DATE OF INSPECTION: 2-26-2013

AQUATIC LEASE INSPECTION REPORT

LEASE NUMBER: 22-A02332 START:11/1/2004 END:10/31/2034

USE: COMMERCIAL MARINA LEGAL: Sect 11; TWN 24-N; RNG 1-E

LAT: LONG:

LESSEE NAME: SEVEN Js INVESTMENT LIMITED PARTNERSHIP

ADDRESS: 1805 THOMPSON DRIVE, BREMERTON, WA

PHONE NUMBER: 360-479-3037

Contact made with lessee for inspection: YES; STEPHANIE (MARINA MANAGER) & CONNIE DOBBS (JSH – RECEIVERSHIP)

Use of lease area agrees with Authorized Use: SOME DISCREPANCIES

AREA PERCENTAGE

~% WATER DEPENDENT ~% NON-WATER DEPENDENT

IMPROVEMENTS ON STATE-OWNED AREA

TYPE	CONDITION	DESCRIPTION
FLOATS	FAIR	WOOD DECKING; FLOATATION MATERIAL VAIRIES – PREDOMINATE FLOATS ARE DR. PEPPER PLASTIC BARRELS FILLED WITH FOAM; & CONCRETE;
PILES	FAIR	61 CREOSOTE PILES + THE PILES UNDER THE PIERS
PARKING LOT	GOOD	PARKING LOT ON FILL. THE ASPHAULT IS IN GOOD CONDITION (STATE OWNED)
BULKHEAD	*	CONCRETE BULKHEAD – NO OBVIOUS SIGNS OF DETERIORATION (STATE OWNED)
RIP RAP	*	ANGULAR ROCK – IN SOME PLACES IT APPEARS TO BE A SURFACE TREATMENT

INSPECTOR: Lindie Schmidt TITLE: Natural Resource Specialist II

DNR-00019444

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		TO REDUCE WAVE ACTION, RATHER THAN A STRUCTURAL FEATURE
FLOATING HOME	POOR	TWO STORY FLOATING HOME
MARINA OFFICE	*	THE BUILDING IS CONSTRUCTED ON FILL AND A PIER. THE CONDITION OF THE BUILDING WAS NOT ASSESSED.
MARINA RESTROOMS	*	THE BUILDING IS CONSTRUCTED ON FILL AND A PIER. THE CONDITION OF THE BUILDING WAS NOT ASSESSED

INSPECTOR'S Remarks and Recommendations (amendment, maintenance, liability etc…)

This inspection was conducted due to foreclosure of Seven Js Investments by their lender. The property and leasehold interest will be auctioned off on March 29, 2013. The purpose of the inspection was to assess conformance with the lease and any conditions on a future assignment.

The marina has residential uses. There is one floating home, but no one lives on board and it is being seized by the marina for non-payment.

The marina offices are located on private property, filled harbor area, and a pier. The marina office is in one building. The second building has restrooms, showers and laundry facilities for the marina tenants. I made no assessment regarding the structural integrity of the buildings, pier, rip-rap or bulkhead. It would be advisable for a new purchaser to have the structural condition of the improvements evaluated.

ITEMS OF CONCERN:
Survey: The survey does not meet DNR guidelines. – **Recommendation:** have the tenant provide a new survey meeting DNR survey specifications.

Permitted Use: The contract is identified as a mixed use with 174,000 SF of water-dependent use and 2,831 SF of NWD use. Using the existing survey, the estimated WD area is 3.487 Acres with a NWD area of 0.573 Acres. These areas are very different. – **Recommendation**: correct the contract language. We may want to wait until a better survey exhibit is available.

Conformance with Laws:
Outer Harbor Line: State Constitution and law do not allow DNR to rent the area outside the outer harbor line to private entities. Some of the marina improvements are shown extending beyond the outer harbor line. The marina is currently mooring vessels outside the outer harbor line. – **Recommendation:** have the marina move tenants inside the outer harbor line. Have the tenant remove the anchor cleats to prevent moorage outside the outer harbor line. Modify the lease, or maybe send a letter, to specify that the improvements need to be removed from the area outside the outer harbor line in conjunction with marina replacement/repairs. Potentially, charge a U&O for the area extending beyond the outer harbor line at the WD rent rate.

INSPECTOR: Lindie Schmidt TITLE: Natural Resource Specialist II

Floating Homes: Floating Homes are not allowed within Harbor Areas. The existing contract allows for an unoccupied floating home which was constructed on a barge. The floating home is derelict and in the process of being seized by the marina for non-payment of rent– **Recommendation**: Amend the contract to make it clear that floating homes are not allowed within the harbor area. An occupied floating home will not be allowed. Require the existing derelict floating home to be completely removed from the leasehold once the marina has ownership of the floating home.

Conformance to Local Ordinances: The Bremerton Fire Department is requiring that the marina upgrade their fire system be upgraded to a dry system. The bank is upgrading the system **Recommendation** – Confirm that the fire system has been upgraded prior to assignment.

Ownership of Improvements:

There is a lack of clarity regarding the ownership of the existing improvements. There is a bulkhead and fill owned by the Tenant and a bulkhead and fill owned by the state. **Recommendation**: generate an ownership exhibit that better clarifies the State and Tenant owned property. In the long run, it may be more cost effective for us to divest ourselves of these improvements and have the new tenant purchase the fill and bulkhead since we can't charge extra for these improvements.

Condo Marina:

This marina has been condominimized. At this time, none of the slips have been sold. It is unknown if a new tenant would be interested in actually selling slips.

Maintenance and Repairs:

While at the marina many of the floats were observed to be listing. **Recommendation** – the floats be maintained so they are level and no exposed foam remains.

Diagram Below, the location of existing structures showing alignment and dimensions in relation to leased area.

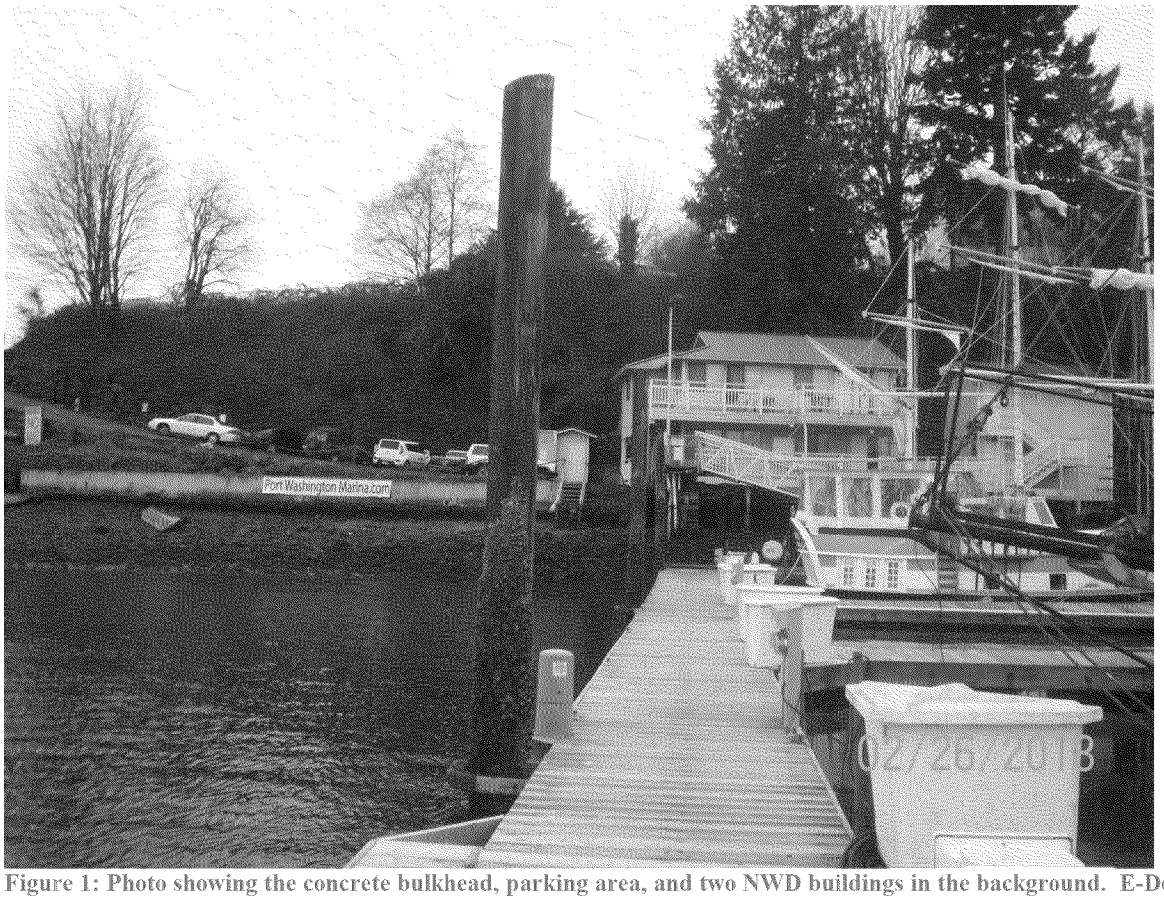

Figure 1: Photo showing the concrete bulkhead, parking area, and two NWD buildings in the background. E-Dock in the foreground

Figure 2: State owned concrete bulkhead and parking lot.

Figure 3: Rip-rap under the marina office building along the shoreline. The angular rip-rap rock is gone in places. The support piles have been modified as shown.

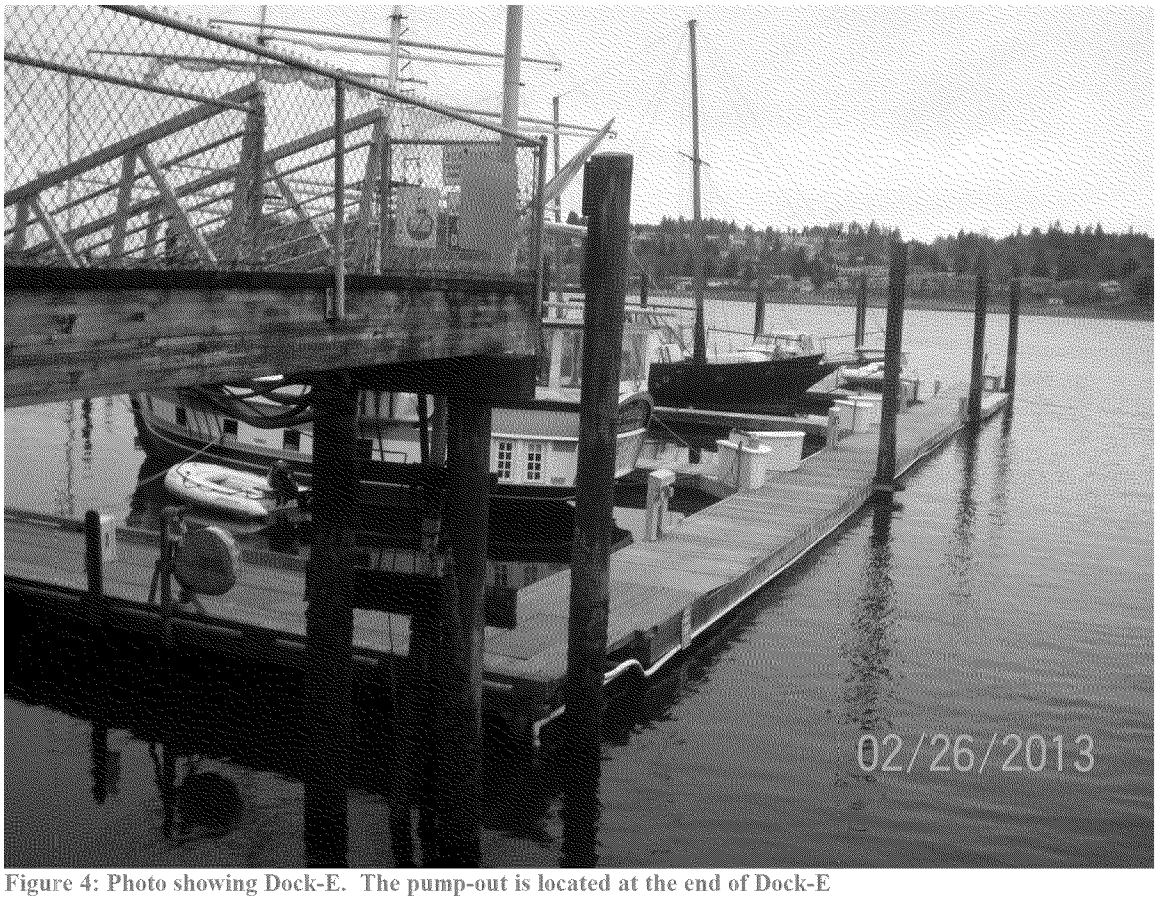

Figure 4: Photo showing Dock-E. The pump-out is located at the end of Dock-E

Figure 5: Photo showing the grated metal gangway in the foreground. The Main-Dock is shown connecting Dock-D in the foreground and Dock-A in the background. The floating home on Dock-A can be seen on the left in the background. The main utility lines run down the center of the Main-Dock

Figure 6: Photo showing the moorage at the end of Dock-D. The dock can be seen listing towards the vessel. Several other finger-piers have pronounced list.

Figure 7: Photo showing moorage at the end of Dock-B (foreground) and Dock-A (background). These vessels are clearly moored beyond the outer harbor line.

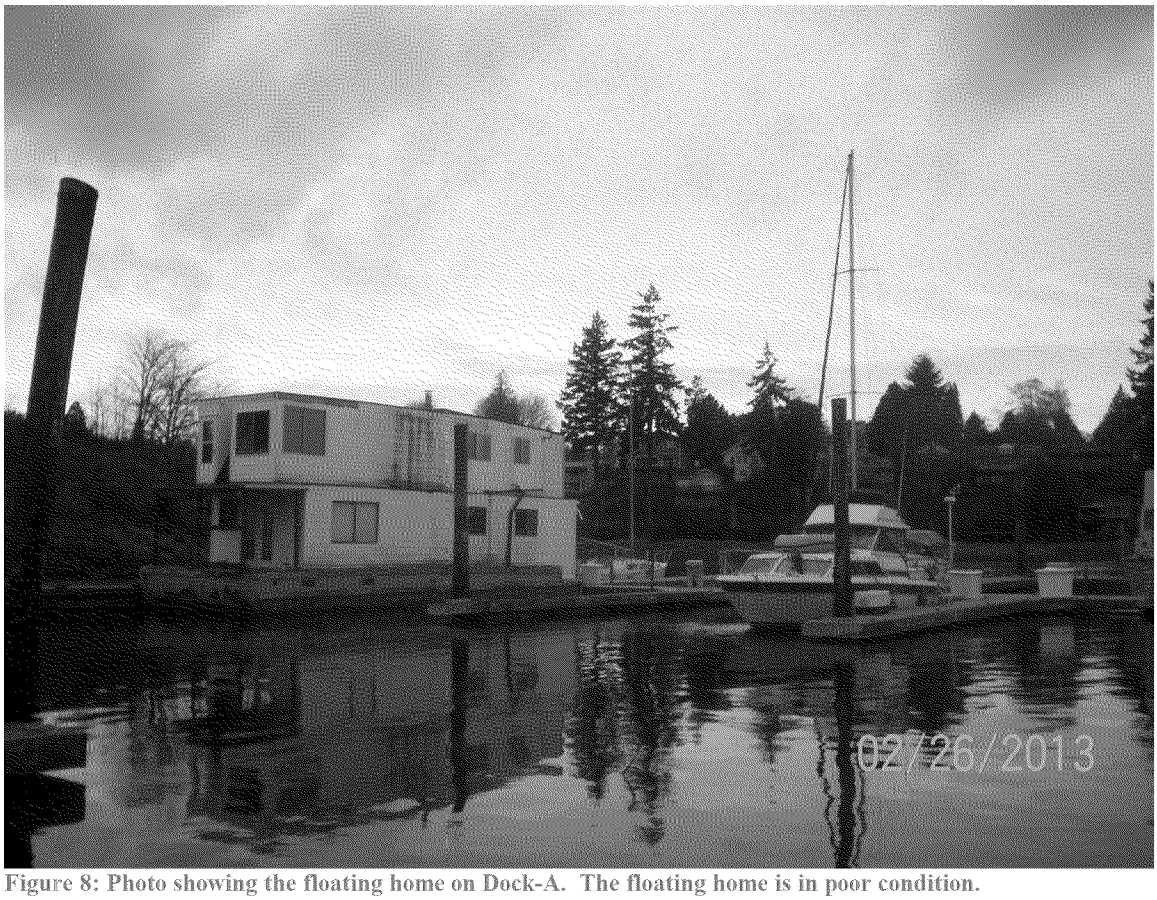

Figure 8: Photo showing the floating home on Dock-A. The floating home is in poor condition.

Figure 9: Photo showing the oil spill kit which is located on the pier near the restroom building.

DNR-00019455