove RCO as third-party beneficiary.
- I. The Parties agree that, although no water rights are identified in any water rights registry of the Washington Department of Ecology or its predecessor agencies currently, should water rights attach to this property in the future, this easement will be amended to incorporate those rights and restrict transfer or relinquishment of those rights for non agricultural use.
- J. The Skagit County Consolidated Diking and Drainage District No. 22 currently benefits the Property which is also in a Comprehensive Drainage and Irrigation Master Plan benefit area.



- K. The foregoing recitals are incorporated into this Easement by this reference.

II. CONVEYANCE AND CONSIDERATION

- A. For the reasons stated above, in consideration of the mutual covenants, terms, conditions, and restrictions contained herein, Grantor hereby grants, conveys and warrants to Grantee an Agricultural Conservation Easement in perpetuity over the Protected Property, consisting of the rights in the Protected Property, hereinafter enumerated, subject only to the restrictions contained in this Easement.
- B. This conveyance is a conveyance of an interest in real property under the provisions of RCW 64.04.130 and RCW 84.34.210, subject only to the mutual covenants, terms, conditions and restrictions set forth in this Easement.
- C. Grantor expressly intends that this Easement run with the land and that this Easement shall be binding upon Grantor's personal representatives, heirs, successors, and assigns in perpetuity.

III. PURPOSE

It is the purpose of this Easement to assure that the Protected Property will be retained forever for agricultural productivity and use, to ensure no net loss of agricultural lands and to protect prime and important agricultural soils, and to prevent any use of, or activity on, the Protected Property that will significantly impair or interfere with its agricultural values, character, use or utility. Grantor intends that this Easement will confine the use of, or activity on, the Protected Property to such uses and activities that are consistent with the purpose described above (the "Purpose").

IV. RIGHTS CONVEYED TO GRANTEE

To accomplish the Purpose of this Easement, the following rights are conveyed to Grantee by this Easement:

- A. **Protection:** To preserve and protect in perpetuity, and to enhance by mutual agreement, the Conservation Values of the Protected Property.
- B. **Access for Monitoring and Enforcement:**
1. To enter the Protected Property annually, upon prior written notice to Grantor, for the purpose of making a general inspection to monitor compliance with this Easement.
 2. To enter upon the Protected Property, at a mutually agreeable date and time and upon prior notice to Grantor, to inspect the Protected Property after major natural events occur, such as fires, windstorms, and floods
 3. To enter the Protected Property at such other times as are necessary if Grantee has a reason to believe that a violation of the Easement is occurring or has occurred, for the purpose of mitigating or terminating the violation and otherwise enforcing the provisions of this Easement. Such entry shall be upon prior reasonable notice to Grantor, and Grantee shall not in any case unreasonably interfere with Grantor's use and quiet enjoyment of the Protected Property.



- C. Development Rights.** Grantor hereby grants to Grantee all development rights except as specifically reserved herein, and the Parties agree that such rights may not be used on or transferred off of the Protected Property as it now or hereafter may be bounded or described, or to any other property adjacent or otherwise, or (except as expressly permitted herein) used for the purpose of calculating permissible lot yield or density of the Protected Property or any other property
- D. Injunction and Restoration:** To enjoin any use of, or activity on, the Protected Property that is inconsistent with the Purpose of this Easement, including trespasses by members of the public, and to require the restoration of such areas or features of the Protected Property as may be damaged by uses or activities inconsistent with the provisions of this Easement, all in accordance with Section X.
- E. Enforcement:** To enforce the terms of this Easement, consistent with Section X.
- F. Assignment:** To assign, convey or otherwise transfer Grantee's interest in the Protected Property in accordance with Section XV.

V. PERMITTED USES AND ACTIVITIES

- A. General:** Grantor reserves for itself and its personal representatives, heirs, successors and assigns, all rights accruing from ownership of the Protected Property, including the right to engage in, or permit or invite others to engage in, any use of, or activity on, the Protected Property that is not inconsistent with the Purpose of the Easement and that is not specifically prohibited or otherwise limited by this Easement. Without limiting the generality of this subsection, Grantor specifically reserves for itself and its personal representatives, heirs, successors, and assigns, the following uses and activities, which shall be limited in the manner provided below.
- B. Retained Uses:**
- Agricultural Activities:** Grantor retains the right to use the Protected Property for agricultural production, or to permit others to use the Protected Property for agricultural production, in accordance with applicable law. As used herein, "agricultural production" shall mean the production, processing, storage or retail marketing of crops, livestock, and livestock products. For purposes hereof, crops, livestock and livestock products include, but are not limited to, crops commonly found in the community surrounding the Protected Property; field crops; fruits; vegetables; horticultural specialties; livestock and livestock products; Christmas trees not subject to the excise tax imposed by RCW 84.33.100 through 84.33.140.
 - Agricultural Activities shall also include such "Accessory Uses," as defined in RCW 36.70A.177(3)(b), that are related to the permitted Agricultural Activities on the Protected Property, that maintain the primacy of, and are subordinate to, the farmland character and use of the Protected Property, that are compatible with the Conservation Values, and that provide supplemental income.
 - Recreational:** Grantor retains the right to use the Property for otherwise lawful recreational uses, including, but not limited to, hunting and fishing, provided those uses are subordinate to the farmland character and use of the Protected Property.



C. **Construction of Buildings and Improvements:** Except as otherwise specifically provided for in this Easement, Grantor may undertake construction, reconstruction or other improvement of the Protected Property only as provided below. Grantor shall advise Grantee prior to undertaking any construction, reconstruction or other improvement on the Protected Property that requires a development permit from Skagit County as provided for in Section VIII, so as to enable Grantee to review the proposed activity for compliance with the terms and conditions of this Easement.

1. **Fences:** Existing fences may be repaired and replaced, and new fences may be built on the Protected Property, for purposes of reasonable and customary management and protection of crops, livestock and wildlife.
2. **Ancillary Improvements:** Other improvements, including, but not limited to, small-scale facilities for the generation and transmission of electrical power, may be built on the Protected Property only with the permission of Grantee as provided for in Section VIII.
3. **Utility Services and Septic Systems:** Wires, lines, pipes, cables or other facilities providing electrical, gas, water, sewer, communications, or other utility services to the improvements permitted under this Easement may be installed, maintained, repaired, removed, relocated and replaced, and Grantor may grant easements over and under the Protected Property for such purposes. Septic or other underground sanitary systems serving the improvements permitted under this Easement may be installed, maintained, replaced, repaired or improved.
4. **Existing Agricultural Structures and Improvements (site specific):** *Agricultural structures and improvements existing as of the Effective Date of this Easement may be repaired, reasonably enlarged and replaced at their current locations, which are shown on Exhibit B.*
5. **New Structures:** New buildings and other structures and improvements to be used primarily for agricultural production (as defined above) and not to be used for any dwelling or farm support housing. New buildings, structures or improvements proposed for locations outside 'farmstead area' may be built only with the permission of the grantee as provided in Section VIII. And meet impervious surface requirements in Section VI D.

D. **Roads and Paving.** Grantor may maintain, renovate, expand or replace roads or construct new roads that may be reasonably necessary and incidental to carrying out permitted uses and activities on the Protected Property; provided that any roads paved or otherwise covered with concrete, asphalt, or any other impervious paving material shall be subject to the surface coverage limitations set forth in Subsection VI.D.

E. **Composting, Use and Storage of Agricultural Wastes or other Waste Materials:** Grantor may compost, use and store agricultural waste and by products on the Protected Property, consistent with the Purpose of this Easement; provided that any such wastes are stored temporarily in appropriate containment for removal at reasonable intervals and in compliance with applicable federal, state, and local laws.



- F. Drainage structures:** Grantor may construct and maintain drainage structures, including ditches, tubes, pipes, pumps, gates or other facilities and appurtenances for enhancement of drainage systems in support of uses and activities permitted under this easement; provided that Grantor does not materially impair the natural course of the surface water drainage or runoff flowing over the Protected Property and that existing natural water courses are preserved in their natural state.
- G. Creation of Mortgage Liens:** Grantor may create consensual liens, whether by mortgage, deed of trust, or otherwise, for the purpose of indebtedness of Grantor, so long as such liens remain subordinate to the Easement.
- H. Emergencies:** Grantor may undertake other activities necessary to protect public health or safety on the Protected Property, or that are actively required by and subject to compulsion of any governmental agency with authority to require such activity; provided that any such activity shall be conducted so that interference with the Conservation Values of the Protected Property is avoided, or, if avoidance is not possible, minimized to the extent possible.

VI. PROHIBITED USES AND ACTIVITIES

- A. General:** Any use of, or activity on, the Protected Property inconsistent with the Purpose or other terms of this Easement is prohibited, and Grantor acknowledges and agrees that it will not conduct, engage in or permit any such use or activity. Without limiting the generality of this subsection, the following uses of, or activities on, the Protected Property, though not an exhaustive list, are inconsistent with the Purpose of this Easement and shall be prohibited; except as permitted in Section V.
- B. Subdivision and Development Rights:** The legal or *de facto* division, subdivision, platting, partitioning or planned unit development of the Protected Property is prohibited even if that portion of the Protected Property constitutes a separate legal parcel. This restriction does not prohibit boundary line adjustments with adjoining agricultural land, provided that such boundary line adjustments do not result in any net loss of acreage to the Protected Property and that no new parcel may be created by such boundary line adjustments. Any new land gained through a boundary line adjustment shall be made subject to the terms of this Easement. Boundary line adjustments require notice to and consent of Grantee and RCO. Grantor shall not exercise its development rights in the Protected Property, transfer such development rights to any other portion of the Protected Property as it is now or hereafter may be bounded or described or to any other property adjacent to the Protected Property or otherwise, nor use such development rights or the area of the Protected Property for the purpose of calculating permissible lot yield of the Protected Property or any other property.
- C. Construction:** The placement or construction of any buildings, structures, or other improvements of any kind is prohibited, except as permitted in Subsection V.C.
- D. Impervious surface:** The total area covered by structures of any kind and impervious surfaces, such as rooftops, asphalt, or concrete shall be limited to no more than two percent (2%) of the area of the Protected Property, inclusive of any and all impervious surfaces prior to the established easement and the addition of any and all future creations of impervious surfaces on any portion of the original protected property. The total area covered by gravel shall be subject to this 2% limitation unless Grantor obtains prior approval from Grantee as provided in Section VIII to increase the percentage of total surfaces covered by gravel and other impervious surfaces above the 2% limitation, provided that the total amount of gravel and other impervious surfaces



shall never exceed two percent (2%) of the total area of the Protected Property. Soil dependent greenhouses and solar collector arrays which do not cover the soil surface and are supported by means which leave the soil open and accepting of surface water shall not be counted in the total area covered by structures or impervious surface provided the area covered by these greenhouses or solar collector arrays shall never exceed 25% of the total area of the Protected Property.

- E. **Recreation:** The following forms of recreation are prohibited on the Protected Property: golf courses; commercial use of motorized or mechanized recreational vehicles such as motorcycles, snowmobiles, and dune buggies; commercial overnight camping; athletic fields; use of the property for any commercial public recreation; and other developed recreational uses of the property which require special buildings, structures, or facilities. Undeveloped recreational uses, and the leasing of such uses for economic gain, may be permitted insofar as they are consistent with the Purpose and terms of this Easement.
- F. **Erosion or Water Pollution:** Any use or activity that causes or is likely to cause significant soil degradation or erosion or significant pollution of any surface or subsurface waters is prohibited, including the use of manure lagoons or disposal of wastewater in manners inconsistent with the terms of this Easement.
- G. **Waste Disposal:** Except as expressly permitted in Section V, the disposal or storage of rubbish, garbage, debris, vehicles, abandoned equipment, parts thereof, or other unsightly, offensive, or hazardous waste or material on the Protected Property is prohibited.
- H. **Commercial Signs:** The placement of commercial signs, billboards, or other advertising material on the Protected Property is prohibited; except in connection with the on-site sale of agricultural products, permitted accessory uses (see V.B.2.), sale or lease of the Protected Property, or to state the conditions of access to the Protected Property.
- I. **Mining:** The exploration for, or development and extraction of, minerals and hydrocarbons on or below the surface of the Protected Property is prohibited. The extraction of rock, dirt, sand, and gravel shall be permitted only if removal of such material is necessary to carry out other permitted activities on the Protected Property, and is limited to no more than one acre total of the Protected Property, and will not interfere with the Conservation Values of the Protected Property. Grantor shall use all practical means to mitigate any adverse effect on the Conservation Values of the Protected Property in carrying out any permitted extraction activities, and upon completion of said permitted extractive activities, Grantor shall promptly restore any portion of the Protected Property affected thereby as nearly as possible to its condition existing prior to commencement thereof.
- J. **Kennels:** Kennels as defined in the Skagit County Zoning Ordinance are prohibited.
- K. **Alteration of Wetlands and Watercourses:** The draining, filling, dredging, ditching or diking of wetland areas or any other action that would reduce the wetland area is prohibited, except as necessary to maintain existing drains consistent with the Purpose of this Easement and permitted by applicable law. This easement shall not restrict the Grantor's cooperation with plans to carry out maintenance, repair, replacement, expansion of special purpose district dikes or drains on the property.
- L. **Farm Worker Housing.** Construction or placement of additional farm worker housing is prohibited outside of the farmstead area.



- M. No Compensatory Mitigation:** The creation, enhancement, restoration or preservation of wetlands, fish or wildlife habitat, or other natural resources for the purpose of, directly or indirectly, compensating for or mitigating resource losses or damages in any way associated with actual or potential impacts of development except for impacts caused by Grantor on the Protected Property ("Compensatory Mitigation") is prohibited on the Protected Property. Compensatory Mitigation includes, but is not limited to, mitigation banking, conservation banking, and any other sale or exchange of mitigation credits based on the creation, restoration, enhancement and/or preservation of such natural resources within the Protected Property.

VII. STEWARDSHIP

Grantor agrees to maintain the Protected Property for long-term agricultural productivity. No activities violating sound agricultural soil and water conservation management practices shall be permitted. All agricultural operations shall be conducted in accordance with applicable law as amended from time to time.

VIII. NOTICE

- A. Notice:** The following permitted uses and activities require Grantor to notify Grantee in writing prior to undertaking the use or activity:

1. Construction of any buildings, structures or improvements requiring a permit from Skagit County (as required under Subsection V.C);
2. Grading activities requiring a permit from Skagit County (as required under Subsection VI.D);
3. Any boundary line adjustment no later than ninety (90) days prior to the date of such adjustment (as required under Subsection VI.B)
4. The transfer of any interest in all or a portion of the Protected Property no later than forty-five (45) days prior to the date of such transfer (as required under Subsection XIII.C).

The purpose of requiring Grantor to notify Grantee prior to undertaking these permitted uses and activities is to afford Grantee an adequate opportunity to ensure that the use or activity in question is designed and carried out in a manner consistent with the Purpose and terms of this Easement. Whenever such notice is required, Grantor shall notify Grantee in writing not less than thirty (30) days prior to the date Grantor intends to undertake the use or activity in question. Grantor may notify Grantee at the time of permit application, for concurrent review, or may provide notice and initiate review prior to permit application, at the Grantor's discretion. The notice shall describe the nature, scope, design, location, timetable, and any other material aspect of the proposed use or activity in sufficient detail to permit Grantee to make an informed judgment as to its consistency with the Purpose of this Easement. Upon receipt of such notice, Grantee shall immediately forward a copy to RCO.

Certain provisions of this Easement require Grantee to give notice to Grantor prior to undertaking certain activities (site inspection for example). Whenever such notice is required, Grantee shall provide a copy of any such notice to RCO concurrently with notice to Grantor.



- B. Approval:** Where approval by one of the parties to this Easement is required (e.g., Subsection V.D, Impervious Surfaces), such approval shall be granted or denied in writing within thirty (30) days of receipt of a written notice of the proposed use or activity, and such approval shall not be unreasonably withheld. Where consent by RCO is required under this Easement, RCO shall grant or withhold its consent within thirty (30) days of receipt of Grantee's written decision to grant or withhold consent or within ninety (90) days of receipt of Grantor's written request for consent, whichever comes later. Grantee's approval may include reasonable conditions which, if satisfied, would be the minimum necessary to assure that the proposed use or activity would not be inconsistent with the Purpose of this Easement. Failure by a party to grant or deny approval within the time provided shall create a presumption of approval.
- C. Optional Consultation:** If Grantor is unsure whether a proposed use or activity is prohibited by this Easement, Grantor may consult Grantee by providing Grantee a written notice describing the nature, scope, design, location, timetable, and any other material aspect of the proposed use or activity in sufficient detail to permit Grantee to make an informed judgment as to the consistency with the Purpose of this Easement and to provide comments thereon to Grantor for the purposes of this Easement only. This Subsection does not itself impose a requirement of prior approval of the activity described in any such notice; however, if Grantee does not provide written objections within thirty (30) days after Grantee's receipt of Grantor's notice, Grantee shall be deemed to have approved the proposed use or activity.
- D. Addresses:** Any notice, demand, request, consent, approval, or communication that either party desires or is required to give to the other shall be in writing and either served personally or sent by first class certified mail, postage prepaid, addressed as follows:

To Grantor: S & B Properties, LLC
Richard H. Smith
18154 W. Stackpole Road
Mount Vernon, WA 98273

To Grantee: Skagit County Farmland Legacy Program
County Administration Building
1800 Continental Place
Mount Vernon, WA 98273

To RCO: Director, Recreation and Conservation Office
1111 Washington St SE
PO Box 40917
Olympia, WA 98504-0917
360-902-3000 (telephone)

or to such other address as either party designates by written notice to the other.

IX. DISPUTE RESOLUTION: GRANTEE'S REMEDIES

- A. Preventive Discussions:** Grantor and Grantee will promptly give the other notice of problems or concerns arising in connection with the other's actions under this Easement or the use of or



activities or conditions on the Protected Property, and will meet as needed, but no later than 15 days after receipt of a written request for a meeting, to minimize the same.

- B. Optional Alternative Dispute Resolution:** If a dispute is not resolved through preventive discussions under subsection A, Grantor and Grantee may refer the dispute to mediation by request made in writing upon the other and with notice to RCO who has full discretion to participate or not to participate in the mediation. Within ten (10) business days of the receipt of such a request, the parties to the mediation ("Mediation Parties") shall select a single impartial mediator. Mediation Parties agree to participate in the mediation process in good faith and expeditiously, attending all sessions scheduled by the mediator. Neither party shall be obligated to continue the mediation process beyond a period of sixty (60) days from the date of receipt of the initial request or if the mediator concludes that there is no reasonable likelihood that continuing will result in a mutually agreeable resolution of the dispute. Cost of the mediator shall be borne equally by the Parties; the Mediation Parties shall bear their own expenses, including attorney fees, individually.

Alternately, the Parties and RCO may by mutual agreement submit damage claims not involving title to RP arbitration upon such rules of arbitration as Grantor, Grantee and RCO may agree within the framework of Chapter 7.04.A RCW as amended.

X. ENFORCEMENT; GRANTEE'S REMEDIES

- A. Notice of Violation, Corrective Action:** If Grantee determines that Grantor is in violation of the terms of this Easement or that a violation is threatened, Grantee shall give written notice to Grantor of such violation and demand corrective action sufficient to cure the violation and, where the violation involves injury to the Protected Property resulting from any use or activity inconsistent with the Purpose of this Easement, to restore the portion of the Protected Property so injured to its prior condition in accordance with a plan approved by Grantee.
- B. Grantor's Failure to Respond:** Grantee may bring an action as provided in Subsection X.C if Grantor:
1. Fails to cure the violation within thirty (30) days after receipt of a notice of violation from Grantee; or
 2. Under circumstances where the violation cannot reasonably be cured within a thirty (30) day period, fails to begin curing the violation within the thirty (30) day period and fails to continue diligently to cure such violation until finally cured.
- C. Grantee's Action:**
1. **Injunctive Relief:** Grantee may bring an action at law or in equity in a court having jurisdiction to enforce the terms of this Easement:
 - a. To enjoin the violation, ex parte as necessary, by temporary or permanent injunction; and
 - b. To require the restoration of the Protected Property to the condition that existed prior to any such injury.

2. **Damages:** Grantee shall be entitled to recover damages for violation of the terms of this Easement or injury to any Conservation Values protected by this Easement, including, without limitation, damages for the loss of Conservation Values. Without limiting Grantor's liability in any way, Grantee, in its sole discretion, may apply any damages recovered to the cost of undertaking corrective or restoration action on the Protected Property. Inasmuch as the actual damages to the Conservation Values that could result from a breach of this Easement by Grantor would be impractical or extremely difficult to measure, the Parties agree that the money damages Grantee is entitled to recover from Grantor shall be, at Grantee's election, the higher of (i) the amount of economic gain realized by Grantor from violating the terms of the Easement or (ii) the cost of restoring any Conservation Values that have been damaged by such violation. In the event Grantee chooses the second of these two measures, Grantor agrees to allow Grantee, its agents or contractors, to enter upon the Protected Property and conduct restoration activities.
- D. **Emergency Enforcement:** If Grantee, in its sole discretion, determines that circumstances require immediate action to prevent or mitigate significant damage to the Conservation Values of the Protected Property, Grantee may pursue its remedies under this section without prior notice to Grantor or without waiting for the period provided for cure to expire.
- E. **Scope of Relief:** Grantee's rights under this section apply equally in the event of either actual or threatened violations of the terms of this Easement. Grantor agrees that Grantee's remedies at law for any violation of the terms of this Easement are inadequate and that Grantee shall be entitled to the injunctive relief described in this section, both prohibitive and mandatory, in addition to such other relief to which Grantee may be entitled, including specific performance of the terms of this Easement, without the necessity of providing either actual damages or the inadequacy of otherwise available legal remedies. Grantee's remedies described in this section shall be cumulative and shall be in addition to all remedies now or hereafter existing at law or in equity.
- F. **Costs of Enforcement:** In the event Grantee must enforce the terms of this Easement, the costs of restoration necessitated by acts or omissions of Grantor, its agents, employees, contractors, family members, invitees or licensees in violation of the terms of this Easement and Grantee's reasonable enforcement expenses, including attorneys' and consultants' fees, shall be borne by Grantor or those of its personal representatives, heirs, successors, or assigns, against whom a judgment is entered. In the event that Grantee secures redress for an Easement violation without initiating or completing a judicial proceeding, the costs of such restoration and Grantee's reasonable expenses shall be borne by Grantor and those of its personal representatives, heirs, successors, or assigns who are otherwise determined to be responsible for the unauthorized use or activity.
- G. **Grantee's Discretion:** Grantee acknowledges its commitment to protect the Purpose of the Easement. Enforcement of the terms of the Easement shall be at the discretion of Grantee, and any forbearance by Grantee to exercise its rights under this Easement in the event of any breach of any terms of this Easement by Grantor, its agents, employees, contractors, family members, invitees or licensees shall not be deemed or construed to be a waiver by Grantee of such term or any of Grantee's rights under this Easement. No delay or omission by Grantee in the exercise of any right or remedy upon any breach by Grantor shall impair such right or remedy or be construed as a waiver of such term or any of Grantee's rights under this Easement. No grant by Grantee in its governmental or regulatory capacity of any building permit, grading permit, land use approval or other development approval shall be deemed or construed to be a waiver of any term or any of Grantee's rights under this Easement.



H. Waiver of Certain Defenses: Grantor acknowledges that it has carefully reviewed this Easement and has consulted with and been advised by counsel of its terms and requirements. In full knowledge of the provisions of this Easement, Grantor hereby waives any claim or defense it may have against Grantee or its successors or assigns under or pertaining to this Easement based upon waiver, laches, estoppel, or prescription; except to the extent the defense is based upon an approval or deemed approval by Grantee pursuant to Section VIII of this Easement. Except for the foregoing, Grantor specifically retains any and all rights it has under the law as owner of the Protected Property, including but not limited to the right to make claims against Grantee for any breach by Grantee of the terms of this Easement.

I. Acts Beyond Grantor's Control: Nothing contained in this Easement shall be construed to entitle Grantee to bring any action against Grantor to abate, correct, or restore any condition on the Protected Property or to recover damages for any injury to or change in the Protected Property resulting from causes beyond Grantor's control, including, without limitation, natural changes, fire, flood, storm, earth movement or climate change, or from acts of trespassers, that Grantor could not reasonably have anticipated or prevented or from any prudent action taken by Grantor under emergency conditions to prevent, abate, or mitigate significant injury to the Protected Property resulting from such causes. In the event the terms of this Easement are violated by acts of trespassers that Grantors could not reasonably have anticipated or prevented, Grantor agrees, at Grantee's option, to join in any suit, to assign its right of action to Grantee, or to appoint Grantee its attorney in fact, for the purpose of pursuing enforcement action against the responsible parties.

J. Compliance Certificates: Upon request by Grantor, Grantee shall within thirty (30) days execute and deliver to Grantor, or to any party designated by Grantor, any document, including a certificate, that certifies, to the best of Grantee's knowledge, Grantor's compliance or lack of compliance with any obligation of Grantor contained in this Easement and otherwise evidences the status of this Easement. Such certification shall be limited to the condition of the Protected Property as of Grantee's most recent inspection. If Grantor requests more current documentation, Grantee shall conduct an inspection, at Grantor's expense, within thirty (30) days of receipt of Grantor's written request.

XI. ACCESS BY PUBLIC NOT GRANTED

This Easement does not provide, and shall not be construed as providing, the general public access to any portion of the Protected Property. Except as modified by the Easement Grantor retains all right to exclude others, recover damages for trespass or other property right violations.

XII. COSTS, LIABILITIES AND INSURANCE, TAXES, ENVIRONMENTAL COMPLIANCE, AND INDEMNIFICATION

A. Costs, Legal Requirements, Liabilities and Insurance: Grantor retains all responsibilities and shall bear all costs and liabilities of any kind related to the ownership, operation, upkeep, and maintenance of the Protected Property, including the maintenance of adequate liability insurance coverage. Grantor remains solely responsible for obtaining any applicable governmental permits and approval for any construction or other activity or use permitted by this Easement, and all such construction or other activity or use shall be undertaken in accordance with all applicable federal, state, and local laws, regulations, and requirements. Grantor shall prevent the perfection of any liens against the Protected Property arising out of any work performed for, material furnished to, or obligations incurred by Grantor; provided that the Protected Property shall be deemed to be



free of such liens if Grantor, as the case may be, is diligently challenging the application of such liens to the Protected Property.

B. Taxes: Grantor shall pay before delinquency or file timely appeal of all taxes, assessments, fees, charges of whatever description levied on or assessed against the Protected Property by competent authority (collectively "taxes"), including any taxes imposed upon, or incurred as a result of, this Easement, and shall furnish Grantee with satisfactory evidence of payment upon request. If Grantor fails to pay any taxes when due, Grantee is authorized, but in no event obligated, to make or advance such payment of taxes upon three (3) days prior written notice to Grantor, in accordance with any bill, statement, or estimate procured from the appropriate authority, without inquiry into the validity of the taxes or the accuracy of the bill, statement, or estimate, and the obligation created by such payment shall bear interest until paid by Grantor at the maximum rate allowed by law.

C. Representations and Warranties: Grantor represents and warrants that, after reasonable investigation and to the best of Grantor's knowledge:

1. Grantor and the Protected Property are in compliance with all federal, state, and local laws, regulations, and requirements applicable to the Protected Property and its use;
2. There has been no release, dumping, burying, abandonment or migration from off-site on the Protected Property of any substances, materials, or wastes that are hazardous, toxic, dangerous, or harmful or are designated as, or contain components that are, or are designated as, hazardous, toxic, dangerous, or harmful and/or that are subject to regulation as hazardous, toxic, dangerous, or harmful in violation of any federal, state or local law, regulation, statute, or ordinance;
3. Neither Grantor nor Grantor's predecessors in interest have disposed of any hazardous substances off-site, nor have they disposed of substances at sites designated or proposed to be designated as federal Superfund (42 U.S.C. § 9601 et seq.) or state Model Toxics Control Act (RCW 70.105D.010 et seq.) ("MTCA") sites; and
4. There is no pending or threatened litigation affecting the Protected Property or any portion of the Protected Property that will materially impair the Conservation Values of any portion of the Protected Property. No civil or criminal proceedings have been instigated or are pending against Grantor or its predecessors by government agencies or third parties arising out of alleged violations of environmental laws, and Grantor has not received any notices of violation, penalties, claims, demand letters, or other notifications relating to a breach of environmental laws.

D. Remediation: If, at any time, there occurs, or has occurred, a release in, on, or about the Protected Property of any substance now or hereafter defined, listed, or otherwise classified pursuant to any federal, state, or local law, regulation, or requirement as hazardous, toxic or dangerous to the air, water or soil, or in any way harmful or threatening to human health or environment, Grantor agrees to take all steps necessary to assure its containment and remediation, including any cleanup that may be required, unless the release was caused by Grantee, in which case Grantee should be responsible for remediation.

E. Control: Nothing in this Easement shall be construed as giving rise, in the absence of a judicial decree, to any right or ability in Grantee to exercise physical or managerial control over the day-



to-day operations of the Protected Property, or any of Grantor's activities on the Protected Property, or otherwise to become an operation with respect to the Protected Property within the meaning of the Comprehensive Environmental Response Compensation and Liability Act of 1980, as amended ("CERCLA"), and MTCA.

- F. Indemnification:** Grantor hereby agrees to release and hold harmless, indemnify, and defend Grantee, RCO, and their members, directors, officers, employees, agents, and contractors and the personal representatives, heirs, successors, and assigns of each of them costs, losses, damages, expenses, causes of action, claims, demands, or judgments, including, without limitation, reasonable attorney's fees, arising from or in any way connected with:

1. Injury to or the death of any person, or physical damage to any property, resulting from any act, omission, condition, or other matter related to or occurring on or about the Protected Property, regardless of cause unless due solely to the negligence of any of the Indemnified Parties; and
2. The obligations, covenants, representations and warranties in Subsections A, B, C, and D of this section.

XIII. EXTINGUISHMENT, CONDEMNATION AND SUBSEQUENT TRANSFER

- A. Extinguishment:** If circumstances arise in the future that render the Purpose of this Easement impossible to accomplish, this Easement can only be terminated or extinguished, whether in whole or in part, by judicial proceedings in a court of competent jurisdiction and only upon a finding and declaration to that effect.

- i. The amount of the proceeds to which Grantee and any Beneficiary to this Easement shall be entitled, after the satisfaction of prior claims, from any sale, exchange, or involuntary conversion of all or any portion of the Protected Property subsequent to such termination or extinguishment, shall be determined, unless otherwise provided by Washington law at the time, in accordance with Section XIII.C. Grantee shall use all such proceeds for the acquisition of property interests that are substantially equivalent to those conveyed by this Easement. Grantee shall consult with and receive the approval of RCO in the selection of any replacement property interests. Upon acquisition of such replacement property interests, Grantee shall convey to RCO the same or substantially equivalent rights as provided for in this Easement.
- ii. In granting this Easement, Grantor has considered the fact that any use of the Property that is prohibited by this Easement, or any other use as determined to be inconsistent with the Purpose of this Easement, may become economically more valuable than permitted uses. It is the intent of both Grantor and Grantee that such circumstances shall not justify the termination or extinguishment of this Easement. Grantor's inability to carry on any or all of the permitted uses, or the unprofitability of doing so, shall not impair the validity of this Easement or be considered grounds for its termination or extinguishment.

- B. Condemnation:** If all or any of the Protected Property is taken by exercise of the power of eminent domain or acquired by purchase in lieu of condemnation, whether by public, corporate, or other authority, so as to extinguish this Easement, in whole or in part, Grantor and Grantee



shall act jointly to recover the full value of the interest in the Protected Property subject to the taking or in lieu purchase and all direct or incidental damages resulting from the taking or in lieu purchase. Grantee and RCO shall be entitled to compensation in accordance with Section XIII.C, for the value of the Easement taken; and the Grantor shall be entitled to compensation in accordance with applicable law for the value of the underlying fee title and improvements taken. In the event that Section XIII.C violates applicable law, then the proceeds to Grantor, Grantee and RCO shall be divided in accordance with applicable law. In the event that Grantee is the recipient of the proceeds from any condemnation, then Grantee shall disburse to RCO it's respective share of the proceeds pursuant to Section XIII.D as soon as is practicable.

C. Valuation. This Easement constitutes a real property interest immediately vested in Grantee. For purposes of this Section, the Parties stipulate that this Easement has a fair market value determined by multiplying (a) the then fair market value of the Protected Property unencumbered by the Easement (minus any increase in value attributable to improvements on the Protected Property), at the time of termination or extinguishment, as determined by an appraisal that meets RCO requirements for appraisals, by (b) the ratio of the value of the Easement at the time of this grant to the value of the Protected Property, unencumbered by the Easement, at the time of this grant.

- i. For purposes of this Section, the Parties agree that the ratio of the value of the Easement to the value of Grantor's property unencumbered by the Easement is evidenced by that certain real property appraisal prepared by Robert W. Suttles, MAI, Northwest Real Estate Valuations, LLC, effective date August 5, 2008, on file with Grantee. This ratio is .584 and shall remain constant.

D. Distribution of Proceeds. In the event of extinguishment of this Easement pursuant to Section XIII.A.i, condemnation of this Easement pursuant to Section XIII.B, or damages received by Grantor in an amount equal to the fair market value of this Easement pursuant to Section X.D, any proceeds attributable to the value of the Easement shall be distributed as follows: RCO is entitled to 50% and Skagit County is entitled to 50% of any such proceeds.

E. Subsequent Transfers: Grantor agrees to:

1. Incorporate the terms of this Easement by reference in any deed or other legal instrument by which it divests itself of any interest in all or a portion of the Protected Property, including, without limitation, a leasehold interest; and
2. Describe this Easement in and append it to any executory contract for the transfer of any interest in the Protected Property; and
3. Obtain a certificate from the purchaser, leaseholder or other party gaining an interest in all or part of the Protected Property and any financier, acknowledging their awareness of this Easement and their intent to comply with it. Such certificate shall be appended to and recorded with any deed or other legal instrument by which Grantor divests itself of any interest in all or a portion of the Protected Property; and
4. Give written notice to Grantee of the transfer of any interest in all or a portion of the Protected Property no later than forty-five (45) days prior to the date of such transfer. Such notice to Grantee shall include the name, address, and telephone number of the prospective transferee or the prospective transferee's representative.



The failure of Grantor to perform any act required by this subsection shall not impair the validity of this Easement or limit its enforceability in any way.

XIV. AMENDMENT

This Easement may be amended by the execution and delivery of an amended easement deed, but only with the written consent of both Grantor and Grantee, provided that the Parties first obtain the written consent of RCO. If circumstances arise under which an amendment to or modification of this Easement would be appropriate, Grantor and Grantee are free to jointly amend this Easement; provided that no amendment shall be allowed that will diminish the effectiveness of this Easement in carrying out the Purpose of the Easement in any way and that only those amendments which strengthen the effectiveness of the Easement in carrying out the Purpose of the Easement shall be permitted. Any such amendment shall not affect the perpetual duration of the Easement and shall be recorded in the official records of Skagit County, Washington, and any other jurisdiction in which such recording is required.

XV. ASSIGNMENT

This Easement is transferable, with prior written notice and consent of RCO. But Grantee may assign its rights and obligations under this Easement only to the Grantee's judicial appointed successor, and only if that organization is a qualified holder at the time of transfer under RCW 64.04.130, as amended, and a qualified recipient of grant funds from the farmlands preservation account under RCW 79A.15.130. As a condition of such transfer, Grantee shall require that the transferee exercise its rights under the assignment consistent with the Purpose of this Easement. Grantee shall notify Grantor in writing, at Grantor's last known address, in advance of such assignment. The failure of Grantee to give such notice shall not affect the validity of such assignment nor shall it impair the validity of this Easement or limit its enforceability in any way.

- A. **Rights and Obligations Upon Transfer.** A party's rights and obligations under this Easement terminate upon transfer of the party's interest in the Protected Property or this Easement, as the case may be, except that liability for acts or omissions occurring prior to transfer shall survive transfer.
- B. **Succession.** If at any time it becomes impossible for Grantee to ensure compliance with the covenants contained herein and Grantee has not named a successor organization, or the Grantee shall cease to exist, then Grantee's rights and duties hereunder shall become vested and fall upon RCO, who may then assign Grantee's rights and duties hereunder to an organization with a similar mission to that of Grantee.

XVI. RCO THIRD PARTY RIGHT OF ENFORCEMENT

- A. RCO is hereby granted third party right of enforcement of this Easement. As such, RCO may exercise all of the rights and remedies provided to Grantee herein, and is entitled to all of the indemnifications provided to Grantee in this Easement. RCO and Grantee each have independent authority to enforce the terms of this Easement; provided, however, that RCO expects that Grantee shall have primary responsibility for monitoring and enforcement of the Easement. In the event that RCO and Grantee do not agree as to whether the Grantor is complying with the terms of the easement, RCO or Grantee may proceed with enforcement actions without the consent of the other. If RCO elects to enforce the terms of this Easement, it shall first follow the dispute resolution process and remedies described in Sections 8 and 9 above; provided, however,



that RCO shall not be obligated to repeat any non-judicial dispute resolution steps already taken by Grantee.

- B. This third party right of enforcement does not extend to any other third party and will automatically transfer to another State agency charged with maintaining, preserving and/or restoring agricultural lands in the event RCO is dissolved or reorganized.
- C. In the event that the Easement is transferred or assigned without the consent of RCO, which consent shall not be unreasonably withheld, RCO may require that Grantee pay to RCO, at RCO's election, the higher of (i) an amount equal to the fair market value of this Easement, which shall be determined as provided in Section XIII.C and distributed as provided in Section XIII.D; or (ii) an amount equal to the Total Project Cost as specified in the RCO Grant Agreement with interest due and payable from the date of breach at the rate provided for in RCW 43.17.240, as may be amended from time to time.
- D. In the event that the Protected Property is used by Grantor in a manner that is not consistent with the Purpose of this Easement or the terms of the RCO Grant Agreement, RCO shall have the right, in addition to any other remedies described in this Easement, to require that Grantor pay to RCO, at RCO's election, the higher of (i) an amount equal to the fair market value of this Easement, which shall be determined as provided in Section XIII.C and distributed as provided in Section XIII.D; or (ii) an amount equal to the Total Project Cost as specified in the RCO Grant Agreement with interest due and payable from the date of breach at the rate provided for in RCW 43.17.240, as may be amended from time to time. Any costs, fees or damages paid by Grantor for enforcement of this Easement or restoration of the Conservation Values pursuant to Section X shall be deducted from this amount. RCO agrees that it will follow the dispute resolution process and remedies described in Sections IX and X before exercising this right, unless legally compelled to do otherwise. Any amounts due and owing RCO under this paragraph shall be due and owing within 120 days of receiving a written demand for repayment by RCO. Upon Grantor's repayment of such amount to RCO, Grantee and RCO agree to prepare and record, a deed amendment to release Grantor from any further obligations to RCO or Grantee under this Easement.

XVI. RECORDING

Grantee shall record this instrument in a timely fashion in the official records of Skagit County, Washington, and in any other appropriate jurisdictions, and may re-record it at any time as may be required to preserve its rights in this Easement.

XVII. NO MERGER

In the event that Grantee acquires all or a portion of the fee title to the Protected Property, it is the intent of the Parties that no merger of title shall take place that would merge the restrictions of this Easement with fee title to the Protected Property and thereby eliminate them, and that the restrictions on the use of the Protected Property, as embodied in the Easement, shall, in the event that all or a portion of title become vested in Grantee, become and remain permanent and perpetual restrictions on the use of the Protected Property. Grantee covenants to do what is required to prevent merger of title, including, if necessary, assignment of the Easement to an appropriate third party pursuant to Section XV.



XVIII. LIENS

At the time of conveyance of this Easement, the Protected Property is not subject to any mortgage or deed of trust. This Section shall be binding upon the Parties hereto and upon the intended third party beneficiary, RCO.

XIX. GENERAL PROVISIONS

- A. **Controlling Law and Venue:** The interpretation and performance of this Easement shall be governed by the laws of the State of Washington. In the event of a lawsuit involving this easement, venue shall be proper only in Thurston Counties.
- B. **Liberal Construction:** Any general rule of construction to the contrary notwithstanding, this Easement shall be liberally construed in favor of the grant to effect the Purpose of this Easement and the policy and purpose of RCW 64.04.130 and Chapter 84.34 RCW. If any provision in this instrument is found to be ambiguous, an interpretation consistent with the Purpose of this Easement that would render the provision valid shall be favored over any interpretation that would render it invalid.
- C. **Severability:** If any provision of this Easement, or its application to any person or circumstance, is found to be invalid, or unenforceable by any court of competent jurisdiction or is superseded by state or federal legislation, rules, regulations or decision, the remainder of the provisions of this Easement, or the application of such provision to persons or circumstances other than those as to which it is found to be invalid, as the case may be, shall not be affected. If any material provision of this Easement, is found to be invalid, unenforceable or is superseded so that the intent of these provisions is frustrated, the parties agree to immediately negotiate a replacement provision to fulfill the intent of the superseded provisions consistent with the Purpose of this Easement and applicable law.
- D. **Entire Agreement:** This instrument sets forth the entire agreement of the parties with respect to the Protected Property and supersedes all prior discussions, negotiations, understandings, or agreements relating to the Protected Property, all of which are merged into this Easement. No alteration or variation of this instrument shall be valid or binding unless contained in an amendment that complies with Section XIV.
- E. **No Forfeiture:** Nothing contained in this Easement will result in a forfeiture or reversion of Grantor's title in any respect.
- F. **"Grantor" - "Grantee":** The terms "Grantor" and "Grantee," wherever used in this Easement, and any pronouns used in their place, shall be held to mean and include, respectively the above-named Grantor, and its personal representatives, heirs, successors, and assigns, and the above-named Grantee, its personal representatives, successors and assigns.
- G. **Successors and Assigns.** The covenants, terms, conditions, and restrictions of this Easement shall be binding upon, and inure to the benefit of, the parties to this Easement and their respective personal representatives, heirs, successors, and assigns, and shall continue as a servitude running in perpetuity with the Protected Property.




- H. Termination of Rights and Obligations:** A party's rights and obligations under this Easement terminate upon transfer of the party's interest in the Easement or Protected Property, except that liability for acts or omissions occurring prior to transfer shall survive transfer.
- I. Joint and Several:** The obligations imposed by this Easement upon Grantor shall be joint and several.
- J. Counterparts:** The parties may execute this instrument in two or more counterparts, which shall be signed by both parties. Each counterpart shall be deemed an original instrument as against any party who has signed it. In the event of any disparity between the counterparts produced, the recorded counterpart shall be controlling.
- K. Effective Date:** The effective date of this Easement is the date of recording in the records of Skagit County, Washington.
- L. Authority.** The individuals signing below, if signing on behalf of any entity, represent and warrant that they have the requisite authority to bind the entity on whose behalf they are signing.
- M. Recitals.** The Parties agree that the terms and recitals set forth in Section 1 (among other terms of this Easement) are material to this Easement, and that each Party has relied on the material nature of such terms and recitals in entering into this Easement. Each term and recital set forth in Section 1 is fully incorporated into this Easement.

XX. SCHEDULE OF EXHIBITS

- Exhibit A. Legal Description of Property Subject to Easement.
- Exhibit B. Site Plan and Baseline Documentation.
- Exhibit C. Permitted Exceptions

Approved As to Form

 March 24, 2009
Assistant Attorney General Date

REMAINDER OF PAGE IS INTENTIONALLY BLANK; SIGNATURE PAGES FOLLOW

TO HAVE AND TO HOLD unto Grantee, its successors and assigns forever.



IN WITNESS WHEREOF, the undersigned Grantor has executed this instrument this 19 day of March, 2009.

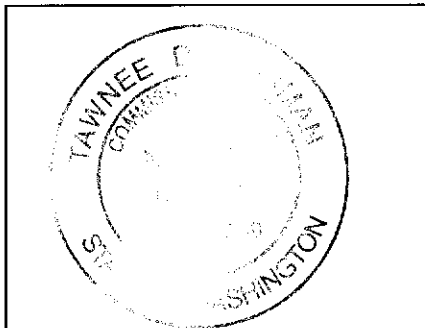
S & B PROPERTIES, LLC

Richard H. Smith
By: RICHARD H. SMITH, Managing Member

STATE OF WASHINGTON)
) ss.
COUNTY OF SKAGIT)

I certify that I know or have satisfactory evidence that RICHARD H. SMITH, Managing Member of S & B PROPERTIES, LLC is the person who appeared before me, and said person acknowledged that he/she signed this instrument, on oath stated that he was authorized to execute the instrument and acknowledged it to be the free and voluntary act of such party for the uses and purposes mentioned in the instrument.

Dated: MARCH 19, 2009



(Use this space for notarial stamp/seal)

Tawnee D. Bushani
Notary Public
Print Name TAWNEE D. BUSHANI
My commission expires 11-10-2009



TO HAVE AND TO HOLD unto Grantee, its successors and assigns forever.

The BOARD OF COUNTY COMMISSIONERS does hereby accept the above Grant Deed of Agricultural Conservation Easement.

Dated: April 7, 2009

SKAGIT COUNTY, WASHINGTON

Kenneth A. Dahlstedt

Kenneth A. Dahlstedt, Chair

Sharon D. Dillon

Sharon D. Dillon, Commissioner

ABSENT

Ron Wesen, Commissioner

Approved as to Form

[Signature]

Civil Attorney

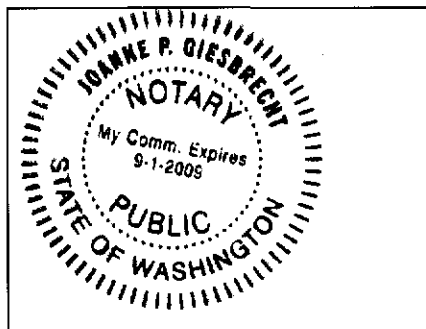
STATE OF WASHINGTON)

) ss.

COUNTY OF SKAGIT)

I certify that I know or have satisfactory evidence that Kenneth A. Dahlstedt & Sharon D. Dillon are the persons who appeared before me, and said persons acknowledged that they signed this instrument, on oath stated that they were authorized to execute the instrument and acknowledged it as the commissioners of Skagit County, Washington to be the free and voluntary act of such party for the uses and purposes mentioned in the instrument.

Dated: 4-7-09



(Use this space for notarial stamp/seal)

Joanne P. Giesbrecht
Notary Public
Print Name 09-01-09
My commission expires JOANNE P. GIESBRECHT

TO HAVE AND TO HOLD unto Grantee, its successors and assigns forever.

THE STATE OF WASHINGTON, BY AND THROUGH THE WASHINGTON STATE RECREATION AND CONSERVATION OFFICE, Third Party Beneficiary, does hereby accept the above Grant Deed of Agricultural Conservation Easement.

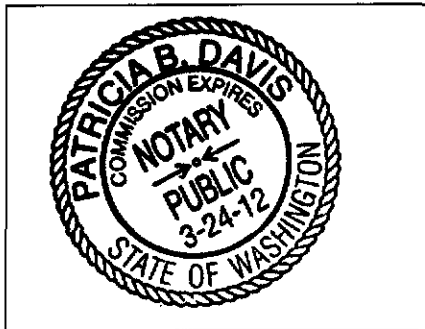
Dated: 3-25-09

By Kaleen Cottingham
Its Director

STATE OF WASHINGTON)
COUNTY OF Thurston) ss.

I certify that I know or have satisfactory evidence that Kaleen Cottingham is the person who appeared before me, and said person acknowledged that he/she signed this instrument, on oath stated that he/she was authorized to execute the instrument and acknowledged it as the Director of Recreation & Conservation to be the free and voluntary act of such party for the uses and purposes mentioned in the instrument. Office

Dated: 3-25-09



(Use this space for notarial stamp/seal)

Patricia B. Davis
Notary Public
Print Name PATRICIA B DAVIS
My commission expires 3-24-12



EXHIBIT A

Legal Description

LEGAL DESCRIPTION - 16.80 Acres

Parcel 15750

The South $\frac{1}{2}$ of the Southeast $\frac{1}{4}$ of the Southeast $\frac{1}{4}$ of Section 11, Township 33 North, Range 03 East W.M.

Except the North 85.00 feet (as measured perpendicular to the North line) thereof;

And also Except Polson Road right of way;

All situate in Skagit County, State of Washington

TOGETHER WITH AND SUBJECT TO easements, reservations, covenants and restrictions of record.

A-1



200904280153
Skagit County Auditor

EXHIBIT B

Site Plan & Baseline Documentation:

**There are no buildings or impervious surfaces located in any of the Richard Smith parcels.
See following 'Baseline Report'.**

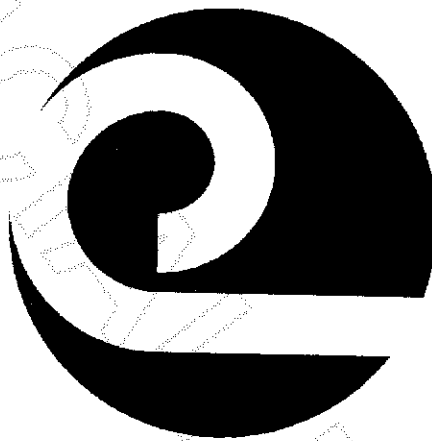
B-1



200904280153
Skagit County Auditor

Skagit County Farmland Legacy Program

Baseline Report



For:

**S & B Properties
Parcel #: 15750
Polson Rd.
Mount Vernon, WA 98273**

Developed by:

**John Schuh, Certified Planner
Livestock and Small Farm
Planning and Technical Program Coordinator
Skagit Conservation District
2021 East College Way Suite 203
Mount Vernon, Washington 98273
Ph. (360) 428-4313**

March 2009



**200904280153
Skagit County Auditor**



Farmland Legacy Program Baseline Report

S & B Properties
Parcel #: 15750
Polson Rd.
Mount Vernon, WA 98273

Summary

This parcel is located in Section 11, Township 33N, Range 3E in Skagit County, Washington.

According to the Skagit County Assessor, this parcel is 16.8 acres in size; however, aerial photographs indicate the parcel is actually 19.3 acres.

Soil Resources

According to the Skagit County Soil Survey, there is only one soil type in this field, which consists of Skagit silt loam.

Skagit silt loam is a very deep, poorly drained soil found on flood plains and deltas. Drainage has been altered by use of tile and open ditches. This soil is partially protected from flooding. Slope is 0 – 1 percent.

Included in this soil are some soils that are very strongly acid or are salt-affected in the underlying material and soils that are sandy or have strata of muck or peat in the underlying material.

Permeability is moderate and the available water capacity is high. The effective rooting depth of crops is limited by a seasonal high water table that is at a depth of 6 – 24 inches from November to March. During the growing season, the water table is lowered to a depth of about 36 – 60 inches.

This soil is well suited to use as cropland if dikes and drainage systems are adequate and well maintained. Special design of drainage systems and adequate pumping to control the water table is needed in some areas. Returning all crop residue to the soil and using cover crops help to maintain organic matter content, fertility and tilth. Subsoiling and keeping tillage to a minimum helps to prevent development of a plowpan. Puddling and compaction of the soil can be reduced by returning crop residue to the soil and by using minimum tillage.



200904280153

Skagit County Auditor



Water Resources

Water resources consist of surface water and groundwater. Surface water may be in the form of a river or stream, a wetland area, pond, lake or drainage ditch. Groundwater resources may be a perched water table and/or a seasonal high water table.

This parcel is located in the Lower Skagit Watershed. All water that falls on or flows through this parcel drains into one of two drainage ditches. One ditch is located along the north boundary of this parcel. This ditch drains into another ditch that is adjacent to the

east boundary of this parcel. This ditch eventually drains into Wiley Slough, which drains into Skagit Bay.

Currently, there are no filter strips or vegetated buffers located adjacent to the drainage ditches.

Groundwater resources consist of a seasonal high water table that is at a depth of 6 – 24 inches from November to March and at a depth of 36 – 60 inches from April to October.

Plant Resources

This parcel is used to grow a variety of crops. In March 2009, the current crop consisted of a cover crop.

There is no evidence of noxious weeds in this parcel.

Animal Resources

Domestic animals are not housed or allowed to graze in this parcel.

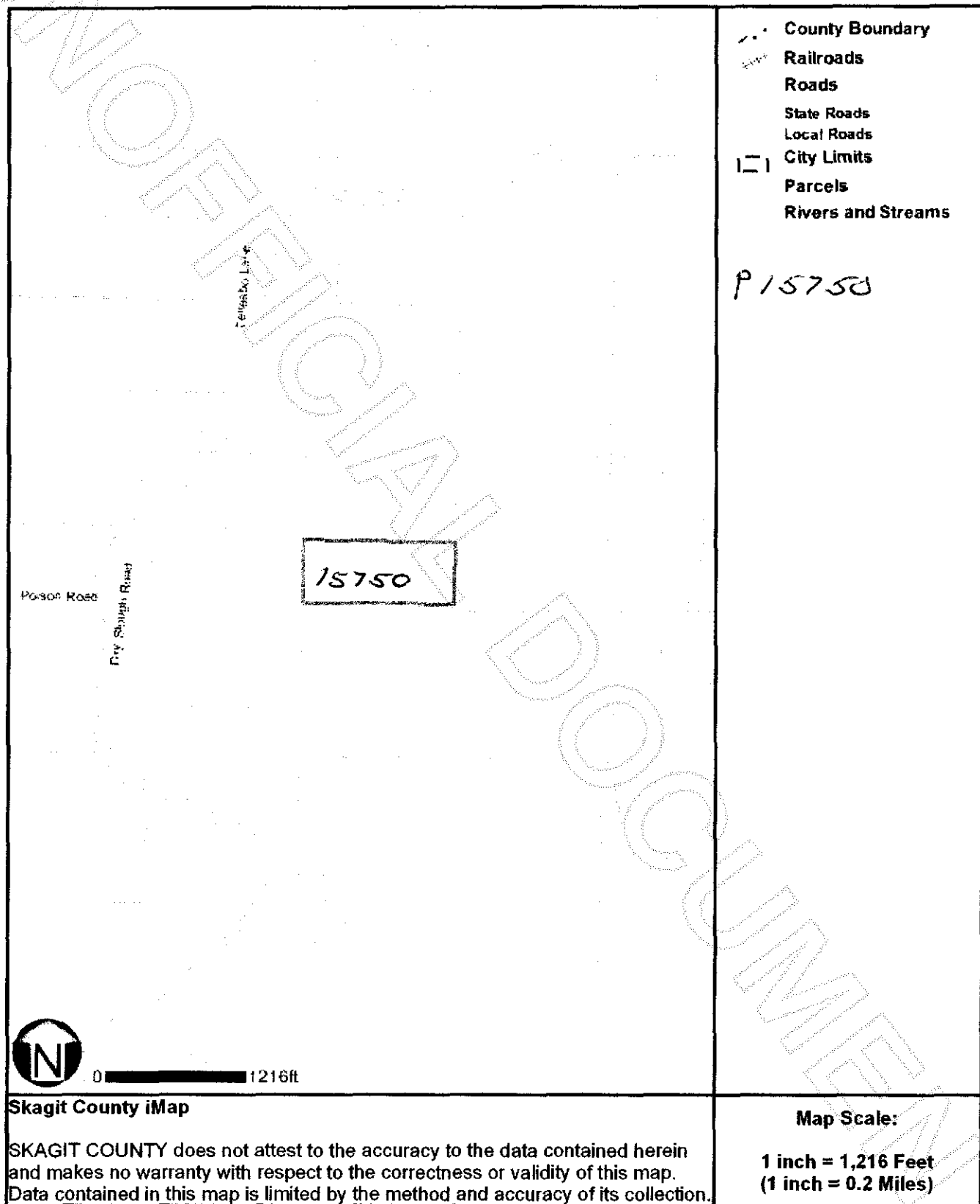
This parcel does contain a large variety of wildlife, especially waterfowl. Common wildlife species include raptors, such as hawks and bald eagles and waterfowl, such as ducks, Trumpeter Swans and Snow Geese.



200904280153

Skagit County Auditor

Smith #1 - FLP



Smith - FLP P15750

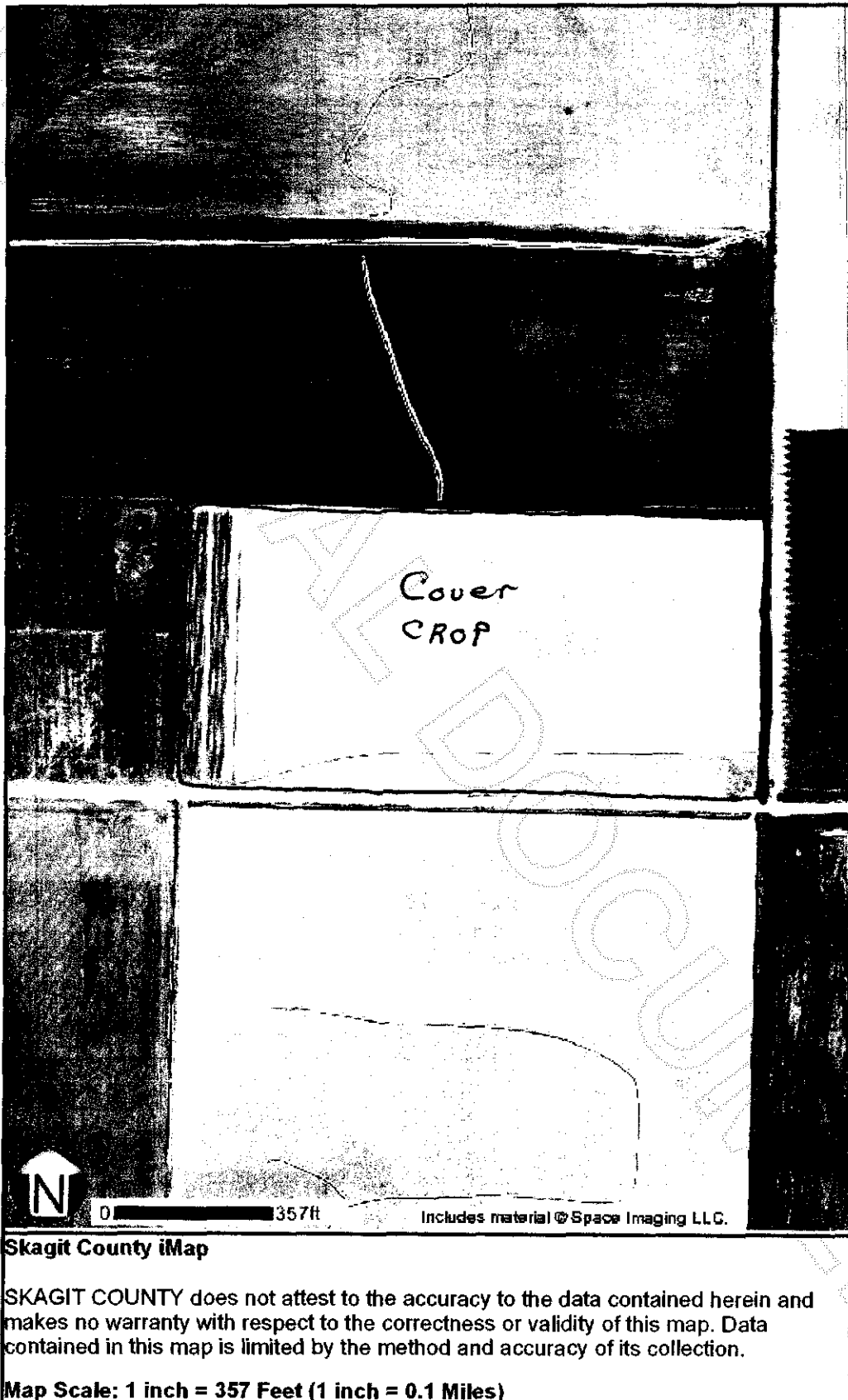


EXHIBIT C

Permitted Exceptions: There are no permitted exceptions.

B-1



200904280153

Skagit County Auditor



LETTER OF INTENT

This letter of intent is between Skagit County's Farmland Legacy Program (hereafter "FLP") and the following named Landowner(s) (hereafter "Landowner"):

Name: S&B Properties, LLC

Address: c/o Richard Smith

18154 W. Stackpole Road

Mt. Vernon, WA 98273

The FLP and Landowner agree that:

1. To further the program goals of protection of Skagit County's agricultural economy and lands, the Landowner intends to convey a conservation easement to Skagit County, a political subdivision of the State of Washington, on the land described or depicted on Exhibit A. (hereafter the "Property"). The conservation easement shall protect the significant agricultural and natural values of the Property.

2. Subject to approval, first, of the payment terms by the Skagit County Board of Commissioners and, secondly, agreement and approval by the FLP and Landowner of the terms and conditions of the conservation easement for the Property, the FLP will pay the Landowner \$136,000.00 subject to excise tax, for conveyance of the easement. The landowner agrees to accept this amount as the full and final compensation for the easement. *RHA 125 (\$118,000) BSS*

3. Subject to approval, first, of the payment terms by the Skagit County Board of Commissioners and, secondly, agreement and approval by the FLP and Landowner of the terms and conditions of the conservation easement for the



Property, the Landowner agrees to convey to FLP a conservation easement extinguishing 1 development right(s) and protecting ~~19.40~~ 16.8 acres.

4. All terms and conditions of this Letter of Intent are expressly stated herein, and there are no other related representations or promises.

Executed this 21st 4th day of November October, 2008.

Landowner(s): Richard K. Smith
Bob S. Smith

Farmland Legacy Program

Title Program Director



200904280153

Skagit County Auditor