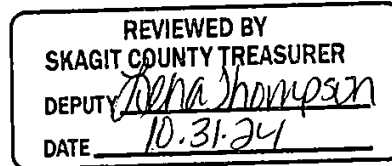




**202410310070**

10/31/2024 03:22 PM Pages: 1 of 19 Fees: \$321.50  
Skagit County Auditor

When recorded, return to:  
LACONNER VENTURES & MARINA LLC  
Attn: Kim Mickelson  
4715 51<sup>st</sup> Place SW  
Seattle, WA 98116



HILARY S. FRANZ  
COMMISSIONER OF PUBLIC LANDS

## LEASE RENEWAL

### Lease No. 22-A02708

Grantor: Washington State Department of Natural Resources  
Grantee(s): LaConner Ventures & Marina LLC  
Legal Description: Section 36, Township 34 North, Range 02 East, W.M.  
Assessor's Property Tax Parcel or Account Number: Not Applicable  
Assessor's Property Tax Parcel or Account Number for Upland parcel used in conjunction with this lease: P74108

THIS LEASE RENEWAL is made by and between the STATE OF WASHINGTON, acting through the Department of Natural Resources ("State"), and LACONNER VENTURES & MARINA LLC, a Washington limited liability company ("Tenant").

## BACKGROUND

Lease No. 22-A02708 was entered into on the 1st day of May, 2004, by and between LACONNER VENTURES & MARINA LLC as Tenant and the STATE OF WASHINGTON, acting by and through the Department of Natural Resources, as landlord ("State"), and recorded with the Skagit County Auditor's office under recording number 201706210034 (the "Lease").

The lease was previously amended by assignment respectively dated July 25<sup>th</sup>, 2017. Copies of the assignment are attached as Exhibit 1. Tenant now possesses the rights, duties, and liabilities under the Lease as amended. The term "Lease" in this Agreement includes all amendments to the Lease previous to the date of this Agreement.

The parties now desire to renew this Lease under the following terms and conditions:

THEREFORE, the parties agree as follows:

### **SECTION 1 RENEWAL**

The Lease is hereby renewed for one Fourteen (14) year term, beginning on the 1st day of May, 2020, and ending on the 30th day of April, 2034, unless terminated sooner under the terms of the Lease or this Lease Renewal.

### **SECTION 2 RENT**

Tenant shall pay to State an initial Annual Rent of Three Thousand Four Hundred and Forty-Eight Dollars and Fifty Five Cents (\$3448.55), consisting of Three Thousand Four Hundred and Forty-Eight Dollars and Fifty-five Cents (\$3448.55) related to the water-dependent use, and Zero Dollars (\$0.00) related to the non-water-dependent use. State shall adjust the initial Annual Rent thereafter based upon the terms and conditions contained in the Lease.

### **SECTION 3 AMENDMENTS**

The parties to the Lease Renewal agree that Section 2.2, Section 10.2, Section 11 and Exhibit B of the Lease are amended to read as specified in Exhibit 2 attached hereto.

### **SECTION 4 SURVEY, MAPS, AND PLANS**

State may require Tenant to provide an updated Exhibit A, survey, at any time during the Term of the Lease if any of the following events occurs:

- (a) A request by Tenant for an assignment of the lease, a change in the Permitted Use, the placement of additional Improvements, the renewal or extension of this Lease, or any other amendment to the Lease;
- (b) A dispute arises between Tenant and State, between Tenant and any third party, or between State and any third party, involving any boundary of the Lease, Tenant's operations, or Tenant's placement of any Improvements within or adjacent to the Property;
- (c) A breach of the Lease by Tenant; or

- (d) Where State determines that a survey is needed to facilitate the issuance of other land use agreements by State or to assist with the development of plans for the use of those lands owned or managed by State in the general vicinity of the Property.

The survey shall be prepared in accordance with those specifications required by State for new lease applications. The survey shall depict the location of the Property, any improvements located within the Property boundaries or adjacent to the Property, and any adjacent property ownership interests.

#### **SECTION 5 CONFIRMATION OF LEASE**

All other terms of the Lease not inconsistent with this Lease Renewal are hereby affirmed and ratified.

**SECTION 6 RECORDATION**

At Tenant's expense and no later than thirty (30) days after receiving the fully-executed Lease Renewal, Tenant shall record this Lease Renewal in the county in which the Property is located. Tenant shall include the parcel number of the upland property used in conjunction with the Property, if any. Tenant shall provide State with recording information, including the date of recordation and file number. If Tenant fails to record this Lease Renewal, State may record it and Tenant shall pay the costs of recording upon State's demand.

THIS AGREEMENT requires the signature of all parties and is executed as of the date of the last signature below.

LACONNER VENTURES & MARINA LLC

Dated: 8/27/2024, 20\_\_

*Kim Mickelson*

By: KIM MICKELSON  
Title: Governor  
Address: 4715 51<sup>st</sup> Place SW  
Seattle, WA 98116  
Phone: (206) 769-5526

STATE OF WASHINGTON  
DEPARTMENT OF NATURAL RESOURCES

Dated: 8/29/2024, 20\_\_

*Thomas Gorman*

By: THOMAS GORMAN  
Title: Aquatic Resources Division  
Manager  
Address: 1111 Washington Street SE  
Olympia, WA 98504-7027

Approved as to Form this  
10 day of February 2016  
Terry Pruitt, Assistant Attorney General

## REPRESENTATIVE ACKNOWLEDGMENT

*Notarized online using audio-video communication.*

STATE OF Washington )  
 ) ss.  
COUNTY OF skagit )

I certify that I know or have satisfactory evidence that KIM MICKELSON is the person who appeared before me, and said person acknowledged that she signed this instrument, on oath stated that she was authorized to execute the instrument and acknowledged it as the Governor of LaConner Ventures & Marina LLC to be the free and voluntary act of such party for the uses and purposes mentioned in the instrument.

This notarial act involved the use of communication technology.

Dated: 8/27/2024

Ana Michael  
(Signature)

Ana Karina Michael

(Print Name)

Notary Public in and for the State of Washington,  
residing at Sedro-woolley, washington

ANA KARINA MICHAEL  
Notary Public  
State of Washington  
Commission # 23036710  
Commission Expires 12/12/2027

My appointment expires 12/12/2027

## STATE ACKNOWLEDGMENT

*Notarized online using audio-video communication.*

STATE OF WASHINGTON )  
 ) ss.  
County of Skagit )

I certify that I know or have satisfactory evidence that THOMAS GORMAN is the person who appeared before me, and said person acknowledged that he signed this instrument, on oath stated that he was authorized to execute the instrument and acknowledged it as the Aquatic Resources Division Manager of the Department of Natural Resources, to be the free and voluntary act of such party for the uses and purposes mentioned in the instrument.  
This notarial act involved the use of communication technology.

Dated: 8/29/2024

*Ana Michael*

(Signature)

ANA KARINA MICHAEL  
Notary Public  
State of Washington  
Commission # 23036710  
Commission Expires 12/12/2027

Ana Karina Michael

(Print Name)

Notary Public in and for the State of Washington,  
residing at Sedro-woolley, Washington

My appointment expires 12/12/2027

## EXHIBIT 1



HILARY S. FRANZ  
COMMISSIONER OF PUBLIC LANDS

### INVOLUNTARY ASSIGNMENT OF LEASE

Lease No. 22-A02708

THIS AGREEMENT is made by and between the STATE OF WASHINGTON acting through the Department of Natural Resources ("State"), and LA CONNER VENTURES & MARINA, LLC, a Washington corporation, whose address is 4715 51<sup>st</sup> Place SW, Seattle, WA ("Assignee").

### BACKGROUND

- A. Lease No. 22-A02708 was entered into on the 12th day of April, 2004, by and between LA CONNER VENTURES, INC. as Tenant, and the STATE OF WASHINGTON, acting through the Department of Natural Resources, as landlord ("State"), and recorded with the Skagit County Auditor's office under recording number 201706210034 (the "Lease").
- B. This Lease was assigned to Assignee by virtue of Death of the Tenant. The Lease prohibits an assignment without State's consent. Assignee desires to assume the rights, duties, and liabilities of Tenant under the Lease. State is willing to give its consent based upon the assurances and agreements made in this Agreement.

THEREFORE, the parties agree as follows:

### SECTION 1 ACCEPTANCE AND INDEMNIFICATION

Assignee gives notice of its intent to assume the obligations as Tenant under the Lease, and agrees to faithfully perform and discharge those obligations according to the terms of the Lease.

## SECTION 2 NO RELEASE

State is not releasing the previous Tenant from fully performing the provisions of the Lease.

## SECTION 3 MODIFICATION OF LEASE AT TIME OF ASSIGNMENT

The assignment and any modification or amendment to the Lease shall occur contemporaneously. Assignee acknowledges receipt of a copy of the Lease and any previous or contemporaneous amendments.

## SECTION 4 WARRANTIES

Assignee represents and warrants to State that;

- (i) The Lease is in full force and effect;
- (ii) Any breaches or defaults under the lease that existed at the time the Lease was involuntary assigned to Assignee have been fully cured and Assignee is not in default or breach of the Lease;
- (iii) Assignee has no knowledge of any claims, offsets, or defenses of the Assignee or of any previous lessee under the Lease;
- (iv) Rents due subsequent to this assignment have not been paid in advance by the Assignee or by any previous lessee; and
- (v) To the best of Assignee's knowledge, the property is in full compliance with all applicable federal, state, and local governmental permits, rules, ordinances, and laws. Assignee shall defend, indemnify and hold State harmless from any claims or causes of action, known or unknown, of the Assignee or its predecessors in interest that have or may arise from circumstances that precede this assignment, for any breach of the foregoing warranties and for subsequent claims or causes of action arising from State's consent to this assignment that may be asserted by any of Assignee's predecessors in interest.

## SECTION 5 CONSENT TO ASSIGNMENT BY STATE

In consideration of the foregoing, State consents to the Assignment of Lease to Assignee. However, State expressly conditions this consent on the understanding that neither State's consent nor its collection of rent from Assignee shall be a waiver of the covenant against future assignments or subletting. Furthermore, State's acceptance of Assignee as Tenant shall not be

Involuntary Assignment of Lease

Page 2 of 5

Lease No. 22-A02708

10/31/2017

construed as releasing any previous Tenant from full performance of the provisions of the Lease. Except as set forth in this Agreement, no provision of this consent alters or modifies any of the terms and conditions of the Lease, including the requirement that the written consent of the State be obtained before any further assignment of the Lease or subletting of the property occurs.

THIS AGREEMENT requires the signature of all parties and is executed as of the date of the last signature below.

LA CONNER VENTURES & MARINA, LLC

Dated: 7-11, 2017

*Kimberly Mickelson*  
By: KIMBERLY MICKELSON  
Title: Manager  
Address: 4715 51<sup>st</sup> Place SW  
Seattle, WA 98116  
Phone: 206-938-2736

STATE OF WASHINGTON  
DEPARTMENT OF NATURAL RESOURCES

Dated: July 25, 2017

*Megan Duffy*  
By: MEGAN DUFFY  
Title: Deputy Supervisor for Aquatics,  
Geology, HR and IT  
Address: 1111 Washington Street SE  
PO Box 47041  
Olympia, WA 98504-7041



Approved as to form this  
October, 2003  
Mike Grossmann, Assistant Attorney General

REPRESENTATIVE ACKNOWLEDGMENT

STATE OF WASHINGTON )  
 ) ss.  
COUNTY OF )

I certify that I know or have satisfactory evidence that KIMBERLY MICKELSON is the person who appeared before me, and said person acknowledged that she signed this instrument, on oath stated that she was authorized to execute the instrument and acknowledged it as the Manager of La Conner Ventures & Marina, LLC to be the free and voluntary act of such party for the uses and purposes mentioned in the instrument.

Dated: 7.11.2017

[Signature]  
(Signature)

(Seal or stamp)



Christian C Roa  
(Print Name)  
Notary Public in and for the State of Washington,  
residing at Seattle  
My appointment expires 04.21.2019



TR0 9/1/2017

STATE ACKNOWLEDGMENT

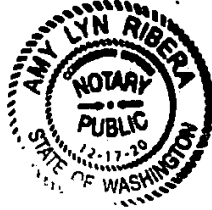
STATE OF WASHINGTON )  
County of Thurston ) ss

I certify that I know or have satisfactory evidence that MEGAN DUFFY is the person who appeared before me, and said person acknowledged that she signed this instrument, on oath stated that she was authorized to execute the instrument and acknowledged it as the Deputy Supervisor for Aquatics, Geology, HR and IT of the Department of Natural Resources of the State of Washington to be the free and voluntary act of such party for the uses and purposes mentioned in the instrument.

Dated: 7-25-17

(Signature)

(Seal or stamp)



(Print Name)

Amy Lyn Ribera  
Notary Public in and for the State of Washington,  
residing at Olympia  
My appointment expires 12-17-20

## EXHIBIT 2 Lease Amendments

**Section 2.2 of the Lease of the is amended to read as specified below:**

**2.2 Restrictions on Permitted Use and Operations.** The following limitations and requirements apply to the Property and adjacent state-owned aquatic land. Tenant's compliance with the following does not limit Tenant's liability under any other provision of this Lease or the law.

- (a) Tenant shall not cause or permit:
  - (1) Damage to land or natural resources,
  - (2) Waste, or
  - (3) Deposit of material, unless approved by State in writing. This prohibition includes, but is not limited to, deposit of fill, rock, earth, ballast, wood waste, refuse, garbage, waste matter, pollutants of any type, or other matter.
- (b) Nothing in this Lease shall be interpreted as an authorization to dredge the Property.
- (c) If pressure washing or cleaning any equipment, machinery, or floating or fixed structures, Tenant shall avoid scouring the substrate and damaging any aquatic land and vegetation. Tenant shall also comply with the following limitations:
  - (1) If equipment contains or is covered with petroleum based products: (1) Tenant shall not pressure wash such equipment in or over the water and (2) all wash water must be contained and taken to an approved treatment facility.
  - (2) Tenant shall collect or sweep up non-organic debris accumulations on structures resulting from pressure washing and properly dispose of such debris in an upland location.
  - (3) Tenant shall pressure wash using only clean water. Tenant shall not use or add to the pressure washing unit any detergents or other cleaning agents.
  - (4) Tenant shall pressure wash painted structures using appropriate filter fabric to control and contain paint particles generated by the pressure washing.
- (d) Tenant shall not construct new bulkheads or place new hard bank armoring.

**Paragraph 10.2 of the Lease is amended to read as specified below:**

**10.2 Financial Security.**

- (a) At its own expense, Tenant shall procure and maintain during the Term a corporate security bond or provide other financial security that State, at its option, may approve as security for the faithful performance and observance by Tenant of the terms, conditions, and provisions of this Lease ("Security"). Tenant shall provide Security in an amount equal to Twenty Thousand Dollars (\$20,000).

Tenant's failure to maintain the Security in the required amount during the Term constitutes a breach of this Lease.

- (b) All Security must be in a form acceptable to State.
  - (1) Bonds must be issued by companies admitted to do business within the State of Washington and have a rating of A-, Class VII or better, in the most recently published edition of A.M. Best's Insurance Reports, unless State approves an exception in writing. Tenant may submit a request to the Risk Manager for the Department of Natural Resources for an exception to this requirement.
  - (2) Letters of credit, if approved by State, must be irrevocable, allow State to draw funds at will, provide for automatic renewal, and comply with RCW 62A.5-101, *et. seq.*
  - (3) Savings account assignments, if approved by State, must allow State to draw funds at will.
- (c) Adjustment in Amount of Security.
  - (1) State may require an adjustment in the Security amount:
    - (i) At the same time as revaluation of the Annual Rent,
    - (ii) As a condition of approval of assignment or sublease of this Lease,
    - (iii) Upon a material change in the condition or disposition of any Improvements, or
    - (iv) Upon a change in the Permitted Use.
  - (2) Tenant shall deliver a new or modified form of Security to State within thirty (30) days after State has required adjustment of the amount of the Security.
- (d) Upon any default by Tenant in its obligations under this Lease, State may collect on the Security to offset the liability of Tenant to State. Collection on the Security does not (1) relieve Tenant of liability, (2) limit any of State's other remedies, (3) reinstate the Lease or cure the default or (4) prevent termination of the Lease because of the default.

Section 11 of the Lease is amended to read as specified below:

#### SECTION 11 MAINTENANCE AND REPAIR

**11.1 State's Repairs.** State shall not be required to make any alterations, maintenance, replacements, or repairs in, on, or about the Property, or any part thereof, during the Term.

**11.2 Tenant's Repairs, Alteration, Maintenance and Replacement.**

- (a) Tenant shall, at its sole cost and expense, keep and maintain the Property and all Improvements in good order and repair, in a clean, attractive, and safe condition.
- (b) Tenant shall, at its sole cost and expense, make any and all additions, repairs, alterations, maintenance, replacements, or changes to the Property or to any Improvements on the Property that may be required by any

public authority having jurisdiction over the Property and requiring it for public health, safety and welfare purposes.

- (c) Except as provided in Paragraph 11.2(d), all additions, repairs, alterations, maintenance, replacements or changes to the Property and to any Improvements on the Property shall be made in accordance with, and ownership shall be governed by, Section 7, above.
- (d) Routine maintenance and repair are acts intended to prevent a decline, lapse, or cessation of the Permitted Use and associated Improvements. Routine maintenance or repair that does not require regulatory permits does not require authorization from State pursuant to Section 7.

**11.3 Limitations.** The following limitations apply whenever Tenant conducts maintenance, repair, replacement, alterations, or additions. The following limitations also apply whenever Tenant conducts Work on the Property.

- (a) Tenant shall not use or install treated wood on decking, docks, rafts, floats, wharves, piers, fixed docks, gangways, pilings, or any other structure at any location above or below water, except that Tenant may use Ammoniacal Copper Zinc Arsenate (ACZA) treated wood for above water structural framing. Tenant shall never use Chromated Copper Arsenate (CCA), Alkaline Copper Quaternary (ACQ), or creosote-treated wood at any location.
- (b) Tenant shall not use or install tires (for example, floatation or fenders) at any location above or below water.
- (c) Tenant shall install only floatation material encapsulated in a shell resistant to ultraviolet radiation and abrasion. The shell must be capable of preventing breakup and loss of floatation material into the water]

**Exhibit B of the Lease is amended to read as specified below:**

## **EXHIBIT B**

### **1. DESCRIPTION OF PERMITTED USE**

**A. Existing Facilities.** This use authorization is a renewal of existing holdover Lease No. 22-A02708. The leasehold area was originally leased to Thomas J. and John G. Hohmann under Lease No. 22-002708 in 1985 and assigned to LaConner Ventures, Inc. in 1994. The lease was reauthorized in 2004 as Lease No. 22-A02708 and involuntarily assigned from LaConner Ventures, Inc. to LaConner Ventures & Marina LLC in 2017. The leasehold area is located within the La Conner Harbor Area of the Swinomish Channel, fronting the 100 block of N 1<sup>st</sup> Street. The Swinomish Channel is a maintained inland waterway which connects the northern Padilla Bay with the southern Skagit Bay. The Channel is dredged by the U.S. Army Corps of Engineers to maintain its navigational use for recreational and commercial vessels. Both banks of

the Channel are heavily armored with riprap or dikes. While critical habitat exists in the surrounding areas leading into the channel, Swinomish Channel is known to have low habitat gain and a degraded water quality. La Conner's Harbor Area has a variety of historic and current uses, including commercial uses for marinas, fishing operations, log-tow companies, non-waterdependent shops, and public use and access provided at various leaseholds and parks, as well as the La Conner Boardwalk completed in 2015. The LaConner Ventures & Marina LLC leasehold provides public access via its concrete and wooden boardwalk pier which connects two northern public access areas at the La Conner Channel Lodge and the historic Linedock Building to the public La Conner Boardwalk. Currently located on the leasehold are one wooden floating dock supported by three creosote treated wood piling, one derelict creosote treated wood piling, riprap bank armoring, and one wooden and concrete fixed pier boardwalk supported by creosote-treated wood piling. The Declaration of Covenant, which is attached as Attachment 1 for information only and is not incorporated into the Lease, requires the boardwalk to be kept available for public use and access.

**B. Proposed Work.**

Tenant proposes no new facilities or Work.

**2. ADDITIONAL OBLIGATIONS**

State has not authorized Tenant to conduct any Work on the Property. Where Work will need to be conducted to meet the Additional Obligations below, Tenant shall obtain State's prior written consent in accordance with Paragraph 7.3 of this Lease and obtain all necessary regulatory permits prior to commencing such Work.

- A.** By September 1st, 2024, Tenant shall orient and shield lighting fixtures attached to overwater structures in a manner that minimizes the amount of light shining directly on the water, minimizes the amount of glare on the water, and minimizes the amount of light broadcasting into the night sky. Tenant shall implement the following measures to achieve this requirement:
- (1) Tenant shall direct light to walkways,
  - (2) Tenant shall use light shields that prevent light from being emitted upward and prevent glare on the water,
  - (3) Tenant shall use fixtures that do not emit light upward,
  - (4) Tenant shall use lights that are "warm-white" or filtered.
- B.** By September 1st, 2024, Tenant shall post visible signage that includes all national and state emergency reporting numbers for oil and chemical spills.
- C.** By September 1st, 2024, Tenant shall post visible signage indicating the location of the nearest upland restroom facility and sewage pumpout facility.

- D.** By July 31st, 2028, Tenant shall renovate or replace the existing floating dock as follows:
- (1) For floating dock, Tenant shall install grating on at least fifty percent (50%) of the surface area. Grating material must have at least sixty percent (60%) functional open space or forty percent (40%) or greater multi-directional open space.
- E.** By July 31st, 2028, Tenant shall replace existing treated wood piling, with non-toxic materials such as untreated wood, steel, concrete, fiberglass or recycled plastic, or encase the existing wood in a manner that prevents leaching of contaminants into surface water. Tenant may use Ammoniacal Copper Zinc Arsenate (ACZA) treated wood to replace above water structural framing. Tenant shall never use Chromated Copper Arsenate (CCA), Alkaline Copper Quaternary (ACQ), or creosote-treated wood at any location.
- F.** By July 31st, 2028, Tenant shall remove existing single derelict piling from bedlands between floating dock and bank armoring.

ATTACHMENT 1 to Exhibit B

LAND TITLE COMPANY OF SKAGIT COUNTY  
T-80146-2

ORIGINAL

SKAGIT COUNTY CLERK

96 OCT 29 P3 38

DECLARATION OF COVENANT

9610290089

RECORDED FILED  
REQUEST OF

This Covenant is hereby made and declared this 29th day of October, 1996, by LACONNER

VENTURES, INC., a Washington corporation, hereinafter termed "The Declarant".

1. Property

The Declarant is the owner of that real property, hereinafter termed the "Property", located in LaConner, Skagit County, Washington, located in Section 36, Township 34 North, Range 2 East, W.M., legally described in the attached Exhibit "A", which is by reference incorporated herein.

2. Covenant

As long as The Property is used for commercial retail and residential activities, public pedestrian access will be provided and maintained on the boardwalk, piers, docks, ramps and floats as shown by the cross-hatched portion on the attached Exhibit "B", which is by reference incorporated herein. This Covenant shall not be construed as forbidding the exclusion of the public between the hours of sunset and sunrise. Nor shall it preclude the right to remove any person causing a public nuisance or creating a hazardous condition on the site, or for any other reasonable cause.

3. Department of Natural Resources Lease

The piers, docks, ramps and floats subject to this covenant are located upon an area which is not owned by the Declarant, but which is being leased from the Department of Natural Resources under Aquatic Lands Lease No. 22-002324. The Covenant set forth above is subject to the terms of said Lease, or any subsequent Lease with the Department of Natural Resources.

4. Covenant Running With Land

This Covenant shall run with the land and shall inure for the benefit of and be binding upon The Declarant, its successors and assigns. The Town of LaConner, a municipal corporation, shall

9610290089

BK 1598 PG 0360

have the right to enforce this Covenant on behalf of the public. This Covenant is in consideration of The Town of LaConner's Shoreline Substantial Development Permit No. #93-1020SH and Certificate of Authority for Building Permit #94-1114B.

5. Duration

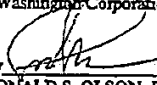
This Covenant shall be perpetual subject to the right of Amendment set forth below in paragraph 6. Provided, however, if the Property is no longer used for commercial, retail and residential activities, this Covenant shall have no further legal effect.

6. Amendment

This Covenant may not be amended in whole or in part, except with the written consent of The Declarant, its successors or assigns, and The Town of LaConner.

Executed the day and year set forth above.


LACONNER VENTURES, INC.,  
a Washington Corporation

By   
DONALD S. OLSON, President

STATE OF WASHINGTON )  
 ) ss.  
County of Whatcom )

On this, the 29th day of October, 1996, before me appeared DONALD S. OLSON, the President of LACONNER VENTURES, INC., a Washington corporation, who executed the within and foregoing instrument and acknowledged it to be the free and voluntary act of such person on behalf of the Corporation, being authorized so to do.



  
NOTARY PUBLIC  
In and for the State of Washington  
Residing at Bellingham  
My Commission Expires: 5-20-97

9610290089

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EXHIBIT "A"

Real Property located in Skagit County, Washington and described as follows:

Lots 4, 5, and 6 in Block 1 of CALHOUN'S ADDITION TO THE TOWN OF LA CONNER, as per Plat recorded in Volume 1 of Plats, Page 14, records of Skagit County, Washington.

ALSO, those portions of Tract 4 of CORRECTED SUPPLEMENTAL OF PLATE 18, LA CONNER TIDELANDS, situated in Section 36, Township 34 North, Range 2 East W.M. as per map thereof filed in the office of the Commissioner of Public Lands at Olympia, Washington, described as follows:

(1) Commencing at the initial point of Tract No. 4, which is 188.7 feet North and 141.7 feet West of the stone monument on First Street, Town of La Conner; thence North 5° 38' East 50.1 feet; thence West 10 feet, more or less, to the inner Harbor Line; thence South 2° 24' West 50.1 feet; thence East 8 feet to the place of beginning.

(2) Commencing at a point 5° 38' East 50.01 feet from the initial point of Tract 4, Plate 18 which is 188.7 feet North and 141.7 feet West of the stone monument on First Street, Town of La Conner; thence North 5° 38' East 50.01 feet; thence West 11.05 feet; thence South 2° 24' West 50.05 feet; thence East 9.6 feet to the point of beginning.

(3) Commencing at a point North 5° 38' East 100.2 feet from the initial point which is 188.7 feet North and 141.7 feet West of the stone monument of First Street, Town of La Conner; thence North 5° 38' East 50.1 feet; thence West 12.5 feet; thence South 2° 24' West 50.05 feet; thence East 11.05 feet to the place of beginning.

All right, title and interest of the Grantors in Harbor Area Lease No. 22-002708 issued by the State of Washington, Department of Natural Resources commencing on the 15th day of May, 1988, and continuing to the first day of May, 2000, subject to lease payments and other obligations set forth in the written Harbor Area Lease of the premises.

ALSO, Grantors' interest in a leasehold from the Town of La Conner as to tidelands at the West end of Morris Street extended.

9610290089

BK1598PG0362