

TS-050363

WASHINGTON UTILITIES AND TRANSPORTATION COMMISSION
1300 South Evergreen Park Drive SW
P. O. Box 47250
Olympia, WA 98504-7250
(360) 664-1222

RECEIVED
MAR 09 2005
WASH. UT. & TP. COMM

COMMERCIAL FERRY APPLICATION

Application is made in accordance with RCW 81.84 for a Certificate of Public Convenience and Necessity to operate vessels in furnishing Passenger - Freight - Excursion - Ferry Service.

\$200.00 APPLICATION FEE MUST ACCOMPANY THIS APPLICATION

Complete this application in its entirety, adding additional sheets if necessary.

FOR OFFICIAL USE ONLY		
RECEPTION NO. <u>0009658</u>	MAP _____ INSURANCE _____ SAFETY INSP. _____ CERT. _____ TARIFF _____ TIME SCHEDULE _____ SHIPPER _____ SUPPORT _____	DATE REC'D <u>3-9-05</u> APPLIC'N NO. <u>B-79362</u> MOT CAR NO. <u>43563</u>
AMOUNT \$ <u>200.00</u> (111-0268-0216-02)		

INDICATE TYPE OF APPLICATION: (Only one type per application)	INDICATE TYPE OF SERVICE APPLYING FOR:
<input checked="" type="checkbox"/> Original Certificate <input type="checkbox"/> Extension of Authority <input type="checkbox"/> Transfer all Authority <input type="checkbox"/> Transfer a Portion of Authority <input type="checkbox"/> Temporary Certificate <input type="checkbox"/> Lease of Certificate <input type="checkbox"/> Mortgage of Certificate <input type="checkbox"/> Acquisition of Control	<input checked="" type="checkbox"/> Certificated commercial ferry – including excursion service and/or launch service <input type="checkbox"/> Excursion service only <input type="checkbox"/> Launch service only

1. Name of applicant Feet Wet Partners () Individual (X) Partnership () Corporation

2. d/b/a Saratoga Shuttle Unified Business Identifier (UBI) No. Applied For

3. Physical Address 1321 B SW Barlow ST
 (City, State, Zip) Oak Harbor, Wa 98277

Mailing Address PO Box 2895
 (City, State, Zip) Oak Harbor Wa. 98277

Telephone Number (360) 240-8287 Fax Number (360) 323-8894

4. List names and addresses of all persons having an interest in the business. If a CORPORATION, give names and addresses of two principal officers, noting their titles, and indicate in which state incorporated. If a PARTNERSHIP, attach a certified copy of the partnership agreement, which sets forth the responsibility of the interested individuals.

John Solin, Partner

PO Box 2895 Oak Harbor Wa 98277

Michael Lauver, Partner

PO Box 2895 Oak Harbor Wa 98277

5. List the territory in which you wish to operate:

Between points on Whidbey Island, Camano Island and intermediate points on each including Oak Harbor, Coupeville, and Madrona Beach

Waiver of ten-mile restriction: Are you applying for territory which would require a waiver to provide service otherwise forbidden by the ten-mile restriction in RCW 47.60.120?

Yes No

If yes, state fully the circumstances that justify Commission grant of such a waiver:

6. Attach a map which shows in detail the proposed routes, clearly showing beginning, ending, and intermediate points to be served. Also show the routes of other carriers giving similar service into the same or neighboring territory (if known to applicant). **See attached Ex. A**

7. Will an attorney be representing you at the hearing? Yes No

If yes, give specific attorney's name _____

Telephone Number () _____ Address _____

8. Attach a copy of the tariff you propose using. The tariff must contain proposed fares and rates to be assessed for service and the rules and regulations governing same. The tariff must comply with WAC 480-51-080 and the rules in the Commission's Tariff Circular No. 6 (WAC 480-149).
Ex. B
9. Attach a copy of the time schedule you propose using. The schedule must show routes, trips, times, points served, distances and available facilities. The time schedule must comply with WAC 480-51-090 of the Commission's Laws and Rules Relating to Commercial Ferry Service.
Ex. C
10. List vessels which are owned (unless otherwise stated) and will be used in the proposed service:

Name	Passenger Freight or Ferry Type	Power	Passenger Capacity	Freight Capacity	Owned, Leased, other?
To be determined	Pasenger Ferry	Diesel	16	200 lbs	To be purchased

11. List the docks which will be used in the proposed service. (List all facilities giving names, location, description, value if owned, and any other information of value showing the proposed service)
- Oak Harbor Marina, Oak Harbor Wa**
-
- Coupeville Port District Pier, Coupeville, Wa**
-
- Camano Yacht Club, Madrona Beach, Wa**
-

12. Complete the following financial statement:

FINANCIAL STATEMENT

Cash on hand and in bank	\$ 10,000	Notes payable	\$
Notes receivable	\$ _____	Accounts payable	_____
Accounts receivable	_____	Other liabilities:	_____
Stocks in other companies	_____		_____
Vessels (listed above)	_____		_____
Bonds	_____		_____
Docks (listed above)	_____		_____
Machinery, tools, etc.	_____		_____
Real estate (listed	_____		_____

below)	_____	_____	_____
Other assets-Letter of Credit	<u>200,000</u>	Capital	<u>210,000</u>

Total	\$ <u>210,000</u>	Total	\$ <u>210,000</u>
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A. List all Real Estate as to location and value (List here only such property as cannot be listed under item 10)

_____	\$	_____
_____	\$	_____
_____	\$	_____
_____	\$	_____
_____	\$	_____

B. List total "Other Assets" mentioned above:

_____	\$	_____
_____	\$	_____
_____	\$	_____
_____	\$	_____
_____	\$	_____

13. List conditions that exist which would justify the granting of a Certificate of Public Convenience and Necessity:

No current service exists Intra-Island County. Island County is unique in That Camano Island is connected by road to Whidbey Island but Requires a drive of 1 ½ hours to get from Camano Island to the County seat at Coupeville on Whidbey Island. Passenger ferry service Between the two islands will be of great benefit to the residents of both Islands. Service between points on either island will promote tourism.

14. List names and addresses of all persons, firms, or corporations now furnishing similar service between any of the points or along any portion of the route proposed to be served:

None

_____	_____
_____	_____
_____	_____

15. State applicant's prior experience, if any, in providing commercial ferry service:

Applicant(s) currently provide land based regulated transportation under certificates C-1077, CH-456 and ES-182. No previous commercial ferry experience, however other related transportation experience include commercial air service and un-regulated shuttle service. Water based experience includes commercial submarine service and surface and underwater salvage and recovery.

16. All applicants must attach separate sheets containing the following information:

- a. Pro forma financial statement of operations (projections of incomes and expenses for first year operations). **Ex. D**
- b. Ridership and revenue forecasts. **Ex. E**
- c. The cost of service for the proposed operation. **Ex. D**
- d. An estimate of the cost of the assets to be used in providing service. **Ex. D**

17. If certificate is granted, carrier will begin operations within 20 months (RCW 81-84-010 (2)) of that grant.

18. If this is a transfer application, you must:

- Complete attachment A.
- If this application is for transfer of a portion of certificated authority, attach document clearly showing authority to be transferred and a document clearly showing the authority to be retained.

If this is an application for a temporary certificate you must:

- Attach proof of insurance
- Attach statements from potential customers showing immediate and urgent need for service.
- Attach proof that all vessels to be operated under the temporary are inspected and found to be safe and seaworthy.

If this is a transfer through acquisition of control of the stock, you must:


- Attach copy of the corporate minutes authorizing such transfer.

The applicant certifies he/she is familiar with the provisions of Chapter 81. 84 RCW and Chapter 480-51 WAC, Laws and Rules of the Washington Utilities and Transportation Commission, governing the operation of vessels and ferries upon the waters of the state of Washington. Applicant further certifies that vessels operated under Certificates of Public Convenience and Necessity are in no way released from the necessity of observing all Federal and State laws providing for the registration of vessels, the observance of navigation and maritime rules and regulations, and other matters subject to Federal or State enactments.


Applicant affirms that its operations shall be at all times within the provisions of such acts, and requests the Washington Utilities and Transportation Commission to make its order granting a Certificate of Public Convenience and Necessity as provided in Chapter 81.84 RCW and Chapter 480-51 WAC.

The applicant swears or affirms that he/she has read the foregoing application and knows the contents, that the same is true of his/her own knowledge, except as to matters which are therein stated on information or belief, and as to those matters he/she believes them to be true.

Applicants:



Signature of John Solin



Signature of Michael Lauver

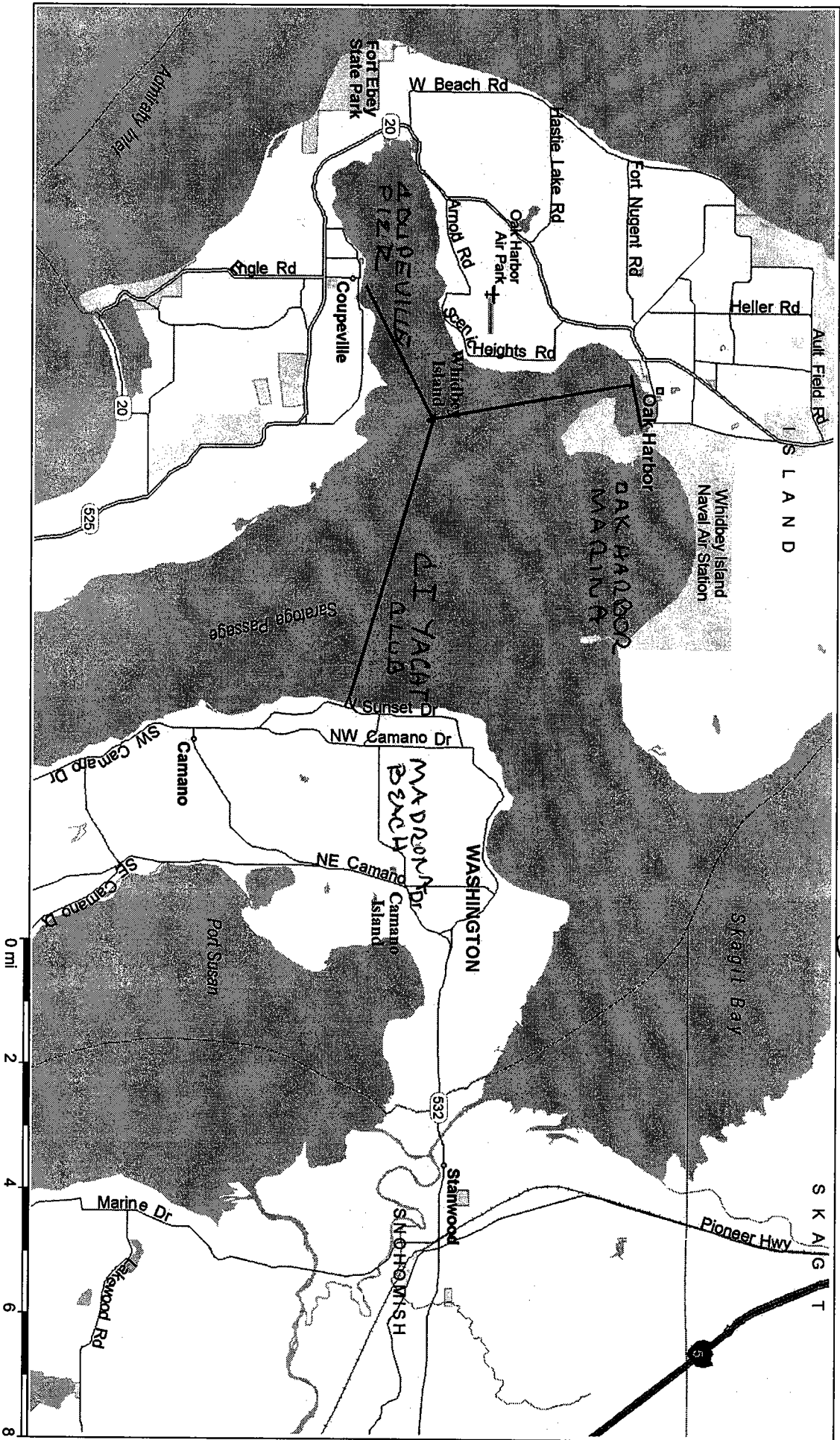
Date: March 8, 2005

EXHIBIT A

MAP

Ferry Route

SEATTLE WA
SKAGIT



DAK HARBOUR → ADUPEVILLE 5.4 NM

COUPEVILLE → MADRONA BEACH 6.5 NM

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EXHIBIT B

TARIFF

Tariff No. 1

Of

Name of Company: Feet Wet Partners

Certificate of Convenience and Necessity Number:

Operating under the Trade Name of: Saratoga Shuttle

**NAMING FARES AND RATES FOR
COMMERCIAL FERRY SERVICE**

IN THE FOLLOWING DESCRIBED TERRITORY:

Between Whidbey Island and Camano Island including Oak Harbor, Coupeville
and Madrona Beach

Issued by: Feet Wet Partners

Name/Title of Issuing Agent: Michael Lauver _____

Mailing Address: PO Box 2895 Oak Harbor, Wa 98277

Telephone Number: 360-240-8287

E-mail Address: mike@seatacshuttle.com

Fax Number: 360-323-8894

Issue Date: March 8, 2005

Effective Date: _____

For Commission Use Only:

Page Effective Date:	Docket No.:	Commission Order No.:
_____	_____	_____

Tariff No. 1

Original Page No. 1

Company Name: Feet Wet Partners

Express Rates and Rules

Express Rates			
Between	And		
	Oak Harbor	Madrona Beach	
Coupeville	\$5.00	\$5.00	\$
	\$	\$	\$
	\$	\$	\$
	\$	\$	\$

RULES: Express rates apply to packages or articles weighing up to, but not exceeding, 25 pounds. Packages or articles exceeding that weight will be charged for at: \$2 for each additional ten pounds, or fraction thereof. Express in excess of 25 pounds may be refused. Shipments must be wrapped securely and in properly packaged condition for safe and convenient handling. Express will be handled with reasonable dispatch, but the company does not guarantee to carry on any specific trip. Articles not accepted for transportation are: explosives, money, valuable jewelry, negotiable or valuable papers, live animals, or articles that will inconvenience other passengers. No C.O.D. shipments will be accepted. Bicycles, skis, and any other oversized or irregular baggage will be charged an additional \$10 per shipment if accepted by the operator.

Issue Date: March 8, 2005

Effective Date:

Issued By: Mike Lauver, Partner

For Commission Use Only:

Page Effective Date:

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Tariff No. 1

Original Page No. 2

Company Name:

Passenger Rules and Regulations

Adult fares: Adult fares apply to all passengers who have reached or passed their 14th birthday.

Children's fares: Children under 2 years of age, when accompanied by an adult passenger and not occupying seats will be carried free of charge. Children under 15 years of age, occupying seats, will be charged 80% of the adult fare.

Round trip fares: Round trip fares will be computed at 200% of the price of a one-way ticket.

Reservations: Advance reservations may be required on specific legs as noted in the Time Schedule.

Ticket limitation: One-way tickets are good for the date of travel only. Round-trip tickets are good for the dates of travel only.

Ticket redemption: When presented by the owner, unused tickets or portions will be redeemed as follows:

Tickets must be presented for redemption 48 hours or more prior to the date of travel. The company will redeem for unused portions by charging the regular fare for the portions used and refunding the balance of the purchase price less a \$2 processing fee. Full Refunds will be made for unused tickets due to trip cancellations by the company.

Issue Date: March 8, 2005

Effective Date

Issued By: Mike Lauver, Partner

For Commission Use Only:

Page Effective Date:

Docket No.:

Commission Order No.:

Tariff No. 1

Original Page No. 3

Company Name:

Passenger Rules and Regulations

Schedule maintenance: The carrier will not be liable for delays caused by accidents, breakdowns, storms, or other conditions beyond its control. Though every effort will be made to meet the published time schedule, the carrier makes no guarantee to arrive at, or depart from, any point at a specific time.

Objectionable passengers: The company reserves the right to refuse to transport persons under the influence of drugs or liquor, or who are incapable of taking care of themselves or whose condition, conduct, or behavior may be objectionable to other passengers.

Baggage rules and charges: Hand baggage not exceeding twenty pounds for each adult fare and not exceeding ten pounds on each child's fare will be carried free.

Excess weight: For baggage weight in excess of the free allowance above, the charge will be \$2 per ten pounds. Baggage in excess of twenty pounds may be refused.

Valuation: Baggage carried free is carried with a declared value not exceeding \$50 in value for each adult passenger and \$50 for each child traveling at the reduced children's fare.

Issue Date: March 8, 2005

Effective Date

Issued By: Mike Lauver, Partner

For Commission Use Only:

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Tariff No. 1

Original Page No. 4

Company Name:

Passenger Rules and Regulations

Animals: Dogs, cats, and other animals or birds will be carried under the following conditions as the sole discretion of the operator:

Pets will only be transported when in approved pet carriers, at the following rates:

\$5 (dimensions 14x12x16inches)

Exception: *Dogs traveling with sight or hearing-impaired passengers will be carried free of charge. The dogs will not be permitted to occupy a seat, but must lie or stand at the feet of the passenger.*

Issue Date: March 8, 2005

Effective Date

Issued By: Mike Lauver, Partner

For Commission Use Only

Page Effective Date:

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Commission Order No.:

Tariff No. 1

Original Page No. 5

Company Name:

Passenger Fare Schedule

This fare schedule applies to: Adults

And	Between Coupeville (each direction)													
	Madrona Beach Camano Island		Oak Harbor Whidbey Island											
	One Way	Rnd Trip	One Way	Rnd Trip	One Way	Rnd Trip	One Way	Rnd Trip	One Way	Rnd Trip	One Way	Rnd Trip	One Way	Rnd Trip
	\$5	\$10	\$5	\$10										

Issue Date: March 8, 2005 Effective Date: _____

Issued By: Mike Lauver, Partner

For Commission Use Only:

Page Effective Date:	Docket No.:	Commission Order No.:
_____	_____	_____

EXHIBIT C

TIME SCHEDULE

Time Schedule No. 1

Of

Name of Company: Feet Wet Partners

Certificate of Convenience and Necessity Number:

Operating under the Trade Name of: d/b/a Saratoga Shuttle

Providing Commercial Ferry Service
In The Following Described Territory:

Between Whidbey Island and Camano Island including Oak Harbor, Coupeville
and Madrona Beach

With Terminals At Oak Harbor Marina, Coupeville Municipal Pier and Camano
Island Yacht Club Pier

Issued by: Feet Wet Partners

Name/Title of Issuing Agent: Mike Lauver, Partner

Mailing Address: PO Box 2895, Oak Harbor, WA 98277

Telephone Number: 360-240-8287

E-mail Address: mike@seatacshuttle.com FAX: 360-323-8894

Issue Date: March 8, 2005

Effective Date: _____

For Commission Use Only:

Page Effective Date:	Docket No.:	Commission Order No.:
_____	_____	_____

Company Name: Feet Wet Partners

Time Schedule

Name of Dock or Intermediate Point	Arrival Time	Departure Time	Miles
Coupeville	-----	8:00am	0.0
Camano	8:25am	8:30am	6.5
Coupeville	8:55am	9:00am	6.5
Oak Harbor	9:25am	10:00am	5.4
Coupeville	10:25am	12:00pm	5.4
Camano	12:25pm	12:30pm	6.5
Coupeville	12:55pm	1:00pm	6.5
Oak Harbor	1:25pm	2:00pm	5.4

Issue Date: March 8, 2005

Effective Date

Issued By: Mike Lauver, Partner

For Commission Use Only:

Page Effective Date:	Docket No.:	Commission Order No.:
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Time Schedule No. 1

Original Page No. 2

Company Name: Feet Wet Partners

Time Schedule

Name of Dock or Intermediate Point	Arrival Time	Departure Time	Miles
	Coupeville	2:25pm	4:00pm
Camano	4:25pm	4:30pm	6.5
Coupeville	4:55pm	5:00pm	6.5
Oak Harbor	5:25pm	5:30pm	5.4
Coupeville	5:55pm	-----	5.4

Empty rectangular box for additional information or notes.

Issue Date _____ Effective Date _____
Issued By (Name and title): _____

For Commission Use Only:

Page Effective Date:	Docket No.:	Commission Order No.:
_____	_____	_____

EXHIBIT D

PRO FORMA

EXHIBIT D. PRO FORMA INCOME STATEMENT FOR FEET WET PARTNERS, DBA SARATOGA SHUTTLE

	MONTH 1	MONTH 2	MONTH 3	MONTH 4	MONTH 5	MONTH 6	MONTH 7	MONTH 8	MONTH 9	MONTH 10	MONTH 11	MONTH 12
REVENUE												
Vessel Fare Revenue												
Monthly Gross Revenue	\$6,386	\$6,386	\$7,442	\$7,442	\$9,498	\$9,498	\$9,554	\$9,554	\$10,610	\$10,610	\$10,610	\$10,610
EXPENSES												
Crew Payroll	\$3,500	\$3,500	\$3,500	\$3,500	\$3,500	\$3,500	\$3,500	\$3,500	\$3,500	\$3,500	\$3,500	\$3,500
Crew Payroll Taxes	\$700	\$700	\$700	\$700	\$700	\$700	\$700	\$700	\$700	\$700	\$700	\$700
Fuel	\$1,800	\$1,800	\$1,800	\$1,800	\$1,800	\$1,800	\$1,800	\$1,800	\$1,800	\$1,800	\$1,800	\$1,800
Insurance	\$500	\$500	\$500	\$500	\$500	\$500	\$500	\$500	\$500	\$500	\$500	\$500
Moorage	\$150	\$150	\$150	\$150	\$150	\$150	\$150	\$150	\$150	\$150	\$150	\$150
Repairs & Maintenance	\$250	\$250	\$250	\$250	\$250	\$250	\$250	\$250	\$250	\$250	\$250	\$250
Taxes-property & other	\$50	\$50	\$50	\$50	\$50	\$50	\$50	\$50	\$50	\$50	\$50	\$50
Other Vessel Costs	\$100	\$100	\$100	\$100	\$100	\$100	\$100	\$100	\$100	\$100	\$100	\$100
Total Cost of Goods Sold	\$7,050	\$7,050	\$7,050	\$7,050	\$7,050	\$7,050	\$7,050	\$7,050	\$7,050	\$7,050	\$7,050	\$7,050
Gross Profit	-\$664	-\$664	\$392	\$392	\$1,448	\$1,448	\$2,504	\$2,504	\$3,560	\$3,560	\$3,560	\$3,560
SELLING, GEN. & ADMIN												
Staff Payroll-Contract	\$500	\$500	\$500	\$500	\$500	\$500	\$500	\$500	\$500	\$500	\$500	\$500
Staff Payroll Taxes												
Advertising	\$200	\$200	\$200	\$200	\$200	\$200	\$200	\$200	\$200	\$200	\$200	\$200
Insurance-Liability	\$50	\$50	\$50	\$50	\$50	\$50	\$50	\$50	\$50	\$50	\$50	\$50
Office supplies	\$50	\$50	\$50	\$50	\$50	\$50	\$50	\$50	\$50	\$50	\$50	\$50
Professional fees	\$30	\$30	\$30	\$30	\$30	\$30	\$30	\$30	\$30	\$30	\$30	\$30
Taxes-property & other	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Telephone	\$200	\$200	\$200	\$200	\$200	\$200	\$200	\$200	\$200	\$200	\$200	\$200
Office rent												
Travel	\$25	\$25	\$25	\$25	\$25	\$25	\$25	\$25	\$25	\$25	\$25	\$25
Utilities	\$20	\$20	\$20	\$20	\$20	\$20	\$20	\$20	\$20	\$20	\$20	\$20
Total Selling, G&A	\$1,075	\$1,075	\$1,075	\$1,075	\$1,075	\$1,075	\$1,075	\$1,075	\$1,075	\$1,075	\$1,075	\$1,075
Operating Income	-\$1,739	-\$1,739	-\$683	-\$683	\$373	\$373	\$1,429	\$1,429	\$2,485	\$2,485	\$2,485	\$2,485
OTHER EXPENSES												
Charter & rents	\$100	\$100	\$100	\$100	\$100	\$100	\$100	\$100	\$100	\$100	\$100	\$100
Depreciation *	\$600	\$600	\$600	\$600	\$600	\$600	\$600	\$600	\$600	\$600	\$600	\$600
Net Income	-\$2,439	-\$2,439	-\$1,383	-\$1,383	-\$327	-\$327	\$729	\$729	\$1,785	\$1,785	\$1,785	\$1,785
Cumulative Net Income	-\$2,439	-\$4,878	-\$6,261	-\$7,644	-\$7,971	-\$8,298	-\$7,569	-\$6,840	-\$5,055	-\$3,270	-\$1,485	\$300
* Vessel Cost \$40,000												

EXHIBIT E

RIDERSHIP & REVENUE FORECAST

EXHIBIT E: RIDERSHIP & REVENUE FORECAST FOR FEET WET PARTNERS, DBA SARATOGA SHUTTLE

	MONTH 1	MONTH 2	MONTH 3	MONTH 4	MONTH 5	MONTH 6	MONTH 7	MONTH 8	MONTH 9	MONTH 10	MONTH 11	MONTH 12
REVENUE												
Vessel Fare Revenue												
Per leg maximum passengers	16	16	16	16	16	16	16	16	16	16	16	16
Number of legs per day	12	12	12	12	12	12	12	12	12	12	12	12
Maximum passengers per day	192	192	192	192	192	192	192	192	192	192	192	192
Load Percentage per day	30%	30%	35%	35%	40%	40%	45%	45%	50%	50%	50%	50%
Paying passengers per day	57.6	57.6	67.2	67.2	76.8	76.8	86.4	86.4	96.0	96.0	96.0	96.0
Operating Days per month	22	22	22	22	22	22	22	22	22	22	22	22
Paying passengers per month	1267.2	1267.2	1478.4	1478.4	1689.6	1689.6	1900.8	1900.8	2112	2112	2112	2112
Fare per leg	\$5	\$5	\$5	\$5	\$5	\$5	\$5	\$5	\$5	\$5	\$5	\$5
Monthly passenger fare Rev.	\$6,336	\$6,336	\$7,392	\$7,392	\$8,448	\$8,448	\$9,504	\$9,504	\$10,560	\$10,560	\$10,560	\$10,560
Cargo Fare Revenue	\$50	\$50	\$50	\$50	\$50	\$50	\$50	\$50	\$50	\$50	\$50	\$50
Monthly Revenue	\$6,386	\$6,386	\$7,442	\$7,442	\$8,498	\$8,498	\$9,554	\$9,554	\$10,610	\$10,610	\$10,610	\$10,610
Cumulative Revenue	\$6,386	\$12,772	\$20,214	\$27,656	\$36,154	\$44,652	\$54,206	\$63,760	\$74,370	\$84,980	\$95,590	\$106,200

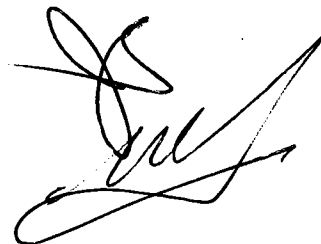
EXHIBIT F

PARTNERSHIP AGREEMENT

PARTNERSHIP AGREEMENT

Michael Lauver (Lauver), and John Solin (Solin), the below signed, hereby enter into this Partnership Agreement on behalf of themselves, their heirs, successors and assigns, as the initial Partners, and set forth following terms and conditions as constituting the Partnership Agreement in its entirety:

1. The partnership shall go by the following name: Feet Wet Partners.
 2. The partnership's principle place of business shall be: 1321B SW Barlow St., Oak Harbor, Wa 98277.
 3. The first day that the partnership shall begin business is: March 1, 2005 and it will continue until the partners mutually agree to terminate it or until forced cease its operations by law.
 4. The partnership's operations shall be primarily in the field or area of transportation and transportation related services.
 5. The partnership shall be capitalized equally by the initial partners.
 6. Losses and gains on contributed capital and other property shall be assigned equally.
- The IRS's general allocation rule shall apply, and gains and losses shall be allocated according to the % of total capital contributed by each partner as set out in paragraph #5 above.
7. Profits and losses shall be allocated according to the same percentage allocation set forth in paragraph 6. above.
 8. Salary, if any, for the services rendered shall be determined by unanimous approval of the partners.
 9. Control and management of the partnership shall be split equally amongst the partners.
 10. Each partner shall maintain both an individual drawing account and an individual capital account. Into the capital account shall be placed that partner's initial capitalization and any increases thereto. The drawing accounts shall be used for withdrawal of amounts, the size of which is limited to an amount to be mutually agreed upon.
 11. Adequate accounting records shall be made and maintained. Any partner or his/her agent, may review any and all accounting or other records at anytime.
 12. The partners shall designate a bank with a branch located in Oak Harbor, Washington to hold and service the Partnership's business and checking accounts into which all the funds of the Partnership shall be placed and maintained.

A handwritten signature in black ink, appearing to be 'John Solin', written over a horizontal line.

13. Accounting records and books shall be kept on a cash basis and the fiscal year shall begin on the first day of January and shall end on the thirty-first day of December.

14. At the close of the fiscal year there shall be an annual audit conducted by March first of the following year by an accounting firm or agent selected by mutual agreement of the partners.

15. The partnership shall dissolve upon the retirement, death or incapacity of any partner unless the partnership share is transferred through an estate or otherwise with prior permission of the remaining partner(s). In the event no such transfer occurs then the remaining partner(s) may elect the option of buying out that partner's share. If so elected, the Partnership shall be valued according to reasonable accounting and valuation principles, and as set forth in paragraph #19 below. If a dispute as to value arises then the valuation shall be submitted to an arbitrator acceptable to all the contesting parties. The finding of the arbitrator as to the value of the partnership shall be final and binding upon the partners, their heirs, successors, and assigns. Upon the issuance of this finding, the remaining partner(s) shall have 180 days to buy out the previous partner's share. Should more than one remaining partner desire to buy this share, the share shall be split evenly between the same.

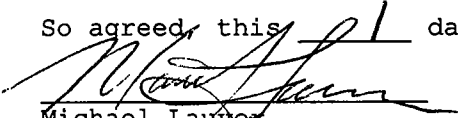
16. Upon termination or dissolution of the Partnership, the Partnership will be promptly liquidated, with all debts being paid first, prior to any distribution of the remaining funds. Distribution shall be made according to the percentage of ownership as set out in paragraph #5 above.

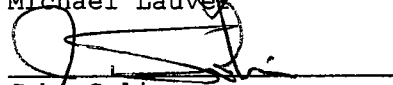
17. Upon mutual agreement of all partners of record, additional partners may become party to this agreement. Terms and conditions of admission of additional partners shall be determined by mutual agreement of the partners of record.

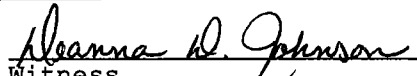
18. This agreement may be amended by mutual consent of all partners of record.

19. Any controversy or claim arising out of or relating to this Agreement, or the breach thereof, shall be settled by arbitration in accordance with the Commercial Arbitration Rules of the American Arbitration Association, and judgment upon the award rendered by the arbitrator(s) may be entered in any court having jurisdiction thereof.

So agreed this 1 day of MARCH, 2005.


Michael Lauver


John Solin


Beanna D. Johnson
Witness

CONFIRMED
COPY

