

When recorded, return to:  
PWB La Conner, LLC  
Attn: Patrick Bickford  
PO Box 176  
Friday Harbor, WA 98250



HILARY S. FRANZ  
COMMISSIONER OF PUBLIC LANDS

### CONSENT TO ASSIGNMENT OF LEASE FOR SECURITY PURPOSES

Lease No. 22-A02685

Grantor: Washington State Department of Natural Resources  
Grantee(s): People's Bank and PWB LaConner, LLC  
Legal Description: NW1/4 SE1/4, Section 36, Township 34 North, Range 02 East, W.M.  
Auditor Reference Number(s) 201910020069  
Assessor's Property Tax Parcel or Account Number for Upland parcel used in conjunction with this lease: P74487

THIS CONSENT TO ASSIGNMENT OF LEASE FOR SECURITY PURPOSES (this "Consent") is made by and between the STATE OF WASHINGTON, acting through the Department of Natural Resources ("State"), and PWB LA CONNER, LLC., a Washington corporation ("Tenant"), and PEOPLES BANK, a Washington corporation ("Lender").

### BACKGROUND

- A. Lease No. 22-A02685 was entered into on the 24th day of September, 2019, by and between Tenant and State, and recorded with the Skagit County Auditor's Office under Auditor's File Number 201910020069 (the "Lease"). The Commencement Date of the

Lease is October 1, 2019 and the Termination Date of the Lease is September 30, 2035.

- B. Pursuant to a certain Credit Agreement dated September 27, 2019, Lender has agreed to make a loan to Tenant in the amount of Three Hundred Thousand Dollars (\$300,000) (the "Loan"). Part of the security for payment of the Loan is an assignment of the Lease. The Lease prohibits such an assignment without State's consent. State is willing to give its consent based upon the assurances and agreements made in this Agreement.
- C. Capitalized terms in this Consent and not expressly defined herein have the meaning assigned to them in the Lease.

Therefore, the parties agree as follows:

#### **SECTION 1 TENANT'S REPRESENTATIONS**

Tenant represents and warrants to State and to Lender that:

- (a) the Lease is in full force and effect,
- (b) Tenant is not in default or breach of the Lease,
- (c) Tenant has no knowledge of any claims, offsets, or defenses under the Lease or against State,
- (d) the rents due subsequent to this Consent have not been paid in advance,
- (e) to the best of Tenant's knowledge, the Property, which is described in the Lease, is in full compliance with all applicable federal, state, and local governmental permits, rules, ordinances, and laws.

Tenant shall defend, indemnify, and hold harmless State from any breach of the foregoing warranties and from any claims or causes of action, known or unknown, of Tenant that have or may arise from circumstances that precede this Consent.

#### **SECTION 2 STATE CONSENTS TO THE ASSIGNMENT OF THE LEASE FOR SECURITY PURPOSES**

Subject to the conditions of this Consent, State acknowledges that: (1) the execution and delivery by Tenant of a deed of trust ("Security Instrument") to Lender, pursuant to which Tenant will grant a security lien on all of its right, title, and interest in and to the Lease and the leasehold estate in the Property, (2) the assignment of the Lease to Lender upon foreclosure under the Security Instrument, and (3) assignment of the Lease to Lender in lieu of foreclosure under the Security Instrument. State is not consenting to any other assignment of the Lease.

State is not consenting to any lien against the State of Washington's fee simple or reversionary interest in the Property or any Improvement thereon owned by the State of Washington. Further,

State is not disclaiming, waiving, or subordinating any of its interests in the Property, Improvements located on the Property, or Personal Property located on the Property.

Any Security Instrument shall contain a statement that Lender is disclaiming any interest or lien against the State of Washington's fee simple and reversionary interest in the Property and any Improvement thereon owned by the State of Washington. The statement shall further provide that State shall have no liability whatsoever in connection with such Security Instrument or the instruments and obligation secured by such Security Instrument.

Except as set forth in this Consent, no provision of this Consent modifies any of the terms and conditions of the Lease, including the requirement that the written consent of State be obtained before any further assignment of the Lease occurs.

### **SECTION 3 LENDER'S NOTICE OF ASSIGNMENT OF THE LEASE AND ASSUMPTION OF ALL LEASE OBLIGATIONS**

In the event of an assignment of the Lease to Lender upon foreclosure of the Security Instrument, or delivery of an assignment of the Lease to Lender in lieu of foreclosure under the Security Instrument, and upon Lender's submission of the "Lender's Notice" to State, the Lease shall continue in full force and effect as a direct lease between State and Lender, and Lender shall be fully liable for all obligations of Tenant under the Lease. The "Lender's Notice" to State shall: (1) confirm that Lender has completed the foreclosure or assignment in lieu of foreclosure, (2) confirm that Lender has acquired Tenant's interest in the Lease, and that Lender is assuming all of the Tenant's obligations under the Lease, including curing any prior defaults, (3) be signed by the Lender, and (4) reference the recording number (Auditor's File Number) for the assignment or other document, which evidences the Lease has been assigned to the Lender. The Lender's Notice shall be submitted to State within thirty (30) days of the assignment of the Lease to Lender. Any assignment to Lender shall be voidable by State if Lender fails to timely provide State with the required Lender's Notice. Prior to such assignment of the Lease to Lender, Lender shall not be liable for any of the obligations of Tenant under the Lease.

### **SECTION 4 TRANSFER OR ASSIGNMENT OF SECURITY INSTRUMENT**

This Consent only applies to Lender and is not assignable. Any change in control of the Security Instrument shall require the prior written consent of State.

### **SECTION 5 DEFAULT**

Except as set forth below, State may not terminate the Lease upon an Event of Default under Section 14 of the Lease or pursue any other right or remedy under the Lease triggered by an Event of Default under Section 14 of the Lease unless State has sent Lender a notice of the

default and Lender's cure period has expired; provided, however, that State is not otherwise obligated to send Lender notices of default. Lender's cure period for a default is the same cure period that is provided to Tenant under the Lease and shall commence upon State's provision of notice of the default to Lender. Failure to provide a notice of default to Lender shall not relieve Tenant of its obligations under the Lease nor extend the time in which Tenant has the right to cure the default. Lender agrees that if State has the right to terminate the Lease under Paragraph 12.5 of the Lease, State may terminate the Lease without providing Lender or Tenant prior notice of the default(s) or an opportunity to cure such default(s). Lender agrees that if State elects to deem a default an Event of Default under Paragraph 14.2(d), State may terminate the Lease without providing Lender or Tenant prior notice of the default or an opportunity to cure such default. Lender acknowledges that the Termination Date of the Lease is September 30, 2035 and Tenant has no right to renew the Lease.

#### **SECTION 6 STATE'S COLLECTION ON BONDS**

If Tenant defaults on the Lease, State reserves the right to collect on any bonds or other Security posted by Tenant for the benefit of State. Any interest Lender may have in the bonds or other Security posted by Tenant shall be inferior to State's interest in the bonds and Security.

#### **SECTION 7 CONSENT OF LENDER**

No agreement between State and Tenant modifying, canceling, or surrendering the Lease shall be effective without the prior written consent of Lender; provided that nothing in this Section 7 shall limit State's right to terminate the Lease upon an Event of Default in accordance with the provisions of this Consent or upon condemnation in accordance with the terms of the Lease.

#### **SECTION 8 RECORDING OF CONSENT**

Tenant shall record this Consent in the county in which the Property resides and provide State with the Auditor's File Number within sixty (60) days of the effective date of this Consent.

#### **SECTION 9 NOTICE**

The parties shall direct notices required or permitted under this Consent to the following addresses:

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

aquaticleasing.orca@dnr.wa.gov  
360-856-3500

Tenant: PWB LA CONNER, LLC  
PO Box 176  
Friday Harbor, WA 98250  
pbickford@ai-Colorado.com  
303-810-4172

Lender: PEOPLES BANK  
1801 Riverside Drive  
Mount Vernon, WA 98273  
customer.support@peoplesbank-wa.com  
360-848-8872

Any Party may change the place of delivery upon ten (10) days' written notice to the others.  
Notice is effective upon personal delivery or three (3) days after mailing.

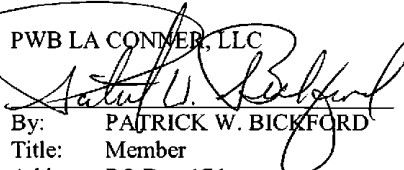
### SECTION 10 TERMINATION OF CONSENT

This Consent shall continue in force until either the Lease terminates or Tenant's obligations under the Loan are satisfied, whichever comes first.

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

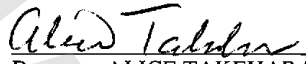
Dated: 5/13, 2021

PWB LA CONNER, LLC

By:   
Title: Member  
Address: PO Box 176  
Friday Harbor, WA 98250  
Phone: (303) 810-4172

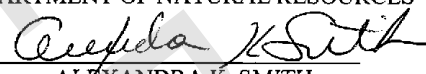
Dated: 5/14, 2021

PEOPLES BANK

By:   
Title: Senior Vice President  
Address: 1801 Riverside Drive  
Mount Vernon, WA 98273  
Phone: (360) 848-7206

Dated: 5/14, 2021

STATE OF WASHINGTON  
DEPARTMENT OF NATURAL RESOURCES

By:   
Title: Deputy Supervisor for Aquatics  
Address: 1111 Washington Street SE  
MS 47027  
Olympia, WA 98504-7027

Consent to Assignment of Lease for Security Purposes  
Template approved as to form this  
3rd day of December 2020  
Jennifer Clements, Assistant Attorney General

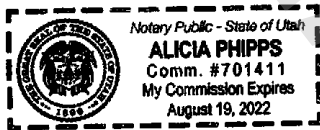
## REPRESENTATIVE ACKNOWLEDGMENT

STATE OF Utah )  
COUNTY OF Grand ) ss.

I certify that I know or have satisfactory evidence that PATRICK W. BICKFORD is the person who appeared before me, and said person acknowledged that he signed this instrument, on oath stated that he was authorized to execute the instrument and acknowledged it as the member of PWB La Conner, LLC to be the free and voluntary act of such party for the uses and purposes mentioned in the instrument.

Dated: 05/13/2021

(Seal or Stamp)



[Signature]  
(Signature)

Alicia Phipps  
(Print Name)

Notary Public in and for the State of Utah,  
residing at Heab, Utah


My appointment expires 05/19/2022

REPRESENTATIVE ACKNOWLEDGMENT

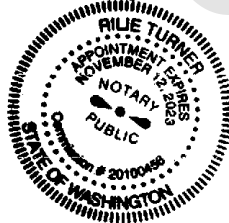
STATE OF WASHINGTON )  
COUNTY OF Skagit ) ss.

I certify that I know or have satisfactory evidence that ALICE TAKEHARA is the person who appeared before me, and said person acknowledged that she signed this instrument, on oath stated that she was authorized to execute the instrument and acknowledged it as the Senior Vice President of Peoples Bank to be the free and voluntary act of such party for the uses and purposes mentioned in the instrument.

Dated: 5/14/21

  
(Signature)

(Seal or Stamp)



Rilie Turner  
(Print Name)

Notary Public in and for the State of Washington,  
residing at Peoples Bank

My appointment expires 11/12/23



## STATE ACKNOWLEDGMENT

STATE OF WASHINGTON )  
 ) ss.  
County of Thurston )

I certify that I know or have satisfactory evidence that ALEXANDRA K. SMITH is the person who appeared before me, and said person acknowledged that she signed this instrument, on oath stated that she was authorized to execute the instrument and acknowledged it as the Deputy Supervisor of Aquatics of the Department of Natural Resources, to be the free and voluntary act of such party for the uses and purposes mentioned in the instrument.

Dated: 5/28/2021,  
(Seal or stamp)

Rebecca Torrence  
(Signature of Notary)

Rebecca Torrence  
(Print Name)

Notary Public in and for the State of Washington,  
residing at Pierce Co.



My appointment expires 5/10/2023