

COVER SHEET

KATHY HILL
SKAGIT COUNTY AUDITOR

RETURN TO:

LATHAM & WATKINS
1001 PENNSYLVANIA AVE. NW, SUITE 1300
WASHINGTON, D.C. 20004
ATTN: JENNIFER VAN DRIESEN

99 JUN -9 P3:55

RECORDED _____ FILED _____
REQUEST OF _____

DOCUMENT TITLE(S) (or transactions contained herein): **9906080091**

LESSEE'S ASSIGNMENT OF LEASE

REFERENCE NUMBER(S) OF DOCUMENTS ASSIGNED OR RELEASED:

9507310079

ISLAND TITLE CO. SB-13995 /

[] ADDITIONAL REFERENCE NUMBERS ON PAGE _____ OF DOCUMENT.

GRANTOR(S) (Last name, first name and initials):

1. PACIFIC CIRCUITS, INC.

2.

3.

4.

SKAGIT COUNTY WASHINGTON
Real Estate Excise Tax
PAID

JUN 9 - 1999

Amount Paid \$
Skagit County Treasurer
By: *[Signature]* Deputy

[] ADDITIONAL NAMES ON PAGE _____ OF DOCUMENT.

GRANTEE(S) (Last name, first name and initials):

1. DRESDNER BANK AG., NEW YORK AND GRAND CAYMAN BRANCHES

2.

3.

4.

[] ADDITIONAL NAMES ON PAGE _____ OF DOCUMENT.

LEGAL DESCRIPTION (Abbreviated: L.e., lot, block, plat or quarter, quarter, section, township and range):

**LOT 37 & PTN. LOT 36, SKAGIT REGIONAL AIRPORT BUILDING SITE PLAN
PHASE I, VOL. 7, PG. 111, PTN. SEC. 34, T35N, R3E W.M.**

[] ADDITIONAL LEGAL(S) ON PAGE _____ OF DOCUMENT.

ASSESSOR'S PARCEL/TAX I.D. NUMBER: P106789, P35355

[] TAX PARCEL NUMBER(S) FOR ADDITIONAL LEGAL(S) ON PAGE _____ OF DOCUMENT.

BK 2003 PG 0001

9906080091

LESSEE'S ASSIGNMENT OF LEASE

This Assignment is made and executed as of March 2, 1999 and is between PACIFIC CIRCUITS, INC., a Washington corporation ("Assignor"), and DRESDNER BANK AG., NEW YORK AND GRAND CAYMAN BRANCHES ("Assignee").

RECITALS

- A. On July 19, 1995, PORT OF SKAGIT COUNTY, a Washington municipal corporation, as lessor, entered into a long-term lease (the "Lease") with Assignor, as lessee, of certain real property situated in Skagit County, Washington and described in the attached Exhibit A ("Land"). The Lease was recorded in the Official Records of Skagit County under Auditors File No. 9507310079 ("Lease").
- B. Assignor and Assignee have entered into a separate Deed of Trust (the "Deed of Trust") granting a Assignee a lien and security interest in Assignor's leasehold interest in the Land.
- C. This Assignment is for the purpose of securing performance of each agreement of Assignor incorporated by reference or contained herein and payment of the indebtedness referred to in paragraph 2 below, all renewals, modifications or extensions thereof; and also such further sums as may be advanced or loaned by Assignee to Assignor, or any of their successors or assigns, howsoever created, arising or evidenced, whether direct or indirect, absolute or contingent, or now or hereafter due, owing or existing.
- D. The purpose of this document is to set forth the terms and conditions under which Assignor assigns the Lease to Assignee as partial security for the Loan.

AGREEMENT

1. Assignment and Grant of Security Interest. In addition to the lien and security interest granted under the Deed of Trust, Assignor hereby grants, transfers, assigns and conveys as collateral security all of Assignor's rights, title, interest, powers and other benefits under the Lease, together with Assignor's present or after-acquired interest in the real and personal property described therein, including but not limited to all buildings, appurtenances and leasehold improvements located thereon and owned by Assignor, as well as all subleases, options and rights of first refusal for the purchase of the property and all renewals or extensions of such Lease. Assignor further mortgages to Assignee, to secure the payment of Indebtedness (as defined herein), all of Assignor's right, title and interest in the Lease and the Land.
2. Indebtedness Secured. This Assignment is executed for the benefit of Assignee only as security for the obligations described below and, accordingly, this Assignment shall not subject Assignee to, or transfer to Assignee, or in any way modify the liability of Assignor under the Lease. All obligations of Assignor under the Lease shall be and remain enforceable by such other party, but not against Assignee. This Assignment secures all of the indebtedness of Assignor to Assignee, whether now existing or hereafter arising, direct or indirect, absolute or contingent, together with interest thereon (the "Indebtedness"), including without limitation the following:

9906030091

BK2003PG0002

(a) A loan or other credit accommodation to the Lessee by the Assignee as agent in a maximum amount of SEVENTY-TWO MILLION DOLLARS (\$72,000,000.00), together with Assignor's obligations to Assignee pursuant to the related Credit Agreement and other documents executed by Assignee or for the benefit of Assignee, dated as of December 15, 1998 (as amended, modified and supplemented from time to time the "Senior Loan"); and

(b) all other indebtedness now or hereafter owing by Assignor to Assignee, whether now existing or hereafter arising, direct or indirect, absolute or contingent, together with interest thereon; and

(c) The performance of each obligation contained in this Assignment.

3. Representations and Warranties by Assignor. Assignor hereby represents and warrants that:

(a) Except for the Deed of Trust, Assignor has not executed any prior assignment or pledge of any of its rights in the Lease, nor any of its rights with respect to the Land;

(b) Assignor has good right and title to assign the Lease and Assignor's rights in the real and personal property described therein pursuant to this Assignment;

(c) Assignor has not done anything which might prevent Assignee from or limit Assignee in acting under the provisions of this Assignment;

(d) The Lease is valid and enforceable, and there is no present default (i) by Assignor thereunder, nor, (ii) to the knowledge of Assignor, by the counterparty thereto; and

(e) A correct copy of the Lease, together with all amendments and modifications, and all documents affecting the Lease, have been furnished to Assignee.

4. Further Assignment. All subsequent leases and tenancies for the use and occupation of all or any part of the Leased Premises, together with any and all subsequent subleases of such property, shall be and hereby are made subject to all of the terms and conditions of this Assignment. No such further leases, tenancies or subleases shall be created without the prior consent of Assignee.

5. Additional Covenants of Assignor. Assignor shall remain separately liable for the performance and observance of all of the obligations, terms and conditions of the Lease, except as provided in paragraph 7. Assignor shall not do or permit to be done anything to impair the security of this Assignment, and shall fully comply with all of the material terms, conditions, covenants and obligations of the Lease such that the Lease shall not become in default. Assignor shall not assign, sublet, transfer, mortgage, pledge, extend, substitute, terminate or modify the Lease without the prior written consent of Assignee. Assignor shall furnish to Assignee, immediately upon receipt, all material notices served by any person or entity under the Lease. At Assignor's sole cost and expense, Assignor shall appear in and defend any action or proceeding arising under, growing out of or in any manner connected with the obligations, covenants, conditions, duties and rights of Assignor under the Lease.

6. Right This Assignment is a present and absolute assignment. Assignee shall, without limitation, have the immediate right to do any and all things whatsoever which Assignor is

9906090091

or may become entitled to do under the Lease, including all extensions and renewals thereof. However, Assignee does hereby grant Assignor a revocable license to all of the rights and benefits under the Lease, so long as no Event of Default shall have occurred and be continuing as provided in paragraphs 7 and 8 hereof.

7. Events of Default. The following shall be events of default under the terms of this Assignment:

(a) If Assignor shall fail to pay any sum required to be paid to Assignee by any provision of the Senior Loan within two business days of said sum becoming due;

(b) If Assignor shall default in performing or observing any of its other covenants or obligations under this Assignment which default continues for a period of 30 days following written notice from Assignor specifying the nature of the default;

(c) Except as otherwise provided by law, if Assignor files in any court a petition in bankruptcy or insolvency or for any reorganization or for the appointment of a receiver or trustee of all of Assignor's property, or a portion of Assignor's property and/or the Improvements or if there is filed against Assignor in any court a petition in bankruptcy or insolvency or for reorganization or for the appointment of a receiver or trustee of all of Assignor's property, or a portion of Assignor's property and/or Improvements, and such court shall have approved the same with respect to any part of the property and/or the Improvements and the order of such court shall remain unstayed and in effect for the period of sixty (60) days;

(d) If Assignor makes a general assignment for the benefit of creditors; or

(e) If Assignor shall abandon any material part of the property and/or Improvements;

8. Rights upon Default. Upon the happening of any of the above events of default, Assignee shall have, in addition to all other rights and remedies provided in this Assignment or other documents executed in connection with the Loan, and at law or in equity, the following rights and remedies:

(a) To declare any and all indebtedness secured by this Assignment to be immediately due and payable;

(b) To apply for, with or without notice to Assignor, upon filing a suit to enforce or preserve its rights under this Assignment, the appointment of a receiver, without bond, to take possession of the property described in the Lease as well as all issues, profits and proceeds affecting the property;

(c) To foreclose and realize upon this Assignment (i) as a personal property security interest under Article 9 of the Uniform Commercial Code, or (ii) as a mortgage under RCW Chapter 61.12;

(d) To take possession of the property described in the Lease and have the immediate right to do any and all things whatsoever which Assignor is or may be entitled to do under the Lease, together with any extensions and renewals thereof and options thereunder. Provided,

however, that the taking of such possession shall not serve to modify the liability of Assignor under the Lease for the remainder of the terms or any extensions thereof,

(e) Assignor shall pay upon demand the amount of all costs and expenses incurred by Assignee in (i) protecting or realizing on any of the collateral described herein; (ii) collecting any obligations secured hereby; (iii) protecting or defending the priority of Assignee's interest as set forth herein; and (iv) otherwise enforcing or defending Assignee's rights under this Assignment.

9. Right to Make Payment. Should Assignor fail, within the time periods specified herein, to make any payment, do any act or refrain from any act which this Assignment requires Assignor to make, do or refrain from, respectively, then Assignee may, but shall have no obligation to make, do or prevent the same in such a manner and to such extent as Assignee may deem necessary or advisable to protect the security provided hereby, which rights of Assignee shall specifically include, without limiting Assignee's general powers herein granted, the right to appear in and defend any action of proceeding purporting to affect the security hereof and the rights or powers of Assignee hereunder, and also the right to perform and discharge each and every one of the obligations, covenants, conditions, duties and agreements of Assignor contained in the Lease. In exercising any such power, Assignee may pay necessary or advisable costs and expenses, employ counsel and incur and pay reasonable attorney's fees, and Assignor shall reimburse Assignee for such reasonable costs, expenses and fees, which costs, expenses and fees shall be secured hereby.

10. Power of Attorney. Assignor hereby constitutes and appoints Assignee as its true and lawful attorney, coupled with an interest, to perform all acts and take all actions authorized under this Assignment in Assignor's place and stead if an Event of Default shall have occurred and be continuing. This appointment is irrevocable and continuing and these rights, powers and privileges shall be exclusive in Assignee, its successors and assigns, so long as any part of the indebtedness secured hereby shall remain unpaid.

11. Termination of Assignment. Upon full discharge and satisfaction of each and every one of Assignor's obligations hereunder, this Assignment and all rights herein assigned to Assignee shall terminate and all estate, right, title and interest of Assignee in and to the Lease shall revert to Assignor.

12. Nonliability of Assignee. Assignee shall not be obligated to or liable for the failure to perform or discharge, nor does Assignee undertake to perform or discharge any obligation, duty or liability of Assignor under the Lease by reason of this Assignment.

13. Indemnification. Assignor does hereby agree to indemnify Assignee for, and to hold Assignee harmless from, any and all claims and demands whatsoever which may be asserted against Assignee by reason of any undertaking or alleged undertaking on Assignee's part or alleged obligations of Assignee to perform or discharge any of the terms, covenants or agreements contained in the Lease or by reason of this Assignment, or in defense of any such claims or demands, Assignor shall reimburse Assignee therefor, including costs, expenses and reasonable attorney's fees, immediately upon demand, and upon the failure of Assignor so to do, Assignee may, at its option, declare all sums owing by Assignor to Assignee and secured hereby immediately due and payable.

14. Direct Notification of Payments. Assignee shall have full power and authority to notify any person, firm or corporation which may be concerned or affected by this Assignment at any time of the fact that this Assignment has been made. Assignor hereby authorizes and

9906090091

directs any other or future subleases or occupant of the property, if an Event of Default shall have occurred and be continuing and upon receipt from Assignee of written notice, to pay over to Assignee all rents, deposits, present and future, unpaid income and profits arising or accruing under the Lease or any sublease connected therewith and to continue to do so until otherwise notified by Assignee.

15. Release of Security. Assignee may take or release other security for the payment of the Indebtedness secured hereby, may release any party primarily or secondarily liable thereon, and may apply any other security held by it to the satisfaction of the Indebtedness without prejudice to any of its rights under this Assignment.

16. Replacement Security. The term "Lease" as used herein includes any extensions or renewals thereof, and any lease subsequently executed during the term of this Assignment covering the Land or any part thereof.

17. Waiver. Nothing contained in this Assignment and no acts done or omitted by Assignee pursuant to the powers and the rights granted to it hereunder shall be deemed to be a waiver by Assignee of its rights and remedies under this Assignment or any other document evidencing Assignor's indebtedness to Assignee, and this Assignment is made and accepted without prejudice to any of the rights and remedies possessed by Assignee under the terms of any other document evidencing Assignor's indebtedness to Assignee. The right of Assignee to collect the indebtedness and to enforce any other security held by it may be exercised by Assignee either prior to, simultaneously with, or subsequent to any action taken by it hereunder.

18. Inurement. This Assignment shall be binding upon and inure to the benefit of Assignor and Assignee, their heirs, executors, administrators, successors and assigns and any subsequent holder of any document evidencing the indebtedness of Assignor to Assignee and any subsequent tenants of the Leased Premises.

19. Assignor's Acknowledgment. Assignor acknowledges that it has read this Assignment and understands and agrees to be bound by its terms and conditions.

20. Construction. This Assignment shall be construed under and governed by the laws of the State of Washington.

21. Effective Date; Acceptance. This Assignment shall be effective upon its execution by Assignor and delivery to Assignee, and it shall not be necessary for Assignee to execute or otherwise signify or express its acceptance.

22. Attorney's Fees. Assignor agrees to pay Assignee any and all costs and expenses, including attorney's fees, incurred by Assignee in protecting or enforcing its rights under the terms of this Assignment, whether or not a lawsuit is commenced. If a lawsuit is commenced the prevailing party shall be entitled to reasonable attorney's fees. Attorney's fees shall include services rendered at both the trial and appellate levels, as well as services rendered subsequent to judgment in obtaining execution thereon. The award of such fees, costs and expenses shall bear interest as provided in the Note. Payment of costs and expenses, including attorney's fees shall for Assignor be secured by this Assignment.

23. Notices. All notices, demands, requests, consents, approvals and other instruments required or permitted to be given pursuant of the terms of this Assignment shall be in writing

and shall be deemed to have been properly given if sent by registered or certified mail, postage prepaid, return receipt requested, or by telegram with report of delivery to:

Assignee:

Dresdner Bank AG, New York and Grand Cayman Branches
75 Wall Street
New York, NY 10005-2889

Assignor:

Pacific Circuits, Inc.
17550 N.E. 67th Court
Redmond, Washington 98052

Provided, however, that such addresses may be changed upon five (5) days written notice, demand, request, consent, approval or other instrument shall be deemed to have been served on the third business day following the date of mailing, or the report of delivery in the case of a telegram.

24. No Merger. Unless Assignee otherwise consents in writing, the fee and the leasehold estate in and to the property described in the Lease shall not merge, but shall always remain separate and distinct, notwithstanding the union of such estates in Assignor or any third party.

25. Joint and Several Liability. All obligations of Assignor hereunder shall be joint and several.

26. Modifications. No provision hereof shall be modified or limited except, by written agreement expressly referred hereto and to the specific provision so modified or limited, which agreement shall be signed by both Assignor and Assignee.

27. Severability. In case any one or more of the provisions contained in this Assignment shall for any reason be held to be invalid, illegal or unenforceable in any respect, such invalidity, illegality or unenforceability shall not affect any other provision hereof, and this Assignment shall be construed as if such invalid, illegal or unenforceable provision had never been contained herein.

IN WITNESS WHEREOF, the parties hereto have executed this Assignment as of this __, day of March, 1999.

Assignor:

PACIFIC CIRCUITS, INC.

BY: 

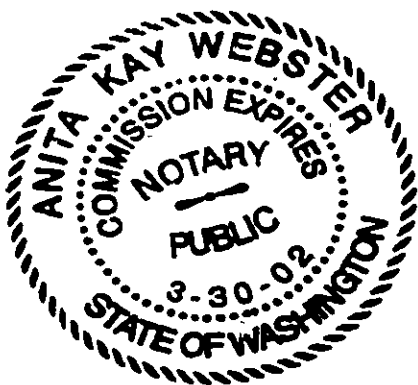
9906030091

CORPORATE ACKNOWLEDGMENT

STATE OF WASHINGTON)
) ss.
COUNTY OF)

On this 13 day of ~~March~~ ^{MAY} 13, 1999, before me, the undersigned, a Notary Public in and for the State of Washington, duly commissioned and sworn, personally appeared Lindsay Burton to me known to be the CFO of PACIFIC CIRCUITS, INC., a Washington corporation, the corporation that executed the foregoing instrument, and acknowledged the said instrument to be the free and voluntary act and deed of said corporation for the uses and purposes therein mentioned, and on oath stated that he is authorized to execute the said instrument on behalf of said corporation.

Witness my hand and official seal hereto affixed the day and year in this certificate above written.



Anita Kay Webster

Anita Kay Webster
TYPE/PRINT NAME

Notary Public in and for the State of Washington
residing at 3006 280th AVE NE REDMOND WA 98053
My appointment expires on 3-30-02

9906090091

**EXHIBIT A
TO
LESSEE'S ASSIGNMENT OF LEASE**

LEGAL DESCRIPTION:

Lot 37 of SKAGIT REGIONAL AIRPORT BINDING SITE PLAN PHASE I as approved August 22, 1985, and recorded August 25, 1986, in Volume 7 of Short Plats, pages 111 through 120, under Auditor's File No. 8608250002, records of Skagit County, Washington; being a portion of Section 34, Township 35 North, Range 3, East of the Willamette Meridian;

TOGETHER WITH that portion of Lot 36 of Said Skagit Regional Airport Binding Site Plan Phase 1, described as follows:

Beginning at the Southeast corner of said Lot 36; thence North 01°01'59" East along the East line of said Lot 36, a distance of 640.00 feet to the Northeast corner of said Lot 36; thence North 88°58'01" West along the North line of said Lot 36, a distance of 63.59 feet; thence South 07°47'51" West 644.49 feet to a point on the South line of said Lot 36; thence South 88°58'01" East along said South line of Lot 36, a distance of 139.49 feet to the point of beginning.

*07°47'51"

Situate in Skagit County, Washington.

9906090091