

Chicago Title

Return Address:

Brian J. Danzig
Lane Powell PC
1420 Fifth Avenue, Suite 4100
Seattle, Washington 98101



200506280197

Skagit County Auditor

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Document Title:

Memorandum of Assignment and Amendment of Ground Lease

Reference Number(s) of Documents: 9502010066, 9512180067, 9801230057, 200005100050, 200202260120.

Grantor 1:

PANATTONI INVESTMENTS, LLC, a California limited liability company

Grantor 2:

BRYNESTAD FAMILY LLC, a Washington limited liability company

Grantor 3:

DIEPENBROCK WASHINGTON HOLDINGS, LLC, a Washington limited liability company

Grantor 4:

ADVANCED H2O, INC., a Washington corporation

Grantee:

ADVANCED H2O LLC, a Delaware limited liability company

Legal description:

Lts. 20 & 22, Hopper Road Business Park Second Revised Binding Saite Plan, Rec.

200506280192

Full legal is on page(s) A-1 (Exhibit "A") of document.

Assessor's Property Tax Parcel/Account Number(s):

8024-000-022-000

**MEMORANDUM OF ASSIGNMENT AND AMENDMENT OF
GROUND LEASE**

This Memorandum of Assignment and Amendment of Ground Lease and Amendment (this "Memorandum") is made as of this 28 day of June, 2005, by and among ADVANCED H2O, Inc., a Washington corporation ("Assignor"), and ADVANCED H2O LLC, a Delaware limited liability company ("Assignee"), and PANATTONI INVESTMENTS, LLC, a California limited liability company, BRYNESTAD FAMILY LLC, a Washington limited liability company, and DIEPENBROCK WASHINGTON HOLDINGS, LLC, a Washington limited liability company (individually and collectively "Lessor").

Assignor, Assignee and Lessor entered into that certain Assignment, Assumption And Amendment Of Ground Lease With Lessor's Statement And Consent (the "Agreement") dated as of even date herewith.

1. **Assignment.**

Assignor has assigned to Assignee, all of Assignor's right, title and interest in and to that certain Lease Agreement dated December 20, 1994, as recorded under Skagit County Auditor's File No. 9502010066, as amended by that certain lease amendment recorded December 18, 1995 under Skagit County Auditor's File No. 9512180067, as assigned by that certain assignment dated January 16, 1998 under Skagit County Auditor's File No. 9801230057, as amended by that certain lease amendment recorded May 10, 2000, under Skagit County Auditor's File No. 200005100050, and as amended and assigned by that certain assignment and amendment recorded February 26, 2002, under Skagit County Auditor's File No. 200202260120 (the "**Lease**"), with respect to the real property legally described on **Exhibit "A"** attached hereto and the improvements located thereon (the "**Property**").

2. The Lease has been amended in the following respects, as more particularly set forth in the Agreement.

a. **Additional Buildings.** The term "leased premises" as defined and described in the Lease is amended to include and shall hereafter include the Building (as defined in the Agreement). Lessor hereby leases to the leased premises to Assignee under and pursuant to the terms and provisions of the Lease as amended hereby. All references to the "leased premises" in the Lease or any document or instrument affecting or relating thereto shall be deemed to be a reference to the leased premises as defined herein. All references to the "Lessee" in the Lease or any document or instrument affecting or relating thereto shall be deemed to be a reference to Assignee, as successor-in-interest in the Lease to Advanced H2O, Inc., a Washington corporation.

b. **Termination.** The following language is hereby added to the end of **Paragraph 3** of the Lease:

"This Lease shall automatically terminate upon the "Commencement Date" as defined and described in that certain Lease (the "**New Lease**") dated as of June 28, 2005 by and between PANATTONI INVESTMENTS, LLC, a California limited liability company, BRYNESTAD FAMILY LLC, a Washington limited liability company, and DIEPENBROCK WASHINGTON HOLDINGS, LLC, a Washington limited liability



company (collectively "Lessor"), and **ADVANCED H2O LLC**, a Delaware limited liability company ("Lessee") and the Construction Agreement referred to and incorporated therein."

c. **Removal of Buildings.** Regarding Paragraph 12 of the Lease, the parties agree that Lessee's right to remove the buildings shall not be of any further force or effect.

3. Purpose of Memorandum

This Memorandum is prepared for the purpose of recordation to give notice of the assignment and amendment of the Lease. It shall not constitute an amendment to or modification of the Agreement or the Lease.

This Memorandum may be executed in one (1) or more counterparts, and all of the counterparts shall constitute but one and the same agreement, notwithstanding that all parties hereto are not signatory to the same or original counterpart.

IN WITNESS WHEREOF, the parties hereby execute this Memorandum as of the date first set forth above.

ASSIGNOR:

ADVANCED H2O, Inc.,
a Washington corporation

By [Signature]
Its President & CEO

ASSIGNEE:

ADVANCED H2O LLC,
a Delaware limited liability company

By [Signature]
Its President & CEO

SKAGIT COUNTY WASHINGTON
REAL ESTATE EXCISE TAX

JUN 22 2005

Amount Paid \$ 6
By [Signature] Skagit Co. Treasurer
Deputy

116413.0001/1211535.1

LESSOR:

Panattoni Investments, LLC,
a California limited liability company

By _____
Its _____

Brynestad Family LLC,
a Washington limited liability company

By _____
Its _____

Diepenbrock Washington Holdings, LLC,
a Washington limited liability company

By _____
Its _____



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3. Purpose of Memorandum

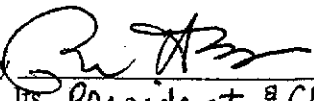
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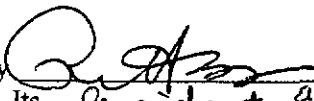
ASSIGNOR:

ADVANCED H2O, Inc.,
a Washington corporation

By 
Its President & CEO


ASSIGNEE:

ADVANCED H2O LLC,
a Delaware limited liability company

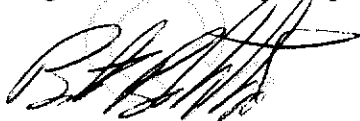
By 
Its President & CEO

LESSOR:

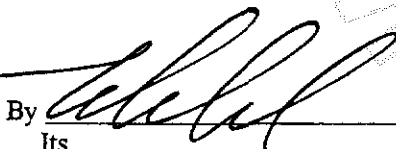
Panattoni Investments, LLC,
a California limited liability company

By 
Its _____

Brynstad Family LLC,
a Washington limited liability company

By 
Its MANAGING MEMBER

Diepenbrock Washington Holdings, LLC,
a Washington limited liability company

By 
Its _____



STATE OF WASHINGTON

COUNTY

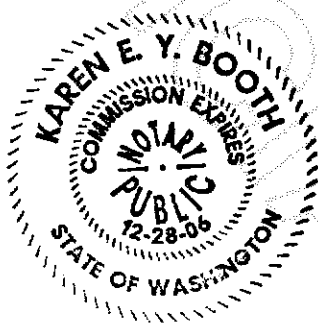
OF

SS.

King

I certify that I know or have satisfactory evidence that Robert Abramowitz is the person who appeared before me, and said person acknowledged that said person signed this instrument, on oath stated that said person was authorized to execute the instrument and acknowledged it as a member of **Advanced H2O, Inc.**, a Washington corporation, to be the free and voluntary act of such limited liability company for the uses and purposes mentioned in the instrument. President & CEO

Dated this 24th day of June, 2005



Karen E. Booth
(Signature of Notary)

(Legibly Print or Stamp Name of Notary)

Notary public in and for the state of Washington,
residing at Paulsbo

My appointment expires 12-28-06

STATE OF WASHINGTON

COUNTY

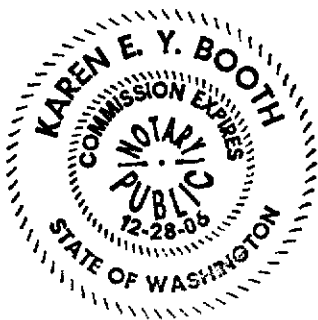
OF

SS.

King

I certify that I know or have satisfactory evidence that Robert Abramowitz is the person who appeared before me, and said person acknowledged that said person signed this instrument, on oath stated that said person was authorized to execute the instrument and acknowledged it as a member of **Advanced H2O LLC**, a Delaware limited liability company, to be the free and voluntary act of such limited liability company for the uses and purposes mentioned in the instrument. President & CEO

Dated this 24th day of June, 2005



Karen E. Booth
(Signature of Notary)

(Legibly Print or Stamp Name of Notary)

Notary public in and for the state of Washington,
residing at Paulsbo

My appointment expires 12-28-06

116413.0001/1211535.1



200506280197
Skagit County Auditor

STATE OF CALIFORNIA)
)
COUNTY OF SACRAMENTO)

On June 27, 2005 before me, Katina K. Woodbury, a notary public, personally appeared CARL D. PANATTONI, personally known to me (or proved to me on the basis of satisfactory evidence) to be the person(s) whose name(s) is/are subscribed to the within instrument and acknowledged to me that he/she/they executed the same in his/her/their authorized capacity(ies) and that by his/her/their signature(s) on the instrument the person(s), or the entity upon behalf of which the person(s) acted, executed the instrument.
WITNESS my hand and official seal.

Signature Kat K Woodbury
Notary Public



200506280197
Skagit County Auditor

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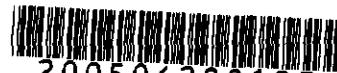
STATE OF CALIFORNIA)
)
COUNTY OF SACRAMENTO)

On June 27, 2005, before me, M Britton, personally appeared Michael E. Diepenbrock personally known to me (or proved to me on the basis of satisfactory evidence) to be the person(s) whose name(s) is/are subscribed to the within instrument and acknowledged to me that he/she/they executed the same in his/her/their authorized capacity(ies) and that by his/her/their signature(s) on the instrument the person(s), or the entity upon behalf of which the person(s) acted, executed the instrument.

WITNESS my hand and official seal.

Signature _____

M Britton
Notary Public



200506280197
Skagit County Auditor

UNOFFICIAL DOCUMENT



STATE OF _____

SS.

COUNTY OF _____

I certify that I know or have satisfactory evidence that _____ is the person who appeared before me, and said person acknowledged that said person signed this instrument, on oath stated that said person was authorized to execute the instrument and acknowledged it as a member of **Panattoni Investments, LLC**, a California limited liability company, to be the free and voluntary act of such limited liability company for the uses and purposes mentioned in the instrument.

Dated this _____ day of _____, 200 _____.

(Signature of Notary)

(Legibly Print or Stamp Name of Notary)

Notary public in and for the state of _____,
residing at _____

My appointment expires _____

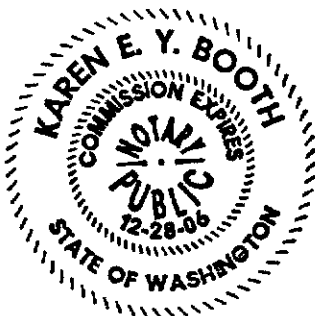
STATE OF WASHINGTON

SS.

COUNTY OF KING

I certify that I know or have satisfactory evidence that Bart Brynestad is the person who appeared before me, and said person acknowledged that said person signed this instrument, on oath stated that said person was authorized to execute the instrument and acknowledged it as a member of **Brynestad Family LLC**, a Washington limited liability company, to be the free and voluntary act of such limited liability company for the uses and purposes mentioned in the instrument. managing

Dated this 28th day of June, 20005



Karen E. Booth
(Signature of Notary)

(Legibly Print or Stamp Name of Notary)

Notary public in and for the state of WASHINGTON,
residing at POULSBORO

My appointment expires 12-28-06



EXHIBIT "A"
to Memorandum

Legal Description

Lots 20 and 22, Hopper road Business Park Second Revised Binding Site Plan, as recorded on June 28, 2005, under Auditor's File No. 2005 06280192,
Records of Skagit County, Washington.

END OF EXHIBIT "A"