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THE HONORABLE CHRISTOPHER M. ALSTON  
Chapter 11  
Date: May 20, 2016  
Time: 9:30 a.m.  
Response Date: May 13, 2016  
Location: Courtroom 7206

UNITED STATES BANKRUPTCY COURT  
WESTERN DISTRICT OF WASHINGTON  
AT SEATTLE

In Re ) No. 16-11767-CMA  
NORTHWEST TERRITORIAL MINT, )  
LLC, ) Chapter 11  
Debtor. )

**DECLARATION OF GEORGE HUMPHREY IN SUPPORT OF EMERGENCY MOTION TO COMPEL IMMEDIATE AND ONGOING COMPLIANCE WITH LEASE AGREEMENT, AND FOR ADEQUATE PROTECTION AND ASSURANCES**

I, George Humphrey, hereby declare as follows:

1. I am the managing member of Gatewood-California, LLC ("Landlord"), formerly known as Humphrey Industries, Ltd. The statements contained in this declaration are based on my personal knowledge and I am competent to make this declaration.

2. I make this declaration in support of Landlord's Emergency Motion to Compel Immediate and Ongoing Compliance with Lease Agreement, and for Adequate Protection and Assurances (the "Motion").

3. Landlord is a Washington LLC that owns a single asset: commercial real property located at 550 3rd Street, Building B, Auburn, Washington 98001 (the "Property").

1           4.     Northwest Territorial Mint, LLC ("Debtor") is the current tenant of the  
2 Property.

3           5.     A true and correct copy of the Commercial Lease dated November 2, 2006  
4 entered into between Landlord's predecessor in interest, Humphrey Industries, Ltd., and  
5 Debtor is attached to this declaration as **Exhibit A**.

6           6.     A true and correct copy of the Addendum dated September 11, 2014 entered  
7 into between Landlord and Debtor is attached to this declaration as **Exhibit B**.

8           7.     Debtor engages in minting, engraving, and other manufacturing type  
9 operations at the Property, and Debtor's Chapter 11 Trustee Mark Calvert ("Trustee")  
10 currently is continuing to operate Debtor's business in this manner.

11           8.     Prior to Debtor's bankruptcy filing, the Washington Court of Appeals,  
12 Division I affirmed a trial court judgment awarding \$869,746.53 to one of Debtor's landlords  
13 at a location other than the Property ("Auburn"), yet in the same area of Auburn, Washington  
14 as the Property, for remedial action costs under the Model Toxics Control Act, RCW  
15 70.105D *et seq.*, and damages for Debtor's breach of that lease's hazardous waste provisions,  
16 plus \$1,582,046.61 in costs and attorney fees (the "MTCA Judgment"). A true and correct  
17 copy of that appellate decision is attached to this declaration as **Exhibit C**.

18           9.     The insurer of the Auburn property failed to cover the issues underlying the  
19 MTCA Judgment, and that insurer is the same insurer Debtor has procured for the Property.

20           10.    Landlord was unaware of the facts underlying the MTCA Judgment until after  
21 Debtor's bankruptcy filing, and based on its recent investigation, Landlord is now requiring  
22 adjustments to the insurance protection required under the Lease Agreement to include,  
23 among other things, any post-petition environmental damage arising from Trustee's ongoing  
24 operation of Debtor's business at the Property.

25           11.    The Property is secured by a deed of trust (the "DOT").

26           12.    I personally guaranteed Landlord's obligations under the DOT.

DECLARATION OF GEORGE HUMPHREY ISO  
EMERGENCY MOTION TO COMPEL COMPLIANCE - 2  
No. 16-11767-CMA

LANE POWELL PC  
1420 FIFTH AVENUE, SUITE 4200  
P.O. BOX 91302  
SEATTLE, WA 98111-9402  
206.223.7000 FAX: 206.223.7107

126661.0001/6658372.1

1           13. If Trustee does not fully perform Debtor's obligations under the Lease  
2 Agreement, Landlord will either default under the DOT, or I, as guarantor, will be forced to  
3 individually cover the mortgage out of my own pocket to avoid Landlord's default because  
4 Debtor's rent obligation constitutes the only source of income for Landlord, as a single asset  
5 LLC.

6           14. Prior to the Petition Date, Debtor was current regarding its obligations under  
7 the Lease Agreement, except as regards insurance, which has been identified as in default.

8           15. Post-petition, Debtor and Trustee have failed to timely pay rent, taxes, and  
9 other expenses as each has come due.

10           16. Debtor owes \$7,388.70 for rent that came due on April 1, 2016 (and the first  
11 of each month thereafter, subject to any adjustments as set forth in the Lease Agreement),  
12 \$4,508.55 for taxes that came due on April 1, 2016, and \$1,631.69 for the other remaining  
13 monthly expenses that came due on April 1, 2016. A further explanation of these amounts is  
14 attached to this declaration as **Exhibit D**.

15           17. Landlord never received any official notice of Debtor's bankruptcy filing.  
16 Landlord gained knowledge of Debtor's bankruptcy from a third party, and Landlord is still  
17 not listed in Debtor's mailing matrix.

18           18. Since discovering Debtor's bankruptcy filing, Landlord has brought Debtor's  
19 deficiencies under the Lease Agreement to the attention of both Debtor and Trustee,  
20 including Debtor's failure to obtain adequate insurance and Debtor's failure to meet its  
21 financial obligations as they have come due. Although Debtor and Trustee have promised to  
22 pay the April 2016 rent on multiple occasions, and later missed multiple dates when they  
23 indicate they would do so, as of the date of the filing of this declaration, no rent has been  
24 received, and Debtor's insurance coverage remains deficient. As a result, Landlord has been  
25 forced to incur attorney's fees and costs in bringing this motion.

26  
DECLARATION OF GEORGE HUMPHREY ISO  
EMERGENCY MOTION TO COMPEL COMPLIANCE - 3  
No. 16-11767-CMA

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19. As of April 27, 2016, late charges and interest associated with the delinquent amounts total \$879.38. Therefore, the total amount due for April 2016, including late fees and charges, is \$14,408.32. A further explanation of these amounts is attached to this declaration as **Exhibit D**.

20. Debtor has failed to obtain commercial general liability insurance sufficient to cover potential liabilities of Debtor, including environmental liabilities, and to provide proof that Landlord has been specifically named as a named insured. Debtor is required to obtain the additional insurance as set forth in the invoice attached to this declaration as **Exhibit E**.

DATED: April 27, 2016

By   
George Humphrey

DECLARATION OF GEORGE HUMPHREY ISO  
EMERGENCY MOTION TO COMPEL COMPLIANCE - 4  
No. 16-11767-CMA  
126661.0001/6658372.1

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**CERTIFICATE OF SERVICE**

The undersigned declares as follows:

That she is a legal assistant in the law firm of Lane Powell PC, and on April 27, 2016, she caused the attached document to be filed electronically through the CM/ECF system which caused Registered Participants to be served by electronic means, as fully reflected on the Notice of Electronic Filing.

I declare under penalty of perjury under the laws of the State of Washington and the United States that the foregoing is true and correct.

Executed on this 27th day of April, 2016, at Seattle, Washington.

*/s/ Denise A. Campbell*  
Denise A. Campbell, Legal Assistant