



Sudden Valley Community Association

1850 Lake Whatcom Blvd, Bellingham, WA 98229

www.suddenvalley.com 360-734-6430

Board of Directors Meeting

May 14, 2026, 7:00 PM, 8 Barn View Ct. Multipurpose Room A

Call to Order

Roll Call

- 1) **Adoption of Agenda**
- 2) **Announcements**
- 3) **Property Owner Comments** – 15 Minutes Total
Please note that comments are limited to 3 minutes per person.
- 4) **Consent Agenda**
 - a) Approval of Minutes – April 23, 2026 Page 2
- 5) **Reports**
 - (a) GM Report
 - (b) Financial Statements, February Page 5
 - (c) Committee Reports:
 - (i) Architectural Control
 - (ii) Document Review
 - (iii) Finance
 - (iv) Long Range Planning
 - (v) Nominations & Elections
 - (vi) Safety
- 6) **Continuing Business**
 - a) Committee Business
 - b) Discussion – Renewal of DNR Aquatic Lease Page 14
- 7) **New Business**
 - a) Request for Approval – Unilect Contract Page 122
 - b) Request for Approval – 2026 Budget Calendar Page 132
 - c) Request for Approval – Revision to Fees & Fines Schedule Page 134
- 8) **Executive Session - Legal and Personnel**

Adjournment

How to Attend Meetings of the Board of Directors

Meetings can be attended in-person or online. A link to the Zoom meeting can be found at <https://suddenvalley.com/board/> or follow these instructions: go to Zoom.com; Click on “Meet” on the top menu bar and select “Join a Meeting”; Enter **86704997445** in the meeting ID box; follow the instructions to enter the meeting.



BOARD OF DIRECTORS REGULAR MEETING

Thursday, April 23, 2026, 7:00 PM

8 Barn View Ct, Multipurpose Room A

Minutes

CALLED TO ORDER AT: 7:00 PM

AUDIENCE MEMBERS: Not Recorded

BOARD MEMBERS PRESENT:

1. Keith McLean, President Excused	4. Taimi Van de Polder, Secretary Present	7. Sean Chaffee Present	10. Rob Gibbs Excused
2. Tom Henning, Vice President Present	5. Laurie Robinson Present	8. Linda Bradley Present	11. Mitch Waterman Present
3. Jean Maixner, Treasurer Present	6. Ray Meador Present	9. Daniel Rodriguez, ACC Chair Present	10 out of 11 BOD members present

ATTENDING:

Staff Members: Jo Anne Jensen, General Manager
Spencer Huston, IT

Call to Order:

Tom Henning, Vice President , called the meeting to order at 7:00 PM.

1. Vice President called for motion to adopt the agenda

Motion: Move to adopt the agenda

Motion By: Vice President Henning		Seconded By: Director Gibbs	
Approved: X	Not Approved:	Tabled:	Died:
In Favor: Unanimous	Against:	Abstained:	

2. Announcements

- SVCA Admin sent out letters for rental registration, unfortunately, there was an error in the mail merge and some of the letters had the wrong property address on them. Letters were redone and sent out with the correct property addresses.
- N&E Committee has an open seat

3. Property Owner Comments

- A resident shared her concern with the BOD not giving everyone enough time to speak. Also stated that there should have been a town hall meeting about the dog park
- A resident stated her support with the dog park being fenced but wants to change the entrance to it.
- A resident shared his support with the dog park being fenced because he owns a great mastiff mix and hasn't been able to use it because his dog goes too far out and isn't able to retrieve him. Believed that it should have been in a bigger conversation like a town hall meeting to assess what really needs to be done at the park.
- A resident shared his thoughts of the reasoning behind the dog park fence and called those "legal reasons" untrue. Believes residents should have more than 15 minutes total to speak
- A resident stated their support with the dog park but says that the fence is inconsistent with the recommendations of our ACC. Also wanted to bring up that the Finance Committee needs to

- approve the memo before it gets voted with the BOD.
- A resident brought up the liability concerns but stated the Washington state law that injuries caused by dogs are solely the responsibility of the dog’s owner and the SVCA cannot be held liable for any unintentional injury.
- A resident wanted to share his concern about café lights and they should not fall under the category of Christmas lights.

4. Consent Agenda

- a. Approval of the meeting minutes from April 9, 2026 meeting.

Motion: Move to approve the minutes of April 9, 2026.

Motion By: Director Bradely		Seconded By: Director Chaffee	
Approved:	Not Approved: X	Tabled:	Died:
In Favor: Unanimous	Against:	Abstained:	

5. Reports

- (a) None

6. Continuing Business

- (a) LRPC – Has lost a member, when Mitch became a BOD, you can only have 2 Board members on LRPC. One seat open
- (b) Safety – Looking for available dates for Firewise program as well as the branch clean up and training.

7. New Business

7a. Capital Request – Off-Leash Dog Park Fence

Motion: Move that the SVCA Board of Directors approve \$70,066.63 in funding for the Marina Dog Park Improvement project and authorize the General Manager to sign SVCA’s standard construction contract with C&P Fencing.

Motion By: Vice President Henning		Seconded By: Director Bradley	
Approved: X	Not Approved:	Tabled:	Died:
In Favor: Unanimous	Against:	Abstained:	

7b. Capital Request – Marina Community Park Improvements

Motion: Move that the SVCA Board of Directors approve funding of \$24,376 from CRRRF for Phase One of the Marina Community Park playground improvement project and authorize the General Manager to exercise the proposed contract with Impact Design for engineering and permit application.

Motion By: Vice President Henning		Seconded By: Secretary Van de Polder	
Approved: X	Not Approved:	Tabled:	Died:
In Favor: Unanimous	Against:	Abstained:	

7c. Capital Request – Design & Permitting for Culverts 22 & 24

Motion: Move that the SVCA Board of Directors approve funding of \$167,497.00 from the Roads Reserve Fund and authorize the General Manager to execute the proposed contracts with PowerTek, NW Geologic, Impact Design, and Lake Whatcom Water and Sewer.

Motion By: Vice President Henning		Seconded By: Secretary Van de Polder	
Approved: X	Not Approved:	Tabled:	Died:
In Favor: Unanimous	Against:	Abstained:	

7d. Approval of ACC Policy Revision

Motion: Move that the SVCA Board of Directors approve the proposed revisions to the ACC Policies document.

Motion By: Vice President Henning		Seconded By: Secretary Van de Polder	
Approved:	Not Approved:	Tabled:X	Died:
In Favor:	Against:	Abstained:	

Meeting adjourned at 9:02 PM.

Approved by: _____
Taimi Van de Polder, Board of Directors Secretary

DRAFT

Sudden Valley Community Association
Balance Sheet
February 28, 2026 and December 31, 2025

	Unaudited** Feb 28, 2026	Unaudited** Dec 31, 2025	Inc / (Dec)
OPERATIONS			
Current Assets			
Operating Cash	\$ 645,577	\$ 493,749	\$ 151,828
Building Completion Deposit Fund	678,900	798,900	(120,000)
Member Receivables - Operations*	-	47,957	(47,957)
Other Receivables	3,818	3,850	(32)
Prepaid Expenses	57,726	91,940	(34,214)
Operating Lease ROU Assets	21,909	23,036	(1,127)
Inventory	7,010	5,704	1,306
Total Current Assets	1,414,940	1,465,136	(50,196)
Current Liabilities			
Accounts Payable	(61,577)	(169,663)	108,086
Accrued Vacation Liability	(89,366)	(78,129)	(11,237)
Accrued Payroll	-	(96,358)	96,358
Prepaid Assessments	(347,990)	(187,700)	(160,290)
Building Completion Deposits	(678,900)	(798,900)	120,000
Other Refundable Deposits	(11,076)	(11,426)	350
Operating Lease Liability	(21,909)	(23,036)	1,127
Prepaid Golf Memberships	-	(156,649)	156,649
Total Current Liabilities	(1,210,818)	(1,521,861)	311,043
Other Liabilities			
Contingent PPP Loan Liability***	(357,700)	(357,700)	-
Deferred Library Lease Revenue	(26,667)	(28,000)	1,333
Total Other Liabilities	(384,367)	(385,700)	1,333
Operating Reserve Funds			
Emergency Operating Cash	364,827	364,709	118
Undesignated Reserves Cash	337,130	314,936	22,194
Total Operating Reserve Funds	701,957	679,645	22,312
Net Operating Assets	\$ 521,712	\$ 237,220	\$ 284,492
CAPITAL			
Capital Current Assets			
CRRRF (Capital Repair & Replacement) Cash Fund	3,806,709	3,757,709	49,000
Roads Reserve Cash Fund	3,111,617	2,992,291	119,326
Board Density Reduction Cash Fund	150,815	150,789	26
Mailbox Cash Fund	183,255	178,900	4,355
CRRRF Capital Reserve Holding Cash	219,387	219,316	71
Mitigation Assignment of Savings Cash	49,916	49,905	11
LWWSD Assignment of Savings Cash	14,953	14,953	-
Member Receivables - Capital**	-	13,020	(13,020)
Total Capital Current Assets	7,536,652	7,376,883	159,769
Capital Fixed Assets			
Fixed Assets	16,911,018	16,881,457	29,561
Finance ROU Assets	30,308	41,258	(10,950)
Lots Held for Sale	188,706	188,706	-
Total Capital Assets	17,130,032	17,111,421	18,611
Long Term Liabilities			
CRRRF Loan 2022	(1,220,160)	(1,267,067)	46,907
Finance Leases	(44,569)	(49,661)	5,092
Total Long Term Liabilities	(1,264,729)	(1,316,728)	51,999
NET ASSETS	\$ 23,923,667	\$ 23,408,796	\$514,871
MEMBER EQUITY			
Member Equity			
Current Year Net Income: Operations	280,836	(55,534)	336,370
Transfers Out from Operations to Capital	-	-	-
Current Year Net Income: Capital**	234,036	1,658,105	(1,424,069)
Transfers Into Capital from Operations	-	-	-
Retained Earnings**	4,141,708	4,197,242	(55,534)
Capital**	19,267,087	17,608,982	1,658,105
TOTAL MEMBER EQUITY	\$ 23,923,667	\$23,408,796	\$514,871

* The Association's internal policy is to write off any member receivables that are 30 days past due as bad debts for internal interim financial statement purposes. As per SVCA policy, Management continues to pursue collection of these receivables via all avenues allowed by Washington State laws. In addition, the Association records and bills finance charges on receivables that are thirty days past due at 1% per month. At February 28, 2026, and December 31, 2025, the balances of receivables written off were \$850,643 and \$743,506, respectively.

** Beginning with the 2020 year end audited financial statements, Accounting Standards Codification (ASC) 606 requires issued audited financial statements to reclassify unspent capital dues revenue, including related capital transfer fee collections, as a contract liability balance (unearned revenue), which is then reversed out in future years when capital dues/capital transfer fee collections are actually expended on capital related expenditures. This particular accounting standard change is only incorporated into the issued audited financial statements and is not factored into SVCA's internal monthly statements as it would obscure the reality of monthly capital dues/capital transfer fee revenues collected for internal monthly presentation purposes. See SVCA's 2020 through 2024 audited financial statements (2024 represents the most recently issued audited statements), which fully incorporate ASC 606 and comply with Generally Accepted Accounting Principals (GAAP).

*** At 2024 year end, the Association recorded a contingent liability relating to Paycheck Protection Program (PPP) loan funds that were received in May 2020 and then forgiven by the Small Business Administration (SBA) in September 2021, which are funds that the SBA has since subsequently deemed that the Association did not qualify for because of its 501(C)(4) tax exempt status, which was communicated to the Association by the government in April 2025. This contingency was classified by the Association as probable. And upon final resolution with the SBA, the Association believes that the estimated amount of liability will be limited to the original amount of the PPP loan funds received (\$357,700) because of the fact that the Association fully disclosed its tax exempt status to the SBA during the PPP loan application process, which the government has especially acknowledged.

**Sudden Valley Community Association
Income Statement Summary**

<u>UNAUDITED</u>	<u>Current Month - February 2026</u>			<u>Year to Date - 2 Months Ending 2/28/2026</u>			
	<u>Operations & Operating Reserves</u>	<u>Operations Better / (Worse) Budget</u>	<u>Capital Reserves**</u>	<u>Operations & Operating Reserves</u>	<u>Operations Better / (Worse) Budget</u>	<u>Coll %</u>	<u>Capital Reserves**</u>
REVENUE							
Current Year Dues & Assessments Income							
Dues & Assessments Income	267,874		251,117	535,905			502,236
Bad Debt Reserve	(15,157)		(6,498)	(37,389)			(21,756)
Net Current Year Assessment Income	<u>252,717</u>	<u>(1,309)</u>	<u>244,619</u>	<u>498,516</u>	<u>(9,537)</u>	93.0%	<u>480,480</u>
Bad Debt Recoveries - Prior Years			1,780				9,783
Golf Income	48,819	19,337	-	264,505	19,797		-
Marina Income	205,175	(18)	-	205,325	133		-
Rec Center & Pools Income	982	241	-	1,663	113		-
Legal & Collections Income	-	-	-	-	-		-
Other Income	15,809	(1,391)	-	20,688	(6,644)		-
Rental Income - Other	60	(602)	-	120	(1,796)		-
Area Z Rental Income	1,366	1,366	-	6,797	1,561		-
Lease Income	5,882	-	-	11,763	-		-
New Home Construction Fees	10,200	(380)	-	10,950	370		-
Capital Gain (Loss) on Sale of Assets	-	-	-	-	-		-
Capital Gain (Loss) on Sale of Lots	-	-	-	-	-		-
Investment Income	464	(286)	2,727	945	(555)		5,690
Total Revenue	<u>541,474</u>	<u>16,958</u>	<u>249,126</u>	<u>1,021,272</u>	<u>3,442</u>		<u>495,953</u>
EXPENSES							
Salaries & Benefits	184,403	8,107	-	354,411	26,282		-
Contracted & Professional Services	10,494	(2,422)	-	36,989	(9,662)		-
CC&Rs/ Mandates	32,857	6,374	-	69,795	12,805		-
Maintenance & Landscaping	23,903	4,130	-	65,659	(239)		-
Utilities	28,851	(5,520)	-	43,427	(6,251)		-
Administrative	25,093	(14,226)	-	38,080	(6,430)		-
Regulatory Compliance	17,658	4,207	-	52,609	144		-
Insurance Premiums	19,240	1,966	-	38,480	3,932		-
Other Expenses	-	2,887	-	-	3,179		-
Depreciation Expense	-	-	131,588	-	-		240,298
Closing Costs - Lot Sales	-	-	-	-	-		-
Interest expense	-	-	4,042	-	-		8,599
Total Expenses	<u>342,499</u>	<u>5,503</u>	<u>135,630</u>	<u>699,450</u>	<u>23,760</u>		<u>248,897</u>
Net Income (Loss)	<u>198,975</u>	<u>22,461</u>	<u>113,496</u>	<u>321,822</u>	<u>27,202</u>		<u>247,056</u>
Other Activity							
Net Other UDR Activity*	3,862			16,874			
AR Accrual - Prior Year Reversal	-		-	(47,957)			(13,020)
AR Accrual - Current Year	-		-	-			-
Lease Income- Library Prepaid Recognized	667			1,333			
Vacation Liability Accrual	(2,381)			(11,236)			
Total Other Activity	<u>2,148</u>		<u>-</u>	<u>(40,986)</u>			<u>(13,020)</u>
Grand Total Activity	<u>201,123</u>	<u>22,461</u>	<u>113,496</u>	<u>280,836</u>	<u>27,202</u>		<u>234,036</u>

*Prior year recoveries for operations are deposited into the Undesignated Reserve Account (UDR).

**Refer to the last footnote on the Balance Sheet (prior page) for a discussion of Accounting Standards Codification (ASC) 606 and capital dues revenue collections.

Sudden Valley Community Association
Reserve Cash Balance & Activity
 2 Months Actuals, 10 Months Projected

UNAUDITED

	Capital Reserve Funds						Operating Reserve Funds			
	CRRRF	Roads	CRRRF Capital Reserve Holding Cash	Board Density Reduction	Mailbox	Mitigation Assignment of Savings*	Total Capital Reserve Funds	Emergency Ops	UDR	Total Operating Reserve Funds
Net Available Cash 12/31/2025	3,757,709	2,992,291	219,316	150,789	178,900	64,858	\$ 7,363,863	364,709	314,936	\$ 679,645
Dues Received	241,911	240,398		-	4,298		486,607	-	23,118	23,118
Storm Water Mitigation Plan Fee		-					-			-
Investment Income	3,056	2,469	71	26	57	11	5,690	118	98	215
Sale of Assets	-						-			-
Sale of Lots (Net Proceeds)				-			-			-
Mitigation Release	-	-					-			-
2026 Expenditures	(195,967)	(123,541)	-	-	-		(319,508)		(1,022)	(1,022)
Net Available Cash at 2/28/2026	3,806,709	3,111,617	219,387	150,815	183,255	64,869	\$ 7,536,652	364,827	337,130	\$ 701,957
10 Month Outlook										
Outlook - 2026 Dues (95% collections)	1,185,264	1,176,088			21,018		2,382,370			\$ -
Outlook - Prior Year Collections	16,052	15,928			285		32,264		34,403	34,403
CRRRF Loan Payments for year 2026	(277,533)						(277,533)			-
Obligated Expenses/Holdings	(1,280,877)	(1,607,785)	(219,387)			(64,869)	(3,172,918)		(23,785)	(23,785)
Net Usable Cash Balance 12/31/2026	3,449,615	2,695,848	-	150,815	204,558	-	\$ 6,500,835	364,827	347,748	\$ 712,574
Board Recommended Carryover Balance	(600,000)	(500,000)					(1,100,000)			\$ -
Net Usable Cash 12/31/2026, After Recommendation	\$ 2,849,615	\$ 2,195,848	\$ -	\$ 150,815	\$ 204,558	\$ -	\$ 5,400,835	\$ 364,827	\$ 347,748	\$ 712,574
Net Current Year Cash Increase (Decrease)	(308,094)	(296,443)	(219,316)	26	25,658	(64,858)	\$ (863,027)	118	32,812	\$ 32,929

*Note, when mitigation period has ended, unspent funds will be returned to the source account, Roads and CRRRF.

**Sudden Valley Community Association
Operations - By Department
February 1, 2026 to February 28, 2026
CURRENT MONTH**

Whole \$

UNAUDITED

<u>Department</u>	<u>Actual Revenue</u>	<u>Revenue B / (W)</u>	<u>Actual Salary Benefits</u>	<u>Salary & Benefits B / (W)</u>	<u>Actual Other Expense *</u>	<u>Other Exp B / (W)*</u>	<u>Net Income / (Loss) *</u>	<u>Net B / (W)*</u>
ACC / Security	19,879	(2,017)	7,883	(547)	42,373	5,295	(30,377)	2,731
Accounting	2,701	165	30,329	633	6,557	(4,222)	(34,185)	(3,424)
Administration	108	94	32,658	1,831	11,914	(2,702)	(44,464)	(777)
Common Costs	3,655	(429)	-	-	27,701	7,857	(24,046)	7,428
Facilities	7,247	1,200	4,700	(16)	24,645	(4,549)	(22,098)	(3,365)
Maintenance	30	30	36,940	3,494	5,197	2,241	(42,107)	5,765
Subtotal	33,620	(957)	112,510	5,395	118,387	3,920	(197,277)	8,358
Golf	48,819	19,337	54,343	1,222	30,331	(8,906)	(35,855)	11,653
Marina	205,275	83	-	-	3,764	769	201,511	852
Rec/ Pools/ Parks	1,042	(195)	17,550	1,490	5,613	1,612	(22,121)	2,907
Subtotal	255,136	19,225	71,893	2,712	39,708	(6,525)	143,535	15,412
Subtotal Operations before Ops Dues	288,756	18,268	184,403	8,107	158,095	(2,605)	(53,742)	23,770
Ops Dues Earned	267,874						267,874	
Curr Yr Bad Debts Activity	(15,157)						(15,157)	
Net Ops Dues	252,717	(1,309)					252,717	(1,309)
Net Operations	541,473	16,959	184,403	8,107	158,095	(2,605)	198,975	22,461
Other Operating Activity								
UDR Activity	4,780				918		3,862	
AR Accrual - Prior Year Reversal	-				-		-	
AR Accrual - Current Year	-				-		-	
Lease Income- Library Prepaid Recognized	667				-		667	
Vacation Liability Accrual	-				2,381		(2,381)	
Total Other Operating Activity	5,447				3,299		2,148	
Grand Total Operations Activity	546,920	16,959	184,403	8,107	161,394	(2,605)	201,123	22,461

* Excludes Depreciation

B / (W) = Better / (Worse) Than Budget

Sudden Valley Community Association
Operations - By Department
January 1, 2026 to February 28, 2026
YEAR TO DATE

Whole \$

UNAUDITED

<u>Department</u>	<u>Actual Revenue</u>	<u>Revenue B / (W)</u>	<u>Actual Salary Benefits</u>	<u>Salary & Benefits B / (W)</u>	<u>Actual Other Expense *</u>	<u>Other Exp B / (W)*</u>	<u>Net Income / (Loss) *</u>	<u>Net B / (W)*</u>
ACC / Security	21,129	(4,877)	14,618	(919)	109,014	(1,447)	(102,503)	(7,243)
Accounting	4,060	(1,107)	56,853	947	10,595	(1,670)	(63,388)	(1,830)
Administration	221	148	65,114	(796)	31,354	(9,245)	(96,247)	(9,893)
Common Costs	7,043	(1,124)	-	-	57,015	14,101	(49,972)	12,977
Facilities	18,560	1,228	8,841	(77)	38,700	(1,937)	(28,981)	(786)
Maintenance	30	30	73,198	9,209	9,219	4,619	(82,387)	13,858
Subtotal	51,043	(5,702)	218,624	8,364	255,897	4,421	(423,478)	7,083
Golf	264,505	19,797	102,319	13,721	74,813	(9,509)	87,373	24,009
Marina	205,425	233	-	-	4,587	538	200,838	771
Rec/ Pools/ Parks	1,783	(1,350)	33,468	4,197	9,742	2,029	(41,427)	4,876
Subtotal	471,713	18,680	135,787	17,918	89,142	(6,942)	246,784	29,656
Subtotal Operations before Ops Dues	522,756	12,978	354,411	26,282	345,039	(2,521)	(176,694)	36,739
Ops Dues Earned	535,905						535,905	
Curr Yr Bad Debts Activity	(37,389)						(37,389)	
Net Ops Dues	<u>498,516</u>	<u>(9,537)</u>					<u>498,516</u>	<u>(9,537)</u>
Net Operations	<u>1,021,272</u>	<u>3,441</u>	<u>354,411</u>	<u>26,282</u>	<u>345,039</u>	<u>(2,521)</u>	<u>321,822</u>	<u>27,202</u>
Other Operating Activity								
UDR Activity	17,925				1,051		16,874	
AR Accrual - Prior Year Reversal	(47,957)				-		(47,957)	
AR Accrual - Current Year	-				-		-	
Lease Income- Library Prepaid Recognized	1,333				-		1,333	
Vacation Liability Accrual	-				11,236		(11,236)	
Total Other Operating Activity	<u>(28,699)</u>				<u>12,287</u>		<u>(40,986)</u>	
Grand Total Operations Activity	<u>992,574</u>	<u>3,441</u>	<u>354,411</u>	<u>26,282</u>	<u>357,326</u>	<u>(2,521)</u>	<u>280,836</u>	<u>27,202</u>

* Excludes Depreciation

B / (W) = Better / (Worse) Than Budget

SUDDEN VALLEY COMMUNITY ASSOCIATION - LOTS & DUES ANALYSIS 2026

	SVCA Owned Lots																								LLE & CTB	Dues Exempt	Total Non Billable Lots	Total All Lots					
	Actual Year Prepaid			Actual Current			Actual 1 Mth Due		Actual 2 Mth Due		Actual 3 Mth Due		Actual 4+ Mth Due		Pmt Plans		Total Prepaid & Current			Total Not Current			Total Billable Lots						Restricted				
	Vac	Dev	Total	Vac	Dev	Total	Vac	Dev	Vac	Dev	Vac	Dev	Vac	Dev	Vac	Dev	Vac	Dev	Total	Vac	Dev	Total	Vac	Dev					Total	Perm	WD10	Avail.	Total
Jan	15	84	99	265	2,534	2,799	18	93	4	20	3	9	19	40	2	12	280	2,618	2,898	46	174	220	326	2,792	3,118	775	1	1	777	740	6	1,523	4,641
Feb	18	90	108	265	2,521	2,786	10	85	7	29	4	12	20	43	2	12	283	2,611	2,894	43	181	224	326	2,792	3,118	775	1	1	777	740	6	1,523	4,641
Mar	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Apr	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
May	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Jun	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Jul	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Aug	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Sep	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Oct	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Nov	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Dec	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0

LLE = Lot Line Eraser
 CTB = Covenant to Bind

Sudden Valley Community Association - Capital Project Report											
CRRRF Projects Open in 2026											
Updated as of 2/28/2026											
							A	B	A-B		
BOARD APPROVED PROJECT							BUDGETED				
Cost Manager	Approval Date	GL	Project Name	Fund	Status		Board Approved	Total Invoiced	Acctg Funds Obligated		
Turf Manager	1/23/20	9719.18	Trim Mower- Turf	CRRRF	Closed	●	44,050	40,198	-	LE	
Turf Manager	1/23/20	9719.19	Utility Vehicles	CRRRF	Closed	●	104,248	104,248	-	LE	
Golf Director	11/5/20	9721.01	Golf Cart Fleet	CRRRF	Closed	●	183,900	183,900	-	LE	
Maint Manager	10/27/22 & 10/12/23 & 8/22/24	9722.08	Area Z Maintenance Facility Remodel	CRRRF	Open	●	503,898	502,067	1,832		
GM	10/27/22 & 9/28/23 & 11/2/23	9722.09	Barn 8 Refurbishment	CRRRF	Open	●	824,530	203,436	621,094		
GM	1/12/23 & 4/25/24 & 5/22/25	9723.04	Austin Creek Repair Design & Permitting	CRRRF	Open	●	34,585	16,659	17,926		
GM	3/9/23	9723.07	Website Improvements	CRRRF	Open	●	10,483	8,605	1,878		
Golf Director	12/14/23	9723.17	10 Additional Golf Carts Lease	CRRRF	Open	●	81,600	27,913	53,687	LE	
Maint Manager	1/25/24	9724.012	Turf Building Remodel-Permit/Design	CRRRF	Open	●	9,755	9,736	19		
Maint Manager	5/22/25 & 8/28/25	9724.013	Turf Building Remodel-Construction	CRRRF	Open	●	115,691	108,056	7,635		
Turf Manager	2/22/24	9724.05	Sand Trap Rake	CRRRF	Closed	●	32,579	32,579	-		
Maint Manager	2/22/24 & 8/28/25 & 2/26/26	9724.06	Club House HVAC 20 Ton Design/permitting/Constructio	CRRRF	Open	●	214,114	22,104	192,010		
Maint Manager	4/25/24 & 7/25/24	9724.07	Adult Center Furnace & Water Heater Replacement	CRRRF	Closed	●	42,422	42,422	-		
Maint Manager	7/25/24	9724.09	Fencing (Adult Cntr/Area Z/Turfcare) & Area Z RV Storage	CRRRF	Open	●	71,851	69,243	2,608		
Turf Manager	9/26/24	9724.11	#2 Golf Bridge Repair	CRRRF	Open	●	25,460	23,994	1,466		
Turf Manager	1/9/25	9725.01	Fairway Aerator- Wiedenmann Terra Spike XF6	CRRRF	Closed	●	57,495	57,495	-		
Turf Manager	1/23/25	9725.02	Turfcare Trailer	CRRRF	Closed	●	17,843	17,843	-		
Turf Manager	2/27/25	9725.03	Golf Course Fairway Top-Dresser Replacement	CRRRF	Closed	●	50,592	50,592	-		
Maint Manager	3/27/25	9725.04	Zero-Turn Mower (Kubota ZD1211R)	CRRRF	Closed	●	21,146	20,601	-		
Maint Manager	4/10/25	9725.05	Marina Directional Signage	CRRRF	Open	●	15,000	1,937	13,063		
Maint Manager	4/10/25	9725.06	Gate 2 & Welcome Center Directional Signage	CRRRF	Open	●	20,000	4,466	15,534		
Maint Manager	4/24/25	9725.07	Welcome Center Exterior Painting	CRRRF	Closed	●	7,611	7,611	-		
GM	6/12/25 & 10/23/25	9725.08	Lake Louise Slide Gate Replacement (Phase 1 & 2)	CRRRF	Open	●	71,786	57,412	14,374		
Turf Manager	6/26/25 & 2/12/26	9725.09	2025 Asphalt Cart Path Repairs	CRRRF	Closed	●	51,267	51,267	-		
GM	9/25/25	9725.10	Clubhouse Water Heater Replacement	CRRRF	Open	●	11,587	7,490	4,097		
GM	9/25/25	9725.11	2025 AV Projector & Screen	CRRRF	Open	●	4,397	1,632	2,765		
GM	9/25/25	9725.12	2025 Computer System Replacements	CRRRF	Closed	●	13,680	13,680	-		
Maint Manager	10/23/25	9725.13	Snow Removal Equipment - Snow Plow & Sander x 2	CRRRF	Open	●	35,000	33,448	1,552		
Maint Manager	10/23/25	9725.14	Maintenance Truck Replacement (OP-23)	CRRRF	Open	●	56,243	35,163	21,080		
Turf Manager	1/22/26	9726.01	NH 42 HP Tractor Model #TN55 Replacement	CRRRF	Open	●	48,048	48,048	-		
Turf Manager	2/12/26	9726.02	2026 Golf Bridge Repairs (#1 & #4)	CRRRF	Open	●	59,056	4,425	54,631		
Turf Manager	2/26/26	9726.03	2026 Turfcare Equipment Replacement	CRRRF	Open	●	232,506	-	232,506		
GM	2/26/26	9726.04	Marina Tennis Court Refurb-Design & Permitting	CRRRF	Open	●	21,120	-	21,120		
							Open Projects Total, CRRRF	\$ 3,093,545	\$ 1,808,271	\$ 1,280,877	
		LE	These line items represent five-year finance leases, which means the obligated costs will be spread out over five-year periods.								

Sudden Valley Community Association - Capital Project Report									
Roads Projects Open in 2026									
Updated as of 2/28/2026									
							A	B	A-B
BOARD APPROVED PROJECT							BUDGETED		Acctg Funds Obligated
Cost Manager	Approval Date	GL	Project Name	Fund	Status		Board Approved	Total Invoiced	
GM	5/11/23 & 6/8/23	9923.42	2023 Street Pavement Markings	ROADS	Open	●	31,803	27,366	4,437
GM	2/22/24 & 2/27/25	9924.2	2024 On-Call Engineering	ROADS	Closed	●	40,305	40,305	-
GM	2/22/24	9924.5	2024 Renewal of 5-yr programmatic Permits	ROADS	Closed	●	30,000	30,000	-
GM	2/22/24 & 3/27/25	9924.6	Area Z Access Bridge & Culvert #4 Replacement with Bridge (2024 Design/Permitting & 2025 Construction)	ROADS	Open	●	1,219,468	385,974	833,494
GM	2/27/25 & 1/22/26	9925.1	2025 Fast Response	ROADS	Closed	●	71,935	71,935	-
GM	2/27/25 & 1/22/26	9925.2	2025 On-Call Engineering	ROADS	Closed	●	33,296	33,296	-
GM	2/27/25	9925.3	2025 Pot Holes & Minor Road Repairs	ROADS	Closed	●	37,856	37,855	-
Maint Manager	2/27/25 & 4/24/25	9925.4	2025 Street signs & Pavement Markings	ROADS	Open	●	23,731	23,541	190
Maint Manager	2/27/25	9925.5	Design/Permits for 2026 Road Projects	ROADS	Open	●	41,888	24,416	17,472
Maint Manager	1/22/26	9926.1	2026 Fast Response	ROADS	Open	●	95,613	-	95,613
Maint Manager	1/22/26	9926.2	2026 On-Call Engineering	ROADS	Open	●	56,258	13,131	43,127
Maint Manager	1/22/26	9926.3	2026 Pot Holes & Minor Road Repairs	ROADS	Open	●	39,370	3,859	35,511
Maint Manager	2/26/26	9926.4	2026 Bi-Annual Bridge Inspections	ROADS	Open	●	6,976	-	6,976
Maint Manager	2/26/26	9926.5	2026 Road Repairs & Culvert Replacements	ROADS	Open	●	428,714	-	428,714
Subtotal Roads Open Projects							\$ 2,157,213	\$ 691,678	\$ 1,465,534
Maint Manager	2/27/25	9925.7	2025 CVC Supplies & Outside Contractor	ROADS	Closed	●	99,559	107,415	- A
Maint Manager	2/27/25	9925.72	2025 CVC Wages, Taxes, & Benefits	ROADS	Closed	●	67,774	59,918	- A
Subtotal 2025 Roads CVC Project							\$ 167,333	\$ 167,332	\$ -
Maint Manager	1/22/26	9926.7	2026 CVC Supplies & Outside Contractor	ROADS	Open	●	85,739	7,555	78,184 B
Maint Manager	1/22/26	9926.72	2026 CVC Wages, Taxes, & Benefits	ROADS	Open	●	69,807	5,740	64,067 B
Subtotal 2026 Roads CVC Project							\$ 155,546	\$ 13,295	\$ 142,251
Open Project Totals, Roads							\$ 2,480,092	\$ 872,306	\$ 1,607,785
		A	9925.7 and 9925.72 are the same project.						
		B	9926.7 and 9926.72 are the same project.						



Sudden Valley Community Association

1850 Lake Whatcom Boulevard, Bellingham WA 98229
360-734-5320 www.suddenvalley.com

BOARD OF DIRECTORS MEMO

To: Sudden Valley Community Association Board of Directors
From: Jo Anne Jensen, General Manager
Date: May 14, 2026
Subject: Approval Request – Aquatic Lands Lease

Purpose

The purpose of this memo is to request approval of the proposed Aquatic Lands Lease.

Background

SVCA's Aquatic Lands Lease grants the Association the right to use improvements and easements on the aquatic lands (shorelands and bedlands) of Lake Whatcom as defined in Exhibit A. The lease was originally signed in 1993, was renewed in 2005, and amended in 2010. SVCA's current lease is in a "hold-over" status and should be replaced with a current agreement as soon as possible. The agreement being proposed by the Department of Natural Resources (DNR) is for a twelve (12) year term.

Lease Terms

The current lease contains eighteen (18) sections and two exhibits as described in the table shown below.

Section	Title	Description	Aligned/Not Aligned with Previous Agreement
1	Property	Defines the area covered by the lease; asserts that property is accepted "As Is"	Same as previous agreement
2	Use	Defines the permitted use of the property and any restrictions	New restrictions added: <ul style="list-style-type: none"> • May not dredge • May not construct new bulkheads or install bank armoring • May not replace or expand current bank armoring • May not install fixed breakwaters
3	Term	Defines a 12-year term, describes the renewal process, the end of term obligations, and the provisions for entering hold-over status	Renewal is no longer allowed; a new agreement must be signed; end of term and holdover provisions are the same

4	Rent	Annual rent amount is \$1,740.89, a reduced rate' rent may be adjusted annually	Previous rent was \$1,557.78 and increases were limited by caps; no caps are included in the current agreement
5	Other Expenses	SVCA must pay any fees or taxes required for the permitted use of the property	Same as previous agreement
6	Late Payments & Other Charges	Describes penalties associated with non-payment of rent	New agreement gives the State the right to refer past due amounts to a collection agency
7	Improvements, Personal Property, and Work	Defines Improvements and give rules for performing repair, modification, or other work	Requirements for submitting proposed repair or modification are greatly expanded, SVCA must comply with State's current standards for Work
8	Environmental Liability/Risk Allocation	Defines hazardous substances and assigns liability for notification, indemnification, and cleanup	Essentially the same as the previous agreement, although the language is different; SVCA must indemnify the State from responsibility for release of hazardous substances caused by the Association and its "affiliates"; If SVCA causes a problem, they are responsible for cleaning it up
9	Assignment & Subletting	Notes that SVCA cannot sublet without permission from the state and defines terms for managing a sublet	Same as previous agreement
10	Indemnity, Insurance, Financial Security	SVCA indemnifies the State, except for instances of negligence, defines insurance requirements, requires that SVCA maintain a bond	Requirements for insurance and bond are essentially the same; SVCA's current insurance is more than adequate to satisfy the requirement
11	Maintenance & Repair	State is not required to make any repairs during the term of the lease, tenant is required to repair and maintain the property	Same as previous agreement
12	Damage or Destruction	SVCA must notify the State of damage or destruction occurring on the property, it is SVCA's duty to reconstruct, repair, or replace and damaged or destroyed element of the property	Same as previous agreement
13	Condemnation	If the State takes the property, SVCA is only obligated to pay a prorated amount of rent	Same as previous agreement

14	Default & Remedies	Defines circumstances constituting default and remedies	Same as previous agreement
15	Entry by State	State has the right to enter and inspect the property without notice and to traverse SVCA;s land to do so	Same as previous agreement
16	Disclaimer of Quiet Enjoyment	State provides no guarantee of quiet enjoyment	Same as previous agreement
17	Notice & Submittals	Provides notice requirements	Same as previous agreement
18	Miscellaneous	Defines terms governing the agreement itself	Same as previous agreement
Exhibit A		Legal Description of Property and Use Classifications	
Exhibit B		Description of Permitted Use	

Recommendation

The proposed Aquatic Lands Lease contains terms that are very similar to those in the original lease and the increase to the annual rent is modest.

For these reasons, I recommend that the Board of Directors approve the proposed Aquatic Lands Lease.

Motion

I move that the Board of Directors approve the proposed Aquatic Lands Lease.

Approvals

Approved: _____ Not Approved: _____ SVCA Board of Directors

Signed: _____ Date: _____

Keith McLean, Board President

**THIS DRAFT DOES NOT CONSTITUTE AN OFFER
NOR A COMMITMENT TO EXTEND AN OFFER**

When recorded, return to:
Sudden Valley Community Association
4 Clubhouse Circle
Bellingham, WA 98229



DAVE UP THE GROVE
COMMISSIONER OF PUBLIC LANDS

AQUATIC LANDS LEASE

Lease No. 22-B09745

Grantor: Washington State Department of Natural Resources
Grantee(s): Sudden Valley Community Association
Legal Description: NE 1/4 SW1/4, NW 1/4 SE 1/4, SW 1/4 SE 1/4, SE 1/4 SE 1/4, Section 5, NE 1/4 NE 1/4 Section 8, Township 37 North, Range 4 East, W.M.
Complete Legal Description on Page 34
Auditor Reference Number(s): 2020-0803283
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: 370405219054, 370405437046, 370408492572

THIS LEASE is between the STATE OF WASHINGTON, acting through the Department of Natural Resources ("State"), and SUDDEN VALLEY COMMUNITY ASSOCIATION, a Washington corporation ("Tenant").

BACKGROUND

Tenant desires to lease a portion of the aquatic lands commonly known as Lake Whatcom, which are shorelands and bedlands located in Whatcom County, Washington, from State, and State desires to lease the Property to Tenant pursuant to the terms and conditions of this Lease.

**THIS DRAFT DOES NOT CONSTITUTE AN OFFER
NOR A COMMITMENT TO EXTEND AN OFFER**

State has authority to enter into this Lease under Chapter 43.12, Chapter 43.30 and Title 79 of the Revised Code of Washington (RCW).

THEREFORE, the Parties agree as follows:

SECTION 1 PROPERTY

1.1 Property Defined.

- (a) State leases to Tenant and Tenant leases from State the real property described in Exhibit A together with all the rights of State, if any, to improvements on and easements benefiting the Property, but subject to the exceptions and restrictions set forth in this Lease (collectively the “Property”).
- (b) This Lease is subject to all valid interests of third parties noted in the records of Whatcom County, or on file in the Office of the Commissioner of Public Lands, Olympia, Washington; rights of the public under the Public Trust Doctrine or federal navigation servitude; and treaty rights of Indian Tribes.
- (c) This Lease does not include a right to harvest, collect, or damage natural resources, including aquatic life or living plants; water rights; mineral rights; or a right to excavate or withdraw sand, gravel, or other valuable materials.
- (d) State reserves the right to grant easements and other land uses on the Property to others when the easement or other land uses will not interfere unreasonably with the Permitted Use.

1.2 Survey and Property Descriptions.

- (a) Tenant warrants that the record of survey referenced in Exhibit A includes a true and accurate description of the Property boundaries and the location of the Improvements existing on the Property. Tenant’s obligation to provide a true and accurate description of the Property boundaries and the location of the Improvements existing on the Property is a material term of this Lease.
- (b) Tenant’s use or occupancy of any state-owned aquatic lands outside the Property boundaries is a material breach of this Lease and State may seek remedies under Section 14 of this Lease in addition to any other remedies afforded by law or equity or otherwise.
- (c) Tenant warrants that the Property lies only in front of upland property owned or otherwise legally controlled by the Tenant.

1.3 Inspection. State makes no representation regarding the condition of the Property, Improvements located on the Property, the suitability of the Property for Tenant’s Permitted Use, compliance with governmental laws and regulations, availability of utility rights, access to the Property, or the existence of hazardous substances on the Property. Tenant inspected the Property and accepts it “AS IS.”

**THIS DRAFT DOES NOT CONSTITUTE AN OFFER
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SECTION 2 USE**

2.1 Permitted Use. Tenant shall use the Property for:

Ingress and egress for dredged upland boat moorage, water-oriented fill, and public use swimming areas

(the “Permitted Use”), and for no other purpose. Exhibit B includes additional details about the Permitted Use, the Property, and Improvements. The Permitted Use of this Lease shall not be changed or modified without the written consent of State, which shall be at State’s sole discretion.

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) Tenant shall not construct new bulkheads or place new hard bank armoring.
- (d) Tenant shall not replace or expand the existing bank armoring.
- (e) Tenant shall not install fixed breakwaters.

2.3 Conformance with Laws. Tenant shall keep current and comply with all conditions and terms of permits, licenses, certificates, regulations, ordinances, statutes, and other government rules and regulations regarding Tenant’s use or occupancy of the Property.

2.4 Liens and Encumbrances. Unless expressly authorized by State in writing, Tenant shall keep the Property free and clear of liens or encumbrances arising from the Permitted Use or Tenant’s occupancy of the Property.

2.5 Residential Uses Prohibited. Residential uses, as defined by WAC 332-30-106(62), are not permitted on the Property.

**THIS DRAFT DOES NOT CONSTITUTE AN OFFER
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SECTION 3 TERM**

3.1 Term Defined. The term of this Lease is Twelve (12) years, beginning on the 1st day of May, 2026 (the “Commencement Date”), and ending on the 30th day of April, 2038 (the “Termination Date”), unless terminated sooner under the terms of this Lease (the “Term”). Whenever the phrase “termination of this Lease” or “termination of the Lease” is used in this Lease, it shall refer to the ending, termination, cancellation, or expiration of the Lease.

3.2 Renewal of the Lease. This Lease does not provide a right of renewal. Tenant may apply for a new lease, which State has discretion to grant or deny. Tenant must apply for a new lease at least one (1) year prior to the Termination Date.

3.3 End of Term.

- (a) Removal of Improvements and Personal Property: Prior to the termination of this Lease, Tenant shall remove Improvements and Personal Property in accordance with Section 7.
- (b) Restoration of Property:
 - (1) Prior to the termination of this Lease, Tenant shall restore the Property to its condition before the installation of any Improvements on the Property.
 - (2) This restoration is to be done at Tenant’s expense and to the satisfaction of State. Restoration of the Property is considered to be Work, as described in Section 7 of the Lease. Tenant’s plans for restoring the Property shall be submitted to State for prior approval in accordance with Section 7 of this Lease.
 - (3) If Tenant fails to restore the condition of the Property as required by this Paragraph, State may take steps reasonably necessary to remedy Tenant’s failure. Upon demand by State, Tenant shall pay all costs of State’s remedy, including but not limited to the costs of removing and disposing of material deposited on the Property, lost revenue resulting from the condition of the Property, and administrative costs associated with State’s remedy.
- (c) Vacation of Property: Upon the termination of this Lease, Tenant shall cease all operations on and use of the Property and surrender the Property to State.

3.4 Holdover.

- (a) If Tenant remains in possession of the Property after the Termination Date, and State has not notified Tenant that Tenant must vacate the Property, in the absence of a new lease agreement between State and Tenant, the following terms apply: Tenant’s occupancy will be a month-to-month tenancy, on terms identical to the terms of this Lease, except that either Party may terminate the tenancy on thirty (30) days’ written notice. The month-to-month occupancy will not be an extension or renewal of the Term.

**THIS DRAFT DOES NOT CONSTITUTE AN OFFER
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- (1) The monthly rent during the month-to-month tenancy will be the same rent that would be due if the Lease were still in effect and all adjustments in rent were made in accordance with its terms.
 - (2) Payment of more than the monthly rent will not be construed to create a periodic tenancy longer than month-to-month. If Tenant pays more than the monthly rent and State provides notice to vacate the property, State shall refund the amount of excess payment remaining after the Tenant ceases occupation of the Property.
- (b) If State notifies Tenant to vacate the Property and Tenant fails to do so within the time set forth in the notice, Tenant will be a trespasser and shall owe State all amounts due under RCW 79.02.300 or other applicable laws.

SECTION 4 RENT

4.1 Annual Rent.

- (a) The Annual Rent is based on the use classification of Tenant's Permitted Use of the Property and the square footage of each use classification, as set forth in Exhibit A.
- (b) Until adjusted as set forth below, Tenant shall pay to State an annual rent of One Thousand Seven Hundred Forty and 89/100 Dollars (\$1,740.89), consisting of One Thousand Seven Hundred Forty and 89/100 Dollars (\$1,740.89) related to the water-dependent rent.
- (c) The annual rent, as it currently exists or as adjusted or modified (the "Annual Rent"), is due and payable in full on or before the Commencement Date and on or before the same date of each year thereafter. Any payment not paid by State's close of business on the date due is past due.
- (d) Public Use and Access. This Lease allows for free or reduced rent for areas that meet the requirements of RCW 79.105.230 and WAC 332-30-131. If Tenant's use of these areas cease to meet the requirements for free or reduced rent in RCW 79.105.230 and WAC 332-30-131, State will charge Tenant water-dependent rent for using these areas.

4.2 Payment Place. Tenant shall make payment to Financial Management Division, 1111 Washington St SE, PO Box 47041, Olympia, WA 98504-7041.

4.3 Adjustment Based on Change in Use Classification. Neither the use classification, nor the square footage of a use classification, shall be changed without the prior written consent of State. If the use classification or the square footage of a use classification is changed, the Annual Rent shall be adjusted based on the revised use classification or square footage of each use classification.

**THIS DRAFT DOES NOT CONSTITUTE AN OFFER
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4.4 Rent Adjustment Procedures.

- (a) Notice of Rent Adjustment. State shall provide notice of adjustments to the Annual Rent allowed under Paragraph 4.5(b) to Tenant in writing no later than ninety (90) days after the anniversary date of the Commencement Date.
- (b) Procedures on Failure to make Timely Adjustment. If State fails to provide the notice required in Paragraph 4.4(a), State shall not collect the adjustment amount for the year in which State failed to provide notice. Upon providing notice of adjustment, State may adjust and prospectively bill Annual Rent as if missed or waived adjustments had been implemented at the proper interval. This includes the implementation of any inflation adjustment.

4.5 Rent Adjustments for Water-Dependent Uses.

- (a) Inflation Adjustment. State shall adjust water-dependent rent annually pursuant to RCW 79.105.200-.360, except in those years in which State revalues the rent under Paragraph 4.5(b) below. This adjustment will be effective on the anniversary of the Commencement Date.
- (b) Revaluation of Rent. At the end of the first four-year period of the Term, and at the end of each subsequent four-year period, State shall revalue the water-dependent Annual Rent in accordance with RCW 79.105.200-.360.
- (c) Rent Cap. State shall increase rent incrementally in compliance with RCW 79.105.260 as follows: If application of the statutory rent formula for water-dependent uses would result in an increase in the rent attributable to such uses of more than fifty percent (50%) in any one year, State shall limit the actual increase implemented in such year to fifty percent (50%) of the then-existing rent. In subsequent, successive years, State shall increase the rental amount incrementally until State implements the full amount of increase as determined by the statutory rent formula.

SECTION 5 OTHER EXPENSES

5.1 Utilities. Tenant shall pay all fees charged for utilities required or needed by the Permitted Use.

5.2 Taxes and Assessments. Tenant shall pay all taxes (including leasehold excise taxes), assessments, and other governmental charges applicable or attributable to the Property, Tenant's leasehold interest, the Improvements, or Tenant's use and enjoyment of the Property.

5.3 Right to Contest. If in good faith, Tenant may contest any tax or assessment at its sole cost and expense. At the request of State, Tenant shall furnish reasonable protection in the form of a bond or other security, satisfactory to State, against loss or liability resulting from such contest.

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5.4 Proof of Payment. If required by State, Tenant shall furnish to State receipts or other appropriate evidence establishing the payment of amounts this Lease requires Tenant to pay.

5.5 Failure to Pay. If Tenant fails to pay any of the amounts due under this Lease, State may pay the amount due, and recover its cost in accordance with Section 6.

SECTION 6 LATE PAYMENTS AND OTHER CHARGES

6.1 Failure to Pay Rent. If Tenant fails to pay rent when due under this Lease, State may seek remedies under Section 14 as well as late charges and interest as provided in this Section 6.

6.2 Late Charge. If State does not receive full rent payment within ten (10) days of the date due, Tenant shall pay to State a late charge equal to four percent (4%) of the unpaid amount or Fifty Dollars (\$50), whichever is greater, to defray the overhead expenses of State incident to the delay.

6.3 Interest Penalty for Past Due Rent and Other Sums Owed.

- (a) Tenant shall pay interest on the past due rent at the rate of one percent (1%) per month until paid, in addition to paying the late charges determined under Paragraph 6.2. Rent not paid by the close of business on the due date will begin accruing interest the day after the due date.
- (b) If State pays or advances any amounts for or on behalf of Tenant, Tenant shall reimburse State for the amount paid or advanced and shall pay interest on that amount at the rate of one percent (1%) per month from the date State notifies Tenant of the payment or advance. This includes, but is not limited to, State's payment of taxes, assessments, insurance premiums, costs of removal and disposal of materials or Improvements under any provision of this Lease, or other amounts not paid when due.

6.4 Referral to Collection Agency and Collection Agency Fees. If State does not receive full payment within thirty (30) days of the due date, State may refer the unpaid amount to a collection agency as provided by RCW 19.16.500 or other applicable law. Upon referral, Tenant shall pay collection agency fees in addition to the unpaid amount.

6.5 No Accord and Satisfaction. If Tenant pays, or State otherwise receives, an amount less than the full amount then due, State may apply such payment as it elects. State may accept payment in any amount without prejudice to State's right to recover the balance or pursue any other right or remedy. No endorsement or statement on any check, any payment, or any letter accompanying any check or payment constitutes accord and satisfaction.

6.6 No Counterclaim, Setoff, or Abatement of Rent. Except as expressly set forth elsewhere in this Lease, Tenant shall pay rent and all other sums payable by Tenant without the

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requirement that State provide prior notice or demand. Tenant's payment is not subject to counterclaim, setoff, deduction, defense or abatement.

SECTION 7 IMPROVEMENTS, PERSONAL PROPERTY, AND WORK

7.1 Improvements Defined.

- (a) "Improvements," consistent with RCW 79.105 through 79.140, are additions within, upon, or attached to the land. Improvements include, but are not limited to, fill, structures, bulkheads, docks, pilings, and other fixtures.
- (b) "Personal Property" means items that can be removed from the Property without (1) injury to the Property, adjacent state-owned aquatic lands, or Improvements or (2) diminishing the value or utility of the Property, adjacent state-owned aquatic lands or Improvements.
- (c) "State-Owned Improvements" are Improvements made or owned by the State of Washington. State-Owned Improvements includes any construction, alteration, or addition to State-Owned Improvements made by Tenant.
- (d) "Tenant-Owned Improvements" are Improvements authorized by State and (1) made by Tenant, (2) acquired by Tenant from the prior tenant, (3) made by subtenants on the Property, or (4) acquired by a subtenant from Tenant or a prior subtenant or tenant.
- (e) "Unauthorized Improvements" are Improvements made on the Property without State's prior consent or Improvements made by Tenant that do not conform to plans submitted to and approved by State.
- (f) "Improvements Owned by Others" are Improvements owned by others (not including Tenant or a subtenant) with a right to occupy or use the Property.

7.2 Existing Improvements. On the Commencement Date, the following Tenant-Owned Improvements are located on the Property: water-oriented fill, one anchor piling, AM Beach stormwater outfall, and seasonal swimming area delineations with polypropylene rope and colored buoys.

7.3 Construction, Major Repair, Modification, and Other Work.

- (a) This Paragraph 7.3 governs construction, alteration, replacement, major repair, modification, and removal of Improvements (collectively "Work").
- (b) Except in an emergency, Tenant shall not conduct Work without State's prior written consent. Tenant shall obtain State's prior written consent as follows:
 - (1) Tenant shall submit to State plans and specifications describing the proposed Work at least sixty (60) days before submitting permit applications to regulatory authorities unless Tenant and State otherwise agree to coordinate permit applications. At a minimum, or if no permits are necessary, Tenant shall submit plans and specifications to State at least ninety (90) days before commencement of Work.

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- (2) State may deny consent if State determines that denial is in the best interest of the State of Washington or if the proposed Work does not comply with Paragraph 7.4. State may impose additional conditions intended to protect and preserve the Property or adjacent state-owned aquatic lands.
- (3) State will not approve plans to construct new Improvements or expand existing Improvements in or over habitats designated by State as important habitat, including, but not limited to: native aquatic vegetation, commercial geoduck tracts, forage fish spawning areas, and salmon critical habitat. Tenant shall confirm location of important habitat on Property, if any, with State before submitting plans and specifications in accordance with Paragraph 7.3.
- (c) Tenant shall immediately notify State of emergency Work. Upon State's request, Tenant shall provide State with as-built plans and specifications of emergency Work.
- (d) Tenant shall not commence or authorize Work until Tenant or Tenant's contractor has:
 - (1) Obtained a performance and payment bond in an amount equal to one hundred twenty-five percent (125%) of the estimated cost of construction. Tenant or Tenant's contractor shall maintain the performance and payment bond until the costs of the Work, including all laborers and material persons, are paid in full.
 - (2) Obtained all required permits.
- (e) Before completing Work, Tenant shall remove all debris and restore the Property to an orderly and safe condition. If Work is for removal of Improvements at End of Term, Tenant shall restore the Property in accordance with Paragraph 3.3, End of Term.
- (f) Upon completing Work, Tenant shall promptly provide State with as-built plans and specifications. State may also require Tenant to obtain an updated record of survey showing the Property boundaries and the as-built location of all Improvements on the Property.
- (g) State shall not charge rent for authorized Improvements installed by Tenant on the Property during the Term, but State may charge rent for such Improvements when and if Tenant or successor obtains a subsequent use authorization for the Property and State has waived the requirement for removal of Improvements as provided in Paragraph 7.5.

7.4 Standards for Work. Tenant shall comply with State's standards for Work current at the time Tenant submits plans and specifications for State's approval. Tenant shall ascertain State's current standards for Work as follows:

- (a) Before submitting plans and specifications for State's approval as required by Paragraph 7.3 of the Lease, Tenant shall request State to provide Tenant with State's current standards for Work on state-owned aquatic lands.

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- (b) Within thirty (30) days of receiving Tenant's request, State shall provide Tenant with State's current standards for Work, which will be effective for the purpose of State's approval of Tenant's proposed Work provided Tenant submits plans and specifications for State's approval within two (2) years of Tenant's request for State's current standards for Work.
- (c) If Tenant fails to (1) make a request for State's current standards for Work or (2) timely submit plans and specifications to State after receiving State's current standards for Work, Tenant shall make changes in plans or Work necessary to conform to State's current standards for Work upon State's demand.

7.5 Tenant-Owned Improvements.

- (a) Removal of Tenant-Owned Improvements upon termination.
 - (1) Tenant shall remove Tenant-Owned Improvements in accordance with Paragraph 7.3 upon the termination of the Lease unless State waives the requirement for removal.
 - (2) Tenant-Owned Improvements remaining on the Property after the termination of the Lease shall become State-Owned Improvements without payment by State, unless State elects otherwise. State may refuse or waive ownership.
 - (3) If Tenant-Owned Improvements remain on the Property after the termination of the Lease without State's consent, State may remove all Improvements and Tenant shall pay State's costs.
- (b) Conditions Under Which State May Waive Removal of Tenant-Owned Improvements.
 - (1) State may waive removal of any Tenant-Owned Improvements whenever State determines that it is in the best interests of the State of Washington, and regardless of whether Tenant enters into a new Lease for the Property.
 - (2) If Tenant enters into a new Lease for the Property, State may waive requirement to remove Tenant-Owned Improvements. State also may consent to Tenant's continued ownership of Tenant-Owned Improvements.
 - (3) If Tenant does not enter into a new Lease for the Property, State may waive requirement to remove Tenant-Owned Improvements upon consideration of a timely request from Tenant, as follows:
 - (i) Tenant shall submit its request to leave Tenant-Owned Improvements to State at least one (1) year before the Termination Date.
 - (ii) State, within ninety (90) days of receiving Tenant's request, will notify Tenant whether State consents to any Tenant-Owned Improvements remaining. State has no obligation to grant consent.
 - (iii) State's failure to respond to Tenant's request to leave Improvements within ninety (90) days is a denial of the request.
- (c) Tenant's Obligations if State Waives Removal.

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- (1) For any Tenant-Owned Improvements that State has waived the requirement for removal, Tenant shall not remove such Tenant-Owned Improvements.
- (2) For any Tenant-Owned Improvements that State has waived the requirement for removal, Tenant shall maintain such Tenant-Owned Improvements in accordance with this Lease until the termination of the Lease. Tenant is liable to State for cost of repair if Tenant causes or allows damage to Tenant-Owned Improvements State has designated to remain.

7.6 Unauthorized Improvements.

- (a) Unauthorized Improvements belong to State, unless State elects otherwise.
- (b) The placement of Unauthorized Improvements on the Property is a default of the Lease. State may require removal of any or all Unauthorized Improvements. If State requires removal of Unauthorized Improvements and if Tenant fails to remove the Unauthorized Improvements, State may remove the Unauthorized Improvements and Tenant shall pay for the cost of removal and disposal.
- (c) In addition to requiring removal of Unauthorized Improvements, State may charge Tenant a use fee that is sixty percent (60%) higher than the full market value of the use of the land for the Unauthorized Improvements from the time of installation or construction until the time the Unauthorized Improvements are removed.
- (d) If State consents to Unauthorized Improvements remaining on the Property, upon State's consent, the Unauthorized Improvements will be treated as Tenant-Owned Improvements and the removal and ownership of such Improvements shall be governed by Paragraph 7.5. If State consents to the Unauthorized Improvements remaining on the Property, State may charge a use fee that is sixty percent (60%) higher than the full market value of the use of the land for the Unauthorized Improvements from the time of installation or construction until State consents.

7.7 Personal Property.

- (a) Tenant retains ownership of Personal Property unless Tenant and State agree otherwise in writing.
- (b) Tenant shall remove Personal Property from the Property by the termination of the Lease. Tenant is liable for damage to the Property and any Improvements that may result from removal of Personal Property.
- (c) State may sell or dispose of all Personal Property left on the Property after the termination of the Lease.
 - (1) If State conducts a sale of Personal Property, State shall first apply proceeds to State's costs of removing the Personal Property, State's costs in conducting the sale, and any other payment due from Tenant to State. State shall pay the remainder, if any, to the Tenant. Tenant shall be liable for any costs of removing the Personal Property and conducting the sale that exceed the proceeds received by State.

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- (2) If State disposes of Personal Property, Tenant shall pay for the cost of removal and disposal.

SECTION 8 ENVIRONMENTAL LIABILITY/RISK ALLOCATION

8.1 Definitions.

- (a) “Hazardous Substance” means any substance that now or in the future becomes regulated or defined under any federal, state, or local statute, ordinance, rule, regulation, or other law relating to human health, environmental protection, contamination, pollution, or cleanup.
- (b) “Release or threatened release of Hazardous Substance” means a release or threatened release as defined under any law described in Paragraph 8.1(a).
- (c) “Utmost care” means such a degree of care as would be exercised by a very careful, prudent, and competent person under the same or similar circumstances; the utmost care required under RCW 70A.305.040(3)(a)(iii) of the Washington State Model Toxics Control Act.
- (d) “Tenant and affiliates” when used in this Section 8 means Tenant or Tenant’s subtenants, contractors, agents, employees, guests, invitees, licensees, affiliates, or any person on the Property with the Tenant’s permission.
- (e) “Liabilities” as used in this Section 8 means any claims, demands, proceedings, lawsuits, damages, costs, expenses, fees (including attorneys’ fees and disbursements), penalties, or judgments.

8.2 General Conditions.

- (a) Tenant’s obligations under this Section 8 extend to the area in, on, under, or above:
- (1) The Property; and
 - (2) Adjacent state-owned aquatic lands if affected by a release of Hazardous Substances that occurs as a result of the Permitted Use.
- (b) Standard of Care.
- (1) Tenant shall exercise the utmost care with respect to Hazardous Substances.
 - (2) Tenant shall exercise utmost care for the foreseeable acts or omissions of third parties with respect to Hazardous Substances, and the foreseeable consequences of those acts or omissions, to the extent required to establish a viable, third-party defense under the law.

8.3 Current Conditions and Duty to Investigate.

- (a) State makes no representation about the condition of the Property or adjacent state-owned aquatic lands. Hazardous Substances may exist in, on, under, or above the Property or adjacent state-owned aquatic lands.
- (b) This Lease does not impose a duty on State to conduct investigations or supply information to Tenant about Hazardous Substances.

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- (c) Tenant is responsible for conducting all appropriate inquiry and gathering sufficient information about the existence, scope, and location of Hazardous Substances on or near the Property necessary for Tenant to meet Tenant's obligations under this Lease and utilize the Property for the Permitted Use.

8.4 Use of Hazardous Substances.

- (a) Tenant and affiliates shall not use, store, generate, process, transport, handle, release, or dispose of Hazardous Substances, except in accordance with all applicable laws.
- (b) Tenant shall not undertake, or allow others to undertake by Tenant's permission, acquiescence, or failure to act, activities that result in a release or threatened release of Hazardous Substances.
- (c) If use of Hazardous Substances related to Tenant's Permitted Use or Tenant's use or occupancy of the Property results in violation of law:
 - (1) Tenant shall submit to State any plans for remedying the violations, and
 - (2) Tenant shall implement any remedial measures to restore the Property or natural resources that State may require in addition to remedial measures required by regulatory authorities.

8.5 Management of Contamination, if any.

- (a) Tenant and affiliates shall not undertake activities that:
 - (1) Damage or interfere with the operation of remedial or restoration activities, if any;
 - (2) Result in human or environmental exposure to contaminated sediments, if any;
 - (3) Result in the mechanical or chemical disturbance of on-site habitat mitigation, if any.
- (b) If requested, Tenant shall allow reasonable access to:
 - (1) Employees and authorized agents of the United States Environmental Protection Agency (EPA), the Washington State Department of Ecology, health department, or other similar environmental agencies; and
 - (2) Potentially liable or responsible parties who are the subject of an order or consent decree that requires access to the Property. Tenant may negotiate an access agreement with such parties, but Tenant may not unreasonably withhold such agreement.

8.6 Notification and Reporting.

- (a) Tenant shall immediately notify State if Tenant becomes aware of any of the following:
 - (1) A release or threatened release of Hazardous Substances;
 - (2) Any new discovery of or new information about a problem or liability related to, or derived from, the presence of Hazardous Substances;
 - (3) Any lien or action arising from Hazardous Substances;

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- (4) Any actual or alleged violation of any federal, state, or local statute, ordinance, rule, regulation, or other law pertaining to Hazardous Substances;
- (5) Any notification from the EPA or the Washington State Department of Ecology that remediation or removal of Hazardous Substances is or may be required at the Property.
- (b) Tenant's duty to report under Paragraph 8.6(a) extends to lands described in Paragraph 8.2(a) and to any other property used by Tenant in conjunction with the Property if a release of Hazardous Substances on the other property could affect the Property.
- (c) Tenant shall provide State with copies of all documents Tenant submits to any federal, state or local authorities concerning environmental impacts or proposals relative to the Property. Documents subject to this requirement include, but are not limited to, applications, reports, studies, or audits for National Pollutant Discharge Elimination System permits; United States Army Corps of Engineers permits; State Hydraulic Project Approvals (HPA); State Water Quality Certifications; Shoreline Substantial Development permits; and any reporting necessary for the existence, location, and storage of Hazardous Substances on the Property.

8.7 Indemnification.

- (a) Tenant shall fully indemnify, defend, and hold harmless State from and against Liabilities that arise out of, or relate to:
 - (1) The use, storage, generation, processing, transportation, handling, or disposal of any Hazardous Substance by Tenant and affiliates occurring whenever Tenant occupies or has occupied the Property;
 - (2) The release or threatened release of any Hazardous Substance resulting from any act or omission of Tenant and affiliates occurring whenever Tenant occupies or has occupied the Property.
- (b) Tenant shall fully indemnify, defend, and hold harmless State for Liabilities that arise out of or relate to Tenant's breach of obligations under Paragraph 8.5.
- (c) If Tenant fails to exercise care as described in Paragraph 8.2(b)(2), to the extent permitted by law, Tenant shall fully indemnify, defend, and hold harmless State from and against Liabilities arising from the acts or omissions of third parties in relation to the release or threatened release of Hazardous Substances.

8.8 Reservation of Rights.

- (a) For Liabilities not covered by the indemnification provisions of Paragraph 8.7, the Parties expressly reserve and do not waive any rights, claims, immunities, causes of action, or defenses relating to Hazardous Substances that either Party may have against the other under law.
- (b) The Parties expressly reserve all rights, claims, immunities, and defenses that either Party may have against third parties. Nothing in this Section 8 benefits or creates rights for third parties.

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- (c) The allocations of risks, Liabilities, and responsibilities set forth in this Section 8 do not release either Party from or affect the liability of either Party for Hazardous Substances claims or actions by regulatory agencies.

8.9 Cleanup.

- (a) If Tenant's act, omission, or breach of obligation under Paragraph 8.4 results in a release of Hazardous Substances that exceeds the threshold limits of any applicable regulatory standard, Tenant shall, at Tenant's sole expense, promptly take all actions necessary or advisable to clean up the Hazardous Substances in accordance with applicable law.
- (b) If a cleanup is eligible for the Washington State Department of Ecology's Voluntary Cleanup Program, Tenant may undertake a cleanup of the Property pursuant to the Washington State Department of Ecology's Voluntary Cleanup Program, provided that Tenant cooperates with the Department of Natural Resources in development of cleanup plans. Tenant shall not proceed with Voluntary Cleanup without the Department of Natural Resources' approval of final plans. Nothing in the operation of this provision is an agreement by the Department of Natural Resources that the Voluntary Cleanup complies with any laws or with the provisions of this Lease. Tenant's completion of a Voluntary Cleanup is not a release from or waiver of any obligation for Hazardous Substances under this Lease.

8.10 Sampling by State, Reimbursement, and Split Samples.

- (a) State may enter the Property and conduct sampling, tests, audits, surveys, or investigations ("Tests") of the Property at any time to determine the existence, scope, or effects of Hazardous Substances.
- (b) If such Tests, along with any other information, demonstrate a breach of Tenant's obligations regarding Hazardous Substances under this Lease, Tenant shall promptly reimburse State for all costs associated with such Tests, provided State gave Tenant thirty (30) days' advance notice in nonemergencies and reasonably practical notice in emergencies.
- (c) In nonemergencies, Tenant is entitled to obtain split samples of Test samples, provided Tenant gives State written notice requesting split samples at least ten (10) days before State conducts Tests. Upon demand, Tenant shall promptly reimburse State for additional cost, if any, of split samples.
- (d) If either Party conducts Tests on the Property, the conducting Party shall provide the other Party with validated final data and quality assurance/quality control/chain of custody information about the Tests within sixty (60) days of a written request by the other Party, unless Tests are part of a submittal under Paragraph 8.6(c) in which case Tenant shall submit data and information to State without written request by State. Neither party is obligated to provide any analytical summaries or the work product of experts.

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8.11 Closeout Assessment.

- (a) State may require Tenant to conduct a Closeout Environmental Assessment (“Closeout Assessment”) prior to the Termination Date or after a valid notice of early termination according to the procedures set forth in (b)-(j) below.
- (b) The purpose of the Closeout Assessment is to determine the existence, scope, or effects of Hazardous Substances on the Property and any associated natural resources. The Closeout Assessment may include sediment sampling.
- (c) No later than one hundred eighty (180) days prior to the Termination Date, or within ninety (90) days of a valid notice of early termination, State may provide Tenant with written notice that State requires a Closeout Assessment.
- (d) Within sixty (60) days of State’s notice that Closeout Assessment is required and before commencing assessment activities, Tenant shall submit a proposed plan for conducting the Closeout Assessment in writing for State’s approval.
- (e) If State fails to approve or disapprove of the plan in writing within sixty (60) days of its receipt, State waives requirement for approval.
- (f) Tenant shall be responsible for all costs required to complete planning, sampling, analyzing, and reporting associated with the Closeout Assessment.
- (g) If the Lease has terminated, State may require Tenant to enter into a right of entry or other use authorization prior to the Tenant entering the Property for any Closeout Assessment work required by this Paragraph 8.11.
- (h) Tenant shall submit Closeout Assessment to State upon completion.
- (i) As required by law, Tenant shall report to the appropriate regulatory authorities if the Closeout Assessment discloses a release or threatened release of Hazardous Substances.
- (j) If the initial results of the Closeout Assessment disclose that Hazardous Substances may have migrated to other property, State may require Tenant to conduct additional Closeout Assessment work to determine the existence, scope, and effect of Hazardous Substances on adjacent property, any other property subject to use by Tenant in conjunction with its use of the Property, or on associated natural resources. Tenant shall submit additional Closeout Assessment work to State upon completion. As required by law, Tenant shall report to the appropriate regulatory authorities if the additional Closeout Assessment work discloses a release or threatened release of Hazardous Substances.

SECTION 9 ASSIGNMENT AND SUBLETTING

9.1 State Consent Required. Tenant shall not sell, convey, mortgage, assign, pledge, sublease, or otherwise transfer or encumber all or any part of Tenant’s interest in this Lease or the Property without State’s prior written consent, which shall be at State’s sole discretion.

- (a) In determining whether to consent, State may consider, among other items, the proposed transferee’s financial condition, business reputation, and experience, the nature of the proposed transferee’s business, the then-current value of the Property, and such other factors as may reasonably bear upon the suitability of

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the transferee as a tenant of the Property. Tenant shall submit information regarding any proposed transferee to State at least thirty (30) days prior to the date of the proposed transfer.

- (b) State reserves the right to condition its consent upon:
 - (1) Changes in the terms and conditions of this Lease, including, but not limited to, the Annual Rent; and/or
 - (2) The agreement of Tenant or transferee to conduct Tests for Hazardous Substances on the Property or on other property owned or occupied by Tenant or the transferee.
- (c) Each permitted transferee shall assume all obligations under this Lease, including the payment of rent. No assignment, sublet, or transfer shall release, discharge, or otherwise affect the liability of Tenant. Tenant shall remain liable for the full and complete performance, satisfaction, and compliance with the terms of this Lease.
- (d) State's consent under this Paragraph 9.1 does not constitute a waiver of any claims against Tenant for the violation of any term of this Lease.

9.2 Rent Payments Following Assignment. The acceptance by State of the payment of rent following an assignment or other transfer does not constitute consent to any assignment or transfer.

9.3 Terms of Subleases.

- (a) Tenant shall submit the terms of all subleases to State for prior approval.
- (b) Tenant shall incorporate the following requirements in all subleases:
 - (1) The sublease must be consistent with and subject to all the terms and conditions of this Lease;
 - (2) The sublease must provide that this Lease controls if the terms of the sublease conflict with the terms of this Lease;
 - (3) The term of the sublease (including any period of time covered by a renewal option) must end before the Termination Date of the initial Term or any renewal term;
 - (4) The sublease must terminate if this Lease terminates for any reason;
 - (5) The sublease must include an acknowledgment that the subtenant has received a copy of this Lease;
 - (6) The sublease must prohibit the prepayment to Tenant by the subtenant of more than one year of rent;
 - (7) The sublease must identify the rental amount subtenant is to pay to Tenant;
 - (8) The sublease must provide that there is no privity of contract between the subtenant and State;
 - (9) The sublease must require removal of the subtenant's Improvements and Personal Property upon termination of the sublease;
 - (10) The subtenant's permitted use must be within the scope of the Permitted Use;

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- (11) The sublease must require the subtenant to indemnify, defend, and hold harmless State to the same extent Tenant is required to indemnify, defend, and hold harmless State under this Lease ;
- (12) The sublease must require the subtenant to meet the Insurance requirements under Section 10 unless State agrees in writing to exempt a subtenant from this requirement;
- (13) The sublease must require the subtenant to comply with the Financial Security requirements under Section 10 unless State agrees in writing to exempt a subtenant from this requirement; and
- (14) If the sublease includes moorage of a vessel, the sublease must require the subtenant to procure marine insurance as set forth in Paragraph 10.2(c)(4) of this Lease.

9.4 Event of Assignment. If Tenant is a corporation, dissolution of the corporation or a transfer (by one or more transactions) of a majority of the voting stock of Tenant is an assignment of this Lease. If Tenant is a partnership, dissolution of the partnership or a transfer (by one or more transactions) of the controlling interest in Tenant is an assignment of this Lease. If Tenant is a limited liability company, conveyance of an economic interest of greater than fifty percent (50%) is an assignment of this Lease. Assignments defined in this Paragraph 9.4 require State's consent under Paragraph 9.1.

SECTION 10 INDEMNITY, INSURANCE, FINANCIAL SECURITY

10.1 Indemnity.

- (a) Tenant shall indemnify, defend, and hold harmless State, its employees, officials, officers, and agents from any Claim arising out of the Permitted Use, any Claim arising out of activities related to the Permitted Use, and any Claim arising out of the use, occupation, or control of the Property by Tenant, its subtenants, contractors, agents, invitees, guests, employees, affiliates, licensees, or permittees, to the fullest extent permitted by law and subject to the limitations provided below.
- (b) "Claim" as used in this Paragraph 10.1 means any financial loss, claim, suit, action, damages, expenses, costs, fees (including attorneys' fees), fines, penalties, or judgments attributable to: bodily injury; sickness; disease; death; and damages to tangible property, including, but not limited to, land, aquatic life, and other natural resources. "Damages to tangible property" includes, but is not limited to, physical injury to tangible property, diminution in value to tangible property, damages resulting from loss of use of tangible property, and loss or diminution of natural resource values.
- (c) State shall not require Tenant to indemnify, defend, and hold harmless State, or its employees, officials, officers, and agents for a Claim caused solely by or resulting solely from the negligence or willful act of State, its employees, officials, officers, or agents.

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- (d) Tenant specifically and expressly waives any immunity that may be granted under the Washington State Industrial Insurance Act, Title 51 RCW in connection with its obligation to indemnify, defend, and hold harmless State and its employees, officials, officers, and agents. Further, Tenant's obligation under this Lease to indemnify, defend, and hold harmless State and its employees, officials, officers, and agents shall not be limited in any way by any limitation on amount or type of damages, compensation, or benefits payable to or for any third party under the workers' compensation acts.
- (e) Only to the extent RCW 4.24.115 applies and requires such a limitation, if a Claim is caused by or results from the concurrent negligence of (a) State or State's employees, officials, officers, or agents, and (b) the Tenant or Tenant's subtenants, agents, or employees, these indemnity provisions shall be valid and enforceable only to the extent of the negligence of the Tenant and those acting on its behalf.
- (f) Section 8, Environmental Liability/Risk Allocation, exclusively shall govern Tenant's liability to State for Hazardous Substances and its obligation to indemnify, defend, and hold harmless State for Hazardous Substances.

10.2 Insurance Terms.

- (a) Insurance Required.
 - (1) At its own expense, Tenant, or Tenant's contractor(s) where permitted in Paragraph 10.3, shall procure and maintain during the Term, the insurance coverages and limits described in this Paragraph 10.2 and in Paragraph 10.3, Insurance Types and Limits. State may terminate this Lease if Tenant fails to maintain required insurance.
 - (2) Unless State agrees to an exception, Tenant shall provide insurance issued by an insurance company or companies admitted to do business in the State of Washington and have a rating of A- or better by the most recently published edition of A.M. Best's Insurance Reports. Tenant may submit a request to the risk manager for the Department of Natural Resources to approve an exception to this requirement. If an insurer is not admitted, the insurance policies and procedures for issuing the insurance policies shall comply with Chapter 48.15 RCW and 284-15 WAC.
 - (3) All general liability, excess, umbrella and pollution legal liability insurance policies must name the State of Washington, the Department of Natural Resources, its elected and appointed officials, officers, agents, and employees as an additional insured by way of endorsement.
 - (4) All property insurance, builder's risk insurance, and equipment breakdown insurance must name the State of Washington, the Department of Natural Resources, its elected and appointed officials, officers, agents, and employees as a loss payee.
 - (5) All insurance provided in compliance with this Lease must be primary as to any other insurance or self-insurance programs afforded to or maintained by State.

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- (b) Waiver.
 - (1) Tenant waives all rights against State for recovery of damages to the extent insurance maintained pursuant to this Lease covers these damages.
 - (2) Except as prohibited by law, Tenant waives all rights of subrogation against State for recovery of damages to the extent that they are covered by insurance maintained pursuant to this lease.
- (c) Proof of Insurance.
 - (1) Tenant shall provide State with a certificate(s) and endorsement(s) of insurance executed by a duly authorized representative of each insurer, showing compliance with insurance requirements specified in this Lease; and, if requested, copies of policies to State.
 - (2) The certificate(s) of insurance must reference the Lease number.
 - (3) Receipt of such certificates, endorsements or policies by State does not constitute approval by State of the terms of such policies.
- (d) State must receive written notice before cancellation or non-renewal of any insurance required by this Lease, as follows:
 - (1) Insurers subject to RCW 48.18 (admitted and regulated by the Insurance Commissioner): If cancellation is due to non-payment of premium, provide State ten (10) days' advance notice of cancellation; otherwise, provide State forty-five (45) days' advance notice of cancellation or non-renewal.
 - (2) Insurers subject to RCW 48.15 (surplus lines): If cancellation is due to non-payment of premium, provide State ten (10) days' advance notice of cancellation; otherwise, provide State twenty (20) days' advance notice of cancellation or non-renewal.
- (e) Adjustments in Insurance Coverage.
 - (1) State may impose changes in the limits of liability for all types of insurance as State deems necessary.
 - (2) Tenant shall secure new or modified insurance coverage within thirty (30) days after State requires changes in the limits of liability.
- (f) If Tenant fails to procure and maintain the insurance required in this Lease within fifteen (15) days after Tenant receives a notice to comply from State, State may either:
 - (1) Deem the failure an Event of Default under Section 14 and terminate the Lease without giving Tenant any further opportunity to cure, or
 - (2) Procure and maintain comparable substitute insurance and pay the premiums. Upon demand, Tenant shall pay to State the full amount paid by State, together with interest at the rate provided in Paragraph 6.3 from the date of State's notice of the expenditure until Tenant's repayment.
- (g) General Terms.
 - (1) State does not represent that coverage and limits required under this Lease are adequate to protect Tenant.
 - (2) Coverage and limits do not limit Tenant's liability for indemnification and reimbursements granted to State under this Lease.

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- (3) The Parties shall use any insurance proceeds payable by reason of damage or destruction to property first to restore the real property covered by this Lease, then to pay the cost of the reconstruction, then to pay State any sums in arrears, and then to Tenant.

10.3 Insurance Types and Limits.

- (a) General Liability Insurance.
- (1) Tenant shall maintain commercial general liability insurance (CGL) or marine general liability (MGL) covering claims for bodily injury, personal injury, or property damage arising on the Property and/or arising out of Tenant's use, occupation, or control of the Property and, if necessary, commercial umbrella insurance with a limit of not less than One Million Dollars (\$1,000,000.00) each occurrence. If such CGL or MGL insurance contains aggregate limits, the general aggregate limit must be at least twice the "each occurrence" limit. CGL or MGL insurance must have products-completed operations aggregate limit of at least two times the "each occurrence" limit.
- (2) CGL insurance must be written on Insurance Services Office (ISO) Occurrence Form CG 00 01 (or a substitute form providing equivalent coverage). All insurance must cover liability arising out of premises, operations, independent contractors, products completed operations, personal injury and advertising injury, and liability assumed under an insured contract (including the tort liability of another party assumed in a business contract) and contain separation of insured (cross-liability) condition.
- (3) MGL insurance must have no exclusions for non-owned watercraft.
- (b) Workers' Compensation.
- (1) State of Washington Workers' Compensation.
- (i) Tenant shall comply with all State of Washington workers' compensation statutes and regulations. Tenant shall provide workers' compensation coverage for all employees of Tenant. Coverage must include bodily injury (including death) by accident or disease, which arises out of or in connection with Tenant's use, occupation, and control of the Property.
- (ii) If Tenant fails to comply with all State of Washington workers' compensation statutes and regulations and State incurs fines or is required by law to provide benefits to or obtain coverage for such employees, Tenant shall indemnify State. Indemnity shall include all fines; payment of benefits to Tenant, employees, or their heirs or legal representatives; and the cost of effecting coverage on behalf of such employees.
- (2) Longshore and Harbor Workers' and Jones Acts. The Longshore and Harbor Workers' Act (33 U.S.C. Section 901 *et seq.*) and/or the Jones Act (46 U.S.C. Section 30104) may require Tenant to provide insurance

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coverage in some circumstances. Tenant shall ascertain if such insurance is required and, if required, shall maintain insurance in compliance with the law. Tenant is responsible for all civil and criminal liability arising from failure to maintain such coverage.

- (c) Employers' Liability Insurance. Tenant shall procure employers' liability insurance, and, if necessary, commercial umbrella liability insurance with limits not less than One Million Dollars (\$1,000,000.00) each accident for bodily injury by accident and One Million Dollars (\$1,000,000.00) each employee for bodily injury by disease.

10.4 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 Five Thousand Dollars (\$5,000.00). 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)

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reinstate the Lease or cure the default or (4) prevent termination of the Lease because of the default.

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.

SECTION 12 DAMAGE OR DESTRUCTION

12.1 Notice and Repair.

- (a) In the event of any damage to or destruction of the Property or any Improvements, Tenant shall immediately notify State, with subsequent written notice to State within five (5) days.
- (b) Unless otherwise agreed in writing, Tenant shall promptly reconstruct, repair, or replace the Property and Improvements in accordance with Section 7 and Tenant's additional obligations in Exhibit B, if any.

12.2 State's Waiver of Claim. State does not waive any claims for damage or destruction of the Property unless State provides written notice to Tenant of each specific claim waived.

12.3 Insurance Proceeds. Tenant's duty to reconstruct, repair, or replace any damage or destruction of the Property or any Improvements on the Property is not conditioned upon the availability of any insurance proceeds to Tenant from which the cost of repairs, reconstruction,

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replacement, removal, or restoration may be paid. The Parties shall use insurance proceeds in accordance with Paragraph 10.2(g)(3).

12.4 Rent in the Event of Damage or Destruction. Unless the Parties agree to terminate this Lease, there is no abatement or reduction in rent during such reconstruction, repair, and replacement.

12.5 Default at the Time of Damage or Destruction. If Tenant is in default under the terms of this Lease at the time damage or destruction occurs, State may elect to terminate the Lease and State then shall have the right to retain any insurance proceeds payable as a result of the damage or destruction.

SECTION 13 CONDEMNATION

13.1 Definitions.

- (a) “Taking” means that an entity authorized by law exercises the power of eminent domain, either by judgment, settlement in lieu of judgment, or voluntary conveyance in lieu of formal court proceedings, over all or any portion of the Property and Improvements. This includes any exercise of eminent domain on any portion of the Property and Improvements that, in the judgment of State, prevents or renders impractical the Permitted Use.
- (b) “Date of Taking” means the date upon which title to the Property or a portion of the Property passes to and vests in the condemner or the effective date of any order for possession if issued prior to the date title vests in the condemner.

13.2 Effect of Taking. If there is a taking, the Lease terminates proportionate to the extent of the taking. If this Lease terminates in whole or in part, Tenant shall make all payments due and attributable to the taken Property up to the date of taking. If Tenant has pre-paid rent and Tenant is not in default of the Lease, State shall refund Tenant the pro rata share of the pre-paid rent attributable to the period after the date of taking.

13.3 Allocation of Award.

- (a) The Parties shall allocate the condemnation award based upon the ratio of the fair market value of (1) Tenant’s leasehold estate and Tenant-Owned Improvements and (2) State’s interest in the Property; the reversionary interest in Tenant-Owned Improvements, if any; and State-Owned Improvements, if any.
- (b) If Tenant and State are unable to agree on the allocation, the Parties shall submit the dispute to binding arbitration in accordance with the rules of the American Arbitration Association.

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SECTION 14 DEFAULT AND REMEDIES**

14.1 Default Defined. Tenant is in default of this Lease on the occurrence of any of the following:

- (a) Failure to pay rent or other expenses when due;
- (b) Failure to comply with any law, regulation, policy, or order of any lawful governmental authority;
- (c) Failure to comply with any other provision of this Lease; or
- (d) Commencement of bankruptcy proceedings by or against Tenant or the appointment of a trustee or receiver of Tenant's property.

14.2 Tenant's Right to Cure.

- (a) A default becomes an "Event of Default" if Tenant fails to cure the default within the applicable cure period following State's written notice of default. Upon an Event of Default, State may seek remedies under Paragraph 14.3.
- (b) Unless expressly provided elsewhere in this Lease, the cure period is ten (10) days for failure to pay rent or other monetary defaults; for other defaults, the cure period is thirty (30) days. This cure period does not apply where State terminates this Lease under Paragraph 10.2(f) or Paragraph 12.5.
- (c) For nonmonetary defaults not capable of cure within thirty (30) days, Tenant may submit a reasonable alternative cure schedule for State's approval, which State has discretion to grant or deny. The default is not an Event of Default if State approves the alternative cure schedule and Tenant cures the default in accordance with the approved alternative cure schedule.
- (d) State may elect to deem a default by Tenant as an Event of Default if the default occurs within six (6) months after a default by Tenant for which State has provided notice and opportunity to cure and regardless of whether the first and subsequent defaults are of the same nature.

14.3 Remedies.

- (a) Upon an Event of Default, State may terminate this Lease and remove Tenant by summary proceedings or otherwise.
- (b) State's Rights to Cure Tenant's Defaults.
 - (1) If an Event of Default occurs, State may, without terminating this Lease, remedy the default (in whole or in part) on behalf of Tenant at Tenant's expense. Tenant shall pay State all costs, expenses, fees, and damages incurred by State in connection therewith.
 - (2) If Tenant is in default under the terms of the Lease, and State determines that such default poses an imminent threat of injury or damage to persons or property, State may enter the Property and take actions to eliminate, mitigate, or remedy the imminent threat at Tenant's expense. On demand

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- by State, Tenant shall pay State the amount of all costs, expenses, and fees incurred by State in connection therewith.
- (3) The rights given to State under Paragraph 14.3(b)(1)-(2) shall neither impose a duty on State nor excuse any failure on Tenant's part to comply with any term, covenant, or condition of this Lease.
- (c) Without terminating this Lease, State may relet the Property on any terms and conditions as State may decide are appropriate.
- (1) State shall apply rent received by reletting: (1) to the payment of any indebtedness other than rent due from Tenant to State; (2) to the payment of any cost of such reletting; (3) to the payment of the cost of any alterations and repairs to the Property; and (4) to the payment of rent and leasehold excise tax due and unpaid under this Lease. State shall hold and apply any balance to Tenant's future rent as it becomes due.
- (2) Tenant is responsible for any deficiency created by the reletting during any month and shall pay the deficiency monthly.
- (3) At any time after reletting, State may elect to terminate this Lease for the previous Event of Default.
- (d) State's reentry or repossession of the Property under Paragraph 14.3 is not an election to terminate this Lease or cause a forfeiture of rents or other charges Tenant is obligated to pay during the balance of the Term, unless (1) State gives Tenant written notice of termination or (2) a legal proceeding decrees termination.
- (e) The remedies specified under this Paragraph 14.3 are not exclusive of any other remedies or means of redress to which State is lawfully entitled for Tenant's default or threatened default of any provision of this Lease.

SECTION 15 ENTRY BY STATE

15.1 Right to Enter The Property.

- (a) State and persons authorized by State may, without notice to Tenant, enter the Property and any Improvements on the Property at any reasonable hour to inspect the Property and Improvements, to inspect for compliance with the terms of this Lease, to monitor impacts to habitat, to survey habitat and species, enforce the terms of the Lease, or to exercise any right of State under the Lease or the law.
- (b) State and persons authorized by State, may enter the Property and any Improvements at any time without notice in the case of an imminent threat of injury or damage to persons or property or to prevent waste on the Property.

15.2 Disclaimer. State's failure to inspect the Property does not constitute a waiver of any rights or remedies under this Lease. The rights given to State under this Section 15 do not impose, nor does State assume by reason thereof, any responsibility for the care, maintenance, or supervision of the Property or any part thereof.

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15.3 Right to Enter Tenant's Land. Tenant grants State and persons authorized by State permission to cross Tenant's private upland and tideland/shoreland property to access the Property. State shall provide at least 48 hours' notice before entering Tenant's upland or shoreland property.

SECTION 16 DISCLAIMER OF QUIET ENJOYMENT

16.1 No Guaranty or Warranty.

- (a) State believes that this Lease is consistent with the Public Trust Doctrine and that none of the third-party interests identified in Paragraph 1.1(b) will materially or adversely affect Tenant's right of possession and use of the Property, but State makes no guaranty or warranty to that effect.
- (b) State disclaims and Tenant releases State from any claim for breach of any implied covenant of quiet enjoyment. This disclaimer and release includes, but is not limited to, interference arising from exercise of rights under the Public Trust Doctrine; Treaty rights held by Indian Tribes; and the general power and authority of State and the United States with respect to aquatic lands and navigable waters.
- (c) Tenant is responsible for determining the extent of Tenant's right to possession and for defending Tenant's leasehold interest.

16.2 Eviction by Third-Party. If a third-party evicts Tenant, this Lease terminates as of the date of the eviction. In the event of a partial eviction, Tenant's rent obligations abate as of the date of the partial eviction, in direct proportion to the extent of the eviction; this Lease shall remain in full force and effect in all other respects.

SECTION 17 NOTICE AND SUBMITTALS

Following are the locations for delivery of notice and submittals required or permitted under this Lease. Any Party may change the place of delivery upon ten (10) days' written notice to the other.

State: DEPARTMENT OF NATURAL RESOURCES
Orca-Straits District
919 North Township Street
Sedro-Woolley, WA 98284-9384

Tenant: SUDDEN VALLEY COMMUNITY ASSOCIATION
4 Clubhouse Circle
Bellingham, WA 98229

The Parties may deliver any notice in person, by facsimile machine, or by certified mail. Depending on the method of delivery, notice is effective upon personal delivery, upon receipt of a confirmation report if delivered by facsimile machine, or three (3) days after mailing. All

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notices must identify the Lease number. On notices transmitted by facsimile machine, the Parties shall state the number of pages contained in the notice, including the transmittal page, if any.

SECTION 18 MISCELLANEOUS

18.1 Authority. Tenant and the person or persons executing this Lease on behalf of Tenant represent that Tenant is qualified to do business in the State of Washington, that Tenant has full right and authority to enter into this Lease, and that each and every person signing on behalf of Tenant is authorized to do so. Upon State's request, Tenant shall provide evidence satisfactory to State confirming these representations.

18.2 Successors and Assigns. Subject to the limitations set forth in Section 9, this Lease binds and inures to the benefit of the Parties, their successors, and assigns.

18.3 Headings. The headings used in this Lease are for convenience only and in no way define, limit, or extend the scope of this Lease or the intent of any provision.

18.4 Entire Agreement. This Lease, including the exhibits, attachments, and addenda, if any, contains the entire agreement of the Parties. This Lease merges all prior and contemporaneous agreements, promises, representations, and statements relating to this transaction or to the Property.

18.5 Waiver.

- (a) The waiver of any breach or default of any term, covenant, or condition of this Lease is not a waiver of such term, covenant, or condition; of any subsequent breach or default of the same; or of any other term, covenant, or condition of this Lease. State's acceptance of a payment is not a waiver of any preceding or existing breach other than the failure to pay the particular payment that was accepted.
- (b) The renewal of the Lease, extension of the Lease, or the issuance of a new lease to Tenant, does not waive State's ability to pursue any rights or remedies under the Lease.

18.6 Cumulative Remedies. The rights and remedies of State under this Lease are cumulative and in addition to all other rights and remedies afforded by law or equity or otherwise.

18.7 Time is of the Essence. TIME IS OF THE ESSENCE as to each and every provision of this Lease.

18.8 Language. The word "Tenant" as used in this Lease applies to one or more persons and regardless of gender, as the case may be. If there is more than one Tenant, their obligations are joint and several. The word "persons," whenever used, shall include individuals, firms,

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associations, and corporations. The word “Parties” means State and Tenant in the collective. The word “Party” means either or both State and Tenant, depending on the context.

18.9 Invalidity. The invalidity, voidness, or illegality of any provision of this Lease does not affect, impair, or invalidate any other provision of this Lease.

18.10 Applicable Law and Venue. This Lease is to be interpreted and construed in accordance with the laws of the State of Washington. Venue for any action arising out of or in connection with this Lease is in the Superior Court for Thurston County, Washington.

18.11 Statutory Reference. Any reference to a statute or rule means that statute or rule as presently enacted or hereafter amended or superseded.

18.12 Recordation. At Tenant’s expense and no later than thirty (30) days after receiving the fully-executed Lease, Tenant shall record this Lease 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, State may record it and Tenant shall pay the costs of recording upon State’s demand.

18.13 Modification. No modification of this Lease is effective unless in writing and signed by both Parties. Oral representations or statements do not bind either Party.

18.14 Survival. Any obligations of Tenant not fully performed upon termination of this Lease do not cease, but continue as obligations of the Tenant until fully performed.

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18.15 Exhibits and Attachments. All referenced exhibits and attachments are incorporated in the Lease unless expressly identified as unincorporated.

THIS AGREEMENT requires the signature of all Parties and is effective on the date of the last signature below.

SUDDEN VALLEY COMMUNITY
ASSOCIATION

Dated: _____, 20__

By: KEITH MCLEAN
Title: President
Address: 4 Clubhouse Circle
Bellingham, WA 98229
Phone: 360-734-6430

Dated: _____, 20__

By: TAIMI VAN DE POLDER
Title: Vice President
Address: 4 Clubhouse Circle
Bellingham, WA 98229
Phone: 360-734-6430

STATE OF WASHINGTON
DEPARTMENT OF NATURAL RESOURCES

Dated: _____, 20__

By: KATIE ROSE ALLEN
Title: Deputy Supervisor for Forest Practices
and Aquatic Resources
Address: 1111 Washington Street SE
Olympia, WA 98504

Aquatic Lands Lease
Template approved as to form this
20th day of July 2022
Jennifer Clements, Assistant Attorney General

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EXHIBIT A**

LEGAL DESCRIPTION OF PROPERTY & USE CLASSIFICATIONS

Agreement Number 20-B09745

1. LEGAL DESCRIPTION OF THE PROPERTY:

That real property legally described and shown as Parcels A-E in that Record of Survey recorded in Whatcom County, Washington on August 20, 2020 under Auditor's File Number 2020-0803283.

2. SQUARE FOOTAGE OF EACH USE CLASSIFICATION:

Water-dependent	<u>27,581</u>
Water-dependent that is public use and access	<u>473,680</u>
Water-oriented subject to water- dependent rental rates	<u>10,378</u>
Total Square Feet	<u>511,639</u>

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EXHIBIT B**

1. DESCRIPTION OF PERMITTED USE

A. Existing Facilities. The Sudden Valley Community Association (SVCA), established in 1973, operates a fee-based seasonally staffed public boat launch, 88 slip marina, and dry boat storage area, all of which are located on dredged uplands adjacent to the leasehold area. In addition to the upland facilities, SVCA operates and maintains a dredged channel for ingress and egress to the marina, a water-oriented fill area to protect the marina, two seasonal swim beach areas (Marina Swim Beach and AM Swim Beach), as well as a non-motorized area at the PM Swim Beach. Marina Swim Beach and AM Swim Beach are seasonally marked with polypropylene rope and colored floats to delineate swimming areas. A small stormwater outfall discharges onto AM Swim Beach. Marina Swim Beach has a concrete launch area for launching kayaks and other small watercraft. During summer months, there is a crew of Aquatic Invasive Species staff conducting an inspection program for vessels launching at the marina launch location. SVCA has a robust stormwater management plan which helps to reduce the discharge of contaminants and nutrients, such as dog waste and phosphorous, onto adjacent state-owned aquatic lands.

B. Proposed Work. Tenant proposes no new facilities or Work.

2. ADDITIONAL OBLIGATIONS

A. By August 1, 2026, Tenant shall post visible signage at boat launch that includes all national and state emergency reporting numbers for oil and chemical spills.

Aquatic Lands Lease
Template approved as to form this
20th day of July, 2022
Jennifer Clements, Assistant Attorney General



SURVEY

Number of Pages: 07

Grantor (Surveyor):

Wilson Engineering LLC

Grantee (Requestor):

Sudden Valley Community Association

Quarter:	NE SW SE NE	Quarter:	SW SE SE NE	Gov't Lot:	01
Section:	555 8	Township:	37W 37W 37W 37W	Range:	4E 4E 4E 4E

D.N.R. AQUATICS LEASE EXHIBIT #20-B09745

ADJACENT TO GOV'T LOTS 3, 4 & 5, SEC. 5, AND GOV'T LOT 1, SEC. 8, TWP. 37 N., RGE. 4E., W.M., WHATCOM COUNTY, WASHINGTON

WSRN REF. STA. "BELI"
 LAT: N 48° 45' 18.95183"
 LONG: W 122° 28' 44.23662"
 N: 644,539.15 USFT
 E: 1,243,458.13 USFT
 COMB. SCALE: 1.00000249
 CONV. ANG. -1°13'31"

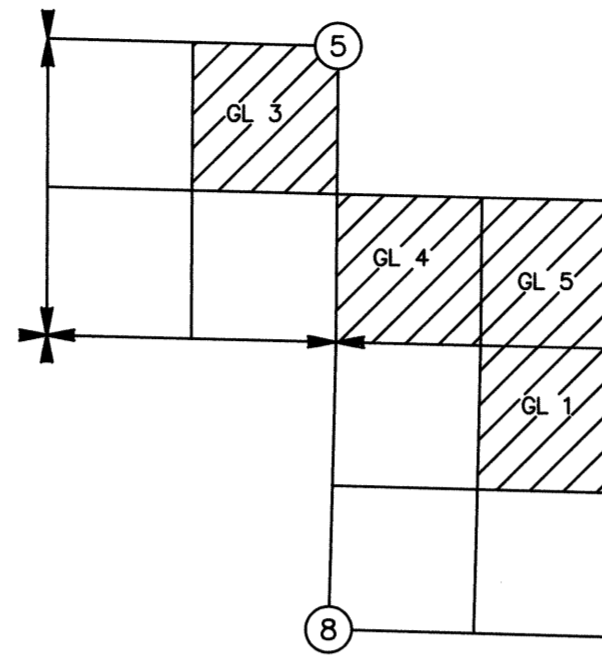
LWWS MON "MARINA"
 LAT: N 48° 43' 15.78508"
 LONG: W 122° 19' 28.29197"
 N: 631,299.88
 E: 1,280,462.91
 COMB. SCALE: 0.999985945
 CONV. ANG. -1°06'37"

LWWS MON "WWTP"
 LAT: N 48° 43' 02.18195"
 LONG: W 122° 19' 02.73663"
 N: 629,888.40 USFT
 E: 1,282,149.65 USFT
 COMB. SCALE: 0.999984843
 CONV. ANG. -1°06'18"

LWWS MON "FIREHOUSE"
 LAT: N 48° 42' 55.58408"
 LONG: W 122° 19' 57.54513"
 N: 629,291.11 USFT
 E: 1,278,461.80 USFT
 COMB. SCALE: 0.999980980
 CONV. ANG. -1°06'59"

WSRN REF. STA. "JOB0"
 LAT: N 48° 33' 44.52009"
 LONG: W 122° 26' 14.21391"
 N: 573,966.50 USFT
 E: 1,252,042.38 USFT
 COMB. SCALE: 0.999974095

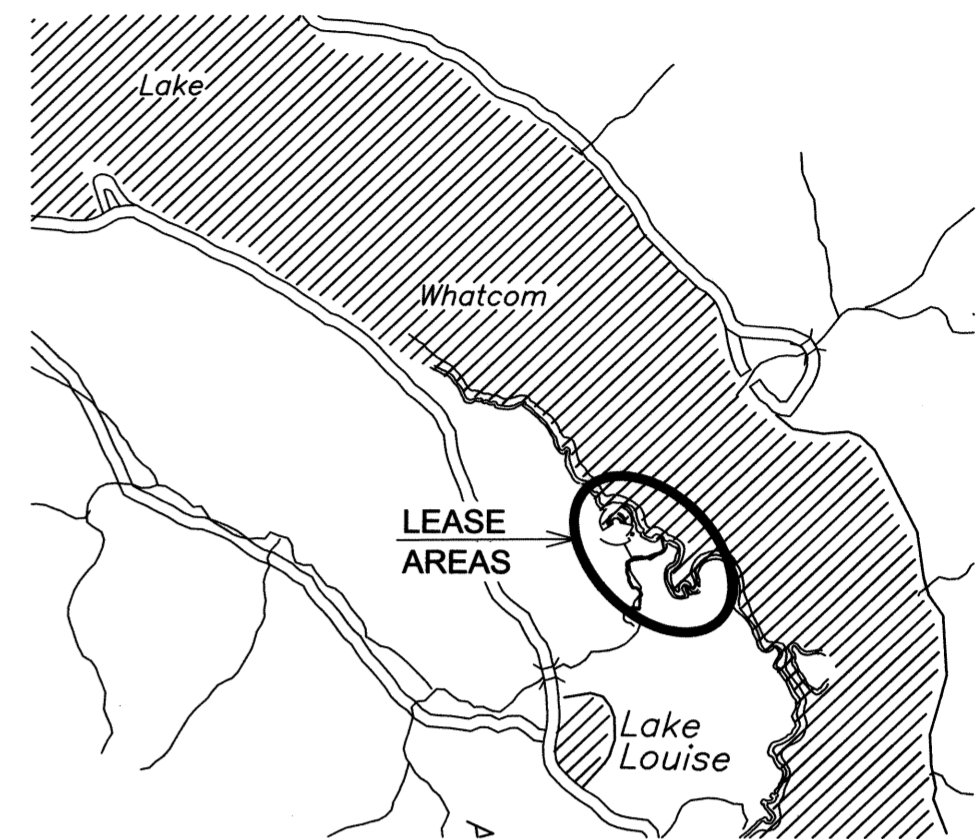
CONTROL SCHEMA N.T.S.
 ALL BEARING, DISTANCE AND
 COORDINATE VALUES ARE NAD 83/2011
 GRID VALUES PER CONTROL NOTE 7



SECTION INDEX
 TWP. 37 N., RGE. 4E., W.M.

LEASE AREAS

PARCEL	SHORELANDS	BEDLANDS	SUB-TOTAL
A	4,493	23,088	27,581
B	0	10,378	10,378
C	11,940	58,875	70,815
D	365,118	0	365,118
E	8,632	29,115	37,747
TOTALS	39,0183	121,456	511,639



VICINITY MAP N.T.S.

SURVEY CONTROL GEODETIC DATA (PER RCW 58.20.180)

POINT DES.	GRID NORTH	GRID EAST	ORTHO HGT	SCALE FACTOR	SEA LEVEL FACTOR	COMB. FACTOR	CONV. ANGLE
BELI	644539.15	1243458.13	106.30	1.000004198	0.999998294	1.000002492	-1°13'30.7"
CNCR	562606.27	1418518.18	255.52	0.999969215	0.999990861	0.999960076	-0°40'55.0"
JOB0	573966.50	1252042.38	34.46	0.999972337	1.000001758	0.999974095	-1°11'38.7"
FIREHOUSE	629291.11	1278461.80	399.61	0.999966684	0.999984224	0.999980908	-1°06'58.6"
MARINA	631299.88	1280462.91	315.64	0.999997714	0.999988231	0.999985945	-1°06'36.8"
LWWS WWTP	629888.40	1282149.65	324.38	0.999997019	0.99998781	0.99998483	-1°06'17.8"

SURVEY CONTROL NOTES

- HORIZONTAL DATUM:** COORDINATE POSITIONS SHOWN ARE WASHINGTON STATE PLANE (NORTH ZONE) NAD83 (2010 EPOCH) GRID VALUES, BASED UPON HOLDING THE PUBLISHED POSITION FOR WASHINGTON STATE REFERENCE NETWORK / CITY OF BELLINGHAM MONUMENT BELI. POSITION FOR THIS MONUMENT IS PER THE PUBLISHED COORDINATES IN THE WSRN / NGS SURVEY MONUMENT DATABASE.
- VERTICAL DATUM:** ALL ELEVATIONS AND/OR ELEVATION-DEPENDENT FEATURES, IF ANY, DEPICTED ON THIS SURVEY ARE BASED UPON THE "OLD" CITY OF BELLINGHAM ELEVATION DATUM, THE OFFICIAL DESIGNATION OF WHICH IS "THE 1947 ITERATION OF USCGS MEAN SEA LEVEL (OF 1929) DATUM + 5.69 FEET," PER CITY OF CITY OF BELLINGHAM SURVEY PERSONNEL.
- BASIS OF COORDINATES:** LOCAL CONTROL AND TOPOGRAPHY IS BASED UPON HOLDING THE PUBLISHED COORDINATES AT WSRN / CITY OF BELLINGHAM MONUMENT BELI. THE MARK IS A CONTINUOUSLY-OPERATING COMBINED WSRN/NGS REFERENCE STATION AT THE CITY OF BELLINGHAM CITY HALL PER NGS DATASHEET INFORMATION, THE COORDINATES FOR CONTROL POINT BELI ARE AS FOLLOWS:

NORTHING = 644,539.15 USFT
EASTING = 11,243,458.13 USFT
- BASIS OF BEARINGS:** BEARINGS FOR LOCAL CONTROL AND TOPOGRAPHY ARE GROUND-LEVEL APPROXIMATIONS OF WASHINGTON STATE PLANE (NORTH ZONE) GRID, BASED UPON HOLDING THE GPS-DERIVED INVERSE BETWEEN WSRN / CITY OF BELLINGHAM MONUMENT "BELI" AND LAKE WHATCOM WATER AND SEWER DISTRICT (LWWS) CADASTRAL CONTROL POINT "MARINA". CONTROL POINT MARINA IS A CONCRETE MONUMENT IN THE SUDDEN VALLEY MARINA PARK LAWN, LYING APPROXIMATELY TWENTY FEET (20') NORTH OF AN EXISTING

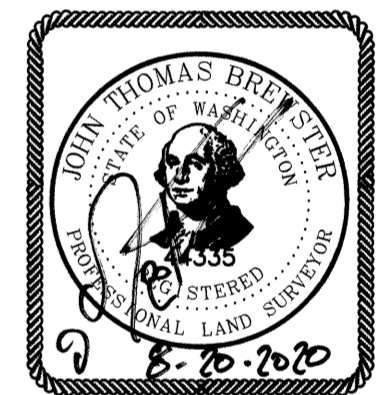
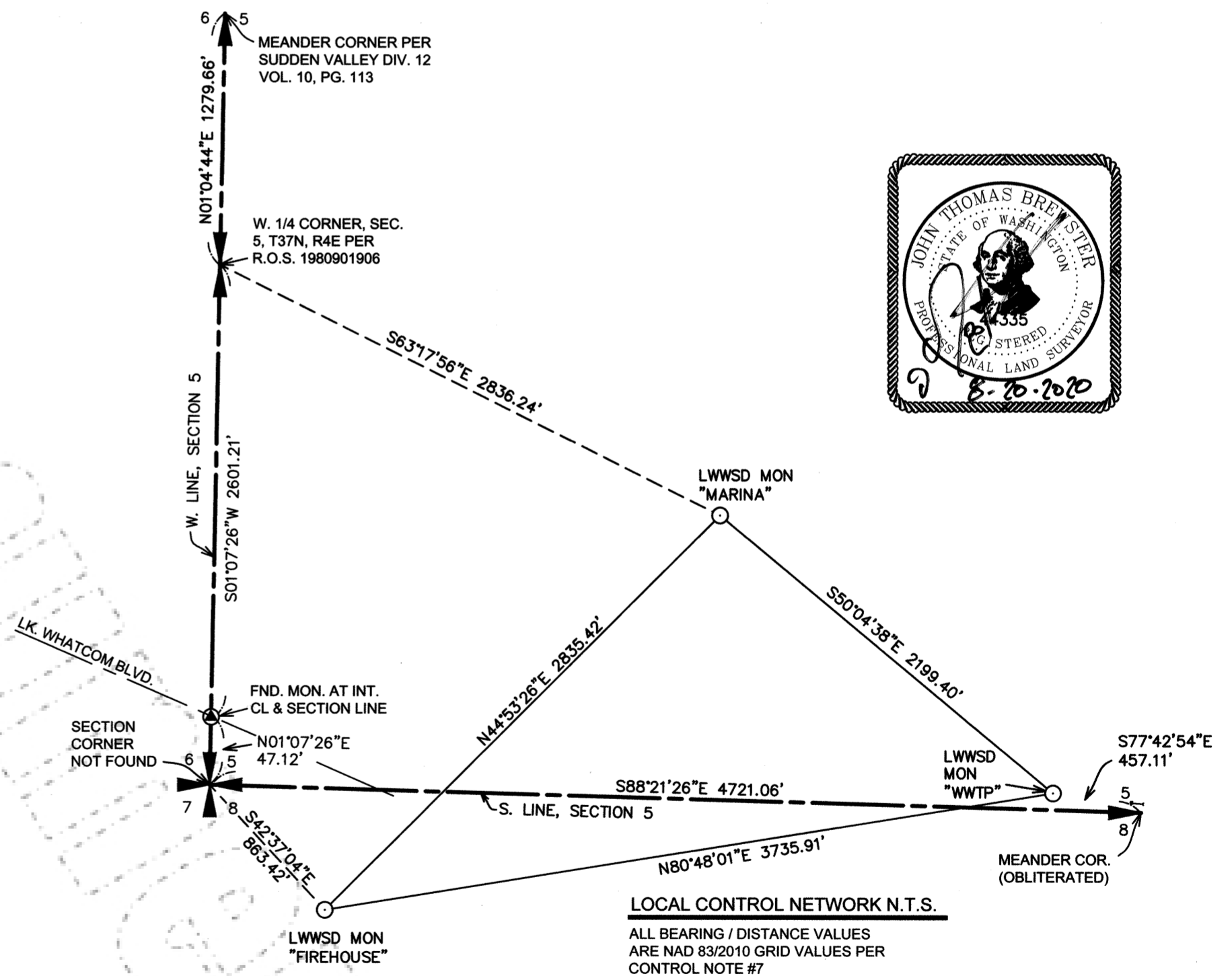
BATHROOM/SHOWER BUILDING. THE DERIVED INVERSE BEARING BETWEEN BELI AND MARINA IS SOUTH 70° 18' 51" EAST A DISTANCE OF 39,301.18 FEET. COORDINATES FOR CONTROL POINT MARINA ARE AS FOLLOWS:

NORTHING = 631,299.88 USFT
EASTING = 1,280,462.91 USFT

5. **BASIS OF ELEVATIONS:** OLD CITY DATUM ELEVATIONS FOR THIS PROJECT ARE BASED UPON DIFFERENTIAL LEVEL TIES TO THE CITY OF BELLINGHAM / USGS GAGING STATION BENCHMARK NO. 6288, PERFORMED BY WILSON IN 1998 PURSUANT TO DESIGN AND CONSTRUCTION WORK IN SUPPORT OF THE LAKE LOUISE FORCE MAIN INTERCEPTOR.

6. **PROJECT BENCHMARK:** THE AUTHORITATIVE BENCHMARK TIED TO THE (NOW-SUPERSEDED) OLD CITY DATUM IS LAKE WHATCOM WATER AND SEWER DISTRICT CADASTRAL SURVEY CONTROL POINT FIREHOUSE, A STEEL SURVEY SPIKE IN THE PARKING AREA OF THE SUDDEN VALLEY FIREHOUSE DRIVEWAY. SAID BENCHMARK HAS AN OLD CITY OF BELLINGHAM DATUM ELEVATION OF 401.05 FEET.

7. **GRID DATA TO GROUND CONVERSIONS:** THE MEAN GRID COMBINED SCALE FACTOR FOR THIS PROJECT IS 0.999983898. THE LONGEST RECOVERABLE MEASUREMENT OF SIGNIFICANCE WITHIN THE PROJECT'S EXTENTS --THE (UNMONUMENTED) SOUTH SECTION LINE OF SECTION 5--HAS A GRID LENGTH OF 4721.06 FEET, AND A GROUND-VALUE LENGTH OF 4721.13 FEET, FOR A MAXIMUM SITE ERROR OF LESS THAN 0.1 FOOT. THIS SURVEY HOLDS THAT THE DIFFERENCE BETWEEN GRID AND GROUND, AT THIS PARTICULAR SITE, IS INSIGNIFICANT, AND ALL DEPICTED DISTANCES AND COORDINATES ARE NAD83(2011) GRID VALUE.



18174 DNR ROS .DWG

AUDITOR'S CERTIFICATE
 Filed for record this 20th day of August, 2020 at 11:37 A.M. in Book of Surveys on Page at the request of WILSON ENGINEERING, LLC
 Diana Bradrick Deputy County Auditor
 Auditor's file no. 2020-0803283

SURVEYOR'S CERTIFICATE
 This map correctly represents a survey made by me or under my direction in conformance with the requirements of the Survey Recording Act at the request of SUDDEN VALLEY COMMUNITY ASSOCIATION
 in MAY 20 19
 J. THOMAS BREWSTER
 Certificate No. 44335 DATE 8-20-2020



WILSON ENGINEERING, LLC
 805 DUPONT STREET
 BELLINGHAM, WA 98225
 (360) 733-6100 • FAX (360) 647-9061
 www.wilsonengineering.com

Record of Survey for Sudden Valley Community Association

DWN BY	BHR	DATE	8/19/20	JOB NO.	2018-174
CHK BY	JTB	SCALE	AS SHOWN	SHEET	1 OF 7

D.N.R. AQUATICS LEASE EXHIBIT #20-B09745
 ADJACENT TO GOV'T LOTS 3, 4 & 5, SEC. 5, AND GOV'T LOT 1, SEC. 8, TWP. 37 N., RGE. 4E., W.M.,
 WHATCOM COUNTY, WASHINGTON

SURVEYOR'S NARRATIVE:

1. PARCEL CHARACTERIZATION:

THE FIVE AQUATIC PARCELS DESCRIBED AND DEFINED ACCORDING TO THIS SURVEY ARE PORTIONS OF THE SECOND-CLASS SHORELANDS, AND BEDLANDS, OF LAKE WHATCOM, IN WHATCOM COUNTY, WASHINGTON. LAKE WHATCOM HAS BEEN OFFICIALLY DETERMINED BY THE WASHINGTON STATE DEPARTMENT OF NATURAL RESOURCES AND THE U.S. ARMY CORPS OF ENGINEERS TO BE A NAVIGABLE IN CHARACTER AND LEGAL STATUS. THE LEASE PARCELS HEREON DESCRIBED LIE IN FRONT OF, AND ABUTTING, PORTIONS OF GOVERNMENT LOTS 3, 4, AND 5, OF SECTION 5, AND A PORTION OF GOVERNMENT LOT 1, OF SECTION 8, ALL WITHIN TOWNSHIP 37 NORTH, RANGE 4 EAST, PER THE WILLAMETTE MERIDIAN BASIS OF SURVEY. ALL THE PARCELS HEREON DESCRIBED CURRENTLY ABUT THE SEVERAL PROXIMATE DIVISIONS OF THE "SUDDEN VALLEY" PRIVATE DEVELOPMENT COMMUNITY, IN WHATCOM COUNTY, WASHINGTON.

2. GLO SURVEY ERRORS AND NOTICE OF DEVIATION FROM STANDARD PRACTICE:

IN THE COURSE OF PERFORMING THIS SURVEY, THE ORIGINAL GOVERNMENT TOWNSHIP-CONTROL AND MEANDER NOTES WERE RETRIEVED FROM THE BUREAU OF LAND MANAGEMENT'S GLO DATA RESEARCH WEBSITE. THE GLO NOTES PURPORTING TO ESTABLISH THE BOUNDARIES OF FRACTIONAL SECTIONS 5 AND 8 APPEARED TO COHERE WITH THE MAJORITY OF THE CURRENT AUTHORITATIVE PLATS AND RECORDS OF SURVEY, WITH CLOSE AGREEMENT BETWEEN THE DISTANCES CALLED IN ORIGINAL NOTES FOR THE SOUTH AND WEST LINES OF SECTION 5, WHEN COMPARED TO THE CORRESPONDING DISTANCES AND ANGLES REPRESENTED ON SEVERAL SUDDEN VALLEY PLAT DOCUMENTS. HOWEVER, UPON REVIEWING THE PRECEDING RECORD OF SURVEY FOR THE "MARINA CHANNEL" AQUATICS LEASE, PREPARED FOR THE SUDDEN VALLEY COMMUNITY ASSOCIATION AND RECORDED UNDER WHATCOM COUNTY AUDITOR'S FILE NO. 1980901906, WE NOTICED THAT THE PRECEDING SURVEYOR, MR. LARRY STEELE, PLS, FOUND SIGNIFICANT ERRORS IN THE GLO MEANDERS FOR SAID SECTIONS ALONG LAKE WHATCOM. AFTER RECOVERING ACCESSORY INFORMATION SUFFICIENT TO ESTABLISH THE NORTH MEANDER CORNER COMMON TO FRACTIONAL SECTIONS 5 AND 6, AND THE EAST MEANDER CORNER COMMON TO FRACTIONAL SECTIONS 5 AND 8, WE FOUND THAT NO ADJUSTMENT TO THE RESULTANT VECTORS COULD RATIONALLY BE APPLIED TO BRING THEM INTO COHERENCE WITH THE EXISTING SHORELINE. SIMPLY PUT, DESPITE WILSON'S EFFORTS TO BALANCE THE NOTED COURSES, WE FOUND OURSELVES TO BE IN AGREEMENT WITH THE CHARACTERIZATION STATED ON THE FOREMENTIONED STEELE SURVEY, AND FOUND THAT THE GLO MEANDERS UNEQUIVOCALLY VEER OUT INTO THE BODY OF LAKE WHATCOM BY SEVERAL HUNDRED FEET. WILSON PERFORMED RESEARCH SUFFICIENT TO ESTABLISH THAT THE LAKE HAS BEEN ELEVATION-CONTROLLED SINCE THE 1930'S, AND THAT A COURT HAD ORDERED THAT IT BE NOMINALLY SET TO ITS ORDINARY ELEVATION AS OF THE TIME OF STATEHOOD. THE ERROR IN THE GLO MEANDERS CANNOT BE ATTRIBUTABLE TO ANY AVULSIVE CHANGE IN THE LAKE'S LEVEL. REGARDLESS, IF THE ORIGINAL MEANDER NOTES WERE HELD, THE RESULTING LINE WOULD EXTEND INTO WATERS OF GREATER THAN FIFTY FEET (50') OF DEPTH, AND WOULD ALSO ENCROACH SEVERAL HUNDRED FEET INTO THE EXISTING UPLAND PLAT. WILSON DID DISCOVER THAT SOUTHERLY SEVERAL HUNDRED FEET OF GLO MEANDERS DO AGREE CLOSELY WITH THE EXISTING SHORELINE, IF REVERSE-CALCULATED FROM THE FOREMENTIONED EAST MEANDER CORNER COMMON TO SECTIONS 5 AND 8, AND EXTENDING NORTH AND WEST ALONG THE SHORE. WHERE APPROPRIATE, IN OUR OPINION, WILSON HELD THE GLO CALLS THAT COHERE WITH THE EXISTING SHORE-LINE AS BEING ACCURATE PERPETUATIONS OF THE ORIGINAL GLO MEANDERS, BASED ON THE ACCEPTED PRIORITIZATION OF "TOPOGRAPHIC CALLS" OVER THE MATHEMATICAL DETERMINATION FOR LOCATION. THE TWO AQUATIC PARCELS DESIGNATED AS THE **AM BEACH AQUATIC TRACT** AND THE **PM BEACH AQUATIC TRACT** ADJOIN MEANDERS WE CONSIDER TO BE AUTHORITATIVE GLO MEANDERS, AND THE BALANCED MEANDER FOR SAME ARE HEREON DEPICTED. **THE GLO MEANDER LINES ADJACENT TO THE "MARINA SWIM AREA", THE "ARMORED FILL AREA", AND THE "MARINA DREDGED CHANNEL" AQUATIC AREA ARE HELD BY THIS SURVEY TO HAVE BEEN BLUNDERED, FRAUDULENT AND/OR ERRONEOUS, AND HAVE NOT BEEN HELD AS AUTHORITATIVE.**

3. PATENT DATES AND LIMITS OF UPLAND OWNERSHIP:

GOV.	LOT	SECTION	PATENTEE	PATENT DATE	STATUS
3	5		HENRY AUSTIN	03/29/1890	PRE-STATEHOOD*
4	5		BANNING AUSTIN	07/18/1889	PRE-STATEHOOD
5	5		BANNING AUSTIN	07/18/1889	PRE-STATEHOOD
1	8		BANNING AUSTIN	07/18/1889	PRE-STATEHOOD

* WILSON IS AWARE THAT THE ACTUAL PATENT-DATE FOR THIS CONVEYANCE MIGHT, OR MIGHT NOT, BE DETERMINED TO HAVE BEEN PRIOR TO STATEHOOD, HOWEVER, THIS PARCEL IS WITHIN THE AREA FOR WHICH THE GLO MEANDERS ARE ERRONEOUS, AND THE PARCEL IS TREATED BY THIS SURVEY ON A PRE-STATEHOOD BASIS, AS CHARACTERIZED BELOW.

AM BEACH AND PM BEACH AREAS: THESE TRACTS ARE BOTH **PRE-STATEHOOD**, AND HELD TO BE ADJACENT TO VALID GLO MEANDERS. PER WASHINGTON STATUTE, THE WATER-WARD LIMIT OF UPLAND OWNERSHIP IS HELD BY THIS SURVEY TO BE COINCIDENT WITH THE BALANCED GLO MEANDER LINE, OR THE VEGETATION LINE OF THE SHORE OF LAKE WHATCOM WHICHEVER IS FARTHER OUT.

MARINA BEACH SWIM AREA: THIS AREA ADJOINS A **PRE-STATEHOOD** PARCEL THAT IS WITHIN THE AREA FOR WHICH I BELIEVE THE GLO MEANDERS ARE FRAUDULENT AND/OR ERRONEOUS. THIS SURVEY HOLDS THAT THE MEANDERS OF THE SHORE OF LAKE WHATCOM, AS ORIGINALLY MAPPED BY SUDDEN VALLEY INC. PURSUANT TO THEIR ORIGINAL PLATTING EFFORTS, AND DEPICTED ON THE "SUDDEN VALLEY MARINA PARK LEGAL DESCRIPTION SURVEY" (WHATCOM COUNTY AFN. 1175161) ARE AN ACCURATE REPRESENTATION OF THE SHORE'S MEANDERS, HAD THEY BEEN ACCURATELY RECORDED. SURVEY MEASUREMENTS PERFORMED IN JUNE, 2019, SHOW THAT THIS LINE OF MEANDERS IS NOMINALLY COINCIDENT WITH THE EXITING SHORE'S VEGETATION LINE; IN THE INTEREST OF DATA CONTINUITY, THIS SURVEY HOLDS THAT THE SHORE MEANDERS, PER SAID SURVEY, ARE THE LIMIT OF UPLAND OWNERSHIP.

ARMORED FILL AREA AND MARINA DREDGE CHANNEL AREAS: THESE AREAS ADJOIN PARCELS WHICH THIS SURVEY CONSIDERS TO BE **PRE-STATEHOOD** IN CHARACTER. SINCE THEY ABUT UPLANDS THAT ARE WITHIN THE ZONE FOR WHICH THE GLO MEANDERS ARE HERE CONSIDERED FRAUDULENT AND/OR ERRONEOUS, THIS SURVEY HOLDS AS FIXED FOR THE LIMIT OF UPLAND OWNERSHIP THE MEANDERED ORIGINAL SHORELINE OF LAKE WHATCOM, PER THE "SUDDEN VALLEY MARINA LEGAL DESCRIPTION SURVEY" (WHATCOM COUNTY AFN. 1175160).

4. AVULSIVE ACTIONS AFFECTING THE MARINA DREDGED CHANNEL AREA AND THE ARMORED FILL AREA:

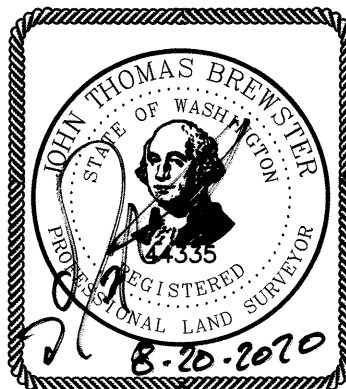
PRIOR TO PREPARATION OF THE FOREMENTIONED "SUDDEN VALLEY MARINA LEGAL DESCRIPTION SURVEY" (WHATCOM COUNTY AFN. 1175160), SEVERAL AVULSIVE ACTIONS WERE UNDERTAKEN BY SUDDEN VALLEY INC., PURSUANT TO MARINA IMPROVEMENTS. AT THE ENTRANCE TO THE MARINA, THE EXISTING SHORELINE WAS DREDGED, AND THE ACCESS CHANNEL WAS PROJECTED INTO WHAT HAD PREVIOUSLY BEEN PRIVATELY-OWNED UPLAND. CONSISTENT WITH STATE STATUTE, THIS SURVEY HOLDS THAT THE ORIGINAL OWNERSHIP LINE REMAINS UNCHANGED BY THIS AVULSIVE ACT, AND THAT THE BEST EVIDENCE OF THE ORIGINAL LIMIT OF UPLAND OWNERSHIP IS THE "MEANDER LINE OF SHORELINE" AS DEPICTED ON THE FOREMENTIONED SUDDEN VALLEY MARINA SURVEY. PRIOR TO PREPARATION OF THE "SUDDEN VALLEY MARINA PARK LEGAL DESCRIPTION SURVEY" (WHATCOM COUNTY AFN. 1175161), SUDDEN VALLEY INC. PURSUANT TO PARK IMPROVEMENT ACTIVITIES, CONSTRUCTED A (NOW REMOVED) PILE-AND-PLANK BULKHEAD NOMINALLY ALONG THE ORIGINAL LINE OF THE SHORE AS DEPICTED ON SAID SURVEY. PURSUANT TO THE CURRENT EFFORTS TO ENHANCE THE ENVIRONMENTAL BENEFITS OF THIS AREA, SAID BULKHEAD HAS BEEN REMOVED, AND THE GROUND ABOVE AND BEHIND SAID BULKHEAD HAS BEEN RE-GRADED. THIS SURVEY HOLDS THAT THE RE-GRADING OF SAID GROUND IS AN **AVULSIVE ACT**, RESULTING IN NO CHANGE TO THE FORMER LIMIT OF UPLAND OWNERSHIP. THIS SURVEY HOLDS THE SHORE MEANDERS, PER SAID MARINA PARK SURVEY, REMAIN COINCIDENT WITH THE MARGIN OF PRIVATE OWNERSHIP.

5. ORDINARY AND LOW WATER ELEVATIONS, AND SHORELAND VS. BEDLAND DETERMINATIONS:

PRIOR TO CALCULATING THE SHORELAND AND BEDLAND AREAS DEPICTED ON THIS SURVEY, WILSON PERFORMED A DETAILED BATHYMETRIC SURVEY OF THE AREA GENERALLY ENCLOSED BY THE "MARINA DREDGE AREA" AND THE "ARMORED FILL AREA". THE WORK WAS PERFORMED RELATIVE TO THE "OLD" CITY OF BELLINGHAM ELEVATION DATUM. WILSON ALSO PERFORMED LIMITED TRANSECTS OF THE THREE (3) BEACH/SWIM AREAS TO ASCERTAIN AN APPROXIMATE SLOPE FROM THE LAKE'S EDGE AT EACH LOCATION, AGAIN USING THIS DATUM AS THE BASIS FOR ELEVATIONS. SAID DATUM IS THE BASIS FOR THE LEGAL DETERMINATION LAKE WHATCOM **ORDINARY HIGH WATER AND ORDINARY LOW WATER** ELEVATIONS AT LAKE WHATCOM, ACCORDING TO SEVERAL COURT DECISIONS BETWEEN THE 1930'S AND THE 1960'S, AND MORE SPECIFICALLY AS REPORTED BY THE WASHINGTON DEPARTMENT OF ECOLOGY WATER RESOURCES MANAGEMENT PROGRAM "WHATCOM CREEK BASIN STUDY" (WA DOE REPORT NO.79-A, DATED NOVEMBER, 1980). SAID STUDY REPORTS THE LAKE'S **ORDINARY HIGH WATER** TO BE **314.94** FEET RELATIVE TO SAID DATUM, AND REPORTS THE LAKE'S **ORDINARY LOW WATER** AT **310.94** FEET. PER DIRECTION FROM WA DNR AQUATICS DIVISION, THIS SURVEY HOLDS THE **ORDINARY LOW WATER** LEVEL LINES FOR DNR ADMINISTRATIVE CALCULATIONS OF SHORE AND BED LAND AREA SHOWN HEREON. {SEE THE FOLLOWING COURT DECISIONS FOR ADDITIONAL INFORMATION: AUSTIN V. BELLINGHAM, SUPREME COURT OF WASHINGTON, AUGUST 24, 1912; NO. 10348 AND GLEN CORNING, ET AL VS. CITY OF BELLINGHAM, SUPERIOR COURT OF THE STATE OF WASHINGTON FOR WHATCOM COUNTY, JUNE 8, 1953.}

6. EROSION ACTION ALONG THE ARMORED FILL AREA AFFECTING THE LAKE WHATCOM SHORELANDS:

DUE TO EROSION ACTION ALONG THE FACE OF THE (NOW REMOVED) BULKHEAD WALL, THE LAKE BOTTOM HAD, BY THE TIME OF SAID BULKHEAD'S REMOVAL, GRADUALLY BEEN LOWERED ALONG THE FACE OF THE BULKHEAD TO AN ELEVATION BELOW THAT OF THE COURT DETERMINED "ORDINARY LOW WATER" ELEVATION CONTOUR. AS A RESULT OF THIS EROSION, THIS SURVEY HOLDS THAT AT THE TIME OF THE BULKHEAD'S REMOVAL, **ONLY BEDLANDS REMAINED** WATER-WARD OF SAID BULKHEAD. THE AREA CALCULATIONS INTENTIONALLY LIST A SHORELANDS AREA OF 0 SQUARE FEET (0 ACRES) IN RECOGNITION OF THIS.



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<i>Record of Survey for</i> Sudden Valley Community Association			
DWN BY	BHR	DATE	8/19/20
CHK BY	JTB	SCALE	AS SHOWN
JOB NO.	2018-174	SHEET	2 OF 7

D.N.R. AQUATICS LEASE EXHIBIT #20-B09745

ADJACENT TO GOV'T LOTS 3, 4 & 5, SEC. 5, AND GOV'T LOT 1, SEC. 8, TWP. 37 N., RGE. 4E., W.M.,
WHATCOM COUNTY, WASHINGTON

LEGAL DESCRIPTIONS (CREATED BY THIS SURVEY):

PARCEL B--ARMORED FILL AREA

A PARCEL OF LAND, BEING A PORTION OF THE BEDLANDS OF LAKE WHATCOM, ABUTTING GOVERNMENT LOT 3, SECTION 5, TOWNSHIP 37 NORTH, RANGE 4 EAST, W.M., SAID PARCEL BEING THE AREA SUBJECT TO EMLACED SOFT-ARMOR FILL PURSUANT TO AQUATIC LAND USE PERMIT NO.20-B09745, AND SAID PARCEL BEING MORE PARTICULARLY DESCRIBED AS FOLLOWS:

COMMENCING AT THE CASSED MONUMENT MARKING THE CENTERLINE INTERSECTION OF LAKE WHATCOM BOULEVARD WITH THE WEST LINE OF THE AFOREMENTIONED SECTION 5, AS DEPICTED ON THE REPLAT OF THE PLAT OF SUDDEN VALLEY DIVISION 1, PER THE MAP THEREOF RECORDED IN VOLUME 10 OF PLATS, PAGE 15, RECORDS OF WHATCOM COUNTY, WASHINGTON, SAID CASSED MONUMENT BEARS NORTH 01° 07' 26" EAST, 47.12 FEET DISTANT, FROM THE (NOW OBLITERATED) MONUMENT MARKING THE SOUTHWEST CORNER OF SAID SECTION 5, PER THE AFOREMENTIONED REPLAT OF SUDDEN VALLEY DIVISION 1;

THENCE NORTH 01° 07' 26" EAST, ALONG THE WEST LINE OF SAID SECTION 5, 2601.21 FEET, TO THE IRON PIPE MONUMENT MARKING THE WEST QUARTER-CORNER OF SAID SECTION, PER THE RECORD OF SURVEY RECORDED UNDER WHATCOM COUNTY AUDITOR'S FILE NO. 1980901906;

THENCE SOUTH 56° 09' 20" EAST, 2343.42 FEET, TO A BRASS-DISK PLAT MONUMENT MARKING THE NORTHEAST TERMINUS OF THE CENTERLINE OF MARINA DRIVE AT THE INTERSECTION OF SAME WITH THE BOUNDARY COMMON TO THE PLAT OF SUDDEN VALLEY DIVISION 21, PER THE MAP THEREOF RECORDED IN VOLUME 11 OF PLATS, PAGE 42, RECORDS OF WHATCOM COUNTY, AND TO THE SUDDEN VALLEY "MARINA PARCEL", PER THE LEGAL DESCRIPTION RECORD OF SURVEY OF SAME RECORDED UNDER WHATCOM COUNTY AUDITOR'S FILE NO. 1175160, SAID PLAT MONUMENT BEARS SOUTH 87° 00' 25" WEST, 588.26 FEET DISTANT, FROM THE LAKE WHATCOM WATER & SEWER DISTRICT CADASTRAL SURVEY CONTROL POINT "MARINA", AND SAID PLAT MONUMENT BEING COINCIDENT WITH THAT "REFERENCE POINT A" AS DEPICTED ON THE RECORD OF SURVEY RECORDED UNDER WHATCOM COUNTY AUDITOR'S FILE NO. 1980901906;

THENCE NORTH 27° 53' 46" WEST, ALONG SAID COMMON BOUNDARY, 147.64 FEET;
THENCE NORTH 06° 14' 19" WEST, ALONG SAID COMMON BOUNDARY, 103.70 FEET;

THENCE NORTH 05° 28' 40" EAST, ALONG SAID COMMON BOUNDARY, 294.15 FEET, TO THE IRON BAR MONUMENT MARKING THE NORTH-MOST CORNER COMMON TO SAID PLAT AND MARINA PARCEL, SAID MONUMENT BEING COINCIDENT WITH "POINT A" PER THE AFOREMENTIONED LEGAL DESCRIPTION SURVEY OF THE SUDDEN VALLEY MARINA;

THENCE SOUTH 68° 49' 15" EAST, ALONG THE NORTH LINE OF SAID SUDDEN VALLEY MARINA PARCEL, 62.03 FEET;
THENCE SOUTH 74° 04' 08" EAST, ALONG SAID NORTH PLAT BOUNDARY, 37.36 FEET, TO A POINT AT THE INTERSECTION OF SAME WITH THE ORIGINAL MEANDERED SHORELINE OF RECORD, PER THE AFOREMENTIONED MARINA RECORD OF SURVEY;

THENCE NORTH 71° 06' 57" EAST, ALONG SAID ORIGINAL MEANDERED SHORELINE, 42.38 FEET;

THENCE NORTH 77° 58' 24" EAST, ALONG SAID ORIGINAL MEANDERED SHORELINE, 71.08 FEET, TO A POINT AT THE INTERSECTION OF SAME WITH THE WEST MARGIN OF THE DREDGED MARINA ACCESS CHANNEL, PER THE AFOREMENTIONED RECORD OF SURVEY OF DNR AQUATICS LEASE NO. 20-A09745 AND RECORDED UNDER WHATCOM COUNTY AUDITOR'S FILE NO. 1980901906;

THENCE NORTH 77° 58' 24" EAST, CONTINUING ALONG SAID ORIGINAL MEANDERED SHORELINE, 116.83 FEET, TO A POINT AT THE INTERSECTION OF SAME WITH THE EAST MARGIN OF THE AFOREMENTIONED DREDGED ACCESS CHANNEL;

THENCE NORTH 77° 52' 50" EAST, CONTINUING ALONG SAID ORIGINAL MEANDERED SHORELINE, 123.91 FEET, TO A POINT AT THE INTERSECTION OF SAME WITH THE EXISTING WATERWARD LIMIT OF EMLACED FILL, ORIGINALLY CONSTRUCTED IN 2019, SAID POINT BEARS NORTH 20° 20' 40" WEST, 577.93 FEET DISTANT, FROM THE LAKE WHATCOM WATER & SEWER DISTRICT CADASTRAL CONTROL POINT "MARINA", AND SAID POINT BEING THE TRUE POINT OF BEGINNING OF THIS DESCRIBED PARCEL;

THENCE NORTH 75° 06' 50" EAST, ALONG SAID LIMIT OF FILL, 26.99 FEET;
THENCE SOUTH 87° 32' 35" EAST, ALONG SAID LIMIT OF FILL, 31.70 FEET;
THENCE SOUTH 76° 11' 41" EAST, ALONG SAID LIMIT OF FILL, 23.40 FEET;
THENCE SOUTH 61° 23' 31" EAST, ALONG SAID LIMIT OF FILL, 61.21 FEET;
THENCE SOUTH 54° 10' 17" EAST, ALONG SAID LIMIT OF FILL, 35.91 FEET;
THENCE SOUTH 43° 19' 11" EAST, ALONG SAID LIMIT OF FILL, 29.28 FEET;
THENCE SOUTH 34° 46' 57" EAST, ALONG SAID LIMIT OF FILL, 34.79 FEET;
THENCE SOUTH 24° 12' 16" EAST, ALONG SAID LIMIT OF FILL, 92.67 FEET;
THENCE SOUTH 21° 50' 41" EAST, ALONG SAID LIMIT OF FILL, 59.65 FEET;
THENCE SOUTH 18° 43' 21" EAST, ALONG SAID LIMIT OF FILL, 61.85 FEET;
THENCE SOUTH 17° 48' 01" EAST, ALONG SAID LIMIT OF FILL, 79.87 FEET;
THENCE SOUTH 12° 06' 50" EAST, ALONG SAID LIMIT OF FILL, 22.03 FEET;
THENCE SOUTH 07° 00' 25" EAST, ALONG SAID LIMIT OF FILL, 45.00 FEET;
THENCE SOUTH 09° 47' 27" EAST, ALONG SAID LIMIT OF FILL, 12.74 FEET;

THENCE SOUTH 68° 35' 42" WEST, ALONG SAID LIMIT OF FILL, 19.85 FEET, TO A POINT AT THE INTERSECTION OF SAME WITH THE WATERWARD EDGE OF THE HISTORIC LOCATION OF THE (NOW OBLITERATED) BULKHEAD WALL MARKING THE LIMIT OF ACCEPTED UPLAND OWNERSHIP, PER THE AFOREMENTIONED MARINA LEGAL DESCRIPTION SURVEY (AFN.1175160), SAID WATERWARD EDGE BEING NOMINALLY COINCIDENT WITH THE (NOW COVERED) CONTOUR LINE DEFINING THE LINE OF ORDINARY LOW WATER, PER THE CITY OF BELLINGHAM PUBLISHED ELEVATION FOR SAME, PRIOR TO THE REMOVAL OF BULKHEAD STRUCTURE AND FILL EMLACEMENT, AND SAID POINT BEARS NORTH 51° 06' 18" EAST, 129.24 FEET DISTANT, FROM THE AFOREMENTIONED LAKE WHATCOM WATER & SEWER DISTRICT CADASTRAL CONTROL POINT "MARINA";

THENCE NORTH 07° 50' 10" WEST, ALONG SAID UPLAND OWNERSHIP LIMIT, 61.72 FEET;
THENCE NORTH 07° 00' 12" WEST, ALONG SAID LIMIT, 15.17 FEET;
THENCE NORTH 20° 44' 21" WEST, ALONG SAID LIMIT, 60.14 FEET;
THENCE NORTH 21° 20' 03" WEST, ALONG SAID LIMIT, 61.68 FEET;
THENCE NORTH 20° 03' 05" WEST, ALONG SAID LIMIT, 59.02 FEET;
THENCE NORTH 21° 18' 34" WEST, ALONG SAID LIMIT, 46.24 FEET;
THENCE NORTH 15° 08' 34" WEST, ALONG SAID LIMIT, 78.12 FEET;
THENCE NORTH 42° 15' 58" WEST, ALONG SAID LIMIT, 56.60 FEET;
THENCE NORTH 53° 18' 22" WEST, ALONG SAID LIMIT, 19.02 FEET;
THENCE NORTH 63° 14' 02" WEST, ALONG SAID LIMIT, 89.16 FEET;

THENCE NORTH 88° 30' 00" WEST, ALONG SAID LIMIT, 57.25 FEET, TO A POINT AT THE INTERSECTION OF SAME WITH THE AFOREMENTIONED EXISTING WATERWARD LIMIT OF EMLACED FILL, SAID POINT BEING THE TRUE POINT OF BEGINNING AND TERMINUS OF THIS DESCRIBED PARCEL.

CONTAINS 0 SQUARE FEET (0 ACRES) OF THE SECOND-CLASS SHORELANDS, AND 10,378 SQUARE FEET (0.24 ACRES) OF THE BEDLAND OF LAKE WHATCOM, MORE OR LESS.

SITUATE IN WHATCOM COUNTY, WASHINGTON.

PARCEL A--SUDDEN VALLEY MARINA DREDGED ACCESS CHANNEL

A PARCEL OF LAND, BEING A PORTION OF THE SECOND-CLASS SHORELANDS, AND BEDLANDS, OF LAKE WHATCOM, ABUTTING GOVERNMENT LOT 3, SECTION 5, TOWNSHIP 37 NORTH, RANGE 4 EAST, W.M., SAID PARCEL BEING THE DREDGED SUDDEN VALLEY COMMUNITY ASSOCIATION MARINA ACCESS CHANNEL, AND SAID PARCEL BEING MORE PARTICULARLY DESCRIBED AS FOLLOWS:

COMMENCING AT THE CASSED MONUMENT MARKING THE CENTERLINE INTERSECTION OF LAKE WHATCOM BOULEVARD WITH THE WEST LINE OF THE AFOREMENTIONED SECTION 5, AS DEPICTED ON THE REPLAT OF THE PLAT OF SUDDEN VALLEY DIVISION 1, PER THE MAP THEREOF RECORDED IN VOLUME 10 OF PLATS, PAGE 15, RECORDS OF WHATCOM COUNTY, WASHINGTON, SAID CASSED MONUMENT BEARS NORTH 01° 07' 26" EAST, 47.12 FEET DISTANT, FROM THE (NOW OBLITERATED) MONUMENT MARKING THE SOUTHWEST CORNER OF SAID SECTION 5, PER THE AFOREMENTIONED REPLAT OF SUDDEN VALLEY DIVISION 1;

THENCE NORTH 01° 07' 26" EAST, ALONG THE WEST LINE OF SAID SECTION 5, 2601.21 FEET, TO THE IRON PIPE MONUMENT MARKING THE WEST QUARTER-CORNER OF SAID SECTION, PER THE RECORD OF SURVEY RECORDED UNDER WHATCOM COUNTY AUDITOR'S FILE NO. 1980901906;

THENCE SOUTH 56° 09' 20" EAST, 2343.42 FEET, TO A BRASS-DISK PLAT MONUMENT MARKING THE NORTHEAST TERMINUS OF THE CENTERLINE OF MARINA DRIVE AT THE INTERSECTION OF SAME WITH THE BOUNDARY COMMON TO THE PLAT OF SUDDEN VALLEY DIVISION 21, PER THE MAP THEREOF RECORDED IN VOLUME 11 OF PLATS, PAGE 42, RECORDS OF WHATCOM COUNTY, AND TO THE SUDDEN VALLEY "MARINA PARCEL", PER THE LEGAL DESCRIPTION RECORD OF SURVEY OF SAME RECORDED UNDER WHATCOM COUNTY AUDITOR'S FILE NO. 1175160, SAID PLAT MONUMENT BEARS SOUTH 87° 00' 25" WEST, 588.26 FEET DISTANT, FROM THE LAKE WHATCOM WATER & SEWER DISTRICT CADASTRAL SURVEY CONTROL POINT "MARINA", AND SAID PLAT MONUMENT BEING COINCIDENT WITH THAT "REFERENCE POINT A" AS DEPICTED ON THE RECORD OF SURVEY RECORDED UNDER WHATCOM COUNTY AUDITOR'S FILE NO. 1980901906;

THENCE NORTH 27° 53' 46" WEST, ALONG SAID COMMON BOUNDARY, 147.64 FEET;
THENCE NORTH 06° 14' 19" WEST, ALONG SAID COMMON BOUNDARY, 103.70 FEET;

THENCE NORTH 05° 28' 40" EAST, ALONG SAID COMMON BOUNDARY, 294.15 FEET, TO THE IRON BAR MONUMENT MARKING THE NORTH-MOST CORNER COMMON TO SAID PLAT AND MARINA PARCEL, SAID MONUMENT BEING COINCIDENT WITH "POINT A" PER THE AFOREMENTIONED LEGAL DESCRIPTION SURVEY OF THE SUDDEN VALLEY MARINA;

THENCE SOUTH 68° 49' 15" EAST, ALONG THE NORTH LINE OF SAID SUDDEN VALLEY MARINA PARCEL, 62.03 FEET;
THENCE SOUTH 74° 04' 08" EAST, ALONG SAID NORTH PLAT BOUNDARY, 37.36 FEET, TO A POINT AT THE INTERSECTION OF SAME WITH THE ORIGINAL MEANDERED SHORELINE OF RECORD, PER THE AFOREMENTIONED MARINA RECORD OF SURVEY;

THENCE NORTH 71° 06' 57" EAST, ALONG SAID ORIGINAL MEANDERED SHORELINE, 42.38 FEET;

THENCE NORTH 77° 58' 24" EAST, ALONG SAID ORIGINAL MEANDERED SHORELINE, 71.08 FEET, TO A POINT AT THE INTERSECTION OF SAME WITH THE WEST MARGIN OF THE DREDGED MARINA ACCESS CHANNEL, PER THE AFOREMENTIONED RECORD OF SURVEY OF DNR AQUATICS LEASE NO. 20-A09745 AND RECORDED UNDER WHATCOM COUNTY AUDITOR'S FILE NO. 1980901906, SAID POINT BEING THE TRUE POINT OF BEGINNING OF THIS DESCRIBED PARCEL;

THENCE NORTH 00° 50' 00"EAST, ALONG SAID WEST MARGIN, 39.07 FEET, TO A POINT AT THE INTERSECTION OF SAME WITH THE LINE OF "ORDINARY LOW WATER", PER SAID AQUATICS LEASE SURVEY;

THENCE NORTH 00° 50' 00"EAST, ALONG SAID WEST MARGIN, 204.27 FEET, TO A POINT AT THE INTERSECTION OF SAME WITH THE NORTH MARGIN OF SAID AQUATICS LEASE;

THENCE SOUTH 89° 26' 54" EAST, ALONG SAID NORTH MARGIN, 125.96 FEET, TO A POINT AT THE INTERSECTION OF SAME WITH THE EAST MARGIN OF SAID LEASE;

THENCE SOUTH 04° 00' 00" WEST, ALONG SAID EAST MARGIN, 178.66 FEET, TO A POINT AT THE INTERSECTION OF SAME WITH THE AFOREMENTIONED LINE OF "ORDINARY LOW WATER";

THENCE SOUTH 04° 00' 00" WEST, ALONG SAID EAST MARGIN, 39.63 FEET, TO A POINT AT THE INTERSECTION OF SAME WITH THE AFOREMENTIONED ORIGINAL MEANDERED SHORELINE OF RECORD, SAID POINT BEARS NORTH 31° 58' 42" WEST, 608.15 FEET DISTANT, FROM THE AFOREMENTIONED LAKE WHATCOM WATER & SEWER DISTRICT CADASTRAL CONTROL POINT "MARINA";

THENCE SOUTH 77° 58' 24" WEST, ALONG SAID ORIGINAL MEANDERED LINE OF SHORELINE, 116.83 FEET, TO A POINT AT THE INTERSECTION OF SAME WITH THE AFOREMENTIONED WEST MARGIN OF AQUATICS LEASE 20-A09745, SAID POINT BEING THE TRUE POINT OF BEGINNING AND TERMINUS OF THIS DESCRIBED PARCEL.

CONTAINS 4,493 SQUARE FEET (0.10 ACRES) OF THE LAKE WHATCOM SECOND-CLASS SHORELAND, AND 23,088 SQUARE FEET OF LAKE WHATCOM BEDLAND, FOR AN AGGREGATE AREA OF 27,581 SQUARE FEET (0.63 ACRES) MORE OR LESS.

SITUATE IN WHATCOM COUNTY, WASHINGTON.

PARCEL C--MARINA SWIM BEACH

A PARCEL OF LAND, BEING A PORTION OF THE SECOND-CLASS SHORELANDS, AND BEDLANDS, OF LAKE WHATCOM, ABUTTING GOVERNMENT LOTS 3 AND 4, SECTION 5, TOWNSHIP 37 NORTH, RANGE 4 EAST, W.M., SAID PARCEL BEING THE MARINA PARK SWIM BEACH AREA, AND SAID PARCEL BEING MORE PARTICULARLY DESCRIBED AS FOLLOWS:

COMMENCING AT THE CASSED MONUMENT MARKING THE CENTERLINE INTERSECTION OF LAKE WHATCOM BOULEVARD WITH THE WEST LINE OF THE AFOREMENTIONED SECTION 5, AS DEPICTED ON THE REPLAT OF THE PLAT OF SUDDEN VALLEY DIVISION 1, PER THE MAP THEREOF RECORDED IN VOLUME 10 OF PLATS, PAGE 15, RECORDS OF WHATCOM COUNTY, WASHINGTON, SAID CASSED MONUMENT BEARS NORTH 01° 07' 26" EAST, 47.12 FEET DISTANT, FROM THE (NOW OBLITERATED) MONUMENT MARKING THE SOUTHWEST CORNER OF SAID SECTION 5, PER THE AFOREMENTIONED REPLAT OF SUDDEN VALLEY DIVISION 1;

THENCE NORTH 01° 07' 26" EAST, ALONG THE WEST LINE OF SAID SECTION 5, 2601.21 FEET, TO THE IRON PIPE MONUMENT MARKING THE WEST QUARTER-CORNER OF SAID SECTION, PER THE RECORD OF SURVEY RECORDED UNDER WHATCOM COUNTY AUDITOR'S FILE NO. 1980901906;

THENCE SOUTH 56° 09' 20" EAST, 2343.42 FEET, TO A BRASS-DISK PLAT MONUMENT MARKING THE NORTHEAST TERMINUS OF THE CENTERLINE OF MARINA DRIVE AT THE INTERSECTION OF SAME WITH THE BOUNDARY COMMON TO THE PLAT OF SUDDEN VALLEY DIVISION 21, PER THE MAP THEREOF RECORDED IN VOLUME 11 OF PLATS, PAGE 42, RECORDS OF WHATCOM COUNTY, AND TO THE SUDDEN VALLEY "MARINA PARCEL", PER THE LEGAL DESCRIPTION RECORD OF SURVEY OF SAME RECORDED UNDER WHATCOM COUNTY AUDITOR'S FILE NO. 1175160, AND SAID PLAT MONUMENT BEING COINCIDENT WITH "REFERENCE POINT A" AS DEPICTED ON THE RECORD OF SURVEY RECORDED UNDER WHATCOM COUNTY AUDITOR'S FILE NO. 1980901906;

THENCE NORTH 87° 00' 25" EAST, 588.26 FEET, TO THE CONCRETE LAKE WHATCOM WATER & SEWER DISTRICT CADASTRAL SURVEY CONTROL POINT DESIGNATED "MARINA";

THENCE NORTH 51° 06' 18" EAST, 129.24 FEET, TO A POINT AT THE INTERSECTION OF THE ORIGINAL MEANDERED SHORELINE OF LAKE WHATCOM, ACCORDING TO THE LEGAL DESCRIPTION RECORD OF SURVEY FOR THE SUDDEN VALLEY MARINA PARK TRACT, PER THE MAP THEREOF RECORDED UNDER WHATCOM COUNTY AUDITOR'S FILE NO. 1175161, WITH THE SOUTHEAST LIMIT OF THE EMLACED SOFT-ARMOR FILL ORIGINALLY CONSTRUCTED IN 2019, SAID INTERSECTING POINT BEING THE TRUE POINT OF BEGINNING OF THIS DESCRIBED PARCEL;

THENCE NORTH 68° 35' 42" EAST, ALONG SAID SOUTHEAST LIMIT, 19.85 FEET, TO A POINT AT THE INTERSECTION OF SAME WITH THE EASTERLY LIMIT OF SAID EMLACED FILL;

THENCE NORTH 88° 42' 59" EAST, ACROSS THE AFOREMENTIONED LAKE WHATCOM BEDLANDS, 143.70 FEET, MORE OR LESS, TO A POINT COINCIDENT WITH AN ANCHOR PILING ORIGINALLY DEPICTED AS BEING THE NORTHEAST CORNER OF THE SWIMMING AREA, PER THE RECORD OF SURVEY OF DNR AQUATIC LEASE 20-A09745, RECORDED UNDER WHATCOM COUNTY AUDITOR'S FILE NO. 1980901906;

THENCE SOUTH 69° 23' 10" EAST, ACROSS THE AFOREMENTIONED LAKE WHATCOM BEDLANDS, 355.36 FEET, TO A POINT ON THE CONTOUR LINE REPRESENTING THE ADMINISTRATIVE ORDINARY LOW WATER LINE" OF SAID LAKE WHATCOM;

THENCE SOUTH 68° 25' 27" EAST, ACROSS THE SECOND CLASS SHORELANDS OF LAKE WHATCOM, 21.00 FEET, TO A POINT ON THE ORIGINAL MEANDERED SHORELINE OF LAKE WHATCOM, PER THE AFOREMENTIONED MARINA PARK RECORD OF SURVEY, SAID POINT BEARS NORTH 39° 52' 37" WEST, 171.72 FEET DISTANT, FROM THE NORTH CORNER COMMON TO SAID MARINA PARK TRACT, AND TO THE SUDDEN VALLEY GOLF COURSE TRACT, PER THE LEGAL DESCRIPTION SURVEY OF SAME RECORDED UNDER WHATCOM COUNTY AUDITOR'S FILE NO. 1175162, SAID NORTH CORNER BEING DESIGNATED AS POINT "C" ON SAID GOLF COURSE TRACT SURVEY;

THENCE SOUTH 39° 20' 03" WEST, ALONG SAID ORIGINAL MEANDERED SHORELINE, 66.84 FEET;

THENCE SOUTH 54° 22' 45" WEST, ALONG SAID ORIGINAL MEANDERED SHORELINE, 54.41 FEET;

THENCE SOUTH 82° 58' 31" WEST, ALONG SAID ORIGINAL MEANDERED SHORELINE, 46.39 FEET;

THENCE NORTH 80° 42' 46" WEST, ALONG SAID ORIGINAL MEANDERED SHORELINE, 64.78 FEET;

THENCE NORTH 65° 05' 09" WEST, ALONG SAID ORIGINAL MEANDERED SHORELINE, 149.47 FEET;

THENCE NORTH 54° 27' 33" WEST, ALONG SAID ORIGINAL MEANDERED SHORELINE, 68.03 FEET;

THENCE NORTH 30° 49' 15" WEST, ALONG SAID ORIGINAL MEANDERED SHORELINE, 62.49 FEET;

THENCE NORTH 47° 43' 54" WEST, ALONG SAID ORIGINAL MEANDERED SHORELINE, 91.89 FEET;

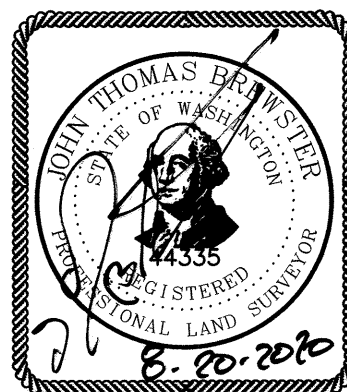
THENCE NORTH 02° 20' 35" WEST, ALONG SAID ORIGINAL MEANDERED SHORELINE, 40.05 FEET, TO A POINT AT THE INTERSECTION OF SAME WITH THE SOUTHEAST LIMIT OF THE AFOREMENTIONED EMLACED SOFT-ARMOR FILL ORIGINALLY CONSTRUCTED IN 2019, SAID POINT BEING THE TRUE POINT OF BEGINNING AND TERMINUS OF THIS DESCRIBED PARCEL.

CONTAINS 11,940 SQUARE FEET (0.27 ACRES) OF THE SECOND-CLASS SHORELAND OF LAKE WHATCOM, MORE OR LESS, AND 58,875 SQUARE FEET (1.35 ACRES) OF THE BEDLAND OF LAKE WHATCOM, MORE OR LESS, FOR AN AGGREGATE AREA OF 70,815 SQUARE FEET (1.62 ACRES), MORE OR LESS.

SITUATE IN WHATCOM COUNTY, WASHINGTON.

*SEE NOTE #5, SHEET 2, OF THIS SURVEY FOR ADDITIONAL DATA REGARDING THIS FEATURE.

18174 DNR ROS .DWG



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Record of Survey for Sudden Valley Community Association			
DWN BY	BHR	DATE	8/19/20
CHK BY	JTB	SCALE	AS SHOWN
JOB NO.	2018-174	SHEET	3 OF 7

D.N.R. AQUATICS LEASE EXHIBIT #20-B09745
 ADJACENT TO GOV'T LOTS 3, 4 & 5, SEC. 5, AND GOV'T LOT 1, SEC. 8, TWP. 37 N., RGE. 4E., W.M.,
 WHATCOM COUNTY, WASHINGTON

LEGAL DESCRIPTIONS (CREATED BY THIS SURVEY):

PARCEL D-- PM BEACH NON-MOTORIZED USE AREA

A PARCEL OF LAND, BEING A PORTION OF THE SECOND-CLASS SHORELANDS, AND BEDLANDS, OF LAKE WHATCOM, ABUTTING GOVERNMENT LOTS 4 AND 5, SECTION 5, TOWNSHIP 37 NORTH, RANGE 4 EAST, W.M., SAID PARCEL BEING THE SUDDEN VALLEY COMMUNITY ASSOCIATION PM BEACH NON-MOTORIZED USE AREA, AND SAID PARCEL BEING MORE PARTICULARLY DESCRIBED AS FOLLOWS:

COMMENCING AT THE IRON PIPE MONUMENT MARKING THE WEST QUARTER-CORNER OF SAID SECTION 5, PER THE RECORD OF SURVEY RECORDED UNDER WHATCOM COUNTY AUDITOR'S FILE NO. 1980901906;

THENCE SOUTH 01° 07' 26" WEST, ALONG THE WEST LINE OF SAID SECTION 5, 2601.21 FEET, TO THE THE CASED MONUMENT MARKING THE CENTERLINE INTERSECTION OF LAKE WHATCOM BOULEVARD WITH THE WEST LINE OF THE AFOREMENTIONED SECTION 5, AS DEPICTED ON THE REPLAT OF THE PLAT OF SUDDEN VALLEY DIVISION 1, PER THE MAP THEREOF RECORDED IN VOLUME 10 OF PLATS, PAGE 15, RECORDS OF WHATCOM COUNTY, WASHINGTON

THENCE SOUTH 01° 07' 26" WEST, CONTINUING ALONG SAID WEST LINE, 47.12 FEET, TO THE CALCULATED POSITION OF THE (NOW OBLITERATED) MONUMENT MARKING THE SOUTHWEST CORNER OF SAID SECTION 5, PER THE AFOREMENTIONED REPLAT OF SUDDEN VALLEY DIVISION 1;

THENCE SOUTH 88° 21' 26" EAST, ALONG THE SOUTH LINE OF SAID SECTION 5, 3489.89 FEET, TO A POINT WHICH BEARS NORTH 88° 21' 26" WEST, 1231.17 FEET DISTANT, FROM THE (NOW OBLITERATED) GOVERNMENT MEANDER CORNER COMMON TO FRACTIONAL SECTIONS 5 AND 8 OF THE AFOREMENTIONED TOWNSHIP AND RANGE, ACCORDING TO THE LEGAL DESCRIPTION RECORD OF SURVEY OF THE SUDDEN VALLEY MORNING & AFTERNOON BEACH PARK, PER THE MAP THEREOF RECORDED UNDER WHATCOM COUNTY AUDITOR'S FILE NO. 1175157;

THENCE NORTH 01° 38' 34" EAST, NORMAL TO SAID SOUTH LINE OF SECTION 5, 171.76 FEET, TO A POINT ON THE ADJUSTED GOVERNMENT MEANDER LINE OF SAID FRACTIONAL SECTION 5, SAID POINT BEARS NORTH 81° 59' 01" WEST, 786.78 FEET DISTANT, FROM THE LAKE WHATCOM WATER AND SEWER DISTRICT CADASTRAL SURVEY CONTROL POINT "WWTP", AND SAID POINT BEING THE **TRUE POINT OF BEGINNING** OF THIS DESCRIBED PARCEL;

THENCE NORTH 25° 11' 13" WEST, ALONG SAID MEANDER LINE, 446.88 FEET, TO A POINT AT THE INTERSECTION OF SAME WITH THE LINE OF VEGETATION MARKING THE WATERWARD LIMIT OF UPLAND OWNERSHIP, PER THE ORIGINAL MEANDERS;

THENCE NORTH 01° 16' 29" EAST, ALONG SAID OWNERSHIP LIMIT, 65.35 FEET;
 THENCE NORTH 18° 14' 30" EAST, ALONG SAID OWNERSHIP LIMIT, 120.81 FEET;
 THENCE NORTH 34° 43' 18" EAST, ALONG SAID OWNERSHIP LIMIT, 76.28 FEET;
 THENCE NORTH 54° 33' 05" EAST, ALONG SAID OWNERSHIP LINE, 146.82 FEET, TO A POINT WHICH BEARS SOUTH 58° 14' 17" EAST, 1081.80 FEET DISTANT, FROM THE LAKE WHATCOM WATER AND SEWER DISTRICT CADASTRAL SURVEY CONTROL POINT "MARINA";

THENCE SOUTH 63° 00' 22" EAST, 528.81 FEET, TO A POINT ON THE AFOREMENTIONED LINE OF VEGETATION MARKING THE WATERWARD LIMIT OF UPLAND OWNERSHIP;

THENCE SOUTH 10° 46' 14" EAST, ALONG SAID OWNERSHIP LIMIT, 165.89 FEET;
 THENCE SOUTH 03° 34' 43" EAST, ALONG SAID OWNERSHIP LIMIT, 164.76 FEET, TO A POINT AT THE INTERSECTION OF SAME WITH THE AFOREMENTIONED ADJUSTED MEANDER LINE OF FRACTIONAL SECTION 5, SAID POINT BEARS NORTH 42° 49' 15" WEST, 374.37 FEET DISTANT, FROM THE AFOREMENTIONED CADASTRAL SURVEY CONTROL POINT "WWTP";

THENCE SOUTH 26° 18' 47" WEST, ALONG SAID ADJUSTED MEANDER LINE, 125.40 FEET;
 THENCE NORTH 83° 41' 13" WEST, ALONG SAID ADJUSTED MEANDER LINE, 165.00 FEET;
 THENCE NORTH 18° 11' 13" WEST, ALONG SAID ADJUSTED MEANDER LINE, 132.00 FEET;
 THENCE NORTH 63° 41' 13" WEST, ALONG SAID ADJUSTED MEANDER LINE, 66.00 FEET;
 THENCE SOUTH 08° 11' 13" EAST, ALONG SAID ADJUSTED MEANDER LINE, 231.00 FEET;

THENCE NORTH 89° 11' 13" WEST, ALONG SAID ADJUSTED MEANDER LINE, 237.60 FEET, TO THE **TRUE POINT OF BEGINNING AND TERMINUS** OF THIS DESCRIBED PARCEL.

CONTAINS 365,118 SQUARE FEET (8.38 ACRES), MORE OR LESS.
 SITUATE IN WHATCOM COUNTY, WASHINGTON.

PARCEL E - AM BEACH SWIM AREA

A PARCEL OF LAND, BEING A PORTION OF THE SECOND-CLASS SHORELANDS, AND BEDLANDS, OF LAKE WHATCOM, ABUTTING GOVERNMENT LOT 5, SECTION 5, AND GOVERNMENT LOT 1, SECTION 8, BOTH OF TOWNSHIP 37 NORTH, RANGE 4 EAST, W.M., SAID PARCEL BEING THE SUDDEN VALLEY COMMUNITY ASSOCIATION AM BEACH SWIM AREA, AND SAID PARCEL BEING MORE PARTICULARLY DESCRIBED AS FOLLOWS:

COMMENCING AT THE IRON PIPE MONUMENT MARKING THE WEST QUARTER-CORNER OF SAID SECTION 5, PER THE RECORD OF SURVEY RECORDED UNDER WHATCOM COUNTY AUDITOR'S FILE NO. 1980901906;

THENCE SOUTH 01° 07' 26" WEST, ALONG THE WEST LINE OF SAID SECTION 5, 2601.21 FEET, TO THE THE CASED MONUMENT MARKING THE CENTERLINE INTERSECTION OF LAKE WHATCOM BOULEVARD WITH THE WEST LINE OF THE AFOREMENTIONED SECTION 5, AS DEPICTED ON THE REPLAT OF THE PLAT OF SUDDEN VALLEY DIVISION 1, PER THE MAP THEREOF RECORDED IN VOLUME 10 OF PLATS, PAGE 15, RECORDS OF WHATCOM COUNTY, WASHINGTON;

THENCE SOUTH 01° 07' 26" WEST, CONTINUING ALONG SAID WEST LINE, 47.12 FEET, TO THE CALCULATED POSITION OF THE (NOW OBLITERATED) MONUMENT MARKING THE SOUTHWEST CORNER OF SAID SECTION 5, PER THE AFOREMENTIONED REPLAT OF SUDDEN VALLEY DIVISION 1;

THENCE SOUTH 88° 21' 26" EAST, ALONG THE SOUTH LINE OF SAID SECTION 5, 4721.06 FEET, TO A POINT AT THE INTERSECTION OF SAME WITH THE ADJUSTED GOVERNMENT MEANDER LINE OF SECTIONS 5 AND 8 OF THE AFOREMENTIONED TOWNSHIP AND RANGE, ACCORDING TO THE LEGAL DESCRIPTION RECORD OF SURVEY OF THE SUDDEN VALLEY MORNING & AFTERNOON BEACH PARK, PER THE MAP THEREOF RECORDED UNDER WHATCOM COUNTY AUDITOR'S FILE NO. 1175157, SAID POINT BEING COINCIDENT WITH THE (NOW OBLITERATED) GOVERNMENT MEANDER CORNER COMMON TO FRACTIONAL SECTIONS 5 AND 8 OF THE AFOREMENTIONED TOWNSHIP AND RANGE, SAID POINT BEARS SOUTH 77° 42' 54" EAST, 457.11 FEET DISTANT FROM THE LAKE WHATCOM WATER AND SEWER DISTRICT CADASTRAL SURVEY POINT "WWTP", AND SAID POINT BEING THE **TRUE POINT OF BEGINNING** OF THIS DESCRIBED PARCEL;

THENCE NORTH 20° 45' 57" WEST, ALONG THE AFOREMENTIONED GOVERNMENT MEANDER LINE, 90.54 FEET, MORE OR LESS, TO A POINT AT THE INTERSECTION OF SAME WITH THE EXISTING VEGETATION LINE HERE MARKING THE LIMIT OF UPLAND OWNERSHIP ADJOINING LAKE WHATCOM;

THENCE NORTH 27° 51' 38" EAST, ALONG SAID VEGETATION LINE, 51.15 FEET;
 THENCE NORTH 11° 58' 16" EAST, ALONG SAID VEGETATION LINE, 37.47 FEET;
 THENCE NORTH 11° 14' 08" EAST, ALONG SAID VEGETATION LINE, 64.91 FEET;
 THENCE NORTH 26° 25' 54" EAST, ALONG SAID VEGETATION LINE, 25.76 FEET;

THENCE NORTH 21° 39' 13" EAST, ALONG SAID VEGETATION LINE, 79.26 FEET, TO A POINT WHICH BEARS SOUTH 61° 36' 24" EAST, 2485.29 FEET DISTANT, FROM THE LAKE WHATCOM WATER AND SEWER DISTRICT CADASTRAL SURVEY CONTROL POINT "MARINA";

THENCE SOUTH 73° 38' 35" EAST, 20.09 FEET;

THENCE CONTINUING SOUTH 73° 38' 35" EAST, 48.12 FEET;

THENCE SOUTH 07° 19' 32" WEST, 231.19 FEET;

THENCE SOUTH 16° 43' 21" EAST, 113.59 FEET;

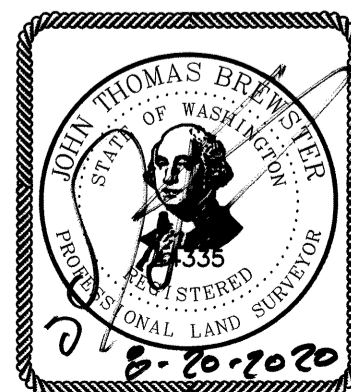
THENCE SOUTH 57° 01' 29" WEST, 65.47 FEET;

THENCE CONTINUING SOUTH 57° 01' 29" WEST, 20.00 FEET, MORE OR LESS, TO A POINT ON THE AFOREMENTIONED ADJUSTED GOVERNMENT MEANDER LINE;

THENCE NORTH 32° 58' 31" WEST, ALONG SAID ADJUSTED MEANDER LINE, 91.66 FEET, MORE OR LESS, TO A POINT AT THE INTERSECTION OF SAME WITH THE SOUTH LINE OF SAID SECTION 5, SAID POINT BEING COINCIDENT WITH THE AFOREMENTIONED MEANDER CORNER COMMON TO SAID SECTIONS 5 AND 8, AND SAID POINT BEING THE **TRUE POINT OF BEGINNING AND TERMINUS** OF THIS DESCRIBED PARCEL.

CONTAINS 37,747 SQUARE FEET (0.87 ACRES), MORE OR LESS.

SITUATE IN WHATCOM COUNTY, WASHINGTON.



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<i>Record of Survey for</i> Sudden Valley Community Association			
DWN BY	BHR	DATE	8/19/20
CHK BY	JTB	SCALE	AS SHOWN
JOB NO.	2018-174	SHEET	4 OF 7

D.N.R. AQUATICS LEASE EXHIBIT #20-B09745

ADJACENT TO GOV'T LOTS 3, 4 & 5, SEC. 5, AND GOV'T LOT 1, SEC. 8, TWP. 37 N., RGE. 4E., W.M.,
WHATCOM COUNTY, WASHINGTON

PARCEL	SHORELANDS	BEDLANDS	TOTAL
A	4,493	23,088	27,581
B	0	10,378	10,378
C	11,940	58,875	70,815

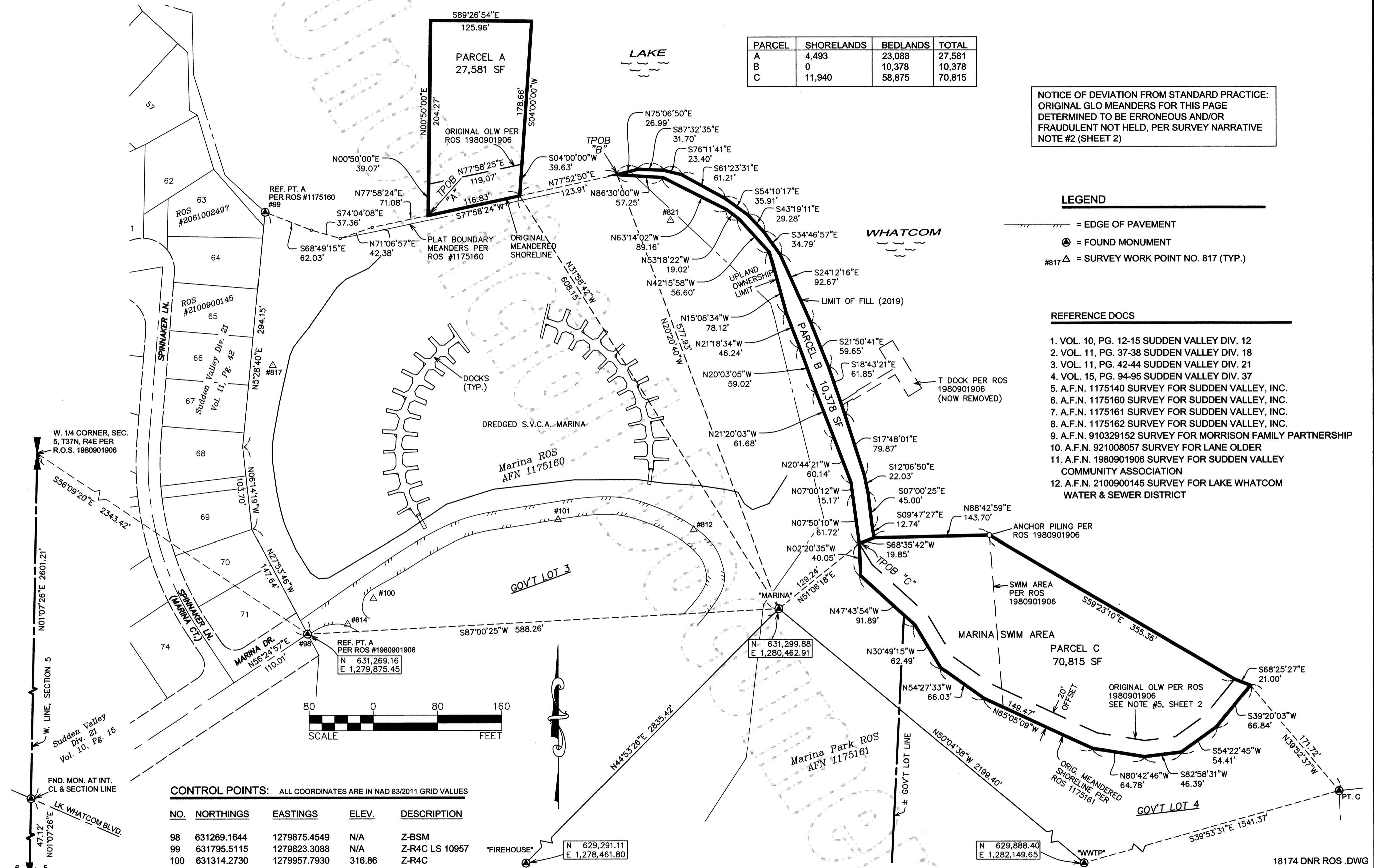
NOTICE OF DEVIATION FROM STANDARD PRACTICE:
ORIGINAL GLO MEANDERS FOR THIS PAGE
DETERMINED TO BE ERRONEOUS AND/OR
FRAUDULENT NOT HELD, PER SURVEY NARRATIVE
NOTE #2 (SHEET 2)

LEGEND

- = EDGE OF PAVEMENT
- ⊙ = FOUND MONUMENT
- #817 Δ = SURVEY WORK POINT NO. 817 (TYP.)

REFERENCE DOCS

1. VOL. 10, PG. 12-15 SUDDEN VALLEY DIV. 12
2. VOL. 11, PG. 37-38 SUDDEN VALLEY DIV. 18
3. VOL. 11, PG. 42-44 SUDDEN VALLEY DIV. 21
4. VOL. 15, PG. 94-95 SUDDEN VALLEY DIV. 37
5. A.F.N. 1175140 SURVEY FOR SUDDEN VALLEY, INC.
6. A.F.N. 1175160 SURVEY FOR SUDDEN VALLEY, INC.
7. A.F.N. 1175161 SURVEY FOR SUDDEN VALLEY, INC.
8. A.F.N. 1175162 SURVEY FOR SUDDEN VALLEY, INC.
9. A.F.N. 910329152 SURVEY FOR MORRISON FAMILY PARTNERSHIP
10. A.F.N. 921008057 SURVEY FOR LANE OLDER
11. A.F.N. 1980901906 SURVEY FOR SUDDEN VALLEY COMMUNITY ASSOCIATION
12. A.F.N. 2100900145 SURVEY FOR LAKE WHATCOM WATER & SEWER DISTRICT



CONTROL POINTS: ALL COORDINATES ARE IN NAD 83/2011 GRID VALUES

NO.	NORTHINGS	EASTINGS	ELEV.	DESCRIPTION
98	631269.1644	1279875.4549	N/A	Z-BSM
99	631795.5115	1279823.3088	N/A	Z-R4C LS 10957
100	631314.2730	1279957.7930	316.86	Z-R4C
101	631412.2040	1280188.0150	316.03	Z-BERN
812	631399.2690	1280357.0670	316.86	Z-BERN
814	631282.5230	1279925.3550	316.53	Z-BERN
817	631605.3950	1279832.3630	317.12	Z-R4C
821	631785.6030	1280328.6260	315.48	Z-R4C

"FIREHOUSE" N 629,291.11
E 1,278,461.80

N 629,888.40
E 1,282,149.65

W. 1/4 CORNER, SEC. 5, T37N, R4E PER R.O.S. 1980901906
S56°09'20"E 2343.42'

W. LINE, SECTION 5
Sudden Valley Div. 21, Pg. 15
FND. MON. AT INT. CL & SECTION LINE
LK. WHATCOM BLVD.
47.12'
NOT 07°26'E

SECTION CORNER NOT FOUND



WILSON ENGINEERING, LLC
805 DUPONT STREET
BELLINGHAM, WA 98225
(360) 733-6100 *FAX (360) 647-9061
www.wilsonengineering.com

Record of Survey for
Sudden Valley Community Association

DWN BY	BHR	DATE	8/19/20	JOB NO.	2018-174
CHK BY	JTB	SCALE	AS SHOWN	SHEET	5 OF 7

2520-0803283

D.N.R. AQUATICS LEASE EXHIBIT #20-B09745

ADJACENT TO GOV'T LOTS 3, 4 & 5, SEC. 5, AND GOV'T LOT 1, SEC. 8, TWP. 37 N., RGE. 4E., W.M.,
WHATCOM COUNTY, WASHINGTON

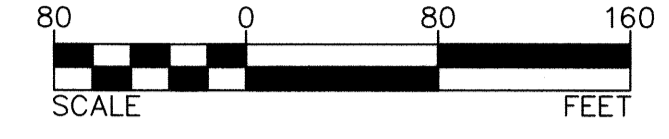
18174 DNR ROS .DWG

Record of Survey for
Sudden Valley Community Association

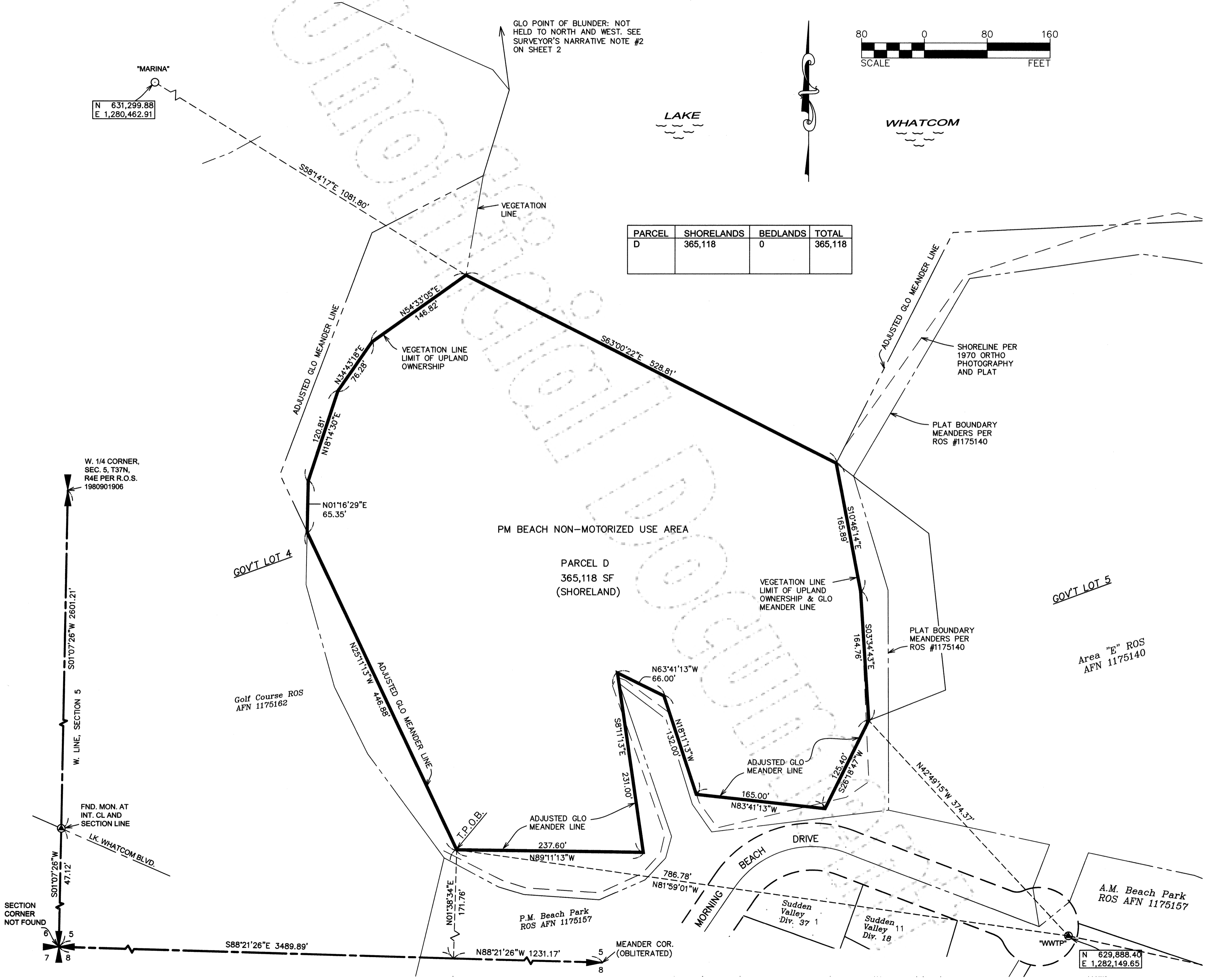
DWN BY	BHR	DATE	8/19/20	JOB NO.	2018-174
CHK BY	JTB	SCALE	AS SHOWN	SHEET	6 OF 7

"MARINA"
N 631,299.88
E 1,280,462.91

GLO POINT OF BLUNDER: NOT HELD TO NORTH AND WEST. SEE SURVEYOR'S NARRATIVE NOTE #2 ON SHEET 2



PARCEL	SHORELANDS	BEDLANDS	TOTAL
D	365,118	0	365,118



W. 1/4 CORNER, SEC. 5, T37N, R4E PER R.O.S. 1980901906

W. LINE, SECTION 5
S01°07'26"W 2601.21'

FND. MON. AT INT. CL AND SECTION LINE

LK. WHATCOM BLVD.

SECTION CORNER NOT FOUND

Golf Course ROS AFN 1175162

PM BEACH NON-MOTORIZED USE AREA

PARCEL D
365,118 SF (SHORELAND)

VEGETATION LINE LIMIT OF UPLAND OWNERSHIP & GLO MEANDER LINE

PLAT BOUNDARY MEANDERS PER ROS #1175140

GOV'T LOT 5

Area "E" ROS AFN 1175140

P.M. Beach Park ROS AFN 1175157

BEACH DRIVE

MORNING Sudden Valley Div. 37 1

Sudden Valley Div. 18

A.M. Beach Park ROS AFN 1175157

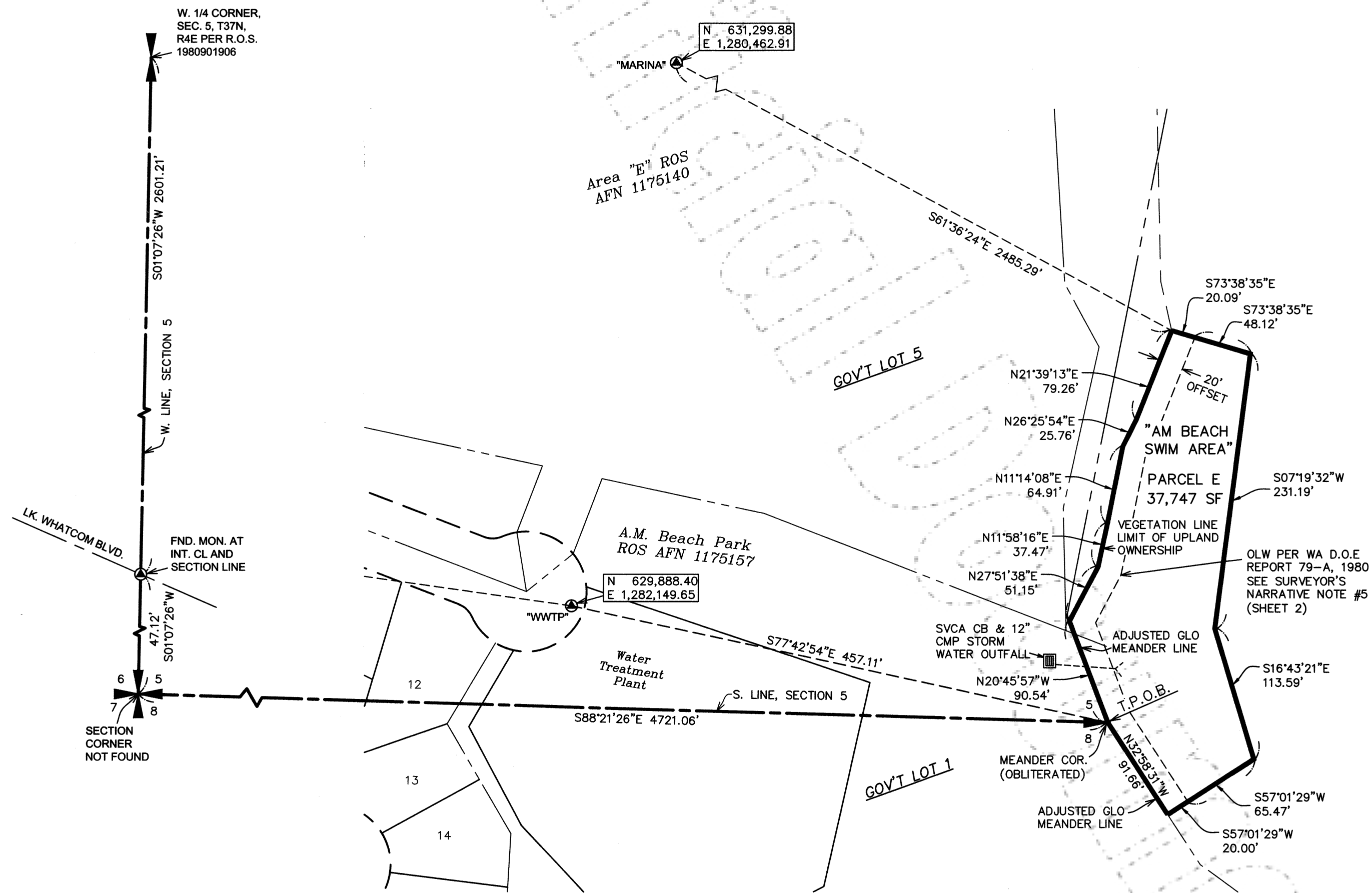
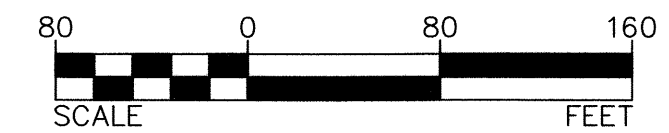
"WWTP"
N 629,888.40
E 1,282,149.65

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D.N.R. AQUATICS LEASE EXHIBIT #20-B09745
 ADJACENT TO GOV'T LOTS 3, 4 & 5, SEC. 5, AND GOV'T LOT 1, SEC. 8, TWP. 37 N., RGE. 4E., W.M.,
 WHATCOM COUNTY, WASHINGTON

PARCEL	SHORELANDS	BEDLANDS	TOTAL
E	8,632	29,115	37,747



18174 DNR ROS .DWG



WILSON ENGINEERING, LLC
 805 DUPONT STREET
 BELLINGHAM, WA 98225
 (360) 733-6100 • FAX (360) 647-9061
 www.wilsonengineering.com

Record of Survey for Sudden Valley Community Association			
DWN BY	BHR	DATE	8/19/20
JOB NO.	2018-174		
CHK BY	JTB	SCALE	AS SHOWN
SHEET	7	OF	7

STATE OF WASHINGTON
DEPARTMENT OF NATURAL RESOURCES
JENNIFER M. BELCHER
Commissioner of Public Lands

AQUATIC LANDS LEASE
(Commercial)
Lease No. 20-A09745

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STATE OF WASHINGTON
DEPARTMENT OF NATURAL RESOURCES
JENNIFER M. BELCHER
Commissioner of Public Lands
Olympia, Washington 98504

AQUATIC LANDS LEASE
(Commercial)

AQUATIC LANDS LEASE NO. 20-A09745

THIS LEASE is made by and between the STATE OF WASHINGTON, acting through the Department of Natural Resources ("State"), and SUDDEN VALLEY COMMUNITY ASSOCIATION, a Washington Non-profit Corporation ("Tenant").

BACKGROUND

Tenant desires to lease the aquatic lands commonly known as Lake Whatcom, which are shorelands and bedlands located in Whatcom County, Washington, from State, and State desires to lease the property to Tenant pursuant to the terms and conditions of this Lease.

THEREFORE, the parties agree as follows:

1. PROPERTY

1.1 Property Defined. State leases to Tenant and Tenant leases from State the real property described in Exhibit A together with all the rights of State, if any, to improvements on and easements benefitting the Property, but subject to the exceptions and restrictions set forth in this Lease (collectively the "Property"). This Lease is subject to all valid interests of third parties noted in the records of Whatcom County, or on file in the office of the Commissioner of Public Lands, Olympia, Washington; rights of the public under the Public Trust Doctrine or federal navigation servitude; and treaty rights of Indian Tribes. Not included in this Lease are any right to harvest, collect or damage any natural resource, including aquatic life or living plants, any water rights, or any mineral rights, including any right to excavate or withdraw sand, gravel, or other valuable materials. State reserves the right to grant easements and other land uses on the Property to others when the easement or other land uses will not unreasonably interfere with Tenant's Permitted Use.

1.2 Survey, Maps, and Plans. In executing this Lease, State is relying on the surveys, plats, diagrams, and/or legal descriptions provided by Tenant. Tenant is not relying upon and State is not making any representations about any survey, plat, diagram, and/or legal description provided by State.

1.3 Inspection. State makes no representation regarding the condition of the Property, improvements located on the Property, the suitability of the Property for Tenant's Permitted Use, compliance with governmental laws and regulations, availability of utility rights, access to the

Property or the existence of hazardous substances on the Property. Tenant has inspected the Property and accepts it "AS IS."

2. USE

2.1 Permitted Use. Tenant shall use the Property for a recreational dock, ingress and egress for the upland boat moorage, and a swimming area (the "Permitted Use"), and for no other purpose. The Permitted Use is described or shown in greater detail in Exhibit B, the terms and conditions of which are incorporated by reference and made a part of this Lease. The parties agree that this is a water dependent use.

2.2 Restrictions on Use. Tenant shall not cause or permit any damage to natural resources on the Property. Tenant shall also not cause or permit any filling activity to occur on the Property. This prohibition includes any deposit of rock, earth, ballast, refuse, garbage, waste matter (including chemical, biological or toxic wastes), hydrocarbons, any other pollutants, or other matter in or on the Property, except as approved in writing by State. Tenant shall neither commit nor allow waste to be committed to or on the Property. If Tenant fails to comply with all or any of the restrictions on the use of the Property set out in this Subsection 2.2, State shall notify Tenant and provide Tenant a reasonable time to take all steps necessary to remedy the failure. If Tenant fails to do so in a timely manner, then State may take any steps reasonably necessary to remedy this failure. Upon demand by State, Tenant shall pay all costs of such remedial action, including but not limited to the costs of removing and disposing of any material deposited improperly on the Property. This section shall not in any way limit Tenant's liability under Section 8, below.

2.3 Conformance with Laws. Tenant shall, at all times, keep current and comply with all conditions and terms of any permits, licenses, certificates, regulations, ordinances, statutes, and other government rules and regulations regarding its use or occupancy of the Property.

2.4 Liens and Encumbrances. Tenant shall keep the Property free and clear of any liens and encumbrances arising out of or relating to its use or occupancy of the Property.

3. TERM

3.1 Term Defined. The term of this Lease is twelve (12) years (the "Term"), beginning on the 1st day of February, 1993 (the "Commencement Date"), and ending on the 31st day of January, 2005 (the "Termination Date"), unless terminated sooner under the terms of this Lease.

3.2 Renewal of the Lease. Tenant shall have the option to renew this Lease for two (2) additional terms of four (4) years each. The initial Term of this Lease, and all renewal terms, shall not exceed twenty (20) years in the aggregate. Tenant shall exercise this option by providing written notice of its election to renew at least ninety (90) days prior to the Termination Date of the initial Term or any renewal term of this Lease. Tenant shall not be entitled to renew if it is in default under the terms of this Lease at the time the option to renew is exercised. The terms and conditions of any renewal term shall be the same as set forth in this Lease, except that rent shall be recalculated, the required amounts of financial security may be revised, and provisions dealing with hazardous waste or impacts to natural resources may be changed at the time of the renewal.

3.3 Delay in Delivery of Possession. If State, for any reason whatsoever, cannot deliver possession of the Property to Tenant on the Commencement Date, this Lease shall not be void or voidable, nor shall State be liable to Tenant for any loss or damage resulting from the delay in delivery of possession. In such event, the date of delivery of possession shall be the Commencement Date for all purposes, including the payment of rent. In the event Tenant takes possession before the Commencement Date, the date of possession shall be the Commencement Date for all purposes, including the payment of rent. If the Lease Term commences earlier or later than the scheduled Commencement Date, the Termination Date shall be adjusted accordingly.

3.4 End of Term. Upon the expiration or termination of the Term or extended term, as applicable, Tenant shall surrender the Property to State in the same or better condition as on the Commencement Date, reasonable wear and tear excepted.

3.5 Hold Over. If Tenant remains in possession of the Property after the Termination Date, the occupancy shall not be an extension or renewal of the Term. The occupancy shall be a month-to-month tenancy, on terms identical to the terms of this Lease, which may be terminated by either party on thirty (30) days written notice. The monthly rent during the holdover shall be the same rent which would be due if the Lease were still in effect and all adjustments in rent were made in accordance with its terms. If State provides a notice to vacate the Property in anticipation of the termination of this Lease or at any time after the Termination Date and Tenant fails to do so within the time set forth in the notice, then Tenant shall be a trespasser and shall owe the State all amounts due under RCW 79.01.760 or other applicable law.

4. RENT

4.1 Annual Rent. Until adjusted as set forth below, Tenant shall pay to State an annual rent of One Thousand Five Hundred Fifty Seven and 78/100 Dollars (\$1,557.78). The annual rent, as it currently exists or as adjusted or modified (the "Annual Rent"), shall be due and payable in full on or before the Commencement Date and on or before the same date of each year thereafter.

4.2 Payment Place. Payment is to be made to State Financial Management Division, 1111 Washington St SE, PO Box 47041, Olympia, WA 98504-7041.

4.3 Adjustment Based on Use. Annual Rent is based on Tenant's Permitted Use of the Property, as described in Section 2 above. If Tenant's Permitted Use changes, the Annual Rent shall be adjusted as appropriate for the changed use.

4.4 Rent Adjustments for Water-Dependent Uses.

(a) Inflation Adjustment. State shall adjust water-dependent rent annually pursuant to RCW 79.90.450 - .902, except in those years in which the rent is revalued under Subsection 4.4(b) below. This adjustment shall be effective on the anniversary of the Commencement Date.

(b) Revaluation of Rent. State shall, at the end of the first four-year period of the Term, and at the end of each subsequent four-year period, revalue the water-dependent Annual Rent in accordance with RCW 79.90.450 - .902.

(c) **Rent Cap.** After the initial year's rent is determined under Subsection 4.1, rent may increase by operation of Subsection 4.4(a) or 4.4(b). If application of the statutory rent formula for water-dependent uses would result in an increase in the rent attributable to such uses of more than fifty percent (50%) in any one year, the actual increase implemented in such year shall be limited to fifty percent (50%) of the then-existing rent, in accordance with RCW 79.90.490. The balance of the increase determined by the formula shall be deferred to subsequent years and added to the next and subsequent years' rental increases until the full amount of the increase is lawfully implemented.

4.5 Rent Adjustment Procedures.

(a) **Notice of Rent Adjustment.** Notice of any adjustments to the Annual Rent that are allowed by Subsection 4.4(b) shall be provided to Tenant in writing no later than ninety (90) days after the anniversary date of the Lease.

(b) **Procedures on Failure to make Timely Adjustment.** In the event the State fails to provide the notice required in Subsection 4.5(a), it shall be prohibited from collecting any adjustments to rent only for the year in which it failed to provide notice. No failure by State to adjust Annual Rent pursuant to Subsection 4.5(a) shall affect the State's right to establish Annual Rent for a subsequent lease year as if the missed or waived adjustment had been implemented. The State may adjust, bill, and collect Annual Rent prospectively as if any missed or waived adjustments had actually been implemented. This includes the implementation of any inflation adjustment and any rent revaluations that would have been authorized for previous lease years.

5. OTHER EXPENSES

During the Term, Tenant shall pay the following additional expenses:

5.1 **Utilities.** Tenant shall pay all fees charged for utilities in connection with the use and occupancy of the Property, including but not limited to electricity, water, gas, and telephone service.

5.2 **Taxes and Assessments.** Tenant shall pay all taxes (including leasehold excise taxes), assessments, and other governmental charges, of any kind whatsoever, applicable or attributable to the Property, Tenant's leasehold interest, the improvements, or Tenant's use and enjoyment of the Property.

5.3 **Right to Contest.** Tenant may, in good faith, contest any tax or assessment at its sole cost and expense. At the request of State, Tenant shall furnish reasonable protection in the form of a bond or other security, satisfactory to State, against any loss or liability by reason of such contest.

5.4 **Proof of Payment.** Tenant shall, if required by State, furnish to State receipts or other appropriate evidence establishing the payment of any amounts required to be paid under the terms of this Lease.

5.5 **Failure to Pay.** If Tenant fails to pay any of the amounts due under this Lease, State may pay the amount due, and recover its cost in accordance with the provisions of Section 6.

6. LATE PAYMENTS AND OTHER CHARGES

6.1 Late Charge. If any rental payment is not received by State within ten (10) days of the date due, Tenant shall pay to State a late charge equal to four percent (4%) of the amount of the payment or Fifty Dollars (\$50), whichever is greater, to defray the overhead expenses of State incident to the delay.

6.2 Interest Penalty for Past Due Rent and Other Sums Owed. If rent is not paid within thirty (30) days of the date due, then Tenant shall, in addition to paying the late charges determined under Subsection 6.1, above, pay interest on the amount outstanding at the rate of one percent (1%) per month until paid. If State pays or advances any amounts for or on behalf of Tenant, including but not limited to leasehold taxes, taxes, assessments, insurance premiums, costs of removal and disposal of unauthorized materials pursuant to Section 2 above, costs of removal and disposal of improvements pursuant to Section 7 below, or other amounts not paid when due, Tenant shall reimburse State for the amount paid or advanced and shall pay interest on that amount at the rate of one percent (1%) per month from the date State notifies Tenant of the payment or advance.

6.3 No Accord and Satisfaction. If Tenant pays, or State otherwise receives, an amount less than the full amount then due, State may apply such payment as it elects. In the absence of an election, the payment or receipt shall be applied first to accrued taxes which State has advanced or may be obligated to pay, then to other amounts advanced by State, then to late charges and accrued interest, and then to the earliest rent due. State may accept any payment in any amount without prejudice to State's right to recover the balance of the rent or pursue any other right or remedy. No endorsement or statement on any check, any payment, or any letter accompanying any check or payment shall constitute or be construed as accord and satisfaction.

6.4 No Counterclaim, Setoff, or Abatement of Rent. Except as expressly set forth elsewhere in this Lease, rent and all other sums payable by Tenant pursuant to this Lease shall be paid without the requirement that State provide prior notice or demand, and shall not be subject to any counterclaim, setoff, deduction, defense or abatement.

7. IMPROVEMENTS

7.1 Existing Improvements. On the Commencement Date, the following improvements are located on the Property: One dock, seven pilings, six buoys and a roped swimming area. The improvements are not owned by State ("Existing Improvements")

7.2 Tenant-Owned Improvements. So long as this Lease remains in effect, Tenant shall retain ownership of all Existing Improvements, and all authorized improvements and trade fixtures it may place on the Property (collectively "Tenant-Owned Improvements"). Tenant-Owned Improvements shall not include any construction, reconstruction, alteration, or addition to any Unauthorized Improvements as defined in Subsection 7.5 below. No Tenant-Owned Improvements shall be placed on the Property without State's prior written consent.

7.3 Construction. Prior to any construction, alteration, replacement, removal or major repair of any improvements (whether State-Owned or Tenant-Owned), Tenant shall submit to State plans and specifications which describe the proposed activity. Construction shall not commence until State has approved those plans and specifications in writing and Tenant has obtained a performance and payment bond in an amount equal to 125% of the estimated cost of

construction. The performance and payment bond shall be maintained until the costs of construction, including all laborers and material persons, have been paid in full. State shall have sixty (60) days in which to review the proposed plans and specifications. The plans and specifications shall be deemed approved and the requirement for State's written consent shall be treated as waived, unless State notifies Tenant otherwise within the sixty (60) days. Upon completion of construction, Tenant shall promptly provide State with as-built plans and specifications. State's consent and approval shall not be required for any routine maintenance or repair of improvements made by the Tenant pursuant to its obligation to maintain the Property in good order and repair that does not result in the construction, alteration, replacement, removal, or major repair of any improvements on the Property.

7.4 Removal. Tenant-Owned Improvements shall be removed by Tenant by the Termination Date unless State notifies Tenant that the Tenant-Owned Improvements may remain. If the State elects for the Tenant-Owned Improvements to remain on the Property after the Termination Date, they shall become the property of State without payment by State (if the provisions of RCW 79.94.320 or RCW 79.95.040 apply, Tenant shall be entitled to the rights provided in the statute). To the extent that Tenant-Owned Improvements include items of personal property which may be removed from the leasehold premises without harming the Property, or diminishing the value of the Property or the improvements, the State asserts no ownership interest in these improvements unless the parties agree otherwise in writing upon termination of this Lease. Any Tenant-Owned Improvements specifically identified as personal property in Exhibit A or B shall be treated in accordance with this provision. Tenant shall notify State at least one hundred eighty (180) days before the Termination Date if it intends to leave the Tenant-Owned Improvements on the Property. State shall then have ninety (90) days in which to notify Tenant that it wishes to have the Tenant-Owned Improvements removed or elects to have them remain. Failure to notify Tenant shall be deemed an election by State that the Tenant-Owned Improvements will remain on the Property. If the Tenant-Owned Improvements remain on the Property after the Termination Date without State's actual or deemed consent, they still will become the property of the State but the State may remove them and Tenant shall pay the costs of removal and disposal upon State's demand.

7.5 Unauthorized Improvements. Improvements made on the Property without State's prior consent pursuant to Subsection 7.3 or which are not in conformance with the plans submitted to and approved by State ("Unauthorized Improvements") shall immediately become the property of State, unless State elects otherwise. Regardless of ownership of Unauthorized Improvements, State may, at its option, require Tenant to sever, remove, and dispose of them, charge Tenant rent for the use of them, or both. If Tenant fails to remove an Unauthorized Improvement upon request, State may remove it and charge Tenant for the cost of removal and disposal.

8. ENVIRONMENTAL LIABILITY/RISK ALLOCATION

8.1 Definition. "Hazardous Substance" means any substance which now or in the future becomes regulated or defined under any federal, state, or local statute, ordinance, rule, regulation, or other law relating to human health, environmental protection, contamination or cleanup, including, but not limited to, the Comprehensive Environmental Response,

Compensation and Liability Act of 1980 ("CERCLA"), 42 U.S.C. 9601 *et seq.*, and Washington's Model Toxics Control Act ("MTCA"), RCW 70.105D.010 *et seq.*

8.2 Use of Hazardous Substances. Tenant covenants and agrees that Hazardous Substances will not be used, stored, generated, processed, transported, handled, released, or disposed of in, on, under, or above the Property, except in accordance with all applicable laws.

8.3 Current Conditions, Duty of Utmost Care, and Duty to Investigate.

(a) State makes no representation about the condition of the Property. Hazardous Substances may exist in, on, under, or above the Property. With regard to any Hazardous Substances that may exist in, on, under, or above the Property, State disclaims any and all responsibility to conduct investigations, to review any State records, documents or files, or to obtain or supply any information to Tenant.

(b) Tenant shall exercise the utmost care with respect to both Hazardous Substances in, on, under, or above the Property as of the Commencement Date, and any Hazardous Substances that come to be located in, on, under, or above the Property during the Term of this agreement, along with the foreseeable acts or omissions of third parties affecting those Hazardous Substances, and the foreseeable consequences of those acts or omissions. The obligation to exercise utmost care under this Subsection 8.3 includes, but is not limited to, the following requirements:

(1) Tenant shall not undertake activities that will cause, contribute to, or exacerbate contamination of the Property;

(2) Tenant shall not undertake activities that damage or interfere with the operation of remedial or restoration activities on the Property or undertake activities that result in human or environmental exposure to contaminated sediments on the Property;

(3) Tenant shall not undertake any activities that result in the mechanical or chemical disturbance of on-site habitat mitigation;

(4) If requested, Tenant shall allow reasonable access to the Property by employees and authorized agents of the Environmental Protection Agency, the Washington State Department of Ecology, or other similar environmental agencies; and

(5) If requested, Tenant shall allow reasonable access to potentially liable or responsible parties who are the subject of an order or consent decree which requires access to the Property. Tenant's obligation to provide access to potentially liable or responsible parties may be conditioned upon the negotiation of an access agreement with such parties, provided that such agreement shall not be unreasonably withheld.

(c) It shall be Tenant's obligation to gather sufficient information concerning the Property and the existence, scope, and location of any Hazardous Substances on the Property, or adjoining the Property, that allows Tenant to effectively meet its obligations under this lease.

8.4 Notification and Reporting.

(a) Tenant shall immediately notify State if Tenant becomes aware of any of the following:

(1) A release or threatened release of Hazardous Substances in, on, under, or above the Property, any adjoining property, or any other property subject to use by Tenant in conjunction with its use of the Property;

(2) Any problem or liability related to, or derived from, the presence of any Hazardous Substance in, on, under, or above the Property, any adjoining property, or any other property subject to use by Tenant in conjunction with its use of the Property;

(3) Any actual or alleged violation of any federal, state, or local statute, ordinance, rule, regulation, or other law pertaining to Hazardous Substances with respect to the Property, any adjoining property, or any other property subject to use by Tenant in conjunction with its use of the Property;

(4) Any lien or action with respect to any of the foregoing; or,

(5) Any notification from the US Environmental Protection Agency (EPA) or the Washington State Department of Ecology (DOE) that remediation or removal of Hazardous Substances is or may be required at the Property.

(b) Upon request, Tenant shall provide State with copies of any and all reports, studies, or audits which pertain to environmental issues or concerns associated with the Property, and which were prepared for Tenant and submitted to any federal, state or local authorities pursuant to any federal, state or local permit, license or law. These permits include, but are not limited to, any National Pollution Discharge and Elimination System Permit, any Army Corps of Engineers permit, any State Hydraulics permit, any State Water Quality certification, or any Substantial Development permit.

8.5 Indemnification.

(a) Tenant shall fully indemnify, defend, and hold State harmless from and against any and all claims, demands, damages, natural resource damages, response costs, remedial costs, cleanup costs, losses, liens, liabilities, penalties, fines, lawsuits, other proceedings, costs, and expenses (including attorneys' fees and disbursements), that arise out of or are in any way related to:

(1) The use, storage, generation, processing, transportation, handling, or disposal of any Hazardous Substance by Tenant, its subtenants, contractors, agents, employees, guests, invitees, or affiliates in, on, under, or above the Property, any adjoining property, or any other property subject to use by Tenant in conjunction with its use of the Property, during the Term of this Lease or during any time when Tenant occupies or occupied the Property or any such other property;

(2) The release or threatened release of any Hazardous Substance, or the exacerbation of any Hazardous Substance contamination, in, on, under, or above the Property, any adjoining property, or any other property subject to use by Tenant in conjunction with its use of the Property, which release, threatened release, or exacerbation occurs or occurred during the Term of this Lease or during any time when Tenant occupies or occupied the Property or any such other property, and as a result of:

(i) Any act or omission of Tenant, its subtenants, contractors, agents, employees, guests, invitees, or affiliates; or,

(ii) Any foreseeable act or omission of a third party unless Tenant exercised the utmost care with respect to the foreseeable acts or omissions of the third party and the foreseeable consequences of those acts or omissions.

(b) In addition to the indemnifications provided in Subsection 8.5(a), Tenant shall fully indemnify State for any and all damages, liabilities, costs or expenses (including

attorneys' fees and disbursements) that arise out of or are in any way related to Tenant's breach of the obligations of Subsection 8.3(b). This obligation is not intended to duplicate the indemnity provided in Subsection 8.5(a) and applies only to damages, liabilities, costs, or expenses that are associated with a breach of Subsection 8.3(b) and which are not characterized as a release, threatened release, or exacerbation of Hazardous Substances.

8.6 Cleanup. If a release of Hazardous Substances occurs in, on, under, or above the Property, or other State-owned property, arising out of any action, inaction, or event described or referred to in Subsection 8.5, above, Tenant shall, at its sole expense, promptly take all actions necessary or advisable to clean up the Hazardous Substances. Cleanup actions shall include, without limitation, removal, containment and remedial actions and shall be performed in accordance with all applicable laws, rules, ordinances, and permits. Tenant's obligation to undertake a cleanup under this Subsection 8.6 shall be limited to those instances where the Hazardous Substances exist in amounts that exceed the threshold limits of any applicable regulatory cleanup standards. Tenant shall also be solely responsible for all cleanup, administrative, and enforcement costs of governmental agencies, including natural resource damage claims, arising out of any action, inaction, or event described or referred to in Subsection 8.5, above. Tenant may undertake a cleanup pursuant to the Washington State Department of Ecology's Voluntary Cleanup Program, provided that: (1) Any cleanup plans shall be submitted to State (DNR) for review and comment at least thirty (30) days prior to implementation (except in emergency situations), and (2) Tenant must not be in breach of this lease. Nothing in the operation of this provision shall be construed as an agreement by State that the voluntary cleanup complies with any laws or with the provisions of this Lease.

8.7 Sampling by State, Reimbursement, and Split Samples.

(a) State may conduct sampling, tests, audits, surveys, or investigations ("Tests") of the Property at any time to determine the existence, scope, or effects of Hazardous Substances on the Property, any adjoining property, any other property subject to use by Tenant in conjunction with its use of the Property, or any natural resources. If such Tests, along with any other information, demonstrates the existence, release, or threatened release of Hazardous Substances arising out of any action, inaction, or event described or referred to in Subsection 8.5, above, Tenant shall promptly reimburse State for all costs associated with such Tests.

(b) State's ability to seek reimbursement for any Tests under this Subsection shall be conditioned upon State providing Tenant written notice of its intent to conduct any Tests at least thirty (30) calendar days prior to undertaking such Tests, unless such Tests are performed in response to an emergency situation in which case State shall only be required to give such notice as is reasonably practical.

(c) Tenant shall be entitled to obtain split samples of any Test samples obtained by State, but only if Tenant provides State with written notice requesting such samples within twenty (20) calendar days of the date Tenant is deemed to have received notice of State's intent to conduct any non-emergency Tests. The additional cost, if any, of split samples shall be borne solely by Tenant. Any additional costs State incurs by virtue of Tenant's split sampling shall be reimbursed to State within thirty (30) calendar days after a bill with documentation for such costs is sent to Tenant.

(d) Within thirty (30) calendar days of a written request (unless otherwise required pursuant to Subsection 8.4(b), above), either party to this Lease shall provide the other party with validated final data, quality assurance/quality control information, and chain of custody information, associated with any Tests of the Property performed by or on behalf of State or Tenant. There is no obligation to provide any analytical summaries or expert opinion work product.

8.8 Reservation of Rights. The parties have agreed to allocate certain environmental risks, liabilities, and responsibilities by the terms of Section 8. With respect to those environmental liabilities covered by the indemnification provisions of Subsection 8.5, that subsection shall exclusively govern the allocation of those liabilities. With respect to any environmental risks, liabilities, or responsibilities not covered by Subsection 8.5, the parties expressly reserve and do not waive or relinquish any rights, claims, immunities, causes of action, or defenses relating to the presence, release, or threatened release of Hazardous Substances in, on, under, or above the Property, any adjoining property, or any other property subject to use by Tenant in conjunction with its use of the Property, that either party may have against the other under federal, state, or local laws, including but not limited to, CERCLA, MTCA, and the common law. No right, claim, immunity, or defense either party may have against third parties is affected by this Lease and the parties expressly reserve all such rights, claims, immunities, and defenses. The allocations of risks, liabilities, and responsibilities set forth above do not release either party from, or affect either party's liability for, claims or actions by federal, state, or local regulatory agencies concerning Hazardous Substances.

9. ASSIGNMENT AND SUBLETTING

9.1 State Consent Required. Tenant shall not sell, convey, mortgage, assign, pledge, sublet, or otherwise transfer or encumber all or any part of Tenant's interest in this Lease or the Property without State's prior written consent, which shall not be unreasonably conditioned or withheld.

(a) In determining whether to consent, State may consider, among other items, the proposed transferee's financial condition, business reputation and experience, the nature of the proposed transferee's business, the then-current value of the Property, and such other factors as may reasonably bear upon the suitability of the transferee as a tenant of the Property. Tenant shall submit information regarding any proposed transferee to State at least thirty (30) days prior to the date of the proposed transfer.

(b) State reserves the right to condition its consent upon: (1) changes in the terms and conditions of this Lease, including the Annual Rent and other terms; and/or (2) the agreement of Tenant or transferee to conduct Tests for Hazardous Substances on the Property or on other property owned or occupied by Tenant or the transferee.

(c) Each permitted transferee shall assume all obligations under this Lease, including the payment of rent. No assignment, sublet, or transfer shall release, discharge, or otherwise affect the liability of Tenant.

9.2 Event of Assignment. If Tenant is a corporation, a dissolution of the corporation or a transfer (by one or more transactions) of a majority of the voting stock of Tenant shall be

deemed to be an assignment of this Lease. If Tenant is a partnership, a dissolution of the partnership or a transfer (by one or more transactions) of the controlling interest in Tenant shall be deemed an assignment of this Lease.

9.3 Rent Payments Following Assignment. The acceptance by State of the payment of rent following an assignment or other transfer shall not constitute consent to any assignment or transfer.

9.4 Terms of Subleases. All subleases shall be submitted to State for approval and shall meet the following requirements:

- (a) The sublease shall be consistent with and subject to all the terms and conditions of this Lease;
- (b) The sublease shall confirm that if the terms of the sublease conflict with the terms of this Lease, this Lease shall control;
- (c) The term of the sublease (including any period of time covered by a renewal option) shall end before the Termination Date of the initial Term or any renewal term;
- (d) The sublease shall terminate if this Lease terminates, whether upon expiration of the Term, failure to exercise an option to renew, cancellation by State, surrender or for any other reason;
- (e) The subtenant shall receive and acknowledge receipt of a copy of this Lease;
- (f) The sublease shall prohibit the prepayment to Tenant by the subtenant of more than one month's rent;
- (g) The sublease shall identify the rental amount to be paid to Tenant by the subtenant;
- (h) The sublease shall confirm that there is no privity of contract between the subtenant and State;
- (i) The sublease shall require removal of the subtenant's improvements and trade fixtures upon termination of the sublease; and,
- (j) The subtenant's permitted use shall be within the Permitted Use authorized by this Lease.

9.5 Routine Subleasing of Moorage Slips. In the case of routine subleasing of moorage slips to recreational and commercial vessel owners for a term of one year or less, Tenant shall not be required to obtain State's written consent or approval pursuant to Subsection 9.1 or Subsection 9.4. Tenant shall be obligated to ensure that these moorage agreements conform to the sublease requirements in Subsection 9.4.

10. INDEMNITY, FINANCIAL SECURITY, INSURANCE

10.1 Indemnity. Tenant shall indemnify, defend, and hold harmless State, its employees, officers, and agents from any and all liability, damages (including bodily injury, personal injury and damages to land, aquatic life, and other natural resources), expenses, causes of action, suits, claims, costs, fees (including attorneys' fees), penalties, or judgments, of any nature whatsoever, arising out of the use, occupation, or control of the Property by Tenant, its subtenants, invitees, agents, employees, licensees, or permittees, except as may arise solely out of the willful or negligent act of State or State's elected officials, employees, or agents. To the

extent that RCW 4.24.115 applies, Tenant shall not be required to indemnify, defend, and hold State harmless from State's sole or concurrent negligence. Tenant's liability to State for hazardous substances, and its obligation to indemnify, defend, and hold the State harmless for hazardous substances, shall be governed exclusively by Section 8.

10.2 Financial Security.

(a) At its own expense, Tenant shall procure and maintain a corporate surety bond or provide other financial security satisfactory to State (the "Bond") in an amount equal to Five Thousand and no/100 Dollars (\$5,000.00), which shall secure Tenant's full performance of its obligations under this Lease, with the exception of the obligations under Section 8 (Environmental Liability/Risk Allocation) above. The Bond shall be in a form and issued by a surety company acceptable to State. State may require an adjustment in the amount of the Bond:

- (1) At the same time as revaluation of the Annual Rent;
- (2) As a condition of approval of assignment or sublease of this Lease;
- (3) Upon a material change in the condition of any improvements; or,
- (4) Upon a change in the Permitted Use.

A new or modified Bond shall be delivered to State within thirty (30) days after adjustment of the amount of the Bond has been required by State.

(b) Upon any default by Tenant in its obligations under this Lease, State may collect on the Bond to offset the liability of Tenant to State. Collection on the Bond shall not relieve Tenant of liability, shall not limit any of State's other remedies, and shall not reinstate or cure the default or prevent termination of the Lease because of the default.

10.3 Insurance. At its own expense, Tenant shall procure and maintain during the Term of this Lease, the insurance coverages and limits described in Subsections 10.3(a) and (b) below. This insurance shall be issued by an insurance company or companies admitted and licensed by the Insurance Commissioner to do business in the State of Washington. Insurers must have a rating of B+ or better by "Best's Insurance Reports," or a comparable rating by another rating company acceptable to State. If non-admitted or non-rated carriers are used, the policies must comply with Chapter 48.15 RCW.

(a) Types of Required Insurance.

(1) Commercial General Liability Insurance. Tenant shall procure and maintain Commercial General Liability insurance and, if applicable, Marina Operators Legal Liability insurance covering claims for bodily injury, personal injury, or property damage arising on the Property and/or arising out of Tenant's operations. If necessary, commercial umbrella insurance covering claims for these risks shall be procured and maintained. Insurance must include liability coverage with limits not less than those specified below:

Description

Each Occurrence	\$1,000,000
General Aggregate Limit	\$2,000,000

State may impose changes in the limits of liability:

- (i) As a condition of approval of assignment or sublease of this Lease;
- (ii) Upon any breach of Section 8, above;

(iii) Upon a material change in the condition of the Property or any improvements; or,

(iv) Upon a change in the Permitted Use.

New or modified insurance coverage shall be in place within thirty (30) days after changes in the limits of liability are required by State.

(2) Property Insurance. Tenant shall procure and maintain property insurance covering all real property located on or constituting a part of the Property in an amount equal to the replacement value of all improvements on the Property. Such insurance may have commercially reasonable deductibles.

(3) Worker's Compensation/Employer's Liability Insurance. Tenant shall procure and maintain:

(i) State of Washington Worker's Compensation coverage, as applicable, with respect to any work by Tenant's employees on or about the Property and on any improvements;

(ii) Employers Liability or "Stop Gap" insurance coverage, as applicable, with limits not less than those specified below. Insurance must include bodily injury coverage with limits not less than those specified below:

<u>By Accident</u>	<u>Each Employee</u> <u>By Disease</u>	<u>Policy Limit</u> <u>By Disease</u>
\$1,000,000	\$1,000,000	\$1,000,000

(iii) Longshore and Harbor Worker's Act and Jones Act coverage, as applicable, with respect to any work by Tenant's employees on or about the Property and on any improvements.

(4) Builder's Risk Insurance. As applicable, Tenant shall procure and maintain builder's risk insurance in an amount reasonably satisfactory to State during construction, replacement, or material alteration of the Property or improvements on the Property. Coverage shall be in place until such work is completed and evidence of completion is provided to State.

(5) Business Auto Policy Insurance. As applicable, Tenant shall procure and maintain a business auto policy. The insurance must include liability coverage with limits not less than those specified below:

<u>Description</u>	<u>Each Accident</u>
Bodily Injury and Property Damage	\$1,000,000

(b) Terms of Insurance. The policies required under Subsection 10.3 shall name the State of Washington, Department of Natural Resources as an additional insured (except for State of Washington Worker's Compensation coverage, and Federal Jones' Act and Longshore and Harbor Worker's Act coverages). Furthermore, all policies of insurance described in Subsection 10.3 shall meet the following requirements:

(1) Policies shall be written as primary policies not contributing with and not in excess of coverage that State may carry;

(2) Policies shall expressly provide that such insurance may not be canceled or nonrenewed with respect to State except upon forty-five (45) days prior written notice from the insurance company to State;

(3) To the extent of State's insurable interest, property coverage shall expressly provide that all proceeds shall be paid jointly to State and Tenant;

(4) All liability policies must provide coverage on an occurrence basis; and

(5) Liability policies shall not include exclusions for cross liability.

(c) **Proof of Insurance.** Tenant shall furnish evidence of insurance in the form of a Certificate of Insurance satisfactory to the State accompanied by a checklist of coverages provided by State, executed by a duly authorized representative of each insurer showing compliance with the insurance requirements described in section 10, and, if requested, copies of policies to State. The Certificate of Insurance shall reference the State of Washington, Department of Natural Resources and the lease number. Receipt of such certificates or policies by State does not constitute approval by State of the terms of such policies. Tenant acknowledges that the coverage requirements set forth herein are the minimum limits of insurance the Tenant must purchase to enter into this agreement. These limits may not be sufficient to cover all liability losses and related claim settlement expenses. Purchase of these limits of coverage does not relieve the Tenant from liability for losses and settlement expenses greater than these amounts.

10.4 **State's Acquisition of Insurance.** If Tenant fails to procure and maintain the insurance described above within fifteen (15) days after Tenant receives a notice to comply from State, State shall have the right to procure and maintain comparable substitute insurance and to pay the premiums. Tenant shall pay to State upon demand the full amount paid by State, together with interest at the rate provided in Subsection 6.2 from the date of State's notice of the expenditure until Tenant's repayment.

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 (regardless of ownership) 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 which may be required by any public authority.

(c) All additions, repairs, alterations, 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.

12. DAMAGE OR DESTRUCTION

(a) In the event of any damage to or destruction of the Property or any improvements, Tenant shall promptly give written notice to State. Unless otherwise agreed in writing, Tenant shall promptly reconstruct, repair, or replace the Property and any improvements as nearly as possible to its condition immediately prior to the damage or destruction.

(b) Tenant's duty to reconstruct, repair, or replace any damage or destruction of the Property or any improvements on the Property shall not be conditioned upon the availability of any insurance proceeds to Tenant from which the cost of repairs may be paid.

(c) Unless this Lease is terminated by mutual agreement, there shall be no abatement or reduction in rent during such reconstruction, repair, and replacement.

(d) Any insurance proceeds payable by reason of damage or destruction shall be first used to restore the real property covered by this Lease, then to pay the cost of the reconstruction, then to pay the State any sums in arrears, and then to Tenant.

(e) In the event Tenant is in default under the terms of this Lease at the time damage or destruction occurs, State may elect to terminate the Lease and State shall then have the right to retain any and all insurance proceeds payable as a result of the damage or destruction.

13. CONDEMNATION

13.1 Definitions.

(a) Taking. The term "taking," as used in this Lease, means the taking of all or any portion of the Property and any improvements thereon under the power of eminent domain, either by judgment or settlement in lieu of judgment. Taking also means the taking of all or a portion of the Property and any improvements thereon to the extent that the Permitted Use is prevented or, in the judgment of State, the Property is rendered impractical for the Permitted Use. A total taking occurs when the entire Property is taken. A partial taking occurs when the taking does not constitute a total taking as defined above.

(b) Voluntary Conveyance. The terms "total taking" and "partial taking" shall include a voluntary conveyance, in lieu of formal court proceedings, to any agency, authority, public utility, person, or corporate entity empowered to condemn property.

(c) Date of Taking. The term "date of taking" shall mean the date upon which title to the Property or a portion of the Property passes to and vests in the condemnor or the effective date of any order for possession if issued prior to the date title vests in the condemnor.

13.2 Effect of Taking. If during the Term there shall be a total taking, the leasehold estate of Tenant in the Property shall terminate as of the date of taking. If this Lease is terminated, in whole or in part, all rentals and other charges payable by Tenant to State and attributable to the Property taken shall be paid by Tenant up to the date of taking. If Tenant has pre-paid rent, Tenant will be entitled to a refund of the pro rata share of the pre-paid rent attributable to the period after the date of taking. In the event of a partial taking, there shall be a partial abatement of rent from the date of taking in a percentage equal to the percentage of Property taken.

13.3 Allocation of Award. State and Tenant agree that in the event of any condemnation, the award shall be allocated between State and Tenant based upon the ratio of the fair market value of Tenant's leasehold estate and Tenant-Owned Improvements on the Property and State's interest (a) in the Property, (b) in the reversionary interest in Tenant-Owned Improvements, and (c) in State-Owned Improvements. In the event of a partial taking, this ratio will be computed on the basis of the portion of Property or improvements taken. If Tenant and State are unable to agree on the allocation, it shall be submitted to binding arbitration in accordance with the rules of the American Arbitration Association.

14. **DEFAULT AND REMEDIES**

- (a) Tenant shall be in default of this Lease on the occurrence of any of the following:
- (1) Failure to pay Annual Rent or other expenses when due;
 - (2) Failure to comply with any law, regulation, policy, or order of any lawful governmental authority;
 - (3) Failure to comply with any other provision of this Lease;
 - (4) Two or more defaults over a period of time, or a single serious default, that demonstrates a reasonable likelihood of future defaults in the absence of corrective action by Tenant; or,
 - (5) Proceedings are commenced by or against Tenant under any bankruptcy act or for the appointment of a trustee or receiver of Tenants' property.
- (b) A default shall become an event of default ("Event of Default") if Tenant fails to cure the default within the applicable cure period after State provides Tenant with written notice of default, which specifies the nature of the default. For failure to pay rent or other monetary defaults, the cure period shall be ten (10) days. For other defaults, the cure period shall be thirty (30) days.
- (c) Upon an Event of Default, State may terminate this Lease and remove Tenant by summary proceedings or otherwise. State may also, without terminating this Lease, relet the Property on any terms and conditions as State in its sole discretion may decide are appropriate. If State elects to relet, rent received by it shall be applied: (1) to the payment of any indebtedness other than rent due from Tenant to State; (2) to the payment of any cost of such reletting; (3) to the payment of the cost of any alterations and repairs to the Property; and, (4) to the payment of rent and leasehold excise tax due and unpaid under this Lease. Any balance shall be held by State and applied to Tenant's future rent as it becomes due. Tenant shall be responsible for any deficiency created by the reletting during any month and shall pay the deficiency monthly. State's reentry or repossession of the Property under this subsection shall not be construed as an election to terminate this Lease or cause a forfeiture of rents or other charges to be paid during the balance of the Term, unless State gives a written notice of termination to Tenant or termination is decreed by legal proceedings. State may at any time after reletting elect to terminate this Lease for the previous Event of Default.

15. **ENTRY BY STATE**

State shall have the right to enter the Property at any reasonable hour to inspect for compliance with the terms of this Lease.

16. **DISCLAIMER OF QUIET ENJOYMENT**

As indicated in Section 1.1, this Lease is subject to all valid recorded interests of third parties, as well as rights of the public under the Public Trust Doctrine or federal navigation servitude, and treaty rights of Indian Tribes. State believes that its grant of the Lease is consistent with the Public Trust Doctrine and that none of the identified interests of third parties will materially and adversely affect Tenant's right of possession and use of the Property as set forth herein, but makes no guaranty or warranty to that effect. Tenant and State expressly agree that Tenant shall be responsible for determining the extent of its right to possession and for

defending its leasehold interest. Consequently, State expressly disclaims and Tenant expressly releases State from any claim for breach of any implied covenant of quiet enjoyment with respect to the possession of the Property. This disclaimer includes, but is not limited to, interference arising from or in connection with access or other use rights of adjacent property owners or the public over the water surface or in or under the water column, including rights under the Public Trust Doctrine; rights held by Indian Tribes; and the general power and authority of State and the United States with respect to aquatic lands, navigable waters, bedlands, tidelands, and shorelands. In the event Tenant is evicted from the Property by reason of successful assertion of any of these rights, this Lease shall terminate as of the date of the eviction. In the event of a partial eviction, Tenant's rent obligations shall abate as of the date of the partial eviction, in direct proportion to the extent of the eviction, but in all other respects, this Lease shall remain in full force and effect.

17. NOTICE

Any notices required or permitted under this Lease may be personally delivered, delivered by facsimile machine, or mailed by certified mail, return receipt requested, to the following addresses or to such other places as the parties may direct in writing from time to time:

State: DEPARTMENT OF NATURAL RESOURCES
919 N. Township St.
Sedro Woolley, WA 98284

Tenant: SUDDEN VALLEY COMMUNITY ASSOCIATION
2145 Lake Whatcom Blvd.
Bellingham, WA 98226

A notice shall be deemed given and delivered upon personal delivery, upon receipt of a confirmation report if delivered by facsimile machine, or three (3) days after being mailed as set forth above, whichever is applicable.

18. MISCELLANEOUS

18.1 Authority. Tenant and the person or persons executing this Lease on behalf of Tenant represent that Tenant is qualified to do business in the State of Washington, that Tenant has full right and authority to enter into this Lease, and that each and every person signing on behalf of Tenant is authorized to do so. Upon State's request, Tenant will provide evidence satisfactory to State confirming these representations. This Lease is entered into by State pursuant to the authority granted it in Chapters 79.90 to 79.96 RCW and the Constitution of the State of Washington.

18.2 Successors and Assigns. This Lease shall be binding upon and inure to the benefit of the parties, their successors and assigns.

18.3 Headings. The headings used in this Lease are for convenience only and in no way define, limit, or extend the scope of this Lease or the intent of any provision.

18.4 **Entire Agreement.** This Lease, including the exhibits and addenda, if any, contains the entire agreement of the parties. All prior and contemporaneous agreements, promises, representations, and statements relating to this transaction or to the Property, if any, are merged into this Lease.

18.5 **Waiver.** The waiver by State of any breach or default of any term, covenant, or condition of this Lease shall not be deemed to be a waiver of such term, covenant, or condition; of any subsequent breach or default of the same; or of any other term, covenant, or condition of this Lease. State's acceptance of a rental payment shall not be construed to be a waiver of any preceding or existing breach other than the failure to pay the particular rental payment that was accepted.

18.6 **Cumulative Remedies.** The rights and remedies of State under this Lease are cumulative and in addition to all other rights and remedies afforded to State by law or equity or otherwise.

18.7 **Time is of the Essence.** TIME IS OF THE ESSENCE as to each and every provision of this Lease.

18.8 **Language.** The word "Tenant" as used in this Lease shall be applicable to one or more persons, as the case may be. The singular shall include the plural, and the neuter shall include the masculine and feminine. If there is more than one Tenant, their obligations shall be joint and several. The word "persons," whenever used, shall include individuals, firms, associations, and corporations.

18.9 **Invalidity.** If any provision of this Lease shall prove to be invalid, void, or illegal, it shall in no way affect, impair, or invalidate any other provision of this Lease.

18.10 **Applicable Law and Venue.** This Lease shall be interpreted and construed in accordance with the laws of the State of Washington. Any reference to a statute shall mean that statute as presently enacted or hereafter amended or superseded. Venue for any action arising out of or in connection with this Lease shall be in the Superior Court for Thurston County, Washington.

18.11 **Recordation.** Tenant shall record this Lease or a memorandum documenting the existence of this Lease in the county in which the Property is located, at Tenant's sole expense. The memorandum shall, at a minimum, contain the Property description, the names of the parties to the Lease, the State's lease number, and the duration of the Lease. Tenant shall provide State with recording information, including the date of recordation and file number. Tenant shall have thirty (30) days from the date of delivery of the final executed agreement to comply with the requirements of this subsection. If Tenant fails to record this Lease, State may record it and Tenant shall pay the costs of recording upon State's demand.

18.12 Modification. Any modification of this Lease must be in writing and signed by the parties. State shall not be bound by any oral representations or statements.

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

STATE:

TENANT:

STATE OF WASHINGTON
DEPARTMENT OF NATURAL
RESOURCES

SUDDEN VALLEY COMMUNITY
ASSOCIATION, a Washington Non-profit
Corporation

By: 
WILLIAM J. WALLACE

By: 
A. H. CAMERON

Its: Northwest Region Manager

Its: Board President

Dated: September 27, 1999

Dated: 8/18/99

By: 
THESSALY PRENTISS

Its: Board Secretary

Dated: 8/18/99

STATE OF WASHINGTON)
) ss.
 COUNTY OF SKAGIT)

I certify that I know or have satisfactory evidence that WILLIAM J. WALLACE is the person who appeared before me, and is the Northwest Region Manager of the STATE OF WASHINGTON DEPARTMENT OF NATURAL RESOURCES. I further certify that said person acknowledged the foregoing to be the free and voluntary act of the STATE OF WASHINGTON DEPARTMENT OF NATURAL RESOURCES for the uses and purposes mentioned in the instrument, and on oath stated that he is duly authorized to execute and acknowledge said instrument.



DATED: Sept 27, 1999

J. E. Gustafson
J. E. GUSTAFSON

(Type/Print Name)

Notary Public in and for the State of Washington
 residing at: Sedro Woolley
 My Commission Expires: 5-1-2000

STATE OF WASHINGTON)
) ss.
COUNTY OF)

I certify that I know or have satisfactory evidence that A. H. CAMERON is the person who appeared before me, and is the President of the SUDDEN VALLEY COMMUNITY ASSOCIATION ("Tenant"). I further certify that said person acknowledged the foregoing instrument to be the free and voluntary act of the Tenant for the uses and purposes mentioned in the instrument, and on oath state that he is duly authorized to execute and acknowledge said instrument.



DATED: 8/18/99

Amy C. Derr
Amy C. DERR

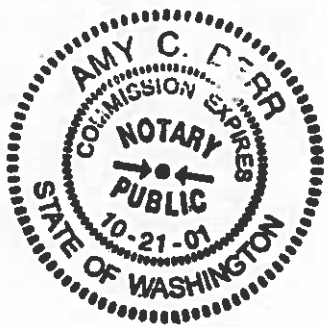
(Type/Print Name)

Notary Public in and for the State of Washington
residing at: Bellingham

My Commission Expires: 10-21-01

STATE OF WASHINGTON)
) ss.
COUNTY OF)

I certify that I know or have satisfactory evidence that THESSALY PRENTISS is the person who appeared before me, and is the Secretary of the SUDDEN VALLEY COMMUNITY ASSOCIATION ("Tenant"). I further certify that said person acknowledged the foregoing instrument to be the free and voluntary act of the Tenant for the uses and purposes mentioned in the instrument, and on oath state that she is duly authorized to execute and acknowledge said instrument.



DATED: 8/18/99

Amy C. Derr
Amy C. DERR

(Type/Print Name)

Notary Public in and for the State of Washington
residing at: Bellingham

My Commission Expires: 10-21-01

Lease at Sudden Valley Community Association Marina, Washington
Sudden Valley Recreation Department
For State of Washington Department of Natural Resources Division of Aquatics Lands
December 7, 1998

EXHIBIT "B" - Maintenance and Operations Plan

OPERATIONS

Sudden Valley Community Association operates a boat storage and boat moorage facility including launching ramps at the Sudden Valley Marina for property owners on or adjacent to Sudden Valley owned property. The Association intends to continue use as a storage parking area as well as provide in water moorage for its property owners and their guests. Operations include a dry parking lot, 88 wet slips, restroom facility, ski dock, swimming area, and gated launch facilities.

Use of these facilities will be regulated and monitored by Security and patrol committees to insure Private access only. All on site moorage and boat storage users will have proper identification and submit applicable record information to the Sudden Valley Recreation Department. All leased areas are restricted to private use and require proof of membership.

Equipment and vessel use at the Marina is for watercraft and trailers. The boats are all under 32 feet in length and the moorage slips restrict use to vessels under 30 feet. These watercraft include ski boats, small sail boats, pleasure boats, and personal watercraft such as a jetski.

There is a temporary launch assist dock used for the purpose of loading and unloading these vessels. The ski dock also provides a place for passenger loading and temporary mooring while using the surrounding amenities. The leased swim area consists of a rope and float barrier to keep Watercraft out and swimmers safe.

MAINTENANCE OF STRUCTURES

The existing structures within the lease area are; six buoy markers to identify the marina channel and notify users of the "no wake zone". Five wood pilings to anchor the floating ski dock that is constructed of treated lumber. Polypropylene rope with colored floats to designate swimming area limits that is attached to one anchor piling and the shore. One slab of formed concrete and 6 concrete blankets that is used as a small craft launch ramp.

The annual maintenance inspection and upkeep of the facility consists of: general repair and maintenance to replace any damaged materials in the leased area; reconstruction of damaged lumber or hardware on the ski dock, which also receives pressure washing when needed with tap water; replacement of any eroded anchor pilings; and restoration of line and floats for the swimming area and channel buoys.

Adjacent to the leased aquatics land is beach area that receives regular mowing and trash removal. The parking area is swept by departmental maintenance crew with a standard street sweeper a few times during heavy traffic use in the Summer season.

Exhibit "B"
Page 2 of 2

PLAN OF DEVELOPMENT

Project	Estimated Year & Month of Repairs
Replacement of Launch Ramp (received permit approval)	In Progress - completed by Dec. 98
Construction of Assist Dock (included in above permit)	Pending - completion early 1999
Replacement of Ski Dock (based on pending approval of permit)	Initiated once permitting in place. Intended to complete by Dec. 99
Possible paving of storage parking lot (entering as long range plan)	Dependent on funding approval. Proposing to be included in SVCA capital plan for next five years.

HAZARDOUS MATERIALS & REFUSE

The Marina facility does not handle or store any hazardous materials on the property or any adjacent property.

Any waste discharge from small craft septic systems, i.e. portable toilets will be required to use the on-site restroom facility that has direct sewer service.

There is no dry storage wash station for cleaning purposes, therefore no toxic or other types of cleaning products are used.

Any piling replacement must meet the Clean Water Act, Chapter 90.48 RCW and WAC 173-201A. The introduction of toxic substances in quantities that have chronic or acute effects on biota to waters of the state is also prohibited. This lease prohibits the use of creosote, pentachlorophenol or other similarly toxic substances.



SURVEY

Number of Pages: 07

Grantor (Surveyor):

Wilson Engineering LLC

Grantee (Requestor):

Sudden Valley Community Association

Quarter:	NE SW SE NE	Quarter:	SW SE SE NE	Gov't Lot:	01
Section:	555 8	Township:	37W 37W 37W 37W	Range:	4E 4E 4E 4E

D.N.R. AQUATICS LEASE EXHIBIT #20-B09745

ADJACENT TO GOV'T LOTS 3, 4 & 5, SEC. 5, AND GOV'T LOT 1, SEC. 8, TWP. 37 N., RGE. 4E., W.M., WHATCOM COUNTY, WASHINGTON

WSRN REF. STA. "BELI"
 LAT: N 48° 45' 18.95183"
 LONG: W 122° 28' 44.23662"
 N: 644,539.15 USFT
 E: 1,243,458.13 USFT
 COMB. SCALE: 1.00000249
 CONV. ANG. -1°13'31"

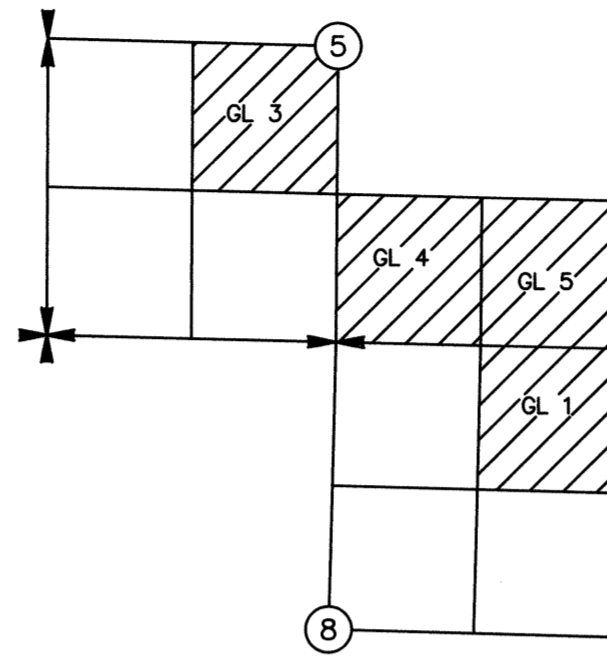
LWWS MON "MARINA"
 LAT: N 48° 43' 15.78508"
 LONG: W 122° 19' 28.29197"
 N: 631,299.88
 E: 1,280,462.91
 COMB. SCALE: 0.999985945
 CONV. ANG. -1°06'37"

LWWS MON "WWTP"
 LAT: N 48° 43' 02.18195"
 LONG: W 122° 19' 02.73663"
 N: 629,888.40 USFT
 E: 1,282,149.65 USFT
 COMB. SCALE: 0.999984843
 CONV. ANG. -1°06'18"

LWWS MON "FIREHOUSE"
 LAT: N 48° 42' 55.58408"
 LONG: W 122° 19' 57.54513"
 N: 629,291.11 USFT
 E: 1,278,461.80 USFT
 COMB. SCALE: 0.999980980
 CONV. ANG. -1°06'59"

WSRN REF. STA. "JOB0"
 LAT: N 48° 33' 44.52009"
 LONG: W 122° 26' 14.21391"
 N: 573,966.50 USFT
 E: 1,252,042.38 USFT
 COMB. SCALE: 0.999974095

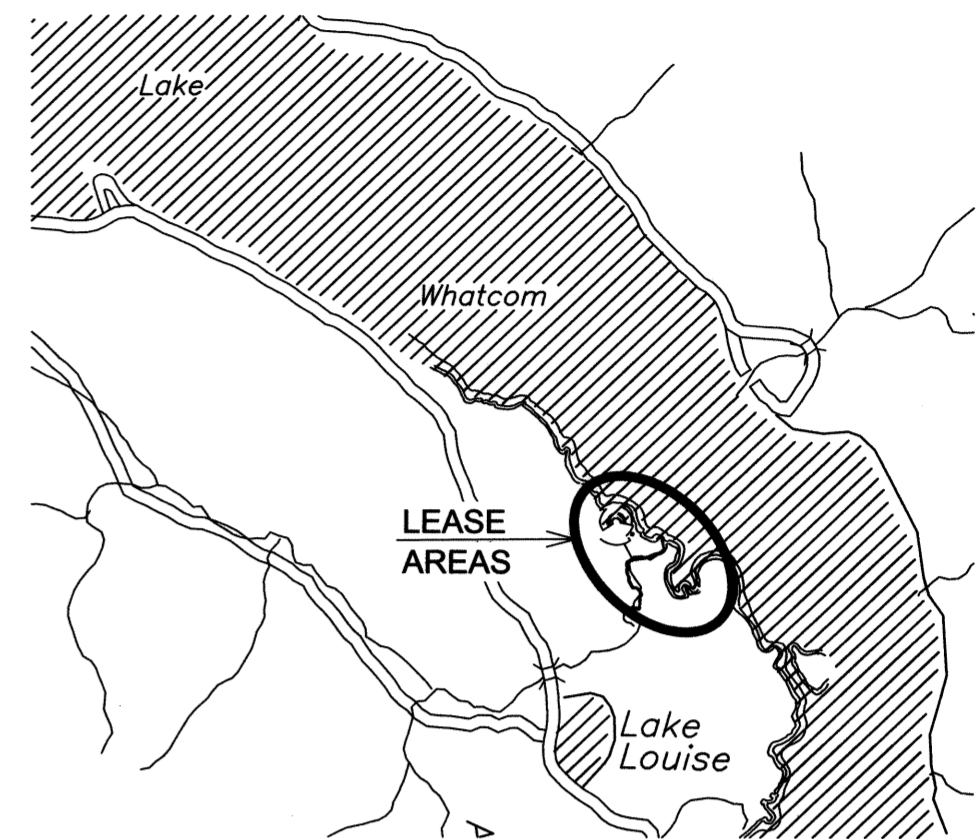
CONTROL SCHEMA N.T.S.
 ALL BEARING, DISTANCE AND
 COORDINATE VALUES ARE NAD 83/2011
 GRID VALUES PER CONTROL NOTE 7



SECTION INDEX
 TWP. 37 N., RGE. 4E., W.M.

LEASE AREAS

PARCEL	SHORELANDS	BEDLANDS	SUB-TOTAL
A	4,493	23,088	27,581
B	0	10,378	10,378
C	11,940	58,875	70,815
D	365,118	0	365,118
E	8,632	29,115	37,747
TOTALS	39,0183	121,456	511,639



VICINITY MAP N.T.S.

SURVEY CONTROL GEODETIC DATA (PER RCW 58.20.180)

POINT DES.	GRID NORTH	GRID EAST	ORTHO HGT	SCALE FACTOR	SEA LEVEL FACTOR	COMB. FACTOR	CONV. ANGLE
BELI	644539.15	1243458.13	106.30	1.000004198	0.999998294	1.000002492	-1°13'30.7"
CNCR	562606.27	1418518.18	255.52	0.999969215	0.999990861	0.999960076	-0°40'55.0"
JOB0	573966.50	1252042.38	34.46	0.999972337	1.000001758	0.999974095	-1°11'38.7"
FIREHOUSE	629291.11	1278461.80	399.61	0.999996684	0.999984224	0.999980908	-1°06'58.6"
MARINA	631299.88	1280462.91	315.64	0.999997714	0.999988231	0.999985945	-1°06'36.8"
LWWS WWTP	629888.40	1282149.65	324.38	0.999997019	0.99998781	0.99998483	-1°06'17.8"

SURVEY CONTROL NOTES

- HORIZONTAL DATUM:** COORDINATE POSITIONS SHOWN ARE WASHINGTON STATE PLANE (NORTH ZONE) NAD83 (2010 EPOCH) GRID VALUES, BASED UPON HOLDING THE PUBLISHED POSITION FOR WASHINGTON STATE REFERENCE NETWORK / CITY OF BELLINGHAM MONUMENT BELI. POSITION FOR THIS MONUMENT IS PER THE PUBLISHED COORDINATES IN THE WSRN / NGS SURVEY MONUMENT DATABASE.
- VERTICAL DATUM:** ALL ELEVATIONS AND/OR ELEVATION-DEPENDENT FEATURES, IF ANY, DEPICTED ON THIS SURVEY ARE BASED UPON THE "OLD" CITY OF BELLINGHAM ELEVATION DATUM, THE OFFICIAL DESIGNATION OF WHICH IS "THE 1947 ITERATION OF USCGS MEAN SEA LEVEL (OF 1929) DATUM + 5.69 FEET," PER CITY OF CITY OF BELLINGHAM SURVEY PERSONNEL.
- BASIS OF COORDINATES:** LOCAL CONTROL AND TOPOGRAPHY IS BASED UPON HOLDING THE PUBLISHED COORDINATES AT WSRN / CITY OF BELLINGHAM MONUMENT BELI. THE MARK IS A CONTINUOUSLY-OPERATING COMBINED WSRN/NGS REFERENCE STATION AT THE CITY OF BELLINGHAM CITY HALL PER NGS DATASHEET INFORMATION, THE COORDINATES FOR CONTROL POINT BELI ARE AS FOLLOWS:

NORTHING = 644,539.15 USFT
EASTING = 11,243,458.13 USFT
- BASIS OF BEARINGS:** BEARINGS FOR LOCAL CONTROL AND TOPOGRAPHY ARE GROUND-LEVEL APPROXIMATIONS OF WASHINGTON STATE PLANE (NORTH ZONE) GRID, BASED UPON HOLDING THE GPS-DERIVED INVERSE BETWEEN WSRN / CITY OF BELLINGHAM MONUMENT "BELI" AND LAKE WHATCOM WATER AND SEWER DISTRICT (LWWS) CADASTRAL CONTROL POINT "MARINA". CONTROL POINT MARINA IS A CONCRETE MONUMENT IN THE SUDDEN VALLEY MARINA PARK LAWN, LYING APPROXIMATELY TWENTY FEET (20') NORTH OF AN EXISTING

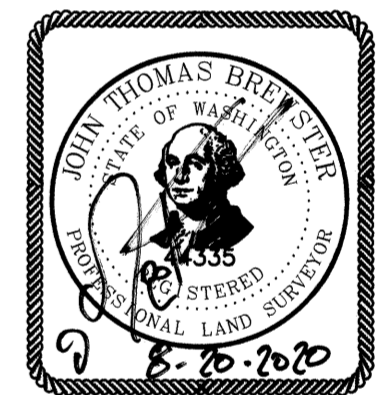
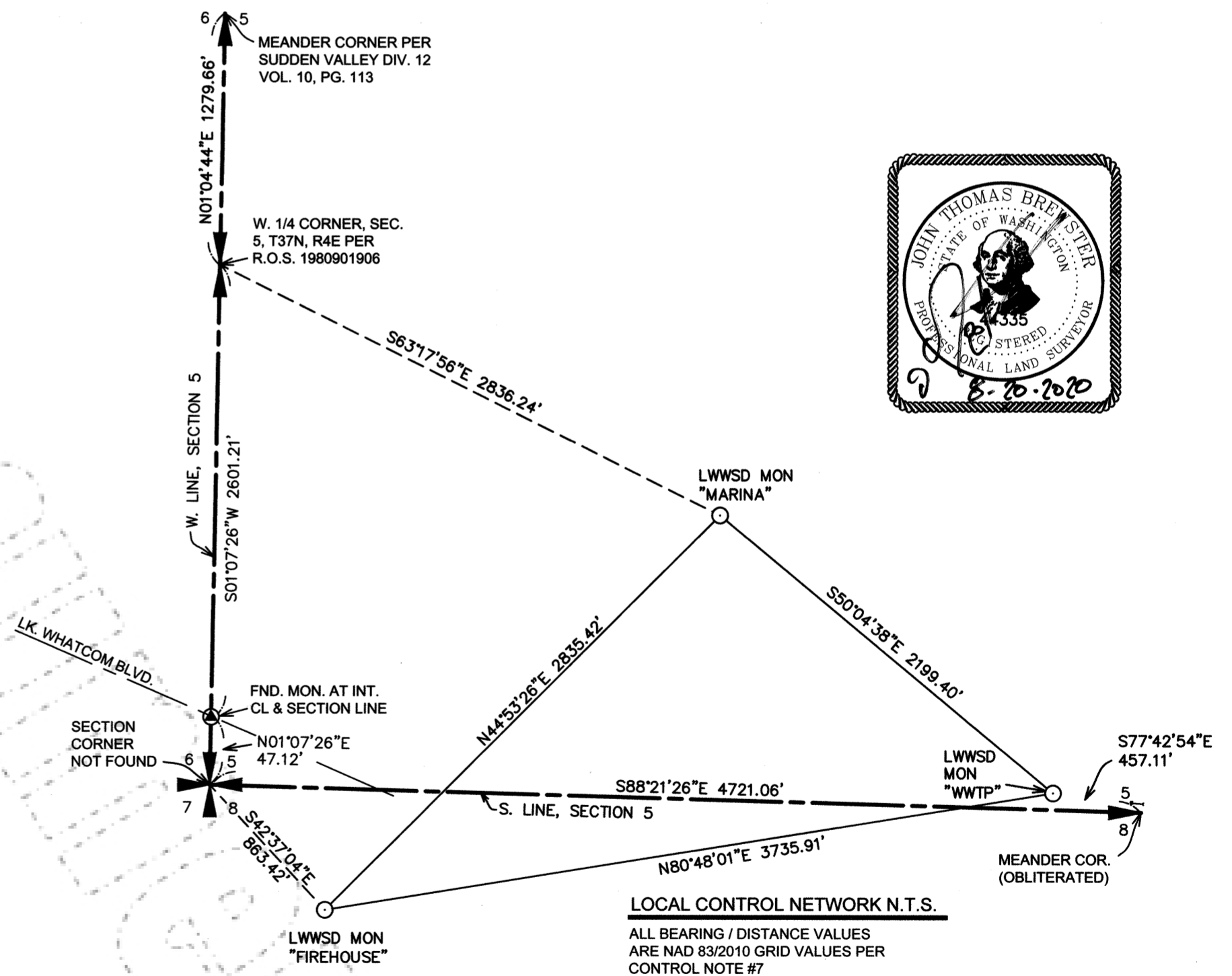
BATHROOM/SHOWER BUILDING. THE DERIVED INVERSE BEARING BETWEEN BELI AND MARINA IS SOUTH 70° 18' 51" EAST A DISTANCE OF 39,301.18 FEET. COORDINATES FOR CONTROL POINT MARINA ARE AS FOLLOWS:

NORTHING = 631,299.88 USFT
EASTING = 1,280,462.91 USFT

5. **BASIS OF ELEVATIONS:** OLD CITY DATUM ELEVATIONS FOR THIS PROJECT ARE BASED UPON DIFFERENTIAL LEVEL TIES TO THE CITY OF BELLINGHAM / USGS GAGING STATION BENCHMARK NO. 6288, PERFORMED BY WILSON IN 1998 PURSUANT TO DESIGN AND CONSTRUCTION WORK IN SUPPORT OF THE LAKE LOUISE FORCE MAIN INTERCEPTOR.

6. **PROJECT BENCHMARK:** THE AUTHORITATIVE BENCHMARK TIED TO THE (NOW-SUPERSEDED) OLD CITY DATUM IS LAKE WHATCOM WATER AND SEWER DISTRICT CADASTRAL SURVEY CONTROL POINT FIREHOUSE, A STEEL SURVEY SPIKE IN THE PARKING AREA OF THE SUDDEN VALLEY FIREHOUSE DRIVEWAY. SAID BENCHMARK HAS AN OLD CITY OF BELLINGHAM DATUM ELEVATION OF 401.05 FEET.

7. **GRID DATA TO GROUND CONVERSIONS:** THE MEAN GRID COMBINED SCALE FACTOR FOR THIS PROJECT IS 0.999983898. THE LONGEST RECOVERABLE MEASUREMENT OF SIGNIFICANCE WITHIN THE PROJECT'S EXTENTS --THE (UNMONUMENTED) SOUTH SECTION LINE OF SECTION 5--HAS A GRID LENGTH OF 4721.06 FEET, AND A GROUND-VALUE LENGTH OF 4721.13 FEET, FOR A MAXIMUM SITE ERROR OF LESS THAN 0.1 FOOT. THIS SURVEY HOLDS THAT THE DIFFERENCE BETWEEN GRID AND GROUND, AT THIS PARTICULAR SITE, IS INSIGNIFICANT, AND ALL DEPICTED DISTANCES AND COORDINATES ARE NAD83(2011) GRID VALUE.



LOCAL CONTROL NETWORK N.T.S.
 ALL BEARING / DISTANCE VALUES
 ARE NAD 83/2010 GRID VALUES PER
 CONTROL NOTE #7

18174 DNR ROS .DWG

AUDITOR'S CERTIFICATE
 Filed for record this 20th day of August, 2020 at 11:37 A.M. in Book of Surveys on Page at the request of WILSON ENGINEERING, LLC
 Diana Bradrick Deputy County Auditor
 Auditor's file no. 2020-0803283

SURVEYOR'S CERTIFICATE
 This map correctly represents a survey made by me or under my direction in conformance with the requirements of the Survey Recording Act at the request of SUDDEN VALLEY COMMUNITY ASSOCIATION
 in MAY 20 19
 J. THOMAS BREWSTER
 Certificate No. 44335 DATE 8-20-2020



WILSON ENGINEERING, LLC
 805 DUPONT STREET
 BELLINGHAM, WA 98225
 (360) 733-6100 • FAX (360) 647-9061
 www.wilsonengineering.com

Record of Survey for Sudden Valley Community Association

DWN BY	BHR	DATE	8/19/20	JOB NO.	2018-174
CHK BY	JTB	SCALE	AS SHOWN	SHEET	1 OF 7

D.N.R. AQUATICS LEASE EXHIBIT #20-B09745
 ADJACENT TO GOV'T LOTS 3, 4 & 5, SEC. 5, AND GOV'T LOT 1, SEC. 8, TWP. 37 N., RGE. 4E., W.M.,
 WHATCOM COUNTY, WASHINGTON

SURVEYOR'S NARRATIVE:

1. PARCEL CHARACTERIZATION:

THE FIVE AQUATIC PARCELS DESCRIBED AND DEFINED ACCORDING TO THIS SURVEY ARE PORTIONS OF THE SECOND-CLASS SHORELANDS, AND BEDLANDS, OF LAKE WHATCOM, IN WHATCOM COUNTY, WASHINGTON. LAKE WHATCOM HAS BEEN OFFICIALLY DETERMINED BY THE WASHINGTON STATE DEPARTMENT OF NATURAL RESOURCES AND THE U.S. ARMY CORPS OF ENGINEERS TO BE A NAVIGABLE IN CHARACTER AND LEGAL STATUS. THE LEASE PARCELS HEREON DESCRIBED LIE IN FRONT OF, AND ABUTTING, PORTIONS OF GOVERNMENT LOTS 3, 4, AND 5, OF SECTION 5, AND A PORTION OF GOVERNMENT LOT 1, OF SECTION 8, ALL WITHIN TOWNSHIP 37 NORTH, RANGE 4 EAST, PER THE WILLAMETTE MERIDIAN BASIS OF SURVEY. ALL THE PARCELS HEREON DESCRIBED CURRENTLY ABUT THE SEVERAL PROXIMATE DIVISIONS OF THE "SUDDEN VALLEY" PRIVATE DEVELOPMENT COMMUNITY, IN WHATCOM COUNTY, WASHINGTON.

2. GLO SURVEY ERRORS AND NOTICE OF DEVIATION FROM STANDARD PRACTICE:

IN THE COURSE OF PERFORMING THIS SURVEY, THE ORIGINAL GOVERNMENT TOWNSHIP-CONTROL AND MEANDER NOTES WERE RETRIEVED FROM THE BUREAU OF LAND MANAGEMENT'S GLO DATA RESEARCH WEBSITE. THE GLO NOTES PURPORTING TO ESTABLISH THE BOUNDARIES OF FRACTIONAL SECTIONS 5 AND 8 APPEARED TO COHERE WITH THE MAJORITY OF THE CURRENT AUTHORITATIVE PLATS AND RECORDS OF SURVEY, WITH CLOSE AGREEMENT BETWEEN THE DISTANCES CALLED IN ORIGINAL NOTES FOR THE SOUTH AND WEST LINES OF SECTION 5, WHEN COMPARED TO THE CORRESPONDING DISTANCES AND ANGLES REPRESENTED ON SEVERAL SUDDEN VALLEY PLAT DOCUMENTS. HOWEVER, UPON REVIEWING THE PRECEDING RECORD OF SURVEY FOR THE "MARINA CHANNEL" AQUATICS LEASE, PREPARED FOR THE SUDDEN VALLEY COMMUNITY ASSOCIATION AND RECORDED UNDER WHATCOM COUNTY AUDITOR'S FILE NO. 1980901906, WE NOTICED THAT THE PRECEDING SURVEYOR, MR. LARRY STEELE, PLS, FOUND SIGNIFICANT ERRORS IN THE GLO MEANDERS FOR SAID SECTIONS ALONG LAKE WHATCOM. AFTER RECOVERING ACCESSORY INFORMATION SUFFICIENT TO ESTABLISH THE NORTH MEANDER CORNER COMMON TO FRACTIONAL SECTIONS 5 AND 6, AND THE EAST MEANDER CORNER COMMON TO FRACTIONAL SECTIONS 5 AND 8, WE FOUND THAT NO ADJUSTMENT TO THE RESULTANT VECTORS COULD RATIONALLY BE APPLIED TO BRING THEM INTO COHERENCE WITH THE EXISTING SHORELINE. SIMPLY PUT, DESPITE WILSON'S EFFORTS TO BALANCE THE NOTED COURSES, WE FOUND OURSELVES TO BE IN AGREEMENT WITH THE CHARACTERIZATION STATED ON THE FOREMENTIONED STEELE SURVEY, AND FOUND THAT THE GLO MEANDERS UNEQUIVOCALLY VEER OUT INTO THE BODY OF LAKE WHATCOM BY SEVERAL HUNDRED FEET. WILSON PERFORMED RESEARCH SUFFICIENT TO ESTABLISH THAT THE LAKE HAS BEEN ELEVATION-CONTROLLED SINCE THE 1930'S, AND THAT A COURT HAD ORDERED THAT IT BE NOMINALLY SET TO ITS ORDINARY ELEVATION AS OF THE TIME OF STATEHOOD. THE ERROR IN THE GLO MEANDERS CANNOT BE ATTRIBUTABLE TO ANY AVULSIVE CHANGE IN THE LAKE'S LEVEL. REGARDLESS, IF THE ORIGINAL MEANDER NOTES WERE HELD, THE RESULTING LINE WOULD EXTEND INTO WATERS OF GREATER THAN FIFTY FEET (50') OF DEPTH, AND WOULD ALSO ENCROACH SEVERAL HUNDRED FEET INTO THE EXISTING UPLAND PLAT. WILSON DID DISCOVER THAT SOUTHERLY SEVERAL HUNDRED FEET OF GLO MEANDERS DO AGREE CLOSELY WITH THE EXISTING SHORELINE, IF REVERSE-CALCULATED FROM THE FOREMENTIONED EAST MEANDER CORNER COMMON TO SECTIONS 5 AND 8, AND EXTENDING NORTH AND WEST ALONG THE SHORE. WHERE APPROPRIATE, IN OUR OPINION, WILSON HELD THE GLO CALLS THAT COHERE WITH THE EXISTING SHORE-LINE AS BEING ACCURATE PERPETUATIONS OF THE ORIGINAL GLO MEANDERS, BASED ON THE ACCEPTED PRIORITIZATION OF "TOPOGRAPHIC CALLS" OVER THE MATHEMATICAL DETERMINATION FOR LOCATION. THE TWO AQUATIC PARCELS DESIGNATED AS THE **AM BEACH AQUATIC TRACT** AND THE **PM BEACH AQUATIC TRACT** ADJOIN MEANDERS WE CONSIDER TO BE AUTHORITATIVE GLO MEANDERS, AND THE BALANCED MEANDER FOR SAME ARE HEREON DEPICTED. **THE GLO MEANDER LINES ADJACENT TO THE "MARINA SWIM AREA", THE "ARMORED FILL AREA", AND THE "MARINA DREDGED CHANNEL" AQUATIC AREA ARE HELD BY THIS SURVEY TO HAVE BEEN BLUNDERED, FRAUDULENT AND/OR ERRONEOUS, AND HAVE NOT BEEN HELD AS AUTHORITATIVE.**

3. PATENT DATES AND LIMITS OF UPLAND OWNERSHIP:

GOV.	LOT	SECTION	PATENTEE	PATENT DATE	STATUS
3	5		HENRY AUSTIN	03/29/1890	PRE-STATEHOOD*
4	5		BANNING AUSTIN	07/18/1889	PRE-STATEHOOD
5	5		BANNING AUSTIN	07/18/1889	PRE-STATEHOOD
1	8		BANNING AUSTIN	07/18/1889	PRE-STATEHOOD

* WILSON IS AWARE THAT THE ACTUAL PATENT-DATE FOR THIS CONVEYANCE MIGHT, OR MIGHT NOT, BE DETERMINED TO HAVE BEEN PRIOR TO STATEHOOD, HOWEVER, THIS PARCEL IS WITHIN THE AREA FOR WHICH THE GLO MEANDERS ARE ERRONEOUS, AND THE PARCEL IS TREATED BY THIS SURVEY ON A PRE-STATEHOOD BASIS, AS CHARACTERIZED BELOW.

AM BEACH AND PM BEACH AREAS: THESE TRACTS ARE BOTH **PRE-STATEHOOD**, AND HELD TO BE ADJACENT TO VALID GLO MEANDERS. PER WASHINGTON STATUTE, THE WATER-WARD LIMIT OF UPLAND OWNERSHIP IS HELD BY THIS SURVEY TO BE COINCIDENT WITH THE BALANCED GLO MEANDER LINE, OR THE VEGETATION LINE OF THE SHORE OF LAKE WHATCOM WHICHEVER IS FARTHER OUT.

MARINA BEACH SWIM AREA: THIS AREA ADJOINS A **PRE-STATEHOOD** PARCEL THAT IS WITHIN THE AREA FOR WHICH I BELIEVE THE GLO MEANDERS ARE FRAUDULENT AND/OR ERRONEOUS. THIS SURVEY HOLDS THAT THE MEANDERS OF THE SHORE OF LAKE WHATCOM, AS ORIGINALLY MAPPED BY SUDDEN VALLEY INC. PURSUANT TO THEIR ORIGINAL PLATTING EFFORTS, AND DEPICTED ON THE "SUDDEN VALLEY MARINA PARK LEGAL DESCRIPTION SURVEY" (WHATCOM COUNTY AFN. 1175161) ARE AN ACCURATE REPRESENTATION OF THE SHORE'S MEANDERS, HAD THEY BEEN ACCURATELY RECORDED. SURVEY MEASUREMENTS PERFORMED IN JUNE, 2019, SHOW THAT THIS LINE OF MEANDERS IS NOMINALLY COINCIDENT WITH THE EXITING SHORE'S VEGETATION LINE; IN THE INTEREST OF DATA CONTINUITY, THIS SURVEY HOLDS THAT THE SHORE MEANDERS, PER SAID SURVEY, ARE THE LIMIT OF UPLAND OWNERSHIP.

ARMORED FILL AREA AND MARINA DREDGE CHANNEL AREAS: THESE AREAS ADJOIN PARCELS WHICH THIS SURVEY CONSIDERS TO BE **PRE-STATEHOOD** IN CHARACTER. SINCE THEY ABUT UPLANDS THAT ARE WITHIN THE ZONE FOR WHICH THE GLO MEANDERS ARE HERE CONSIDERED FRAUDULENT AND/OR ERRONEOUS, THIS SURVEY HOLDS AS FIXED FOR THE LIMIT OF UPLAND OWNERSHIP THE MEANDERED ORIGINAL SHORELINE OF LAKE WHATCOM, PER THE "SUDDEN VALLEY MARINA LEGAL DESCRIPTION SURVEY" (WHATCOM COUNTY AFN. 1175160).

4. AVULSIVE ACTIONS AFFECTING THE MARINA DREDGED CHANNEL AREA AND THE ARMORED FILL AREA:

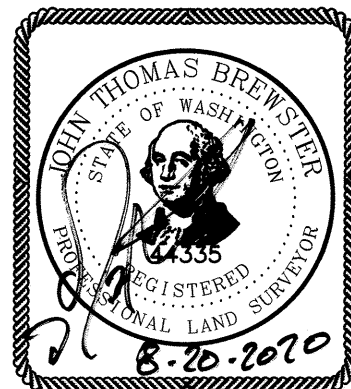
PRIOR TO PREPARATION OF THE FOREMENTIONED "SUDDEN VALLEY MARINA LEGAL DESCRIPTION SURVEY" (WHATCOM COUNTY AFN. 1175160), SEVERAL AVULSIVE ACTIONS WERE UNDERTAKEN BY SUDDEN VALLEY INC., PURSUANT TO MARINA IMPROVEMENTS. AT THE ENTRANCE TO THE MARINA, THE EXISTING SHORELINE WAS DREDGED, AND THE ACCESS CHANNEL WAS PROJECTED INTO WHAT HAD PREVIOUSLY BEEN PRIVATELY-OWNED UPLAND. CONSISTENT WITH STATE STATUTE, THIS SURVEY HOLDS THAT THE ORIGINAL OWNERSHIP LINE REMAINS UNCHANGED BY THIS AVULSIVE ACT, AND THAT THE BEST EVIDENCE OF THE ORIGINAL LIMIT OF UPLAND OWNERSHIP IS THE "MEANDER LINE OF SHORELINE" AS DEPICTED ON THE FOREMENTIONED SUDDEN VALLEY MARINA SURVEY. PRIOR TO PREPARATION OF THE "SUDDEN VALLEY MARINA PARK LEGAL DESCRIPTION SURVEY" (WHATCOM COUNTY AFN. 1175161), SUDDEN VALLEY INC. PURSUANT TO PARK IMPROVEMENT ACTIVITIES, CONSTRUCTED A (NOW REMOVED) PILE-AND-PLANK BULKHEAD NOMINALLY ALONG THE ORIGINAL LINE OF THE SHORE AS DEPICTED ON SAID SURVEY. PURSUANT TO THE CURRENT EFFORTS TO ENHANCE THE ENVIRONMENTAL BENEFITS OF THIS AREA, SAID BULKHEAD HAS BEEN REMOVED, AND THE GROUND ABOVE AND BEHIND SAID BULKHEAD HAS BEEN RE-GRADED. THIS SURVEY HOLDS THAT THE RE-GRADING OF SAID GROUND IS AN **AVULSIVE ACT**, RESULTING IN NO CHANGE TO THE FORMER LIMIT OF UPLAND OWNERSHIP. THIS SURVEY HOLDS THE SHORE MEANDERS, PER SAID MARINA PARK SURVEY, REMAIN COINCIDENT WITH THE MARGIN OF PRIVATE OWNERSHIP.

5. ORDINARY AND LOW WATER ELEVATIONS, AND SHORELAND VS. BEDLAND DETERMINATIONS:

PRIOR TO CALCULATING THE SHORELAND AND BEDLAND AREAS DEPICTED ON THIS SURVEY, WILSON PERFORMED A DETAILED BATHYMETRIC SURVEY OF THE AREA GENERALLY ENCLOSED BY THE "MARINA DREDGE AREA" AND THE "ARMORED FILL AREA". THE WORK WAS PERFORMED RELATIVE TO THE "OLD" CITY OF BELLINGHAM ELEVATION DATUM. WILSON ALSO PERFORMED LIMITED TRANSECTS OF THE THREE (3) BEACH/SWIM AREAS TO ASCERTAIN AN APPROXIMATE SLOPE FROM THE LAKE'S EDGE AT EACH LOCATION, AGAIN USING THIS DATUM AS THE BASIS FOR ELEVATIONS. SAID DATUM IS THE BASIS FOR THE LEGAL DETERMINATION LAKE WHATCOM **ORDINARY HIGH WATER AND ORDINARY LOW WATER** ELEVATIONS AT LAKE WHATCOM, ACCORDING TO SEVERAL COURT DECISIONS BETWEEN THE 1930'S AND THE 1960'S, AND MORE SPECIFICALLY AS REPORTED BY THE WASHINGTON DEPARTMENT OF ECOLOGY WATER RESOURCES MANAGEMENT PROGRAM "WHATCOM CREEK BASIN STUDY" (WA DOE REPORT NO.79-A, DATED NOVEMBER, 1980). SAID STUDY REPORTS THE LAKE'S **ORDINARY HIGH WATER** TO BE **314.94** FEET RELATIVE TO SAID DATUM, AND REPORTS THE LAKE'S **ORDINARY LOW WATER** AT **310.94** FEET. PER DIRECTION FROM WA DNR AQUATICS DIVISION, THIS SURVEY HOLDS THE **ORDINARY LOW WATER** LEVEL LINES FOR DNR ADMINISTRATIVE CALCULATIONS OF SHORE AND BED LAND AREA SHOWN HEREON. {SEE THE FOLLOWING COURT DECISIONS FOR ADDITIONAL INFORMATION: AUSTIN V. BELLINGHAM, SUPREME COURT OF WASHINGTON, AUGUST 24, 1912; NO. 10348 AND GLEN CORNING, ET AL VS. CITY OF BELLINGHAM, SUPERIOR COURT OF THE STATE OF WASHINGTON FOR WHATCOM COUNTY, JUNE 8, 1953.}

6. EROSION ACTION ALONG THE ARMORED FILL AREA AFFECTING THE LAKE WHATCOM SHORELANDS:

DUE TO EROSION ACTION ALONG THE FACE OF THE (NOW REMOVED) BULKHEAD WALL, THE LAKE BOTTOM HAD, BY THE TIME OF SAID BULKHEAD'S REMOVAL, GRADUALLY BEEN LOWERED ALONG THE FACE OF THE BULKHEAD TO AN ELEVATION BELOW THAT OF THE COURT DETERMINED "ORDINARY LOW WATER" ELEVATION CONTOUR. AS A RESULT OF THIS EROSION, THIS SURVEY HOLDS THAT AT THE TIME OF THE BULKHEAD'S REMOVAL, **ONLY BEDLANDS REMAINED** WATER-WARD OF SAID BULKHEAD. THE AREA CALCULATIONS INTENTIONALLY LIST A SHORELANDS AREA OF 0 SQUARE FEET (0 ACRES) IN RECOGNITION OF THIS.



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Record of Survey for
Sudden Valley Community Association

DWN BY	BHR	DATE	8/19/20	JOB NO.	2018-174
CHK BY	JTB	SCALE	AS SHOWN	SHEET	2 OF 7

D.N.R. AQUATICS LEASE EXHIBIT #20-B09745

ADJACENT TO GOV'T LOTS 3, 4 & 5, SEC. 5, AND GOV'T LOT 1, SEC. 8, TWP. 37 N., RGE. 4E., W.M.,
WHATCOM COUNTY, WASHINGTON

LEGAL DESCRIPTIONS (CREATED BY THIS SURVEY):

PARCEL B--ARMORED FILL AREA

A PARCEL OF LAND, BEING A PORTION OF THE BEDLANDS OF LAKE WHATCOM, ABUTTING GOVERNMENT LOT 3, SECTION 5, TOWNSHIP 37 NORTH, RANGE 4 EAST, W.M., SAID PARCEL BEING THE AREA SUBJECT TO EMLACED SOFT-ARMOR FILL PURSUANT TO AQUATIC LAND USE PERMIT NO.20-B09745, AND SAID PARCEL BEING MORE PARTICULARLY DESCRIBED AS FOLLOWS:

COMMENCING AT THE CASSED MONUMENT MARKING THE CENTERLINE INTERSECTION OF LAKE WHATCOM BOULEVARD WITH THE WEST LINE OF THE AFOREMENTIONED SECTION 5, AS DEPICTED ON THE REPLAT OF THE PLAT OF SUDDEN VALLEY DIVISION 1, PER THE MAP THEREOF RECORDED IN VOLUME 10 OF PLATS, PAGE 15, RECORDS OF WHATCOM COUNTY, WASHINGTON, SAID CASSED MONUMENT BEARS NORTH 01° 07' 26" EAST, 47.12 FEET DISTANT, FROM THE (NOW OBLITERATED) MONUMENT MARKING THE SOUTHWEST CORNER OF SAID SECTION 5, PER THE AFOREMENTIONED REPLAT OF SUDDEN VALLEY DIVISION 1;

THENCE NORTH 01° 07' 26" EAST, ALONG THE WEST LINE OF SAID SECTION 5, 2601.21 FEET, TO THE IRON PIPE MONUMENT MARKING THE WEST QUARTER-CORNER OF SAID SECTION, PER THE RECORD OF SURVEY RECORDED UNDER WHATCOM COUNTY AUDITOR'S FILE NO. 1980901906;

THENCE SOUTH 56° 09' 20" EAST, 2343.42 FEET, TO A BRASS-DISK PLAT MONUMENT MARKING THE NORTHEAST TERMINUS OF THE CENTERLINE OF MARINA DRIVE AT THE INTERSECTION OF SAME WITH THE BOUNDARY COMMON TO THE PLAT OF SUDDEN VALLEY DIVISION 21, PER THE MAP THEREOF RECORDED IN VOLUME 11 OF PLATS, PAGE 42, RECORDS OF WHATCOM COUNTY, AND TO THE SUDDEN VALLEY "MARINA PARCEL", PER THE LEGAL DESCRIPTION RECORD OF SURVEY OF SAME RECORDED UNDER WHATCOM COUNTY AUDITOR'S FILE NO. 1175160, SAID PLAT MONUMENT BEARS SOUTH 87° 00' 25" WEST, 588.26 FEET DISTANT, FROM THE LAKE WHATCOM WATER & SEWER DISTRICT CADASTRAL SURVEY CONTROL POINT "MARINA", AND SAID PLAT MONUMENT BEING COINCIDENT WITH THAT "REFERENCE POINT A" AS DEPICTED ON THE RECORD OF SURVEY RECORDED UNDER WHATCOM COUNTY AUDITOR'S FILE NO. 1980901906;

THENCE NORTH 27° 53' 46" WEST, ALONG SAID COMMON BOUNDARY, 147.64 FEET;
THENCE NORTH 06° 14' 19" WEST, ALONG SAID COMMON BOUNDARY, 103.70 FEET;

THENCE NORTH 05° 28' 40" EAST, ALONG SAID COMMON BOUNDARY, 294.15 FEET, TO THE IRON BAR MONUMENT MARKING THE NORTH-MOST CORNER COMMON TO SAID PLAT AND MARINA PARCEL, SAID MONUMENT BEING COINCIDENT WITH "POINT A" PER THE AFOREMENTIONED LEGAL DESCRIPTION SURVEY OF THE SUDDEN VALLEY MARINA;

THENCE SOUTH 68° 49' 15" EAST, ALONG THE NORTH LINE OF SAID SUDDEN VALLEY MARINA PARCEL, 62.03 FEET;
THENCE SOUTH 74° 04' 08" EAST, ALONG SAID NORTH PLAT BOUNDARY, 37.36 FEET, TO A POINT AT THE INTERSECTION OF SAME WITH THE ORIGINAL MEANDERED SHORELINE OF RECORD, PER THE AFOREMENTIONED MARINA RECORD OF SURVEY;

THENCE NORTH 71° 06' 57" EAST, ALONG SAID ORIGINAL MEANDERED SHORELINE, 42.38 FEET;

THENCE NORTH 77° 58' 24" EAST, ALONG SAID ORIGINAL MEANDERED SHORELINE, 71.08 FEET, TO A POINT AT THE INTERSECTION OF SAME WITH THE WEST MARGIN OF THE DREDGED MARINA ACCESS CHANNEL, PER THE AFOREMENTIONED RECORD OF SURVEY OF DNR AQUATICS LEASE NO. 20-A09745 AND RECORDED UNDER WHATCOM COUNTY AUDITOR'S FILE NO. 1980901906;

THENCE NORTH 77° 58' 24" EAST, CONTINUING ALONG SAID ORIGINAL MEANDERED SHORELINE, 116.83 FEET, TO A POINT AT THE INTERSECTION OF SAME WITH THE EAST MARGIN OF THE AFOREMENTIONED DREDGED ACCESS CHANNEL;

THENCE NORTH 77° 52' 50" EAST, CONTINUING ALONG SAID ORIGINAL MEANDERED SHORELINE, 123.91 FEET, TO A POINT AT THE INTERSECTION OF SAME WITH THE EXISTING WATERWARD LIMIT OF EMLACED FILL, ORIGINALLY CONSTRUCTED IN 2019, SAID POINT BEARS NORTH 20° 20' 40" WEST, 577.93 FEET DISTANT, FROM THE LAKE WHATCOM WATER & SEWER DISTRICT CADASTRAL CONTROL POINT "MARINA", AND SAID POINT BEING THE TRUE POINT OF BEGINNING OF THIS DESCRIBED PARCEL;

THENCE NORTH 75° 06' 50" EAST, ALONG SAID LIMIT OF FILL, 26.99 FEET;
THENCE SOUTH 87° 32' 35" EAST, ALONG SAID LIMIT OF FILL, 31.70 FEET;
THENCE SOUTH 76° 11' 41" EAST, ALONG SAID LIMIT OF FILL, 23.40 FEET;
THENCE SOUTH 61° 23' 31" EAST, ALONG SAID LIMIT OF FILL, 61.21 FEET;
THENCE SOUTH 54° 10' 17" EAST, ALONG SAID LIMIT OF FILL, 35.91 FEET;
THENCE SOUTH 43° 19' 11" EAST, ALONG SAID LIMIT OF FILL, 29.28 FEET;
THENCE SOUTH 34° 46' 57" EAST, ALONG SAID LIMIT OF FILL, 34.79 FEET;
THENCE SOUTH 24° 12' 16" EAST, ALONG SAID LIMIT OF FILL, 92.67 FEET;
THENCE SOUTH 21° 50' 41" EAST, ALONG SAID LIMIT OF FILL, 59.65 FEET;
THENCE SOUTH 18° 43' 21" EAST, ALONG SAID LIMIT OF FILL, 61.85 FEET;
THENCE SOUTH 17° 48' 01" EAST, ALONG SAID LIMIT OF FILL, 79.87 FEET;
THENCE SOUTH 12° 06' 50" EAST, ALONG SAID LIMIT OF FILL, 22.03 FEET;
THENCE SOUTH 07° 00' 25" EAST, ALONG SAID LIMIT OF FILL, 45.00 FEET;
THENCE SOUTH 09° 47' 27" EAST, ALONG SAID LIMIT OF FILL, 12.74 FEET;

THENCE SOUTH 68° 35' 42" WEST, ALONG SAID LIMIT OF FILL, 19.85 FEET, TO A POINT AT THE INTERSECTION OF SAME WITH THE WATERWARD EDGE OF THE HISTORIC LOCATION OF THE (NOW OBLITERATED) BULKHEAD WALL MARKING THE LIMIT OF ACCEPTED UPLAND OWNERSHIP, PER THE AFOREMENTIONED MARINA LEGAL DESCRIPTION SURVEY (AFN.1175160), SAID WATERWARD EDGE BEING NOMINALLY COINCIDENT WITH THE (NOW COVERED) CONTOUR LINE DEFINING THE LINE OF ORDINARY LOW WATER, PER THE CITY OF BELLINGHAM PUBLISHED ELEVATION FOR SAME, PRIOR TO THE REMOVAL OF BULKHEAD STRUCTURE AND FILL EMLACEMENT, AND SAID POINT BEARS NORTH 51° 06' 18" EAST, 129.24 FEET DISTANT, FROM THE AFOREMENTIONED LAKE WHATCOM WATER & SEWER DISTRICT CADASTRAL CONTROL POINT "MARINA";

THENCE NORTH 07° 50' 10" WEST, ALONG SAID UPLAND OWNERSHIP LIMIT, 61.72 FEET;
THENCE NORTH 07° 00' 12" WEST, ALONG SAID LIMIT, 15.17 FEET;
THENCE NORTH 20° 44' 21" WEST, ALONG SAID LIMIT, 60.14 FEET;
THENCE NORTH 21° 20' 03" WEST, ALONG SAID LIMIT, 61.68 FEET;
THENCE NORTH 20° 03' 05" WEST, ALONG SAID LIMIT, 59.02 FEET;
THENCE NORTH 21° 18' 34" WEST, ALONG SAID LIMIT, 46.24 FEET;
THENCE NORTH 15° 08' 34" WEST, ALONG SAID LIMIT, 78.12 FEET;
THENCE NORTH 42° 15' 58" WEST, ALONG SAID LIMIT, 56.60 FEET;
THENCE NORTH 53° 18' 22" WEST, ALONG SAID LIMIT, 19.02 FEET;
THENCE NORTH 63° 14' 02" WEST, ALONG SAID LIMIT, 89.16 FEET;

THENCE NORTH 88° 30' 00" WEST, ALONG SAID LIMIT, 57.25 FEET, TO A POINT AT THE INTERSECTION OF SAME WITH THE AFOREMENTIONED EXISTING WATERWARD LIMIT OF EMLACED FILL, SAID POINT BEING THE TRUE POINT OF BEGINNING AND TERMINUS OF THIS DESCRIBED PARCEL.

CONTAINS 0 SQUARE FEET (0 ACRES) OF THE SECOND-CLASS SHORELANDS, AND 10,378 SQUARE FEET (0.24 ACRES) OF THE BEDLAND OF LAKE WHATCOM, MORE OR LESS.

SITUATE IN WHATCOM COUNTY, WASHINGTON.

PARCEL A--SUDDEN VALLEY MARINA DREDGED ACCESS CHANNEL

A PARCEL OF LAND, BEING A PORTION OF THE SECOND-CLASS SHORELANDS, AND BEDLANDS, OF LAKE WHATCOM, ABUTTING GOVERNMENT LOT 3, SECTION 5, TOWNSHIP 37 NORTH, RANGE 4 EAST, W.M., SAID PARCEL BEING THE DREDGED SUDDEN VALLEY COMMUNITY ASSOCIATION MARINA ACCESS CHANNEL, AND SAID PARCEL BEING MORE PARTICULARLY DESCRIBED AS FOLLOWS:

COMMENCING AT THE CASSED MONUMENT MARKING THE CENTERLINE INTERSECTION OF LAKE WHATCOM BOULEVARD WITH THE WEST LINE OF THE AFOREMENTIONED SECTION 5, AS DEPICTED ON THE REPLAT OF THE PLAT OF SUDDEN VALLEY DIVISION 1, PER THE MAP THEREOF RECORDED IN VOLUME 10 OF PLATS, PAGE 15, RECORDS OF WHATCOM COUNTY, WASHINGTON, SAID CASSED MONUMENT BEARS NORTH 01° 07' 26" EAST, 47.12 FEET DISTANT, FROM THE (NOW OBLITERATED) MONUMENT MARKING THE SOUTHWEST CORNER OF SAID SECTION 5, PER THE AFOREMENTIONED REPLAT OF SUDDEN VALLEY DIVISION 1;

THENCE NORTH 01° 07' 26" EAST, ALONG THE WEST LINE OF SAID SECTION 5, 2601.21 FEET, TO THE IRON PIPE MONUMENT MARKING THE WEST QUARTER-CORNER OF SAID SECTION, PER THE RECORD OF SURVEY RECORDED UNDER WHATCOM COUNTY AUDITOR'S FILE NO. 1980901906;

THENCE SOUTH 56° 09' 20" EAST, 2343.42 FEET, TO A BRASS-DISK PLAT MONUMENT MARKING THE NORTHEAST TERMINUS OF THE CENTERLINE OF MARINA DRIVE AT THE INTERSECTION OF SAME WITH THE BOUNDARY COMMON TO THE PLAT OF SUDDEN VALLEY DIVISION 21, PER THE MAP THEREOF RECORDED IN VOLUME 11 OF PLATS, PAGE 42, RECORDS OF WHATCOM COUNTY, AND TO THE SUDDEN VALLEY "MARINA PARCEL", PER THE LEGAL DESCRIPTION RECORD OF SURVEY OF SAME RECORDED UNDER WHATCOM COUNTY AUDITOR'S FILE NO. 1175160, SAID PLAT MONUMENT BEARS SOUTH 87° 00' 25" WEST, 588.26 FEET DISTANT, FROM THE LAKE WHATCOM WATER & SEWER DISTRICT CADASTRAL SURVEY CONTROL POINT "MARINA", AND SAID PLAT MONUMENT BEING COINCIDENT WITH THAT "REFERENCE POINT A" AS DEPICTED ON THE RECORD OF SURVEY RECORDED UNDER WHATCOM COUNTY AUDITOR'S FILE NO. 1980901906;

THENCE NORTH 27° 53' 46" WEST, ALONG SAID COMMON BOUNDARY, 147.64 FEET;
THENCE NORTH 06° 14' 19" WEST, ALONG SAID COMMON BOUNDARY, 103.70 FEET;

THENCE NORTH 05° 28' 40" EAST, ALONG SAID COMMON BOUNDARY, 294.15 FEET, TO THE IRON BAR MONUMENT MARKING THE NORTH-MOST CORNER COMMON TO SAID PLAT AND MARINA PARCEL, SAID MONUMENT BEING COINCIDENT WITH "POINT A" PER THE AFOREMENTIONED LEGAL DESCRIPTION SURVEY OF THE SUDDEN VALLEY MARINA;

THENCE SOUTH 68° 49' 15" EAST, ALONG THE NORTH LINE OF SAID SUDDEN VALLEY MARINA PARCEL, 62.03 FEET;
THENCE SOUTH 74° 04' 08" EAST, ALONG SAID NORTH PLAT BOUNDARY, 37.36 FEET, TO A POINT AT THE INTERSECTION OF SAME WITH THE ORIGINAL MEANDERED SHORELINE OF RECORD, PER THE AFOREMENTIONED MARINA RECORD OF SURVEY;

THENCE NORTH 71° 06' 57" EAST, ALONG SAID ORIGINAL MEANDERED SHORELINE, 42.38 FEET;

THENCE NORTH 77° 58' 24" EAST, ALONG SAID ORIGINAL MEANDERED SHORELINE, 71.08 FEET, TO A POINT AT THE INTERSECTION OF SAME WITH THE WEST MARGIN OF THE DREDGED MARINA ACCESS CHANNEL, PER THE AFOREMENTIONED RECORD OF SURVEY OF DNR AQUATICS LEASE NO. 20-A09745 AND RECORDED UNDER WHATCOM COUNTY AUDITOR'S FILE NO. 1980901906, SAID POINT BEING THE TRUE POINT OF BEGINNING OF THIS DESCRIBED PARCEL;

THENCE NORTH 00° 50' 00"EAST, ALONG SAID WEST MARGIN, 39.07 FEET, TO A POINT AT THE INTERSECTION OF SAME WITH THE LINE OF "ORDINARY LOW WATER", PER SAID AQUATICS LEASE SURVEY;

THENCE NORTH 00° 50' 00"EAST, ALONG SAID WEST MARGIN, 204.27 FEET, TO A POINT AT THE INTERSECTION OF SAME WITH THE NORTH MARGIN OF SAID AQUATICS LEASE;

THENCE SOUTH 89° 26' 54" EAST, ALONG SAID NORTH MARGIN, 125.96 FEET, TO A POINT AT THE INTERSECTION OF SAME WITH THE EAST MARGIN OF SAID LEASE;

THENCE SOUTH 04° 00' 00" WEST, ALONG SAID EAST MARGIN, 178.66 FEET, TO A POINT AT THE INTERSECTION OF SAME WITH THE AFOREMENTIONED LINE OF "ORDINARY LOW WATER";

THENCE SOUTH 04° 00' 00" WEST, ALONG SAID EAST MARGIN, 39.63 FEET, TO A POINT AT THE INTERSECTION OF SAME WITH THE AFOREMENTIONED ORIGINAL MEANDERED SHORELINE OF RECORD, SAID POINT BEARS NORTH 31° 58' 42" WEST, 608.15 FEET DISTANT, FROM THE AFOREMENTIONED LAKE WHATCOM WATER & SEWER DISTRICT CADASTRAL CONTROL POINT "MARINA";

THENCE SOUTH 77° 58' 24" WEST, ALONG SAID ORIGINAL MEANDERED LINE OF SHORELINE, 116.83 FEET, TO A POINT AT THE INTERSECTION OF SAME WITH THE AFOREMENTIONED WEST MARGIN OF AQUATICS LEASE 20-A09745, SAID POINT BEING THE TRUE POINT OF BEGINNING AND TERMINUS OF THIS DESCRIBED PARCEL.

CONTAINS 4,493 SQUARE FEET (0.10 ACRES) OF THE LAKE WHATCOM SECOND-CLASS SHORELAND, AND 23,088 SQUARE FEET OF LAKE WHATCOM BEDLAND, FOR AN AGGREGATE AREA OF 27,581 SQUARE FEET (0.63 ACRES) MORE OR LESS.

SITUATE IN WHATCOM COUNTY, WASHINGTON.

PARCEL C--MARINA SWIM BEACH

A PARCEL OF LAND, BEING A PORTION OF THE SECOND-CLASS SHORELANDS, AND BEDLANDS, OF LAKE WHATCOM, ABUTTING GOVERNMENT LOTS 3 AND 4, SECTION 5, TOWNSHIP 37 NORTH, RANGE 4 EAST, W.M., SAID PARCEL BEING THE MARINA PARK SWIM BEACH AREA, AND SAID PARCEL BEING MORE PARTICULARLY DESCRIBED AS FOLLOWS:

COMMENCING AT THE CASSED MONUMENT MARKING THE CENTERLINE INTERSECTION OF LAKE WHATCOM BOULEVARD WITH THE WEST LINE OF THE AFOREMENTIONED SECTION 5, AS DEPICTED ON THE REPLAT OF THE PLAT OF SUDDEN VALLEY DIVISION 1, PER THE MAP THEREOF RECORDED IN VOLUME 10 OF PLATS, PAGE 15, RECORDS OF WHATCOM COUNTY, WASHINGTON, SAID CASSED MONUMENT BEARS NORTH 01° 07' 26" EAST, 47.12 FEET DISTANT, FROM THE (NOW OBLITERATED) MONUMENT MARKING THE SOUTHWEST CORNER OF SAID SECTION 5, PER THE AFOREMENTIONED REPLAT OF SUDDEN VALLEY DIVISION 1;

THENCE NORTH 01° 07' 26" EAST, ALONG THE WEST LINE OF SAID SECTION 5, 2601.21 FEET, TO THE IRON PIPE MONUMENT MARKING THE WEST QUARTER-CORNER OF SAID SECTION, PER THE RECORD OF SURVEY RECORDED UNDER WHATCOM COUNTY AUDITOR'S FILE NO. 1980901906;

THENCE SOUTH 56° 09' 20" EAST, 2343.42 FEET, TO A BRASS-DISK PLAT MONUMENT MARKING THE NORTHEAST TERMINUS OF THE CENTERLINE OF MARINA DRIVE AT THE INTERSECTION OF SAME WITH THE BOUNDARY COMMON TO THE PLAT OF SUDDEN VALLEY DIVISION 21, PER THE MAP THEREOF RECORDED IN VOLUME 11 OF PLATS, PAGE 42, RECORDS OF WHATCOM COUNTY, AND TO THE SUDDEN VALLEY "MARINA PARCEL", PER THE LEGAL DESCRIPTION RECORD OF SURVEY OF SAME RECORDED UNDER WHATCOM COUNTY AUDITOR'S FILE NO. 1175160, AND SAID PLAT MONUMENT BEING COINCIDENT WITH "REFERENCE POINT A" AS DEPICTED ON THE RECORD OF SURVEY RECORDED UNDER WHATCOM COUNTY AUDITOR'S FILE NO. 1980901906;

THENCE NORTH 87° 00' 25" EAST, 588.26 FEET, TO THE CONCRETE LAKE WHATCOM WATER & SEWER DISTRICT CADASTRAL SURVEY CONTROL POINT DESIGNATED "MARINA";

THENCE NORTH 51° 06' 18" EAST, 129.24 FEET, TO A POINT AT THE INTERSECTION OF THE ORIGINAL MEANDERED SHORELINE OF LAKE WHATCOM, ACCORDING TO THE LEGAL DESCRIPTION RECORD OF SURVEY FOR THE SUDDEN VALLEY MARINA PARK TRACT, PER THE MAP THEREOF RECORDED UNDER WHATCOM COUNTY AUDITOR'S FILE NO. 1175161, WITH THE SOUTHEAST LIMIT OF THE EMLACED SOFT-ARMOR FILL ORIGINALLY CONSTRUCTED IN 2019, SAID INTERSECTING POINT BEING THE TRUE POINT OF BEGINNING OF THIS DESCRIBED PARCEL;

THENCE NORTH 68° 35' 42" EAST, ALONG SAID SOUTHEAST LIMIT, 19.85 FEET, TO A POINT AT THE INTERSECTION OF SAME WITH THE EASTERLY LIMIT OF SAID EMLACED FILL;

THENCE NORTH 88° 42' 59" EAST, ACROSS THE AFOREMENTIONED LAKE WHATCOM BEDLANDS, 143.70 FEET, MORE OR LESS, TO A POINT COINCIDENT WITH AN ANCHOR PILING ORIGINALLY DEPICTED AS BEING THE NORTHEAST CORNER OF THE SWIMMING AREA, PER THE RECORD OF SURVEY OF DNR AQUATIC LEASE 20-A09745, RECORDED UNDER WHATCOM COUNTY AUDITOR'S FILE NO. 1980901906;

THENCE SOUTH 69° 23' 10" EAST, ACROSS THE AFOREMENTIONED LAKE WHATCOM BEDLANDS, 355.36 FEET, TO A POINT ON THE CONTOUR LINE REPRESENTING THE ADMINISTRATIVE ORDINARY LOW WATER LINE" OF SAID LAKE WHATCOM;

THENCE SOUTH 68° 25' 27" EAST, ACROSS THE SECOND CLASS SHORELANDS OF LAKE WHATCOM, 21.00 FEET, TO A POINT ON THE ORIGINAL MEANDERED SHORELINE OF LAKE WHATCOM, PER THE AFOREMENTIONED MARINA PARK RECORD OF SURVEY, SAID POINT BEARS NORTH 39° 52' 37" WEST, 171.72 FEET DISTANT, FROM THE NORTH CORNER COMMON TO SAID MARINA PARK TRACT, AND TO THE SUDDEN VALLEY GOLF COURSE TRACT, PER THE LEGAL DESCRIPTION SURVEY OF SAME RECORDED UNDER WHATCOM COUNTY AUDITOR'S FILE NO. 1175162, SAID NORTH CORNER BEING DESIGNATED AS POINT "C" ON SAID GOLF COURSE TRACT SURVEY;

THENCE SOUTH 39° 20' 03" WEST, ALONG SAID ORIGINAL MEANDERED SHORELINE, 66.84 FEET;

THENCE SOUTH 54° 22' 45" WEST, ALONG SAID ORIGINAL MEANDERED SHORELINE, 54.41 FEET;

THENCE SOUTH 82° 58' 31" WEST, ALONG SAID ORIGINAL MEANDERED SHORELINE, 46.39 FEET;

THENCE NORTH 80° 42' 46" WEST, ALONG SAID ORIGINAL MEANDERED SHORELINE, 64.78 FEET;

THENCE NORTH 65° 05' 09" WEST, ALONG SAID ORIGINAL MEANDERED SHORELINE, 149.47 FEET;

THENCE NORTH 54° 27' 33" WEST, ALONG SAID ORIGINAL MEANDERED SHORELINE, 68.03 FEET;

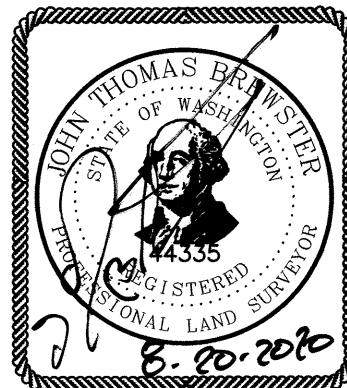
THENCE NORTH 30° 49' 15" WEST, ALONG SAID ORIGINAL MEANDERED SHORELINE, 62.49 FEET;

THENCE NORTH 47° 43' 54" WEST, ALONG SAID ORIGINAL MEANDERED SHORELINE, 91.89 FEET;

THENCE NORTH 02° 20' 35" WEST, ALONG SAID ORIGINAL MEANDERED SHORELINE, 40.05 FEET, TO A POINT AT THE INTERSECTION OF SAME WITH THE SOUTHEAST LIMIT OF THE AFOREMENTIONED EMLACED SOFT-ARMOR FILL ORIGINALLY CONSTRUCTED IN 2019, SAID POINT BEING THE TRUE POINT OF BEGINNING AND TERMINUS OF THIS DESCRIBED PARCEL.

SITUATE IN WHATCOM COUNTY, WASHINGTON.

*SEE NOTE #5, SHEET 2, OF THIS SURVEY FOR ADDITIONAL DATA REGARDING THIS FEATURE.



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Record of Survey for Sudden Valley Community Association			
DWN BY	BHR	DATE	8/19/20
CHK BY	JTB	SCALE	AS SHOWN
JOB NO.	2018-174	SHEET	3 OF 7

D.N.R. AQUATICS LEASE EXHIBIT #20-B09745
ADJACENT TO GOV'T LOTS 3, 4 & 5, SEC. 5, AND GOV'T LOT 1, SEC. 8, TWP. 37 N., RGE. 4E., W.M.,
WHATCOM COUNTY, WASHINGTON

LEGAL DESCRIPTIONS (CREATED BY THIS SURVEY):

PARCEL D-- PM BEACH NON-MOTORIZED USE AREA

A PARCEL OF LAND, BEING A PORTION OF THE SECOND-CLASS SHORELANDS, AND BEDLANDS, OF LAKE WHATCOM, ABUTTING GOVERNMENT LOTS 4 AND 5, SECTION 5, TOWNSHIP 37 NORTH, RANGE 4 EAST, W.M., SAID PARCEL BEING THE SUDDEN VALLEY COMMUNITY ASSOCIATION PM BEACH NON-MOTORIZED USE AREA, AND SAID PARCEL BEING MORE PARTICULARLY DESCRIBED AS FOLLOWS:

COMMENCING AT THE IRON PIPE MONUMENT MARKING THE WEST QUARTER-CORNER OF SAID SECTION 5, PER THE RECORD OF SURVEY RECORDED UNDER WHATCOM COUNTY AUDITOR'S FILE NO. 1980901906;

THENCE SOUTH 01° 07' 26" WEST, ALONG THE WEST LINE OF SAID SECTION 5, 2601.21 FEET, TO THE THE CASED MONUMENT MARKING THE CENTERLINE INTERSECTION OF LAKE WHATCOM BOULEVARD WITH THE WEST LINE OF THE AFOREMENTIONED SECTION 5, AS DEPICTED ON THE REPLAT OF THE PLAT OF SUDDEN VALLEY DIVISION 1, PER THE MAP THEREOF RECORDED IN VOLUME 10 OF PLATS, PAGE 15, RECORDS OF WHATCOM COUNTY, WASHINGTON

THENCE SOUTH 01° 07' 26" WEST, CONTINUING ALONG SAID WEST LINE, 47.12 FEET, TO THE CALCULATED POSITION OF THE (NOW OBLITERATED) MONUMENT MARKING THE SOUTHWEST CORNER OF SAID SECTION 5, PER THE AFOREMENTIONED REPLAT OF SUDDEN VALLEY DIVISION 1;

THENCE SOUTH 88° 21' 26" EAST, ALONG THE SOUTH LINE OF SAID SECTION 5, 3489.89 FEET, TO A POINT WHICH BEARS NORTH 88° 21' 26" WEST, 1231.17 FEET DISTANT, FROM THE (NOW OBLITERATED) GOVERNMENT MEANDER CORNER COMMON TO FRACTIONAL SECTIONS 5 AND 8 OF THE AFOREMENTIONED TOWNSHIP AND RANGE, ACCORDING TO THE LEGAL DESCRIPTION RECORD OF SURVEY OF THE SUDDEN VALLEY MORNING & AFTERNOON BEACH PARK, PER THE MAP THEREOF RECORDED UNDER WHATCOM COUNTY AUDITOR'S FILE NO. 1175157;

THENCE NORTH 01° 38' 34" EAST, NORMAL TO SAID SOUTH LINE OF SECTION 5, 171.76 FEET, TO A POINT ON THE ADJUSTED GOVERNMENT MEANDER LINE OF SAID FRACTIONAL SECTION 5, SAID POINT BEARS NORTH 81° 59' 01" WEST, 786.78 FEET DISTANT, FROM THE LAKE WHATCOM WATER AND SEWER DISTRICT CADASTRAL SURVEY CONTROL POINT "WWTP", AND SAID POINT BEING THE **TRUE POINT OF BEGINNING** OF THIS DESCRIBED PARCEL;

THENCE NORTH 25° 11' 13" WEST, ALONG SAID MEANDER LINE, 446.88 FEET, TO A POINT AT THE INTERSECTION OF SAME WITH THE LINE OF VEGETATION MARKING THE WATERWARD LIMIT OF UPLAND OWNERSHIP, PER THE ORIGINAL MEANDERS;

THENCE NORTH 01° 16' 29" EAST, ALONG SAID OWNERSHIP LIMIT, 65.35 FEET;
THENCE NORTH 18° 14' 30" EAST, ALONG SAID OWNERSHIP LIMIT, 120.81 FEET;
THENCE NORTH 34° 43' 18" EAST, ALONG SAID OWNERSHIP LIMIT, 76.28 FEET;
THENCE NORTH 54° 33' 05" EAST, ALONG SAID OWNERSHIP LINE, 146.82 FEET, TO A POINT WHICH BEARS SOUTH 58° 14' 17" EAST, 1081.80 FEET DISTANT, FROM THE LAKE WHATCOM WATER AND SEWER DISTRICT CADASTRAL SURVEY CONTROL POINT "MARINA";

THENCE SOUTH 63° 00' 22" EAST, 528.81 FEET, TO A POINT ON THE AFOREMENTIONED LINE OF VEGETATION MARKING THE WATERWARD LIMIT OF UPLAND OWNERSHIP;

THENCE SOUTH 10° 46' 14" EAST, ALONG SAID OWNERSHIP LIMIT, 165.89 FEET;
THENCE SOUTH 03° 34' 43" EAST, ALONG SAID OWNERSHIP LIMIT, 164.76 FEET, TO A POINT AT THE INTERSECTION OF SAME WITH THE AFOREMENTIONED ADJUSTED MEANDER LINE OF FRACTIONAL SECTION 5, SAID POINT BEARS NORTH 42° 49' 15" WEST, 374.37 FEET DISTANT, FROM THE AFOREMENTIONED CADASTRAL SURVEY CONTROL POINT "WWTP";

THENCE SOUTH 26° 18' 47" WEST, ALONG SAID ADJUSTED MEANDER LINE, 125.40 FEET;
THENCE NORTH 83° 41' 13" WEST, ALONG SAID ADJUSTED MEANDER LINE, 165.00 FEET;
THENCE NORTH 18° 11' 13" WEST, ALONG SAID ADJUSTED MEANDER LINE, 132.00 FEET;
THENCE NORTH 63° 41' 13" WEST, ALONG SAID ADJUSTED MEANDER LINE, 66.00 FEET;
THENCE SOUTH 08° 11' 13" EAST, ALONG SAID ADJUSTED MEANDER LINE, 231.00 FEET;

THENCE NORTH 89° 11' 13" WEST, ALONG SAID ADJUSTED MEANDER LINE, 237.60 FEET, TO THE **TRUE POINT OF BEGINNING AND TERMINUS** OF THIS DESCRIBED PARCEL.

CONTAINS 365,118 SQUARE FEET (8.38 ACRES), MORE OR LESS.
SITUATE IN WHATCOM COUNTY, WASHINGTON.

PARCEL E - AM BEACH SWIM AREA

A PARCEL OF LAND, BEING A PORTION OF THE SECOND-CLASS SHORELANDS, AND BEDLANDS, OF LAKE WHATCOM, ABUTTING GOVERNMENT LOT 5, SECTION 5, AND GOVERNMENT LOT 1, SECTION 8, BOTH OF TOWNSHIP 37 NORTH, RANGE 4 EAST, W.M., SAID PARCEL BEING THE SUDDEN VALLEY COMMUNITY ASSOCIATION AM BEACH SWIM AREA, AND SAID PARCEL BEING MORE PARTICULARLY DESCRIBED AS FOLLOWS:

COMMENCING AT THE IRON PIPE MONUMENT MARKING THE WEST QUARTER-CORNER OF SAID SECTION 5, PER THE RECORD OF SURVEY RECORDED UNDER WHATCOM COUNTY AUDITOR'S FILE NO. 1980901906;

THENCE SOUTH 01° 07' 26" WEST, ALONG THE WEST LINE OF SAID SECTION 5, 2601.21 FEET, TO THE THE CASED MONUMENT MARKING THE CENTERLINE INTERSECTION OF LAKE WHATCOM BOULEVARD WITH THE WEST LINE OF THE AFOREMENTIONED SECTION 5, AS DEPICTED ON THE REPLAT OF THE PLAT OF SUDDEN VALLEY DIVISION 1, PER THE MAP THEREOF RECORDED IN VOLUME 10 OF PLATS, PAGE 15, RECORDS OF WHATCOM COUNTY, WASHINGTON;

THENCE SOUTH 01° 07' 26" WEST, CONTINUING ALONG SAID WEST LINE, 47.12 FEET, TO THE CALCULATED POSITION OF THE (NOW OBLITERATED) MONUMENT MARKING THE SOUTHWEST CORNER OF SAID SECTION 5, PER THE AFOREMENTIONED REPLAT OF SUDDEN VALLEY DIVISION 1;

THENCE SOUTH 88° 21' 26" EAST, ALONG THE SOUTH LINE OF SAID SECTION 5, 4721.06 FEET, TO A POINT AT THE INTERSECTION OF SAME WITH THE ADJUSTED GOVERNMENT MEANDER LINE OF SECTIONS 5 AND 8 OF THE AFOREMENTIONED TOWNSHIP AND RANGE, ACCORDING TO THE LEGAL DESCRIPTION RECORD OF SURVEY OF THE SUDDEN VALLEY MORNING & AFTERNOON BEACH PARK, PER THE MAP THEREOF RECORDED UNDER WHATCOM COUNTY AUDITOR'S FILE NO. 1175157, SAID POINT BEING COINCIDENT WITH THE (NOW OBLITERATED) GOVERNMENT MEANDER CORNER COMMON TO FRACTIONAL SECTIONS 5 AND 8 OF THE AFOREMENTIONED TOWNSHIP AND RANGE, SAID POINT BEARS SOUTH 77° 42' 54" EAST, 457.11 FEET DISTANT FROM THE LAKE WHATCOM WATER AND SEWER DISTRICT CADASTRAL SURVEY POINT "WWTP", AND SAID POINT BEING THE **TRUE POINT OF BEGINNING** OF THIS DESCRIBED PARCEL;

THENCE NORTH 20° 45' 57" WEST, ALONG THE AFOREMENTIONED GOVERNMENT MEANDER LINE, 90.54 FEET, MORE OR LESS, TO A POINT AT THE INTERSECTION OF SAME WITH THE EXISTING VEGETATION LINE HERE MARKING THE LIMIT OF UPLAND OWNERSHIP ADJOINING LAKE WHATCOM;

THENCE NORTH 27° 51' 38" EAST, ALONG SAID VEGETATION LINE, 51.15 FEET;
THENCE NORTH 11° 58' 16" EAST, ALONG SAID VEGETATION LINE, 37.47 FEET;
THENCE NORTH 11° 14' 08" EAST, ALONG SAID VEGETATION LINE, 64.91 FEET;
THENCE NORTH 26° 25' 54" EAST, ALONG SAID VEGETATION LINE, 25.76 FEET;

THENCE NORTH 21° 39' 13" EAST, ALONG SAID VEGETATION LINE, 79.26 FEET, TO A POINT WHICH BEARS SOUTH 61° 36' 24" EAST, 2485.29 FEET DISTANT, FROM THE LAKE WHATCOM WATER AND SEWER DISTRICT CADASTRAL SURVEY CONTROL POINT "MARINA";

THENCE SOUTH 73° 38' 35" EAST, 20.09 FEET;

THENCE CONTINUING SOUTH 73° 38' 35" EAST, 48.12 FEET;

THENCE SOUTH 07° 19' 32" WEST, 231.19 FEET;

THENCE SOUTH 16° 43' 21" EAST, 113.59 FEET;

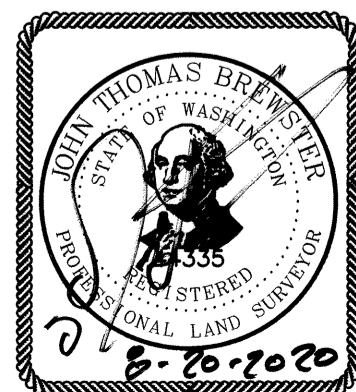
THENCE SOUTH 57° 01' 29" WEST, 65.47 FEET;

THENCE CONTINUING SOUTH 57° 01' 29" WEST, 20.00 FEET, MORE OR LESS, TO A POINT ON THE AFOREMENTIONED ADJUSTED GOVERNMENT MEANDER LINE;

THENCE NORTH 32° 58' 31" WEST, ALONG SAID ADJUSTED MEANDER LINE, 91.66 FEET, MORE OR LESS, TO A POINT AT THE INTERSECTION OF SAME WITH THE SOUTH LINE OF SAID SECTION 5, SAID POINT BEING COINCIDENT WITH THE AFOREMENTIONED MEANDER CORNER COMMON TO SAID SECTIONS 5 AND 8, AND SAID POINT BEING THE **TRUE POINT OF BEGINNING AND TERMINUS** OF THIS DESCRIBED PARCEL.

CONTAINS 37,747 SQUARE FEET (0.87 ACRES), MORE OR LESS.

SITUATE IN WHATCOM COUNTY, WASHINGTON.



WILSON ENGINEERING, LLC
805 DUPONT STREET
BELLINGHAM, WA 98225
(360) 733-6100 • FAX (360) 647-9061
www.wilsonengineering.com

Record of Survey for
Sudden Valley Community Association

DWN BY	BHR	DATE	8/19/20	JOB NO.	2018-174
CHK BY	JTB	SCALE	AS SHOWN	SHEET	4 OF 7

D.N.R. AQUATICS LEASE EXHIBIT #20-B09745

ADJACENT TO GOV'T LOTS 3, 4 & 5, SEC. 5, AND GOV'T LOT 1, SEC. 8, TWP. 37 N., RGE. 4E., W.M.,
WHATCOM COUNTY, WASHINGTON

PARCEL	SHORELANDS	BEDLANDS	TOTAL
A	4,493	23,088	27,581
B	0	10,378	10,378
C	11,940	58,875	70,815

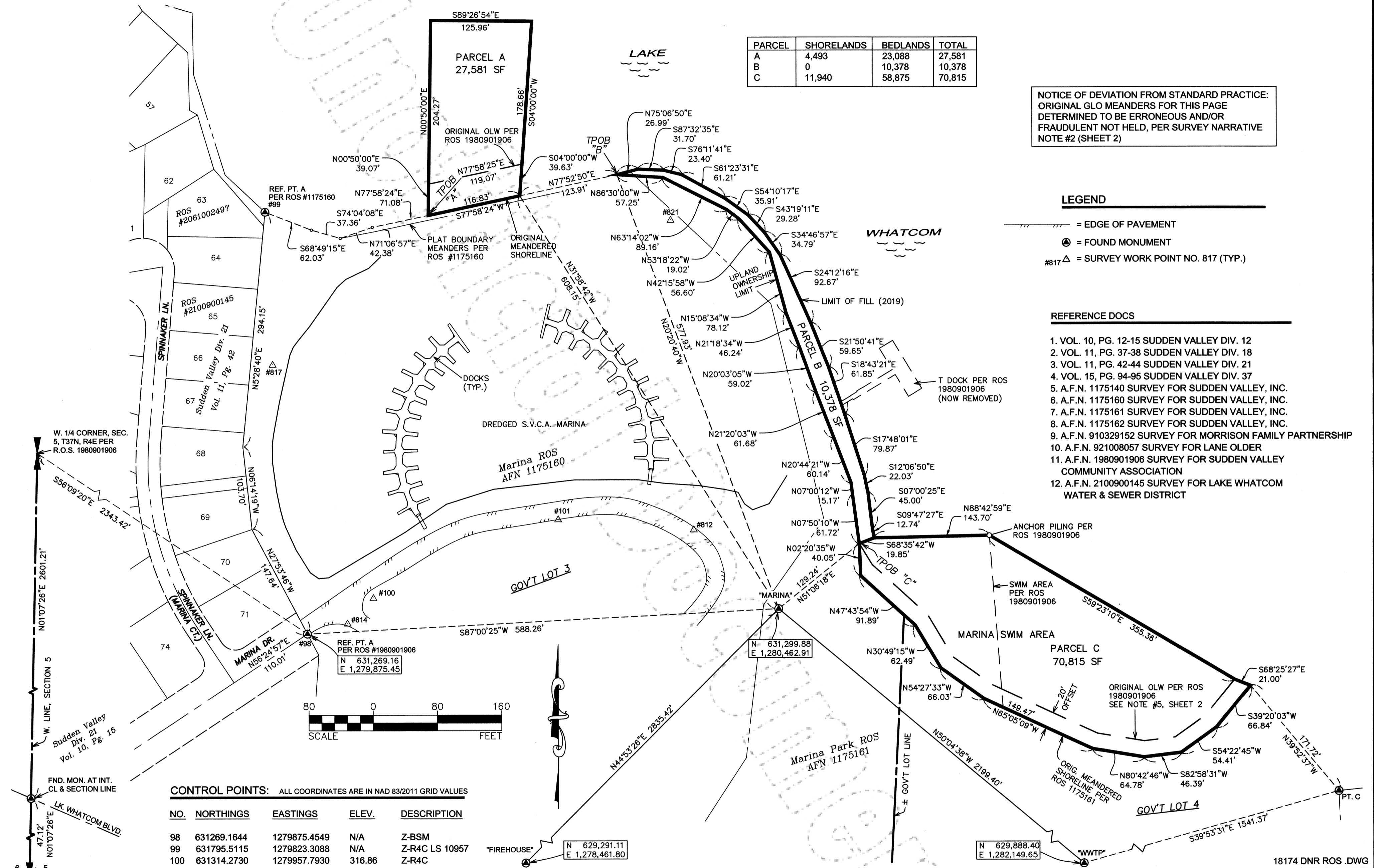
NOTICE OF DEVIATION FROM STANDARD PRACTICE:
ORIGINAL GLO MEANDERS FOR THIS PAGE
DETERMINED TO BE ERRONEOUS AND/OR
FRAUDULENT NOT HELD, PER SURVEY NARRATIVE
NOTE #2 (SHEET 2)

LEGEND

- = EDGE OF PAVEMENT
- ⊙ = FOUND MONUMENT
- #817 Δ = SURVEY WORK POINT NO. 817 (TYP.)

REFERENCE DOCS

1. VOL. 10, PG. 12-15 SUDDEN VALLEY DIV. 12
2. VOL. 11, PG. 37-38 SUDDEN VALLEY DIV. 18
3. VOL. 11, PG. 42-44 SUDDEN VALLEY DIV. 21
4. VOL. 15, PG. 94-95 SUDDEN VALLEY DIV. 37
5. A.F.N. 1175140 SURVEY FOR SUDDEN VALLEY, INC.
6. A.F.N. 1175160 SURVEY FOR SUDDEN VALLEY, INC.
7. A.F.N. 1175161 SURVEY FOR SUDDEN VALLEY, INC.
8. A.F.N. 1175162 SURVEY FOR SUDDEN VALLEY, INC.
9. A.F.N. 910329152 SURVEY FOR MORRISON FAMILY PARTNERSHIP
10. A.F.N. 921008057 SURVEY FOR LANE OLDER
11. A.F.N. 1980901906 SURVEY FOR SUDDEN VALLEY COMMUNITY ASSOCIATION
12. A.F.N. 2100900145 SURVEY FOR LAKE WHATCOM WATER & SEWER DISTRICT



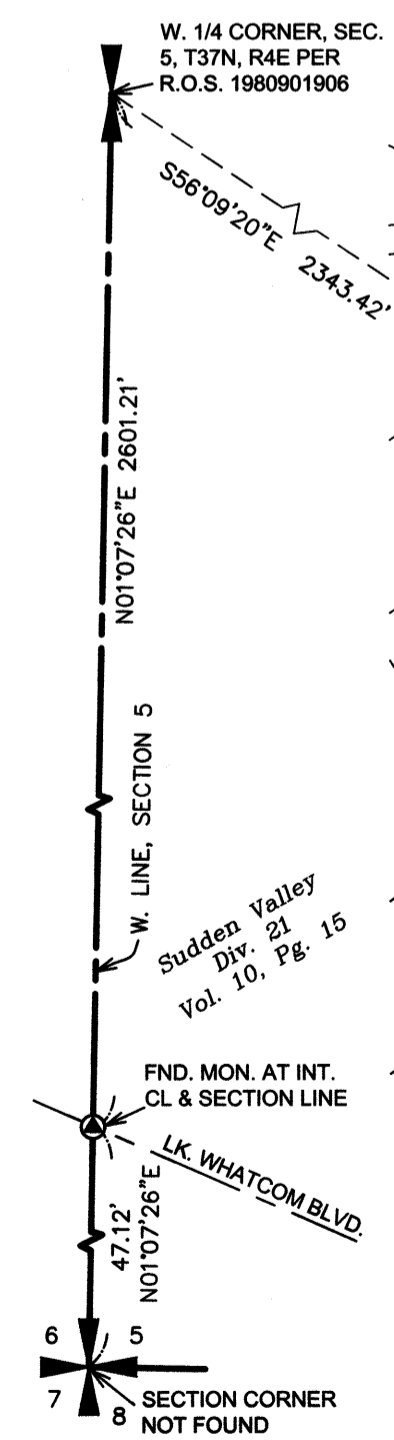
CONTROL POINTS: ALL COORDINATES ARE IN NAD 83/2011 GRID VALUES

NO.	NORTHINGS	EASTINGS	ELEV.	DESCRIPTION
98	631269.1644	1279875.4549	N/A	Z-BSM
99	631795.5115	1279823.3088	N/A	Z-R4C LS 10957
100	631314.2730	1279957.7930	316.86	Z-R4C
101	631412.2040	1280188.0150	316.03	Z-BERN
812	631399.2690	1280357.0670	316.86	Z-BERN
814	631282.5230	1279925.3550	316.53	Z-BERN
817	631605.3950	1279832.3630	317.12	Z-R4C
821	631785.6030	1280328.6260	315.48	Z-R4C



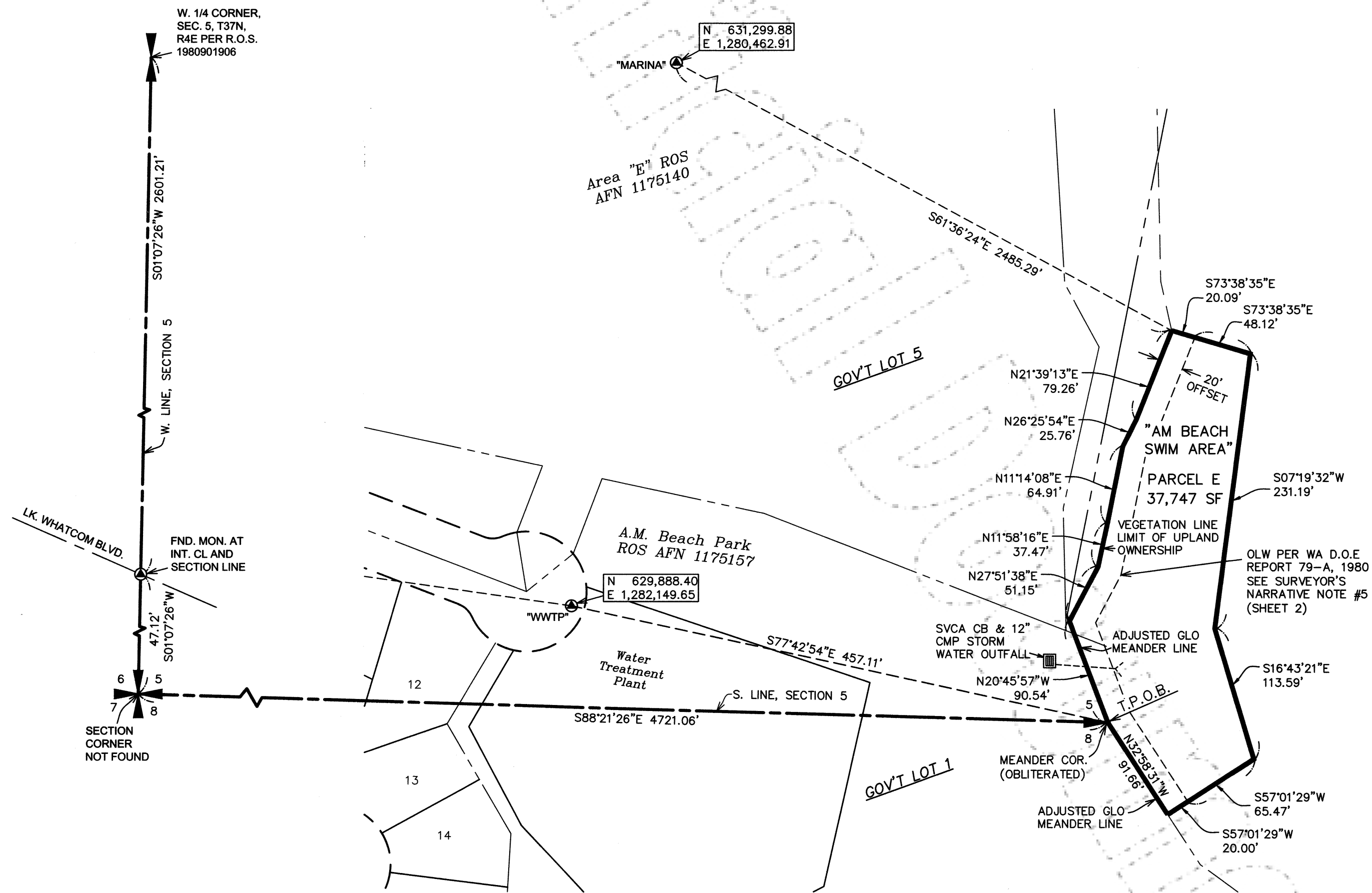
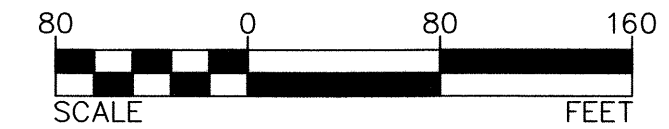
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Record of Survey for Sudden Valley Community Association			
DWN BY	BHR	DATE	8/19/20
CHK BY	JTB	SCALE	AS SHOWN
JOB NO.	2018-174	SHEET	5 OF 7

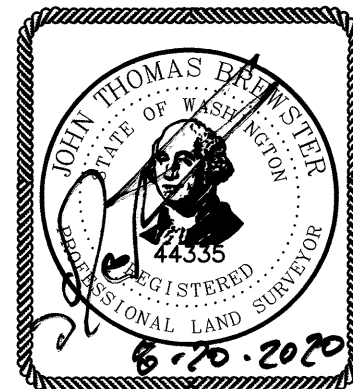


D.N.R. AQUATICS LEASE EXHIBIT #20-B09745
 ADJACENT TO GOV'T LOTS 3, 4 & 5, SEC. 5, AND GOV'T LOT 1, SEC. 8, TWP. 37 N., RGE. 4E., W.M.,
 WHATCOM COUNTY, WASHINGTON

PARCEL	SHORELANDS	BEDLANDS	TOTAL
E	8,632	29,115	37,747



18174 DNR ROS .DWG



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Record of Survey for Sudden Valley Community Association			
DWN BY	BHR	DATE	8/19/20
CHK BY	JTB	SCALE	AS SHOWN
JOB NO.	2018-174	SHEET	7 OF 7

STATE OF WASHINGTON
DEPARTMENT OF NATURAL RESOURCES
JENNIFER M. BELCHER
Commissioner of Public Lands

AQUATIC LANDS LEASE
(Commercial)
Lease No. 20-A09745

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STATE OF WASHINGTON
DEPARTMENT OF NATURAL RESOURCES
JENNIFER M. BELCHER
Commissioner of Public Lands
Olympia, Washington 98504

AQUATIC LANDS LEASE
(Commercial)

AQUATIC LANDS LEASE NO. 20-A09745

THIS LEASE is made by and between the STATE OF WASHINGTON, acting through the Department of Natural Resources ("State"), and SUDDEN VALLEY COMMUNITY ASSOCIATION, a Washington Non-profit Corporation ("Tenant").

BACKGROUND

Tenant desires to lease the aquatic lands commonly known as Lake Whatcom, which are shorelands and bedlands located in Whatcom County, Washington, from State, and State desires to lease the property to Tenant pursuant to the terms and conditions of this Lease.

THEREFORE, the parties agree as follows:

1. **PROPERTY**

1.1 Property Defined. State leases to Tenant and Tenant leases from State the real property described in Exhibit A together with all the rights of State, if any, to improvements on and easements benefitting the Property, but subject to the exceptions and restrictions set forth in this Lease (collectively the "Property"). This Lease is subject to all valid interests of third parties noted in the records of Whatcom County, or on file in the office of the Commissioner of Public Lands, Olympia, Washington; rights of the public under the Public Trust Doctrine or federal navigation servitude; and treaty rights of Indian Tribes. Not included in this Lease are any right to harvest, collect or damage any natural resource, including aquatic life or living plants, any water rights, or any mineral rights, including any right to excavate or withdraw sand, gravel, or other valuable materials. State reserves the right to grant easements and other land uses on the Property to others when the easement or other land uses will not unreasonably interfere with Tenant's Permitted Use.

1.2 Survey, Maps, and Plans. In executing this Lease, State is relying on the surveys, plats, diagrams, and/or legal descriptions provided by Tenant. Tenant is not relying upon and State is not making any representations about any survey, plat, diagram, and/or legal description provided by State.

1.3 Inspection. State makes no representation regarding the condition of the Property, improvements located on the Property, the suitability of the Property for Tenant's Permitted Use, compliance with governmental laws and regulations, availability of utility rights, access to the

Property or the existence of hazardous substances on the Property. Tenant has inspected the Property and accepts it "AS IS."

2. USE

2.1 Permitted Use. Tenant shall use the Property for a recreational dock, ingress and egress for the upland boat moorage, and a swimming area (the "Permitted Use"), and for no other purpose. The Permitted Use is described or shown in greater detail in Exhibit B, the terms and conditions of which are incorporated by reference and made a part of this Lease. The parties agree that this is a water dependent use.

2.2 Restrictions on Use. Tenant shall not cause or permit any damage to natural resources on the Property. Tenant shall also not cause or permit any filling activity to occur on the Property. This prohibition includes any deposit of rock, earth, ballast, refuse, garbage, waste matter (including chemical, biological or toxic wastes), hydrocarbons, any other pollutants, or other matter in or on the Property, except as approved in writing by State. Tenant shall neither commit nor allow waste to be committed to or on the Property. If Tenant fails to comply with all or any of the restrictions on the use of the Property set out in this Subsection 2.2, State shall notify Tenant and provide Tenant a reasonable time to take all steps necessary to remedy the failure. If Tenant fails to do so in a timely manner, then State may take any steps reasonably necessary to remedy this failure. Upon demand by State, Tenant shall pay all costs of such remedial action, including but not limited to the costs of removing and disposing of any material deposited improperly on the Property. This section shall not in any way limit Tenant's liability under Section 8, below.

2.3 Conformance with Laws. Tenant shall, at all times, keep current and comply with all conditions and terms of any permits, licenses, certificates, regulations, ordinances, statutes, and other government rules and regulations regarding its use or occupancy of the Property.

2.4 Liens and Encumbrances. Tenant shall keep the Property free and clear of any liens and encumbrances arising out of or relating to its use or occupancy of the Property.

3. TERM

3.1 Term Defined. The term of this Lease is twelve (12) years (the "Term"), beginning on the 1st day of February, 1993 (the "Commencement Date"), and ending on the 31st day of January, 2005 (the "Termination Date"), unless terminated sooner under the terms of this Lease.

3.2 Renewal of the Lease. Tenant shall have the option to renew this Lease for two (2) additional terms of four (4) years each. The initial Term of this Lease, and all renewal terms, shall not exceed twenty (20) years in the aggregate. Tenant shall exercise this option by providing written notice of its election to renew at least ninety (90) days prior to the Termination Date of the initial Term or any renewal term of this Lease. Tenant shall not be entitled to renew if it is in default under the terms of this Lease at the time the option to renew is exercised. The terms and conditions of any renewal term shall be the same as set forth in this Lease, except that rent shall be recalculated, the required amounts of financial security may be revised, and provisions dealing with hazardous waste or impacts to natural resources may be changed at the time of the renewal.

3.3 Delay in Delivery of Possession. If State, for any reason whatsoever, cannot deliver possession of the Property to Tenant on the Commencement Date, this Lease shall not be void or voidable, nor shall State be liable to Tenant for any loss or damage resulting from the delay in delivery of possession. In such event, the date of delivery of possession shall be the Commencement Date for all purposes, including the payment of rent. In the event Tenant takes possession before the Commencement Date, the date of possession shall be the Commencement Date for all purposes, including the payment of rent. If the Lease Term commences earlier or later than the scheduled Commencement Date, the Termination Date shall be adjusted accordingly.

3.4 End of Term. Upon the expiration or termination of the Term or extended term, as applicable, Tenant shall surrender the Property to State in the same or better condition as on the Commencement Date, reasonable wear and tear excepted.

3.5 Hold Over. If Tenant remains in possession of the Property after the Termination Date, the occupancy shall not be an extension or renewal of the Term. The occupancy shall be a month-to-month tenancy, on terms identical to the terms of this Lease, which may be terminated by either party on thirty (30) days written notice. The monthly rent during the holdover shall be the same rent which would be due if the Lease were still in effect and all adjustments in rent were made in accordance with its terms. If State provides a notice to vacate the Property in anticipation of the termination of this Lease or at any time after the Termination Date and Tenant fails to do so within the time set forth in the notice, then Tenant shall be a trespasser and shall owe the State all amounts due under RCW 79.01.760 or other applicable law.

4. RENT

4.1 Annual Rent. Until adjusted as set forth below, Tenant shall pay to State an annual rent of One Thousand Five Hundred Fifty Seven and 78/100 Dollars (\$1,557.78). The annual rent, as it currently exists or as adjusted or modified (the "Annual Rent"), shall be due and payable in full on or before the Commencement Date and on or before the same date of each year thereafter.

4.2 Payment Place. Payment is to be made to State Financial Management Division, 1111 Washington St SE, PO Box 47041, Olympia, WA 98504-7041.

4.3 Adjustment Based on Use. Annual Rent is based on Tenant's Permitted Use of the Property, as described in Section 2 above. If Tenant's Permitted Use changes, the Annual Rent shall be adjusted as appropriate for the changed use.

4.4 Rent Adjustments for Water-Dependent Uses.

(a) Inflation Adjustment. State shall adjust water-dependent rent annually pursuant to RCW 79.90.450 - .902, except in those years in which the rent is revalued under Subsection 4.4(b) below. This adjustment shall be effective on the anniversary of the Commencement Date.

(b) Revaluation of Rent. State shall, at the end of the first four-year period of the Term, and at the end of each subsequent four-year period, revalue the water-dependent Annual Rent in accordance with RCW 79.90.450 - .902.

(c) **Rent Cap.** After the initial year's rent is determined under Subsection 4.1, rent may increase by operation of Subsection 4.4(a) or 4.4(b). If application of the statutory rent formula for water-dependent uses would result in an increase in the rent attributable to such uses of more than fifty percent (50%) in any one year, the actual increase implemented in such year shall be limited to fifty percent (50%) of the then-existing rent, in accordance with RCW 79.90.490. The balance of the increase determined by the formula shall be deferred to subsequent years and added to the next and subsequent years' rental increases until the full amount of the increase is lawfully implemented.

4.5 Rent Adjustment Procedures.

(a) **Notice of Rent Adjustment.** Notice of any adjustments to the Annual Rent that are allowed by Subsection 4.4(b) shall be provided to Tenant in writing no later than ninety (90) days after the anniversary date of the Lease.

(b) **Procedures on Failure to make Timely Adjustment.** In the event the State fails to provide the notice required in Subsection 4.5(a), it shall be prohibited from collecting any adjustments to rent only for the year in which it failed to provide notice. No failure by State to adjust Annual Rent pursuant to Subsection 4.5(a) shall affect the State's right to establish Annual Rent for a subsequent lease year as if the missed or waived adjustment had been implemented. The State may adjust, bill, and collect Annual Rent prospectively as if any missed or waived adjustments had actually been implemented. This includes the implementation of any inflation adjustment and any rent revaluations that would have been authorized for previous lease years.

5. OTHER EXPENSES

During the Term, Tenant shall pay the following additional expenses:

5.1 **Utilities.** Tenant shall pay all fees charged for utilities in connection with the use and occupancy of the Property, including but not limited to electricity, water, gas, and telephone service.

5.2 **Taxes and Assessments.** Tenant shall pay all taxes (including leasehold excise taxes), assessments, and other governmental charges, of any kind whatsoever, applicable or attributable to the Property, Tenant's leasehold interest, the improvements, or Tenant's use and enjoyment of the Property.

5.3 **Right to Contest.** Tenant may, in good faith, contest any tax or assessment at its sole cost and expense. At the request of State, Tenant shall furnish reasonable protection in the form of a bond or other security, satisfactory to State, against any loss or liability by reason of such contest.

5.4 **Proof of Payment.** Tenant shall, if required by State, furnish to State receipts or other appropriate evidence establishing the payment of any amounts required to be paid under the terms of this Lease.

5.5 **Failure to Pay.** If Tenant fails to pay any of the amounts due under this Lease, State may pay the amount due, and recover its cost in accordance with the provisions of Section 6.

6. LATE PAYMENTS AND OTHER CHARGES

6.1 Late Charge. If any rental payment is not received by State within ten (10) days of the date due, Tenant shall pay to State a late charge equal to four percent (4%) of the amount of the payment or Fifty Dollars (\$50), whichever is greater, to defray the overhead expenses of State incident to the delay.

6.2 Interest Penalty for Past Due Rent and Other Sums Owed. If rent is not paid within thirty (30) days of the date due, then Tenant shall, in addition to paying the late charges determined under Subsection 6.1, above, pay interest on the amount outstanding at the rate of one percent (1%) per month until paid. If State pays or advances any amounts for or on behalf of Tenant, including but not limited to leasehold taxes, taxes, assessments, insurance premiums, costs of removal and disposal of unauthorized materials pursuant to Section 2 above, costs of removal and disposal of improvements pursuant to Section 7 below, or other amounts not paid when due, Tenant shall reimburse State for the amount paid or advanced and shall pay interest on that amount at the rate of one percent (1%) per month from the date State notifies Tenant of the payment or advance.

6.3 No Accord and Satisfaction. If Tenant pays, or State otherwise receives, an amount less than the full amount then due, State may apply such payment as it elects. In the absence of an election, the payment or receipt shall be applied first to accrued taxes which State has advanced or may be obligated to pay, then to other amounts advanced by State, then to late charges and accrued interest, and then to the earliest rent due. State may accept any payment in any amount without prejudice to State's right to recover the balance of the rent or pursue any other right or remedy. No endorsement or statement on any check, any payment, or any letter accompanying any check or payment shall constitute or be construed as accord and satisfaction.

6.4 No Counterclaim, Setoff, or Abatement of Rent. Except as expressly set forth elsewhere in this Lease, rent and all other sums payable by Tenant pursuant to this Lease shall be paid without the requirement that State provide prior notice or demand, and shall not be subject to any counterclaim, setoff, deduction, defense or abatement.

7. IMPROVEMENTS

7.1 Existing Improvements. On the Commencement Date, the following improvements are located on the Property: One dock, seven pilings, six buoys and a roped swimming area. The improvements are not owned by State ("Existing Improvements")

7.2 Tenant-Owned Improvements. So long as this Lease remains in effect, Tenant shall retain ownership of all Existing Improvements, and all authorized improvements and trade fixtures it may place on the Property (collectively "Tenant-Owned Improvements"). Tenant-Owned Improvements shall not include any construction, reconstruction, alteration, or addition to any Unauthorized Improvements as defined in Subsection 7.5 below. No Tenant-Owned Improvements shall be placed on the Property without State's prior written consent.

7.3 Construction. Prior to any construction, alteration, replacement, removal or major repair of any improvements (whether State-Owned or Tenant-Owned), Tenant shall submit to State plans and specifications which describe the proposed activity. Construction shall not commence until State has approved those plans and specifications in writing and Tenant has obtained a performance and payment bond in an amount equal to 125% of the estimated cost of

construction. The performance and payment bond shall be maintained until the costs of construction, including all laborers and material persons, have been paid in full. State shall have sixty (60) days in which to review the proposed plans and specifications. The plans and specifications shall be deemed approved and the requirement for State's written consent shall be treated as waived, unless State notifies Tenant otherwise within the sixty (60) days. Upon completion of construction, Tenant shall promptly provide State with as-built plans and specifications. State's consent and approval shall not be required for any routine maintenance or repair of improvements made by the Tenant pursuant to its obligation to maintain the Property in good order and repair that does not result in the construction, alteration, replacement, removal, or major repair of any improvements on the Property.

7.4 Removal. Tenant-Owned Improvements shall be removed by Tenant by the Termination Date unless State notifies Tenant that the Tenant-Owned Improvements may remain. If the State elects for the Tenant-Owned Improvements to remain on the Property after the Termination Date, they shall become the property of State without payment by State (if the provisions of RCW 79.94.320 or RCW 79.95.040 apply, Tenant shall be entitled to the rights provided in the statute). To the extent that Tenant-Owned Improvements include items of personal property which may be removed from the leasehold premises without harming the Property, or diminishing the value of the Property or the improvements, the State asserts no ownership interest in these improvements unless the parties agree otherwise in writing upon termination of this Lease. Any Tenant-Owned Improvements specifically identified as personal property in Exhibit A or B shall be treated in accordance with this provision. Tenant shall notify State at least one hundred eighty (180) days before the Termination Date if it intends to leave the Tenant-Owned Improvements on the Property. State shall then have ninety (90) days in which to notify Tenant that it wishes to have the Tenant-Owned Improvements removed or elects to have them remain. Failure to notify Tenant shall be deemed an election by State that the Tenant-Owned Improvements will remain on the Property. If the Tenant-Owned Improvements remain on the Property after the Termination Date without State's actual or deemed consent, they still will become the property of the State but the State may remove them and Tenant shall pay the costs of removal and disposal upon State's demand.

7.5 Unauthorized Improvements. Improvements made on the Property without State's prior consent pursuant to Subsection 7.3 or which are not in conformance with the plans submitted to and approved by State ("Unauthorized Improvements") shall immediately become the property of State, unless State elects otherwise. Regardless of ownership of Unauthorized Improvements, State may, at its option, require Tenant to sever, remove, and dispose of them, charge Tenant rent for the use of them, or both. If Tenant fails to remove an Unauthorized Improvement upon request, State may remove it and charge Tenant for the cost of removal and disposal.

8. ENVIRONMENTAL LIABILITY/RISK ALLOCATION

8.1 Definition. "Hazardous Substance" means any substance which now or in the future becomes regulated or defined under any federal, state, or local statute, ordinance, rule, regulation, or other law relating to human health, environmental protection, contamination or cleanup, including, but not limited to, the Comprehensive Environmental Response,

Compensation and Liability Act of 1980 ("CERCLA"), 42 U.S.C. 9601 *et seq.*, and Washington's Model Toxics Control Act ("MTCA"), RCW 70.105D.010 *et seq.*

8.2 Use of Hazardous Substances. Tenant covenants and agrees that Hazardous Substances will not be used, stored, generated, processed, transported, handled, released, or disposed of in, on, under, or above the Property, except in accordance with all applicable laws.

8.3 Current Conditions, Duty of Utmost Care, and Duty to Investigate.

(a) State makes no representation about the condition of the Property. Hazardous Substances may exist in, on, under, or above the Property. With regard to any Hazardous Substances that may exist in, on, under, or above the Property, State disclaims any and all responsibility to conduct investigations, to review any State records, documents or files, or to obtain or supply any information to Tenant.

(b) Tenant shall exercise the utmost care with respect to both Hazardous Substances in, on, under, or above the Property as of the Commencement Date, and any Hazardous Substances that come to be located in, on, under, or above the Property during the Term of this agreement, along with the foreseeable acts or omissions of third parties affecting those Hazardous Substances, and the foreseeable consequences of those acts or omissions. The obligation to exercise utmost care under this Subsection 8.3 includes, but is not limited to, the following requirements:

(1) Tenant shall not undertake activities that will cause, contribute to, or exacerbate contamination of the Property;

(2) Tenant shall not undertake activities that damage or interfere with the operation of remedial or restoration activities on the Property or undertake activities that result in human or environmental exposure to contaminated sediments on the Property;

(3) Tenant shall not undertake any activities that result in the mechanical or chemical disturbance of on-site habitat mitigation;

(4) If requested, Tenant shall allow reasonable access to the Property by employees and authorized agents of the Environmental Protection Agency, the Washington State Department of Ecology, or other similar environmental agencies; and

(5) If requested, Tenant shall allow reasonable access to potentially liable or responsible parties who are the subject of an order or consent decree which requires access to the Property. Tenant's obligation to provide access to potentially liable or responsible parties may be conditioned upon the negotiation of an access agreement with such parties, provided that such agreement shall not be unreasonably withheld.

(c) It shall be Tenant's obligation to gather sufficient information concerning the Property and the existence, scope, and location of any Hazardous Substances on the Property, or adjoining the Property, that allows Tenant to effectively meet its obligations under this lease.

8.4 Notification and Reporting.

(a) Tenant shall immediately notify State if Tenant becomes aware of any of the following:

(1) A release or threatened release of Hazardous Substances in, on, under, or above the Property, any adjoining property, or any other property subject to use by Tenant in conjunction with its use of the Property;

(2) Any problem or liability related to, or derived from, the presence of any Hazardous Substance in, on, under, or above the Property, any adjoining property, or any other property subject to use by Tenant in conjunction with its use of the Property;

(3) Any actual or alleged violation of any federal, state, or local statute, ordinance, rule, regulation, or other law pertaining to Hazardous Substances with respect to the Property, any adjoining property, or any other property subject to use by Tenant in conjunction with its use of the Property;

(4) Any lien or action with respect to any of the foregoing; or,

(5) Any notification from the US Environmental Protection Agency (EPA) or the Washington State Department of Ecology (DOE) that remediation or removal of Hazardous Substances is or may be required at the Property.

(b) Upon request, Tenant shall provide State with copies of any and all reports, studies, or audits which pertain to environmental issues or concerns associated with the Property, and which were prepared for Tenant and submitted to any federal, state or local authorities pursuant to any federal, state or local permit, license or law. These permits include, but are not limited to, any National Pollution Discharge and Elimination System Permit, any Army Corps of Engineers permit, any State Hydraulics permit, any State Water Quality certification, or any Substantial Development permit.

8.5 Indemnification.

(a) Tenant shall fully indemnify, defend, and hold State harmless from and against any and all claims, demands, damages, natural resource damages, response costs, remedial costs, cleanup costs, losses, liens, liabilities, penalties, fines, lawsuits, other proceedings, costs, and expenses (including attorneys' fees and disbursements), that arise out of or are in any way related to:

(1) The use, storage, generation, processing, transportation, handling, or disposal of any Hazardous Substance by Tenant, its subtenants, contractors, agents, employees, guests, invitees, or affiliates in, on, under, or above the Property, any adjoining property, or any other property subject to use by Tenant in conjunction with its use of the Property, during the Term of this Lease or during any time when Tenant occupies or occupied the Property or any such other property;

(2) The release or threatened release of any Hazardous Substance, or the exacerbation of any Hazardous Substance contamination, in, on, under, or above the Property, any adjoining property, or any other property subject to use by Tenant in conjunction with its use of the Property, which release, threatened release, or exacerbation occurs or occurred during the Term of this Lease or during any time when Tenant occupies or occupied the Property or any such other property, and as a result of:

(i) Any act or omission of Tenant, its subtenants, contractors, agents, employees, guests, invitees, or affiliates; or,

(ii) Any foreseeable act or omission of a third party unless Tenant exercised the utmost care with respect to the foreseeable acts or omissions of the third party and the foreseeable consequences of those acts or omissions.

(b) In addition to the indemnifications provided in Subsection 8.5(a), Tenant shall fully indemnify State for any and all damages, liabilities, costs or expenses (including

attorneys' fees and disbursements) that arise out of or are in any way related to Tenant's breach of the obligations of Subsection 8.3(b). This obligation is not intended to duplicate the indemnity provided in Subsection 8.5(a) and applies only to damages, liabilities, costs, or expenses that are associated with a breach of Subsection 8.3(b) and which are not characterized as a release, threatened release, or exacerbation of Hazardous Substances.

8.6 Cleanup. If a release of Hazardous Substances occurs in, on, under, or above the Property, or other State-owned property, arising out of any action, inaction, or event described or referred to in Subsection 8.5, above, Tenant shall, at its sole expense, promptly take all actions necessary or advisable to clean up the Hazardous Substances. Cleanup actions shall include, without limitation, removal, containment and remedial actions and shall be performed in accordance with all applicable laws, rules, ordinances, and permits. Tenant's obligation to undertake a cleanup under this Subsection 8.6 shall be limited to those instances where the Hazardous Substances exist in amounts that exceed the threshold limits of any applicable regulatory cleanup standards. Tenant shall also be solely responsible for all cleanup, administrative, and enforcement costs of governmental agencies, including natural resource damage claims, arising out of any action, inaction, or event described or referred to in Subsection 8.5, above. Tenant may undertake a cleanup pursuant to the Washington State Department of Ecology's Voluntary Cleanup Program, provided that: (1) Any cleanup plans shall be submitted to State (DNR) for review and comment at least thirty (30) days prior to implementation (except in emergency situations), and (2) Tenant must not be in breach of this lease. Nothing in the operation of this provision shall be construed as an agreement by State that the voluntary cleanup complies with any laws or with the provisions of this Lease.

8.7 Sampling by State, Reimbursement, and Split Samples.

(a) State may conduct sampling, tests, audits, surveys, or investigations ("Tests") of the Property at any time to determine the existence, scope, or effects of Hazardous Substances on the Property, any adjoining property, any other property subject to use by Tenant in conjunction with its use of the Property, or any natural resources. If such Tests, along with any other information, demonstrates the existence, release, or threatened release of Hazardous Substances arising out of any action, inaction, or event described or referred to in Subsection 8.5, above, Tenant shall promptly reimburse State for all costs associated with such Tests.

(b) State's ability to seek reimbursement for any Tests under this Subsection shall be conditioned upon State providing Tenant written notice of its intent to conduct any Tests at least thirty (30) calendar days prior to undertaking such Tests, unless such Tests are performed in response to an emergency situation in which case State shall only be required to give such notice as is reasonably practical.

(c) Tenant shall be entitled to obtain split samples of any Test samples obtained by State, but only if Tenant provides State with written notice requesting such samples within twenty (20) calendar days of the date Tenant is deemed to have received notice of State's intent to conduct any non-emergency Tests. The additional cost, if any, of split samples shall be borne solely by Tenant. Any additional costs State incurs by virtue of Tenant's split sampling shall be reimbursed to State within thirty (30) calendar days after a bill with documentation for such costs is sent to Tenant.

(d) Within thirty (30) calendar days of a written request (unless otherwise required pursuant to Subsection 8.4(b), above), either party to this Lease shall provide the other party with validated final data, quality assurance/quality control information, and chain of custody information, associated with any Tests of the Property performed by or on behalf of State or Tenant. There is no obligation to provide any analytical summaries or expert opinion work product.

8.8 Reservation of Rights. The parties have agreed to allocate certain environmental risks, liabilities, and responsibilities by the terms of Section 8. With respect to those environmental liabilities covered by the indemnification provisions of Subsection 8.5, that subsection shall exclusively govern the allocation of those liabilities. With respect to any environmental risks, liabilities, or responsibilities not covered by Subsection 8.5, the parties expressly reserve and do not waive or relinquish any rights, claims, immunities, causes of action, or defenses relating to the presence, release, or threatened release of Hazardous Substances in, on, under, or above the Property, any adjoining property, or any other property subject to use by Tenant in conjunction with its use of the Property, that either party may have against the other under federal, state, or local laws, including but not limited to, CERCLA, MTCA, and the common law. No right, claim, immunity, or defense either party may have against third parties is affected by this Lease and the parties expressly reserve all such rights, claims, immunities, and defenses. The allocations of risks, liabilities, and responsibilities set forth above do not release either party from, or affect either party's liability for, claims or actions by federal, state, or local regulatory agencies concerning Hazardous Substances.

9. ASSIGNMENT AND SUBLETTING

9.1 State Consent Required. Tenant shall not sell, convey, mortgage, assign, pledge, sublet, or otherwise transfer or encumber all or any part of Tenant's interest in this Lease or the Property without State's prior written consent, which shall not be unreasonably conditioned or withheld.

(a) In determining whether to consent, State may consider, among other items, the proposed transferee's financial condition, business reputation and experience, the nature of the proposed transferee's business, the then-current value of the Property, and such other factors as may reasonably bear upon the suitability of the transferee as a tenant of the Property. Tenant shall submit information regarding any proposed transferee to State at least thirty (30) days prior to the date of the proposed transfer.

(b) State reserves the right to condition its consent upon: (1) changes in the terms and conditions of this Lease, including the Annual Rent and other terms; and/or (2) the agreement of Tenant or transferee to conduct Tests for Hazardous Substances on the Property or on other property owned or occupied by Tenant or the transferee.

(c) Each permitted transferee shall assume all obligations under this Lease, including the payment of rent. No assignment, sublet, or transfer shall release, discharge, or otherwise affect the liability of Tenant.

9.2 Event of Assignment. If Tenant is a corporation, a dissolution of the corporation or a transfer (by one or more transactions) of a majority of the voting stock of Tenant shall be

deemed to be an assignment of this Lease. If Tenant is a partnership, a dissolution of the partnership or a transfer (by one or more transactions) of the controlling interest in Tenant shall be deemed an assignment of this Lease.

9.3 Rent Payments Following Assignment. The acceptance by State of the payment of rent following an assignment or other transfer shall not constitute consent to any assignment or transfer.

9.4 Terms of Subleases. All subleases shall be submitted to State for approval and shall meet the following requirements:

- (a) The sublease shall be consistent with and subject to all the terms and conditions of this Lease;
- (b) The sublease shall confirm that if the terms of the sublease conflict with the terms of this Lease, this Lease shall control;
- (c) The term of the sublease (including any period of time covered by a renewal option) shall end before the Termination Date of the initial Term or any renewal term;
- (d) The sublease shall terminate if this Lease terminates, whether upon expiration of the Term, failure to exercise an option to renew, cancellation by State, surrender or for any other reason;
- (e) The subtenant shall receive and acknowledge receipt of a copy of this Lease;
- (f) The sublease shall prohibit the prepayment to Tenant by the subtenant of more than one month's rent;
- (g) The sublease shall identify the rental amount to be paid to Tenant by the subtenant;
- (h) The sublease shall confirm that there is no privity of contract between the subtenant and State;
- (i) The sublease shall require removal of the subtenant's improvements and trade fixtures upon termination of the sublease; and,
- (j) The subtenant's permitted use shall be within the Permitted Use authorized by this Lease.

9.5 Routine Subleasing of Moorage Slips. In the case of routine subleasing of moorage slips to recreational and commercial vessel owners for a term of one year or less, Tenant shall not be required to obtain State's written consent or approval pursuant to Subsection 9.1 or Subsection 9.4. Tenant shall be obligated to ensure that these moorage agreements conform to the sublease requirements in Subsection 9.4.

10. INDEMNITY, FINANCIAL SECURITY, INSURANCE

10.1 Indemnity. Tenant shall indemnify, defend, and hold harmless State, its employees, officers, and agents from any and all liability, damages (including bodily injury, personal injury and damages to land, aquatic life, and other natural resources), expenses, causes of action, suits, claims, costs, fees (including attorneys' fees), penalties, or judgments, of any nature whatsoever, arising out of the use, occupation, or control of the Property by Tenant, its subtenants, invitees, agents, employees, licensees, or permittees, except as may arise solely out of the willful or negligent act of State or State's elected officials, employees, or agents. To the

extent that RCW 4.24.115 applies, Tenant shall not be required to indemnify, defend, and hold State harmless from State's sole or concurrent negligence. Tenant's liability to State for hazardous substances, and its obligation to indemnify, defend, and hold the State harmless for hazardous substances, shall be governed exclusively by Section 8.

10.2 Financial Security.

(a) At its own expense, Tenant shall procure and maintain a corporate surety bond or provide other financial security satisfactory to State (the "Bond") in an amount equal to Five Thousand and no/100 Dollars (\$5,000.00), which shall secure Tenant's full performance of its obligations under this Lease, with the exception of the obligations under Section 8 (Environmental Liability/Risk Allocation) above. The Bond shall be in a form and issued by a surety company acceptable to State. State may require an adjustment in the amount of the Bond:

- (1) At the same time as revaluation of the Annual Rent;
- (2) As a condition of approval of assignment or sublease of this Lease;
- (3) Upon a material change in the condition of any improvements; or,
- (4) Upon a change in the Permitted Use.

A new or modified Bond shall be delivered to State within thirty (30) days after adjustment of the amount of the Bond has been required by State.

(b) Upon any default by Tenant in its obligations under this Lease, State may collect on the Bond to offset the liability of Tenant to State. Collection on the Bond shall not relieve Tenant of liability, shall not limit any of State's other remedies, and shall not reinstate or cure the default or prevent termination of the Lease because of the default.

10.3 Insurance. At its own expense, Tenant shall procure and maintain during the Term of this Lease, the insurance coverages and limits described in Subsections 10.3(a) and (b) below. This insurance shall be issued by an insurance company or companies admitted and licensed by the Insurance Commissioner to do business in the State of Washington. Insurers must have a rating of B+ or better by "Best's Insurance Reports," or a comparable rating by another rating company acceptable to State. If non-admitted or non-rated carriers are used, the policies must comply with Chapter 48.15 RCW.

(a) Types of Required Insurance.

(1) Commercial General Liability Insurance. Tenant shall procure and maintain Commercial General Liability insurance and, if applicable, Marina Operators Legal Liability insurance covering claims for bodily injury, personal injury, or property damage arising on the Property and/or arising out of Tenant's operations. If necessary, commercial umbrella insurance covering claims for these risks shall be procured and maintained. Insurance must include liability coverage with limits not less than those specified below:

<u>Description</u>	
Each Occurrence	\$1,000,000
General Aggregate Limit	\$2,000,000

State may impose changes in the limits of liability:

- (i) As a condition of approval of assignment or sublease of this Lease;
- (ii) Upon any breach of Section 8, above;

- (iii) Upon a material change in the condition of the Property or any improvements; or,
- (iv) Upon a change in the Permitted Use.

New or modified insurance coverage shall be in place within thirty (30) days after changes in the limits of liability are required by State.

(2) Property Insurance. Tenant shall procure and maintain property insurance covering all real property located on or constituting a part of the Property in an amount equal to the replacement value of all improvements on the Property. Such insurance may have commercially reasonable deductibles.

(3) Worker's Compensation/Employer's Liability Insurance. Tenant shall procure and maintain:

- (i) State of Washington Worker's Compensation coverage, as applicable, with respect to any work by Tenant's employees on or about the Property and on any improvements;
- (ii) Employers Liability or "Stop Gap" insurance coverage, as applicable, with limits not less than those specified below. Insurance must include bodily injury coverage with limits not less than those specified below:

	<u>Each Employee</u>	<u>Policy Limit</u>
<u>By Accident</u>	<u>By Disease</u>	<u>By Disease</u>
\$1,000,000	\$1,000,000	\$1,000,000

(iii) Longshore and Harbor Worker's Act and Jones Act coverage, as applicable, with respect to any work by Tenant's employees on or about the Property and on any improvements.

(4) Builder's Risk Insurance. As applicable, Tenant shall procure and maintain builder's risk insurance in an amount reasonably satisfactory to State during construction, replacement, or material alteration of the Property or improvements on the Property. Coverage shall be in place until such work is completed and evidence of completion is provided to State.

(5) Business Auto Policy Insurance. As applicable, Tenant shall procure and maintain a business auto policy. The insurance must include liability coverage with limits not less than those specified below:

<u>Description</u>	<u>Each Accident</u>
Bodily Injury and Property Damage	\$1,000,000

(b) Terms of Insurance. The policies required under Subsection 10.3 shall name the State of Washington, Department of Natural Resources as an additional insured (except for State of Washington Worker's Compensation coverage, and Federal Jones' Act and Longshore and Harbor Worker's Act coverages). Furthermore, all policies of insurance described in Subsection 10.3 shall meet the following requirements:

- (1) Policies shall be written as primary policies not contributing with and not in excess of coverage that State may carry;
- (2) Policies shall expressly provide that such insurance may not be canceled or nonrenewed with respect to State except upon forty-five (45) days prior written notice from the insurance company to State;

(3) To the extent of State's insurable interest, property coverage shall expressly provide that all proceeds shall be paid jointly to State and Tenant;

(4) All liability policies must provide coverage on an occurrence basis; and

(5) Liability policies shall not include exclusions for cross liability.

(c) **Proof of Insurance.** Tenant shall furnish evidence of insurance in the form of a Certificate of Insurance satisfactory to the State accompanied by a checklist of coverages provided by State, executed by a duly authorized representative of each insurer showing compliance with the insurance requirements described in section 10, and, if requested, copies of policies to State. The Certificate of Insurance shall reference the State of Washington, Department of Natural Resources and the lease number. Receipt of such certificates or policies by State does not constitute approval by State of the terms of such policies. Tenant acknowledges that the coverage requirements set forth herein are the minimum limits of insurance the Tenant must purchase to enter into this agreement. These limits may not be sufficient to cover all liability losses and related claim settlement expenses. Purchase of these limits of coverage does not relieve the Tenant from liability for losses and settlement expenses greater than these amounts.

10.4 **State's Acquisition of Insurance.** If Tenant fails to procure and maintain the insurance described above within fifteen (15) days after Tenant receives a notice to comply from State, State shall have the right to procure and maintain comparable substitute insurance and to pay the premiums. Tenant shall pay to State upon demand the full amount paid by State, together with interest at the rate provided in Subsection 6.2 from the date of State's notice of the expenditure until Tenant's repayment.

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 (regardless of ownership) 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 which may be required by any public authority.

(c) All additions, repairs, alterations, 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.

12. DAMAGE OR DESTRUCTION

(a) In the event of any damage to or destruction of the Property or any improvements, Tenant shall promptly give written notice to State. Unless otherwise agreed in writing, Tenant shall promptly reconstruct, repair, or replace the Property and any improvements as nearly as possible to its condition immediately prior to the damage or destruction.

(b) Tenant's duty to reconstruct, repair, or replace any damage or destruction of the Property or any improvements on the Property shall not be conditioned upon the availability of any insurance proceeds to Tenant from which the cost of repairs may be paid.

(c) Unless this Lease is terminated by mutual agreement, there shall be no abatement or reduction in rent during such reconstruction, repair, and replacement.

(d) Any insurance proceeds payable by reason of damage or destruction shall be first used to restore the real property covered by this Lease, then to pay the cost of the reconstruction, then to pay the State any sums in arrears, and then to Tenant.

(e) In the event Tenant is in default under the terms of this Lease at the time damage or destruction occurs, State may elect to terminate the Lease and State shall then have the right to retain any and all insurance proceeds payable as a result of the damage or destruction.

13. CONDEMNATION

13.1 Definitions.

(a) Taking. The term "taking," as used in this Lease, means the taking of all or any portion of the Property and any improvements thereon under the power of eminent domain, either by judgment or settlement in lieu of judgment. Taking also means the taking of all or a portion of the Property and any improvements thereon to the extent that the Permitted Use is prevented or, in the judgment of State, the Property is rendered impractical for the Permitted Use. A total taking occurs when the entire Property is taken. A partial taking occurs when the taking does not constitute a total taking as defined above.

(b) Voluntary Conveyance. The terms "total taking" and "partial taking" shall include a voluntary conveyance, in lieu of formal court proceedings, to any agency, authority, public utility, person, or corporate entity empowered to condemn property.

(c) Date of Taking. The term "date of taking" shall mean the date upon which title to the Property or a portion of the Property passes to and vests in the condemnor or the effective date of any order for possession if issued prior to the date title vests in the condemnor.

13.2 Effect of Taking. If during the Term there shall be a total taking, the leasehold estate of Tenant in the Property shall terminate as of the date of taking. If this Lease is terminated, in whole or in part, all rentals and other charges payable by Tenant to State and attributable to the Property taken shall be paid by Tenant up to the date of taking. If Tenant has pre-paid rent, Tenant will be entitled to a refund of the pro rata share of the pre-paid rent attributable to the period after the date of taking. In the event of a partial taking, there shall be a partial abatement of rent from the date of taking in a percentage equal to the percentage of Property taken.

13.3 Allocation of Award. State and Tenant agree that in the event of any condemnation, the award shall be allocated between State and Tenant based upon the ratio of the fair market value of Tenant's leasehold estate and Tenant-Owned Improvements on the Property and State's interest (a) in the Property, (b) in the reversionary interest in Tenant-Owned Improvements, and (c) in State-Owned Improvements. In the event of a partial taking, this ratio will be computed on the basis of the portion of Property or improvements taken. If Tenant and State are unable to agree on the allocation, it shall be submitted to binding arbitration in accordance with the rules of the American Arbitration Association.

14. DEFAULT AND REMEDIES

- (a) Tenant shall be in default of this Lease on the occurrence of any of the following:
- (1) Failure to pay Annual Rent or other expenses when due;
 - (2) Failure to comply with any law, regulation, policy, or order of any lawful governmental authority;
 - (3) Failure to comply with any other provision of this Lease;
 - (4) Two or more defaults over a period of time, or a single serious default, that demonstrates a reasonable likelihood of future defaults in the absence of corrective action by Tenant; or,
 - (5) Proceedings are commenced by or against Tenant under any bankruptcy act or for the appointment of a trustee or receiver of Tenants' property.

(b) A default shall become an event of default ("Event of Default") if Tenant fails to cure the default within the applicable cure period after State provides Tenant with written notice of default, which specifies the nature of the default. For failure to pay rent or other monetary defaults, the cure period shall be ten (10) days. For other defaults, the cure period shall be thirty (30) days.

(c) Upon an Event of Default, State may terminate this Lease and remove Tenant by summary proceedings or otherwise. State may also, without terminating this Lease, relet the Property on any terms and conditions as State in its sole discretion may decide are appropriate. If State elects to relet, rent received by it shall be applied: (1) to the payment of any indebtedness other than rent due from Tenant to State; (2) to the payment of any cost of such reletting; (3) to the payment of the cost of any alterations and repairs to the Property; and, (4) to the payment of rent and leasehold excise tax due and unpaid under this Lease. Any balance shall be held by State and applied to Tenant's future rent as it becomes due. Tenant shall be responsible for any deficiency created by the reletting during any month and shall pay the deficiency monthly. State's reentry or repossession of the Property under this subsection shall not be construed as an election to terminate this Lease or cause a forfeiture of rents or other charges to be paid during the balance of the Term, unless State gives a written notice of termination to Tenant or termination is decreed by legal proceedings. State may at any time after reletting elect to terminate this Lease for the previous Event of Default.

15. ENTRY BY STATE

State shall have the right to enter the Property at any reasonable hour to inspect for compliance with the terms of this Lease.

16. DISCLAIMER OF QUIET ENJOYMENT

As indicated in Section 1.1, this Lease is subject to all valid recorded interests of third parties, as well as rights of the public under the Public Trust Doctrine or federal navigation servitude, and treaty rights of Indian Tribes. State believes that its grant of the Lease is consistent with the Public Trust Doctrine and that none of the identified interests of third parties will materially and adversely affect Tenant's right of possession and use of the Property as set forth herein, but makes no guaranty or warranty to that effect. Tenant and State expressly agree that Tenant shall be responsible for determining the extent of its right to possession and for

defending its leasehold interest. Consequently, State expressly disclaims and Tenant expressly releases State from any claim for breach of any implied covenant of quiet enjoyment with respect to the possession of the Property. This disclaimer includes, but is not limited to, interference arising from or in connection with access or other use rights of adjacent property owners or the public over the water surface or in or under the water column, including rights under the Public Trust Doctrine; rights held by Indian Tribes; and the general power and authority of State and the United States with respect to aquatic lands, navigable waters, bedlands, tidelands, and shorelands. In the event Tenant is evicted from the Property by reason of successful assertion of any of these rights, this Lease shall terminate as of the date of the eviction. In the event of a partial eviction, Tenant's rent obligations shall abate as of the date of the partial eviction, in direct proportion to the extent of the eviction, but in all other respects, this Lease shall remain in full force and effect.

17. NOTICE

Any notices required or permitted under this Lease may be personally delivered, delivered by facsimile machine, or mailed by certified mail, return receipt requested, to the following addresses or to such other places as the parties may direct in writing from time to time:

State: DEPARTMENT OF NATURAL RESOURCES
919 N. Township St.
Sedro Woolley, WA 98284

Tenant: SUDDEN VALLEY COMMUNITY ASSOCIATION
2145 Lake Whatcom Blvd.
Bellingham, WA 98226

A notice shall be deemed given and delivered upon personal delivery, upon receipt of a confirmation report if delivered by facsimile machine, or three (3) days after being mailed as set forth above, whichever is applicable.

18. MISCELLANEOUS

18.1 Authority. Tenant and the person or persons executing this Lease on behalf of Tenant represent that Tenant is qualified to do business in the State of Washington, that Tenant has full right and authority to enter into this Lease, and that each and every person signing on behalf of Tenant is authorized to do so. Upon State's request, Tenant will provide evidence satisfactory to State confirming these representations. This Lease is entered into by State pursuant to the authority granted it in Chapters 79.90 to 79.96 RCW and the Constitution of the State of Washington.

18.2 Successors and Assigns. This Lease shall be binding upon and inure to the benefit of the parties, their successors and assigns.

18.3 Headings. The headings used in this Lease are for convenience only and in no way define, limit, or extend the scope of this Lease or the intent of any provision.

18.4 **Entire Agreement.** This Lease, including the exhibits and addenda, if any, contains the entire agreement of the parties. All prior and contemporaneous agreements, promises, representations, and statements relating to this transaction or to the Property, if any, are merged into this Lease.

18.5 **Waiver.** The waiver by State of any breach or default of any term, covenant, or condition of this Lease shall not be deemed to be a waiver of such term, covenant, or condition; of any subsequent breach or default of the same; or of any other term, covenant, or condition of this Lease. State's acceptance of a rental payment shall not be construed to be a waiver of any preceding or existing breach other than the failure to pay the particular rental payment that was accepted.

18.6 **Cumulative Remedies.** The rights and remedies of State under this Lease are cumulative and in addition to all other rights and remedies afforded to State by law or equity or otherwise.

18.7 **Time is of the Essence.** TIME IS OF THE ESSENCE as to each and every provision of this Lease.

18.8 **Language.** The word "Tenant" as used in this Lease shall be applicable to one or more persons, as the case may be. The singular shall include the plural, and the neuter shall include the masculine and feminine. If there is more than one Tenant, their obligations shall be joint and several. The word "persons," whenever used, shall include individuals, firms, associations, and corporations.

18.9 **Invalidity.** If any provision of this Lease shall prove to be invalid, void, or illegal, it shall in no way affect, impair, or invalidate any other provision of this Lease.

18.10 **Applicable Law and Venue.** This Lease shall be interpreted and construed in accordance with the laws of the State of Washington. Any reference to a statute shall mean that statute as presently enacted or hereafter amended or superseded. Venue for any action arising out of or in connection with this Lease shall be in the Superior Court for Thurston County, Washington.

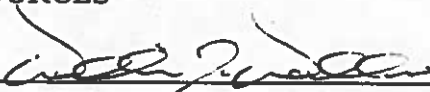
18.11 **Recordation.** Tenant shall record this Lease or a memorandum documenting the existence of this Lease in the county in which the Property is located, at Tenant's sole expense. The memorandum shall, at a minimum, contain the Property description, the names of the parties to the Lease, the State's lease number, and the duration of the Lease. Tenant shall provide State with recording information, including the date of recordation and file number. Tenant shall have thirty (30) days from the date of delivery of the final executed agreement to comply with the requirements of this subsection. If Tenant fails to record this Lease, State may record it and Tenant shall pay the costs of recording upon State's demand.

18.12 Modification. Any modification of this Lease must be in writing and signed by the parties. State shall not be bound by any oral representations or statements.

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

STATE:

STATE OF WASHINGTON
DEPARTMENT OF NATURAL
RESOURCES

By: 
WILLIAM J. WALLACE

Its: Northwest Region Manager

Dated: September 27, 1999

TENANT:

SUDDEN VALLEY COMMUNITY
ASSOCIATION, a Washington Non-profit
Corporation

By: 
A. H. CAMERON

Its: Board President

Dated: 8/18/99

By: 
THESSALY PRENTISS

Its: Board Secretary

Dated: 8/18/99

STATE OF WASHINGTON)
) ss.
COUNTY OF)

I certify that I know or have satisfactory evidence that A. H. CAMERON is the person who appeared before me, and is the President of the SUDDEN VALLEY COMMUNITY ASSOCIATION ("Tenant"). I further certify that said person acknowledged the foregoing instrument to be the free and voluntary act of the Tenant for the uses and purposes mentioned in the instrument, and on oath state that he is duly authorized to execute and acknowledge said instrument.



DATED: 8/18/99

Amy C. Derr
Amy C. DERR

(Type/Print Name)

Notary Public in and for the State of Washington
residing at: Bellingham

My Commission Expires: 10-21-01

STATE OF WASHINGTON)
) ss.
COUNTY OF)

I certify that I know or have satisfactory evidence that THESSALY PRENTISS is the person who appeared before me, and is the Secretary of the SUDDEN VALLEY COMMUNITY ASSOCIATION ("Tenant"). I further certify that said person acknowledged the foregoing instrument to be the free and voluntary act of the Tenant for the uses and purposes mentioned in the instrument, and on oath state that she is duly authorized to execute and acknowledge said instrument.



DATED: 8/18/99

Amy C. Derr
Amy C. DERR

(Type/Print Name)

Notary Public in and for the State of Washington
residing at: Bellingham

My Commission Expires: 10-21-01

Lease at Sudden Valley Community Association Marina, Washington
Sudden Valley Recreation Department
For State of Washington Department of Natural Resources Division of aquatics Lands
December 7, 1998

EXHIBIT "B" - Maintenance and Operations Plan

OPERATIONS

Sudden Valley Community Association operates a boat storage and boat moorage facility including launching ramps at the Sudden Valley Marina for property owners on or adjacent to Sudden Valley owned property. The Association intends to continue use as a storage parking area as well as provide in water moorage for its property owners and their guests. Operations include a dry parking lot, 88 wet slips, restroom facility, ski dock, swimming area, and gated launch facilities.

Use of these facilities will be regulated and monitored by Security and patrol committees to insure Private access only. All on site moorage and boat storage users will have proper identification and submit applicable record information to the Sudden Valley Recreation Department. All leased areas are restricted to private use and require proof of membership.

Equipment and vessel use at the Marina is for watercraft and trailers. The boats are all under 32 feet in length and the moorage slips restrict use to vessels under 30 feet. These watercraft include ski boats, small sail boats, pleasure boats, and personal watercraft such as a jetski.

There is a temporary launch assist dock used for the purpose of loading and unloading these vessels. The ski dock also provides a place for passenger loading and temporary mooring while using the surrounding amenities. The leased swim area consists of a rope and float barrier to keep Watercraft out and swimmers safe.

MAINTENANCE OF STRUCTURES

The existing structures within the lease area are; six buoy markers to identify the marina channel and notify users of the "no wake zone". Five wood pilings to anchor the floating ski dock that is constructed of treated lumber. Polypropylene rope with colored floats to designate swimming area limits that is attached to one anchor piling and the shore. One slab of formed concrete and 6 concrete blankets that is used as a small craft launch ramp.

The annual maintenance inspection and upkeep of the facility consists of: general repair and maintenance to replace any damaged materials in the leased area; reconstruction of damaged lumber or hardware on the ski dock, which also receives pressure washing when needed with tap water; replacement of any eroded anchor pilings; and restoration of line and floats for the swimming area and channel buoys.

Adjacent to the leased aquatics land is beach area that receives regular mowing and trash removal. The parking area is swept by departmental maintenance crew with a standard street sweeper a few times during heavy traffic use in the Summer season.

Exhibit "B"
Page 2 of 2

PLAN OF DEVELOPMENT

Project	Estimated Year & Month of Repairs
Replacement of Launch Ramp (received permit approval)	In Progress - completed by Dec. 98
Construction of Assist Dock (included in above permit)	Pending - completion early 1999
Replacement of Ski Dock (based on pending approval of permit)	Initiated once permitting in place. Intended to complete by Dec. 99
Possible paving of storage parking lot (entering as long range plan)	Dependent on funding approval. Proposing to be included in SVCA capital plan for next five years.

HAZARDOUS MATERIALS & REFUSE

The Marina facility does not handle or store any hazardous materials on the property or any adjacent property.

Any waste discharge from small craft septic systems, i.e. portable toilets will be required to use the on-site restroom facility that has direct sewer service.

There is no dry storage wash station for cleaning purposes, therefore no toxic or other types of cleaning products are used.

Any piling replacement must meet the Clean Water Act, Chapter 90.48 RCW and WAC 173-201A. The introduction of toxic substances in quantities that have chronic or acute effects on biota to waters of the state is also prohibited. This lease prohibits the use of creosote, pentachlorophenol or other similarly toxic substances.



Sudden Valley Community Association

1850 Lake Whatcom Boulevard, Bellingham WA 98229
360-734-5320 www.suddenvalley.com

BOARD OF DIRECTORS MEMO

To: Sudden Valley Community Association Board of Directors
From: Jo Anne Jensen, General Manager
Date: May 14, 2026
Subject: Approval Request – Unilect Election Contract

Purpose

The purpose of this memo is to request approval of Unilect’s proposal for election services in 2026.

Background

As directed by the Board of Directors and recommended by the Nominations and Elections Committee (N&E), I worked with Unilect to negotiate a contract for election services in support of the 2026 Annual General Meeting (AGM). The services covered by the contract are similar to those provided in 2025. Specifically, the contract describes a hybrid election process where members who opt-in can vote electronically, while all others are sent a ballot by mail. Members can also choose to vote in person on the day of the AGM.

In 2026, a copy of the revised bylaws will be mailed to residents who receive a paper ballot. The additional printing and postage increases the cost considerably.

Unilect

Unilect is an experienced provider of election services that has supported many national and regional elections. You can read the details of their experience in their proposal (attached) Additionally, Unilect has worked with SVCA since 2020. They are familiar with our specific requirements and have demonstrated their ability to manage complex projects. Because SVCA’s election process is complicated, working with a proven partner is important.

Funding

The 2026 Operational Budget includes \$24,000 in funding for the AGM. The estimated cost from Unilect for the 2026 election is \$42,412.25, leaving a shortfall of \$18,412.25.

Request

I request that the Board of Directors authorize the GM to sign the proposed contract with Unilect for 2026 election services and approve additional funding from UDR in the amount of \$18,412.25.

Motion

I move that the Board of Directors authorize the GM to sign the proposed contract with Unilect for 2026 election services and approve additional funding from UDR in the amount of \$18,412.25.

Approvals

Approved: _____ Not Approved: _____ SVCA Board of Directors

Signed: _____ Date: _____

Keith McLean, Board President



Date: May 4, 2026

Proposal For: Sudden Valley Community Association Board of Directors
Jo Anne Jensen / G.M.,
SVCA N&E Committee

UniLect Contact: Catherine Burkhart / Director/Inspector of Election Services
Andrew Burkhart / Chief Elections Administrator

RE: The Sudden Valley Community Association
2026 Board of Directors/Annual Meeting Election-REVISED

INTRODUCTION

The UniLect Corporation is pleased to submit this proposal to Sudden Valley Community Association (SVCA) for Inspector of Election services for your upcoming election. This proposal recommends a hybrid election approach combining a By-Mail Paper Ballot Optical Scan Voting System, E-Voting Platform, and a live on-site voting option on the day of the Annual Meeting.

UniLect's services are used in Board of Director, Officer, Bylaw, Contract, Merger and Delegate Elections by the Golden Rain Foundation, Laguna Woods Village, San Lorenzo Village Homes Association, National Nurses United, California Nurses Association, International Brotherhood of Teamsters, United Nurses Association of California/Union of Health Care Professionals, the United Auto Workers, United Food & Commercial Workers, IBEW, SEIU, United Aerospace Workers, American Federation of Government Employees, International Association of Theatrical Stage Employees, Motion Picture Costumers, Bricklayers, Carpenters, American Postal Workers, National Postal Mail Handlers and many more.

The online voting system UniLect has been partnering with since 2020 has been in use since 2011 and has been used in over 295,000 elections. It is used in HOA Board of Directors Elections, Condominium Board Elections, College and University Polls and Elections, Private Organization Elections, Labor Union Contract and Bylaw Elections, Tribal Council Elections and District Caucus Elections by organizations such as Deloitte, Columbia University, International Stage and Picture Operators, SEIU, AFGE, Transportation Workers, CWA and many more. It is used in over 194 countries and in 42 languages and has provided online voting services for over 44,000,000 voters.

SCOPE OF SERVICE

UniLect understands that:

1. SVCA's Annual General Meetings are held on the first Saturday in November. SVCA's 2026 Annual Meeting and Election will be held on Saturday, November 7, 2026, at The Dance Barn located at 8 Barn View Dr. Sudden Valley, Bellingham, WA.
2. SVCA is interested in conducting its Annual Election that allows its homeowners to vote by-mail absentee ballot, online or in-person at the Annual Meeting.
3. SVCA this year will be adding two (2) write-in options for selected races.
4. SVCA will be adding a general bylaw question to the 2026 Annual Election ballot that all members will vote on. Each SVCA homeowner would receive the same bylaw ballot style. The Official Ballot will include the annual at-large candidate races, budget, and *common* bylaw

question(s). SVCA will include in its printed absentee ballot packet, an approximate twenty-seven (27) page bylaw information document.

See Revised Attachment A that describe details and costs that keeps everything the same as the 2025 SVCA Annual Election, but adds a 27 page Bylaw Info document to the Official Ballot Packet.

5. UniLect will work with the N&E Committee Chair and the Board of Directors, as represented by the General Manager. SVCA N&E Committee Chair, the General Manager, and a UniLect Representative will make all rulings on invalidated ballots. UniLect will make itself available to the N&E Committee Chair and the General Manager via tele-conference and/or Video conference as needed, to ensure all aspects of SVCA's Annual Election are understood, approved and executed. The N&E Committee Chair and the General Manager are the only individuals with whom UniLect will discuss this contract or the election process. Additionally, any changes to the activities detailed in this contract or to the scope of those activities should be made in writing and must be approved by the Board of Directors.
6. SVCA Absentee Ballots submitted by mail will be returned to UniLect's California post box. Alternatively, Absentee Ballots may be hand-delivered and dropped off at SVCA's Community Ballot Box. The N&E Committee and/or General Manager will be picking up and securing absentee ballots at the Community Ballot Box and tracking returns. UniLect will scan the envelope barcodes of all absentee ballots returned to the UniLect Post Box prior to arrival on November 7, 2026, and will scan the barcodes on all Absentee Ballot Return Envelopes received at the Community Ballot Box, on the morning of Saturday, November 7, 2026, prior to the start of in-person polling opening.
7. SVCA has approximately three thousand, one hundred (3,100) member lots entitled to vote.
8. SVCA members shall be entitled to one (1) vote for each lot which he/she owns as prescribed in Section 7(b) of SVCA's Bylaws. Owners of multiple lots will receive a separate absentee/e-ballot packet for each lot owned. Once a vote is cast, it is irrevocable and may not be changed. A decision by the SVCA Board/N&E Committee should be made in advance of the election as to which ballot (absentee or e-vote) will take priority should a member return both, as an operating rule.
9. For the absentee paper ballot portion of this election, there will be one (1) ballot style. Each member in good standing, (1 vote per lot), may vote for candidates for the Board, candidates for the Architectural Control Committee, the proposed budget and any other issues as determined by the Board. Members who are not in good standing (1 vote per lot) are only eligible to vote on the proposed budget. Procedures will be in place as in past elections to void any races on the absentee ballot for members not in good standing.
10. **For the e-voting portion of this election, there will be two (2) e-ballot styles. The first e-ballot style will include all races and questions up for election.** Each member in good standing, (1 vote per lot), may vote for candidates for the Board, candidates for the Nominations and Election Committee, candidates for the Architectural Control Committee, the proposed budget and any other issues as determined by the Board. **The second e-ballot style will only have the proposed budget question** and will be sent to those members who are *not in good standing* at the time SVCA emails UniLect the list of members who are to receive an e-ballot.
11. SVCA will inform UniLect of any member previously on the *Not in Good Standing E-Ballot List* that the member is now in good standing. UniLect will then void any previous budget-only submitted e-ballot and resend a new e-ballot with all races/questions up for election.
12. Candidate(s) to the Board and the Architectural Committee, receiving a plurality vote shall be elected.

13. RCW 64.90.525 Budgets-Assessments-Special Assessments: (1)(a) "Unless at that meeting the unit owners of units to which a majority of the votes in the association are allocated or any larger percentage specified in the declaration reject the budget, the budget and the assessments against the units included in the budget are ratified, whether or not a quorum is present". (SVCA Bylaws Section 19 (a)- Requirement of 60% participation of the members language was superseded and made void in 2018 by action of WA State Law RCW 64.90.525, per RCW 64.90.085(2).
14. Each member/lot who will receive an absentee ballot packet by mail will include: One (1) Carrier (out-bound) Envelope ; One (1) pre-addressed postage pre-paid Return Envelope with signature line (and unique member data barcode on the backside of the Return Envelope); One (1) Secret Ballot Envelope; One (1) Official Ballot; and One (1) Voter Guide to include President's Letter, Meeting Agenda, the 2027 Proposed Budget, financial documentation, any Measure Descriptions, Candidate Biographies, Voting Instructions and the 27 page special bylaw information document.
15. SVCA will email UniLect the absentee ballot mailing list no later than (date TBD).
16. SVCA will email UniLect the e-ballot voting list no later than (date TBD).
17. For the 2026 Election, the SVCA absentee ballot Carrier Envelope will either be a full color Flat Envelope to accommodate a twenty-seven (27) page special bylaw document.
18. SVCA Absentee Ballot materials will be printed and mailed from AMS Print & Mail in Blaine, WA.
19. Members will receive electronic notice of e-voting and polls opening for this election sent to them via email and text (e-voting language will also be included in the absentee ballot packet voter instructions) as well as scheduled email/text reminders for e-voting in this election. E-voting will begin on or around September 30, 2026, at the time determined by the Board and N&E Committee.
20. The Official Absentee Ballot Packet Mailing to all Canadian SVCA members will take place no later than Monday, **September 28, 2026**, allowing a total of thirty-nine (39) days between mailing drop and the by-mail absentee ballot return deadline. These absentee ballots will be couriered into Canada and dropped directly into Canada Post on **September 28, 2026**.
21. The Official Absentee Ballot Packet Mailing to all U.S. residing SVCA members will take place no later than Wednesday, **September 30, 2026**, allowing a total of thirty-seven (37) days between mailing drop and the by-mail absentee ballot return deadline.
22. Per SVCA Bylaws and Election Manual: "election materials must be mailed not less than thirty (30) days or more than fifty (50) days prior to the election".
23. UniLect will provide USPS proof of mailing postal forms showing the exact number of SVCA absentee ballot packets dropped at the USPS on September 30, 2026. A declaration of facts will be provided for the Canadian absentee ballot drop into Canada Post via the Courier Service used for the September 28, 2026, Canada Post ballot drop.
24. Absentee Ballots returned by mail to the Inspector of Elections California Post Box will be picked up daily by UniLect and UniLect will scan each return envelope barcode to create the list of all SVCA members who returned their ballot and check to ensure signatures are on each envelope. UniLect will promptly send a replacement ballot with an explanation to members who returned an unsigned envelope if time allows.
25. UniLect will maintain a Master List of all SVCA members who submitted an Absentee Ballot to UniLect's Post Box and/ or E-Ballots submitted electronically and will provide client updates upon request.

26. UniLect will provide a toll-free Ballot Request Call Center phone number that will be available to all SVCA members 24/7 throughout the election period. Once a member calls in to request a ballot, an automated email is sent immediately to UniLect's fulfillment department with the member's information so UniLect can verify against the Master Mailing List. On Election Day, UniLect provides backup of all ballot requests in SVCA's Master Election File. Replacement Absentee Ballots are sent out on the same business day or the next business day. Should there be any need for the re-sending of e-ballots they will be sent using a weekly schedule in consultation with SVCA.
27. UniLect will document detailed election activity throughout the election period. A Ballot Request Log, Un-Deliverable Log, and New Member Additions Log (accounting for any oversights on initial member list) will include all data such as names, addresses, emails, cell number, dates of ballot requests, USPS reasons for bad address ballot returns, mailings, re-mailings, e-mailings and texting that will be available for review on Election Day or to the N&E Committee Chair and General Manager upon request.
28. The deadline for absentee ballots to be received at the Inspector's California post box will be 12:00 p.m. on Friday, November 6, 2026. The deadline for absentee ballots to be received at the SVCA Community Ballot Box will be 4:30p.m. on Friday, November 6, 2026. (N&E Committee Chair will contact County Election Officials to retrieve any SVCA ballots accidentally dropped at County Ballot Box by SVCA Security Office.)
29. The deadline for all E-Votes to be received will be 4:30 p.m. on Friday, November 6, 2026.
30. On Saturday, November 7, 2026, UniLect Staff will arrive at the SVCA Dance Barn at 7:30 a.m. to set up its equipment and prepare for the SVCA Election. At 7:45 a.m. UniLect Staff will be ready to scan barcodes on remaining ballot envelopes returned to the SVCA Community Ballot Box. Once all ballot envelope barcodes have been scanned in and merged against the list of absentee ballots returned to UniLect's Post Box and the list of ballots submitted electronically, UniLect can format the Voter Sign-In List to ensure all members who submitted a ballot are pre-identified and print the Voter Sign-In List so that UniLect is ready to open live voting at 9:00 a.m.
31. SVCA Volunteers will be present on Saturday, November 7, 2026, to assist with the removal of secret ballot envelopes from outer identifying return envelopes and removal of paper ballots from secret ballot envelopes. UniLect will use its high-speed envelope opener to open envelopes. Volunteers will not be involved in any other aspect of the ballot count process.
32. As soon as in-person polls close, UniLect Staff will begin the tally of paper ballots using its optical scan ballot reader.
33. N&E Committee Members will manage the collection of paper ballots that members choose to cast at the Annual Meeting that begins at 1:00 p.m.
34. This election will be conducted in accordance with SVCA Bylaws and the SVCA Election Manual (where appropriate) and Federal Election Best Practices. Where there may be any conflicts SVCA Bylaws control.

COMPANY PROFILE

The UniLect Corporation is a nationally recognized leader of superior election management services, equipment and solutions based on the Central California Coast in Paso Robles, CA. As an impartial, third-party election services authority, our outstanding team of professional veteran election experts have been serving the needs of election administrators in both the public and private sector with proven, state-of-the-art voting technology. With over 150 years of combined election expertise and a history of accuracy and integrity second to none, our depth of experience and reputation for providing exemplary elections is unmatched in the marketplace.

Since 1989, UniLect has served well over 13.5 million registered voters, private organization members, and homeowners across the United States. UniLect's election experts have been conducting superior elections for over 40 years as representatives, senior management, corporate officers and founders for such election services and products pioneers as IBM, Business Records Corporation (BRC), and Computer Election Services (CES). UniLect's key personnel have conducted and supported elections of all sizes and complexities from small to large elections, to exceptionally large projects such as the City of Chicago and Cook County in which over 5 million registered voters were served.

UniLect is a federally certified provider of election management services and products. Federal Certification is our means of providing assurance to our customers that our election products, and processes, have met the very strictest of standards in place for ensuring the best run elections. A UniLect run election provides organizations with the satisfaction and peace of mind that they are engaging a firm that delivers the highest standards in efficiency, accuracy, security, and integrity. We use only proven and best practice absentee and on-site voting procedures and processes to ensure the most trustworthy elections possible.

Note that currently, online voting is not permissible in public elections. There are no federal or state certification standards in place for e-voting.

UNILECT ELECTION PROCESS

UniLect's Optical Scan Paper Balloting Systems use optical mark readers and computer software to tally Voters' ballots electronically. UniLect uses a robust e-voting service platform to deliver and count ballots submitted online.

As soon as available, SVCA will provide UniLect with all ballot information including races, candidate names, the order in which candidates are to appear on the ballot, proposed budget language with financial documents, the Voter Guide layout with special bylaw measures and/or assessments and all other documents (Candidate Biographies) for the 2026 SVCA Official Ballot and the Voter Guide that will be included in the Official Absentee Ballot Packet and E-Ballot Link.

UniLect will design, print, and prepare materials for the absentee ballot mailing to include the Official Absentee Ballot, Voter Instructions, Voter Guide, and all envelopes.

UniLect partners with an e-balloting service platform with an extensive history conducting online elections. UniLect will manage SVCA's e-voting process from beginning to end to include e-ballot design, e-ballot election set-up, e-vote ballot pre-testing, e-vote list management, e-vote control setting, e-vote tracking, delivery of e-ballots, spoiling of e-vote links if necessary, scheduling of e-voting reminders and managing e-votes cast and submitted in consideration with all the voting methods that will be available to SVCA members. UniLect will ensure only one (1) vote per household regardless of voting method and will apply SVCA's Election Rules the entire election process.

UniLect will design, prepare, and send via email and text SVCA's 2026 E-Ballot to all members included on the member list with scheduled reminders in place.

UniLect will obtain final authorization for all printed and e-balloting materials from the N&E Committee and General Manager prior to going to print and prior to the official e-ballot opening of the polls.

SVCA MEMBER LISTS:

On agreed-upon date, SVCA will provide UniLect with the Official Record Date for this election and **three (3) Member Lists:**

1. **Absentee Ballot List** should provide member data broken down as in past elections to include Last Name, First Name, Street Address, City, State, Zip, Lot, and Member ID.

2. E-Vote Members in Good Standing List and provide member data broken down as in past elections to include Last Name, First Name, Street Address, City, State, Zip, Lot, and Member ID, Email Address and Cell Phone Number.

3. E-Vote Members Not in Good Standing List and provide member data broken down as in past elections to include Last Name, First Name, Street Address, City, State, Zip, Lot, and Member ID, Email Address and Cell Phone Number

UniLect will design, print, prepare, mail and email/text the Official Ballots to all homeowners according to the lists provided by SVCA. Out-bound Absentee Ballot Mailings will use First-Class Discounted Pre-Sort Postage (or Lettermail Canadian First-Class postage), and the Absentee Return Envelopes will include UniLect's Business Reply Mail Permit, and the Association will only pay postage for those ballots that are returned to be counted. Canadian Absentee Ballots will include prepaid International Postage on the enclosed Return Envelope.

A complete list of all voting homeowners who participated in the election will be provided in the Master Election File on Election Day.

UniLect's Inspector of Elections California Post Office Box will be used as the official return address for all returned by-mail ballots. For any absentee ballot packets returned un-deliverable, UniLect will provide the N&E Committee/General Manager with an excel spreadsheet of all bad address returns as they come in. If a better address is provided by SVCA's office, a replacement ballot packet will be sent to that member the same day or next business day. Detailed absentee ballot logs showing all activity and resolutions will be in the Master Election File.

During the election period, should a homeowner spoil, lose, or not receive their absentee ballot, UniLect will provide a toll-free phone number (listed in the Voter Instructions included in the Ballot Packet) for homeowners to call and request a duplicate absentee ballot. A detailed *Ballot Request Log* is provided in the master election file at the close of the election. **The phone number to call for a replacement absentee ballot is 1-866-466-6455 and should be provided to SVCA Office Staff.** UniLect will track dates of all absentee ballots returned to its California Post Box and e-votes received, to manage the list of members that have submitted a ballot.

On Friday, November 6, 2026, at 12:00p.m., UniLect will make the final pickup of absentee ballots returned to UniLect's Post Box and will deliver all absentee ballots to the SVCA Annual Election on November 7, 2026, in time for the ballot count.

All absentee ballots returned with signatures will be scanned to determine name and eligibility. An initial list of all homeowners who participated in the election as of November 6, 2026 (whether electronically or by-mail) will be brought to the SVCA Annual Meeting on November 7, 2026.

ELECTION DAY

UniLect will arrive at SVCA Dance Barn early on Saturday, November 1, 2025, to set-up election equipment (high-speed industrial envelope opener, bar-code readers, Optical Scan Ballot Reader, and laptop with election tallying software), all unused balloting materials, remaining official ballots, logs, Proof of Mailing, undeliverable, absentee ballots returned by mail and prepare for the Tally.

UniLect will then add to the initial list (created on November 6, 2026) by scanning all absentee ballot envelope barcodes dropped off at the Community Ballot Box on-site at SVCA. The Voter Sign-In Book will then be printed for balloting on-site and in-person.

At 9:00 a.m. UniLect and the N&E Committee will Open the Polls and UniLect Staff will sign-in any members who present for in-person voting. UniLect Staff will conduct Voter Sign-In, and distribute an Official Paper Ballot to SVCA eligible members that have not previously submitted an absentee ballot by mail, drop-off, or electronic vote. *If a member is ineligible*, UniLect Staff will direct to the attending SVCA

Official empowered to collect payments. If a member remains not in good standing, UniLect Staff will issue a Budget Only Official Ballot.

At 10:00 a.m. UniLect will begin the process of opening the Official absentee Ballots submitted by-mail (with the assistance of SVCA volunteers) in a separate room not used for live polling. If a member submitted a ballot online as well as by absentee, the date of when the ballot was received will be checked to ensure only the first ballot submitted is counted and the later ballot is voided. All eligible return envelopes will be opened and their contents (Secret Ballot Envelope with Official Ballot), removed. The Return Envelopes will be retained for storage. Secret Ballot Envelopes will then be opened, and the Official Ballot will be removed.

UniLect will provide all observers, candidates, and officials in attendance with an explanation of each phase of the tally process and answer any questions to ensure full transparency.

In-Person Polling will close at 12:30 p.m., allowing anyone in line by 12:30 p.m. to cast their ballot. If there is a dispute that cannot be resolved, UniLect will have that member vote a Challenged Ballot that will be deposited in the Challenged Ballot Box, for the N&E Committee to make a final ruling on. Preparation for the 1:00 p.m. Annual Meeting will then begin and any additional live voting at the Annual Meeting will be overseen by representatives of the N&E Committee, while UniLect prepares to tally the official ballots. (N&E Committee will collect ballots from any member who has chosen to vote during the Annual Meeting.)

As soon as the polls close and prior to the counting of all eligible Official Ballots, pre-established Election Rules will be in place, which will guide the election and ensure that any issue that arises has an election rule to address it which is uniformly applied. Parameters that govern what is to be considered a Void Ballot will have been pre-determined by the Election Rules/N&E Committee and SVCA Bylaws.

Ballots that have been returned by members who are not in good standing will be set aside (absentee ballots or e-vote ballots) until final N&E Committee Chair rulings. Only budget votes will be counted for those members determined by N&E Committee to be not in good standing. (These ballots will be managed separately.)

UniLect will provide all observers, candidates, and officials in attendance with an explanation of each phase of the tally process and answer any questions to ensure full transparency.

Once all polling has ended, UniLect will conduct a Logic and Accuracy Test in full view of all observers to show that the Optical Scan equipment (hardware and software) is counting accurately.

As soon as the last Absentee Ballot has been processed, preliminary election results will be available to include any 'Budget Only' votes (if applicable). UniLect Optical Scan Ballot Readers count approximately ninety-five ballots per minute.

E-voting totals to include any 'Budget Only' votes will be combined with all absentee ballot vote totals.

At each critical phase of the election process, UniLect provides the N& E Committee with a *Statement* on the process which they are asked to sign.

All absentee balloting materials will be accounted for at every stage of the process, from printing to mailing to final tabulation. All e-voting documentation and election results will be printed and included in with election materials. UniLect will keep track of all Official Ballots, Logs, Replacement Ballots, Duplicate Ballots, Void, or Challenged Ballots to be reconciled at the Closing of the Polls for SVCA to keep in storage for the duration mandated by its governing documents. A complete Final Balloting Reconciliation Report is included in the election file provided at the close of the election. At any stage in the election process, observers are welcome.

UNILECT RESPONSIBILITY

UniLect has reviewed Sudden Valley Community Association's Bylaws, and N&E Election Manual and will review any further election information the Association would like us to upon receipt. All requirements and rules will be rigorously adhered to.

UniLect will require approval by Sudden Valley Community Association's N&E Committee Chair and/or General Manager of all ballot packet materials to ensure all documents are in proper legal order and in accordance with Sudden Valley Community Association obligations, prior to printing, mailing, or sending.

Any additional meetings (i.e., adjournments or follow-up meetings with the Board of Directors and/or other meetings) not covered within this proposal, will be completed by our election experts as requested and billed at our hourly rate.

SERVICES COST

The costs of our services are shown in the Revised Attachment A dated May 4, 2026. Thank you for the opportunity to provide this proposal. We look forward to once again having the opportunity to work with Sudden Valley Community Association, its General Manager and the Nominations and Election Committee.

Best Regards,



Catherine Burkhart
Director of Election Services

RFP response relies solely on the information made available with regards to the scope of work requested. UniLect reserves the right to alter this proposal upon a more detailed examination of the work involved.

CONFIDENTIALITY NOTICE:

The information contained in this communication may contain confidential and/or privileged information. It is intended solely for use by recipients authorized to receive it. If you are not the intended recipient you must not use, copy, disclose or take any action based on this proposal/contract or any information herein.

**ATTACHMENT A-REVISED
 CONTRACT OF ELECTION MANAGEMENT SERVICES
 FOR SUDDEN VALLEY COMMUNITY ASSOCIATION ANNUAL MEETING & ELECTION 2026**
 Costs are based on proposal dated May 4, 2026

MAIN ITEM	\$
UniLect Election Management Services Includes: *Full Service election management of SVCA Annual Election (See proposal for details.) *Design of all Balloting materials, Printing, Mailing & Online Voting Services for 3,300 Official Ballot Packets w/ extras for remailings. Design of (1) Absentee Ballot Style and two (2) ballot styles for online voting. *Each Absentee Ballot Packet will consist of: One Official Ballot; One Voter Guide 8.5 x 5.5" 20 pages; 27 page (8.5"x11") Bylaw Insert; One Flat Carrier Envelope; One Return Envelope; and One Secret Ballot Envelope. *UniLect California Post Box address for ballot returns and use of UniLect Business Reply Mail Permit *UniLect managing Member ballots submitted by-mail & online with regular communication to N&E Committee. *One (1) On-site Inspector of Election Service w/ three (3) Election Staff to manage Voter Sign-In; In-person Ballot Disbursement; Final Tally and Certification of Election Results *One (1) Toll-Free phone number for Members to contact UniLect for requests of duplicate ballots with Activity Report *Full management of un-deliverables, duplicate ballot requests with detailed log activity	\$34,000.00
ELECTION MANAGEMENT SERVICES TOTAL	\$34,000.00


ESTIMATED OUTBOUND POSTAGE	\$
OUTBOUND: 3,100 (U.S. Members) 1st Class Ballot Packets (3 ounce per packet) at 2.33 per ballot PLUS costs for approx. 91 Canada Post Stamps for Canadian Members	\$7,223.00
ESTIMATED OUTBOUND POSTAGE TOTAL	\$7,223.00

ESTIMATED RETURN POSTAGE	\$
Estimated Return Postage is based on anticipated 500 absentee ballots returned at \$.98 each ballot, using UniLect's High Volume rate Business Reply Mail Permit. (SVCA will pay return postage only for ballots returned by-mail plus 1/2 cost of UniLect's CA High Volume Maintenance Fee = \$540.00) Plus Intl Stamps for Canadian Residing Members Return Envelopes at \$1.75 each x 91	\$1,189.25
ESTIMATED RETURN POSTAGE TOTAL	\$1,189.25

STANDARD PAYMENT TERMS:

Actual postage costs are the responsibility of SVCA and will be billed separately.

50% percent deposit for Inspector of Election Services due upon invoicing and 50% balance due after Annual Meeting- Election 11/7/26, upon invoicing. 25% Cancellation Fee for calendar reservation.

X 
 UniLect Representative 5/04/2026

 Date

X _____
 Sudden Valley Community Association Date

Contract parameters rely solely on the information made available with regards to the scope of work requested.
 UniLect reserves the right to revise this Contract if the scope of work is modified.



Sudden Valley Community Association

1850 Lake Whatcom Boulevard, Bellingham WA 98229
360-734-5320 www.suddenvalley.com

BOARD OF DIRECTORS MEMO

To: Sudden Valley Community Association Board of Directors
From: Jo Anne Jensen, General Manager
Date: May 14, 2026
Subject: Approval Request – 2026 Budget Calendar

Purpose

The purpose of this memo is to request approval of the proposed 2026 budget calendar.

Background

Preparing the annual budget is a major project that involves many different people. It is critical to keep to a strict timeline to ensure that all stakeholders have the opportunity to give input to the process while still achieving the necessary deadlines for inclusion in the election materials. Each year, a unified calendar is prepared showing the key dates that the Board, the Finance Committee, the N&E Committee, and staff must meet.

Proposed Calendar

The proposed calendar for 2026 is attached. It has been reviewed by the Finance Director, and the N&E Committee. It follows the pattern of past years while accounting for the differences in the date of the AGM and how holidays fall.

Request

I request that the Board of Directors approve the proposed 2026 Budget Calendar.

Motion

I move that the Board of Directors approve the proposed 2026 Budget Calendar.

Approvals

Approved: _____ Not Approved: _____ SVCA Board of Directors

Signed: _____ Date: _____

Keith McLean, Board President

2026

2026						
January						
S	M	T	W	T	F	S
				1	2	3
4	5	6	7	8	9	10
11	12	13	14	15	16	17
18	19	20	21	22	23	24
25	26	27	28	29	30	31
February						
S	M	T	W	T	F	S
1	2	3	4	5	6	7
8	9	10	11	12	13	14
15	16	17	18	19	20	21
22		24	25	26	27	28
March						
S	M	T	W	T	F	S
1	2	3	4	5	6	7
8	9	10	11	12	13	14
15	16	17	18	19	20	21
22	23	24	25	26	27	28
29	30	31				
April						
S	M	T	W	T	F	S
			1	2	3	4
5	6	7	8	9	10	11
12	13	14	15	16	17	18
19	20	21	22	23	24	25
26	27	28	29	30		
May						
S	M	T	W	T	F	S
					1	2
3	4	5	6	7	8	9
10	11	12	13	14	15	16
17	18	19	20	21	22	23
24	25	26	27	28	29	30
31						
June						
S	M	T	W	T	F	S
	1	2	3	4	5	6
7	8	9	10	11	12	13
14	15	16	17	18	19	20
21	22	23	24	25	26	27
28	29	30				
July						
S	M	T	W	T	F	S
			1	2	3	4
5	6	7	8	9	10	11
12	13	14	15	16	17	18
19	20	21	22	23	24	25
26	27	28	29	30	31	
August						
S	M	T	W	T	F	S
						1
2	3	4	5	6	7	8
9	10	11	12	13	14	15
16	17	18	19	20	21	22
23	24	25	26	27	28	29
30	31					
September						
S	M	T	W	T	F	S
		1	2	3	4	5
6	7	8	9	10	11	12
13	14	15	16	17	18	19
20	21	22	23	24	25	26
27	28	29	30			
October						
S	M	T	W	T	F	S
				1	2	3
4	5	6	7	8	9	10
11	12	13	14	15	16	17
18	19	20	21	22	23	24
25	26	27	28	29	30	31
November						
S	M	T	W	T	F	S
1	2	3	4	5	6	7
8	9	10	11	12	13	14
15	16	17	18	19	20	21
22	23	24	25	26	27	28
29	30					
December						
S	M	T	W	T	F	S
						1
2	3	4	5	6	7	8
9	10	11	12	13	14	15
16	17	18	19	20	21	22
23	24	25	26	27	28	29
30	31					

x	SVCA Holiday
x	Town Hall/AGM
x	AGM Planning
x	Budget Planning
x	Board Meeting
x	N&E
x	SVCA Event

RCW 64.90.525

(1)(a) Within thirty days after adoption of any proposed budget for the common interest community, the board must provide a copy of the budget to all the unit owners and set a date for a meeting of the unit owners to consider ratification of the budget not less than fourteen nor more than fifty days after providing the budget.

Budgeting Timeline

MAY	
5/14/26	BOD Meeting - Regular
5/20/26	Finance Committee Meeting -- Operational Budget Input
5/28/26	BOD Meeting - Regular
JUNE	
6/11/26	BOD Meeting - Regular
6/17/26	Finance Committee Meeting -- Capital Budget Input
6/25/26	BOD Meeting - Regular
JULY	
7/6/26	July 4th Holiday - Observed
7/7/26	N&E Opening of Candidate Application Period (this date may change)
7/9/26	BOD Meeting - AGM Agenda, measures, ballot and explanations outlined
7/13/26	TBD Tentative Audit scheduled to start
7/22/26	Presentation of Operational budget to BOD & Finance Committee with Q&A, Discussion
7/23/26	Presentation of Capital budget to BOD & Finance Committee with Q&A, Discussion
7/25/26	Valley Fair
AUG	
8/7/26	GM / N&E send final Envelope and Voter Instructions layouts to Unilect
8/10/26	N&E/Staff - Begin work on draft Election Booklet
8/13/26	BOD Meeting - Regular - Approve Envelopes and Voter Instructions; Finalize budget changes
8/14/26	Level III Reserve Study Draft Due
8/15/26	Town Hall Meeting - Presentation of 2026 Budget
8/24/26	N&E Meeting
8/25/26	N&E announce dates for candidate forums
8/27/26	BOD Meeting - Finalize AGM Agenda, measures, ballot and explanations
TBD	Attorney Review of AGM materials
SEPT	
9/2/26	Send SVCA Mailing List to Unilect
9/3/26	BOD Special Meeting - Voting to adopt the 2025 Budget
9/7/26	Labor Day Holiday
9/8/26	SVCA sends draft Voter Guide to Unilect
9/8/26	N&E Candidate Application Deadline/Ballot Lottery
9/9/26	Last day for BOD Candidates to submit photos, biographies, and vision statements
9/10/26	SVCA Sends candidate info to UniLect -- not layout, just info
9/10/26	BOD Regular Meeting - Vote to approve proof of Election Booklet/Ballot
9/11/26	SVCA sends final approved voter packet materials to UniLect
9/24/26	BOD Meeting - Regular
9/28/26	Unilect mails Election Materials to foreign-based SVCA members
9/30/26	Unilect mails Election Materials to US-based SVCA members
OCT	
10/8/26	BOD Meeting - Regular
TBD	Review AGM Agenda with Parliamentarian
TBD	Candidate Forum(s)
10/22/26	BOD Meeting - Regular
10/31/26	Trunk or Treat
NOV	
11/5/26	N&E/GM send list of members NOT in good standing to UniLect (Accounting pulls list, GM sends)
11/6/26	Last Day for Mailed Ballots to be received/ Last day to vote using SVCA ballot box
11/7/26	AGM
11/7/26	SVCA BOD Organizational Meeting - Follows AGM



Sudden Valley Community Association

1850 Lake Whatcom Boulevard, Bellingham WA 98229
360-734-5320 www.suddenvalley.com

BOARD OF DIRECTORS MEMO

To: Sudden Valley Community Association Board of Directors
From: Jo Anne Jensen, General Manager
Date: May 14, 2026
Subject: Approval Request – Revision to Fines & Fees

Purpose

The purpose of this memo is to request approval of a proposed revision to SVCA's Fees & Fines Schedule.

Background

The Pet Regulations section of SVCA's Fees & Fines Schedule is not clear regarding what infractions of the rules may result in a fine. That section of the rules currently reads:

Pet Regulations	17.4/R&R 6.6	
Including but not limited to uncontrollable, at large, barking, and nuisance dogs		
First Violation	R&R 6.6	50.00
Second Violation	R&R 6.6	75.00
Third Violation	R&R 6.6	100.00
Subsequent Violation	R&R 6.6	200.00
Failure to clean up after pet	R&R 6.1	40.00
Keeping, harboring, or possessing a declared nuisance dog	R&R 6.6.4a	100.00 per day

Revised as shown below:

Pet Regulations	R&R Section 6.	
Please refer to SVCA Rules & Regulations for a full list of rules applying to pets.		
First Violation	R&R Section 6	50.00
Second Violation	R&R Section 6	75.00
Third Violation	R&R Section 6	100.00
Subsequent Violation	R&R Section 6	200.00
Dog off-leash outside an approved off-lease area – owner nearby	R&R 6.2.1	25.00/50.00/75.00
Dog off-leash outside an approved off-lease area – roaming dog (dog may be impounded and turned over to the Whatcom County Contractor)	R&R 6.2.2	50.00/75.00/100.00
Failure to clean up after pet	R&R 6.1	40.00
Keeping, harboring, or possessing a declared nuisance dog	R&R 6.6.4a	100.00 per day

Request

I request that the Board of Directors approve the Fees & Fines revisions as shown.

Motion

I move that the Board of Directors approve the Fees & Fines revisions as shown.

Approvals

Approved: _____ Not Approved: _____ SVCA Board of Directors

Signed: _____ Date: _____

Keith McLean, Board President