



**KING COUNTY**

1200 King County Courthouse  
516 Third Avenue  
Seattle, WA 98104

**Signature Report**

**October 8, 2002**

**Ordinance 14497**

**Proposed No.** 2002-0431.2

**Sponsors** Phillips

1 AN ORDINANCE approving a lease by the county  
2 of approximately one hundred fifty-six thousand  
3 eight hundred square feet of office space and related  
4 parking in a building at 401 Broadway in Seattle to  
5 be used by Harborview Medical Center, authorizing  
6 the county executive to execute the lease, and  
7 approving certain provisions of the plan to be used  
8 by the owner to finance construction of the 401  
9 Broadway building.

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**PREAMBLE:**

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The county owns Harborview Medical Center ("HMC") as a county  
14 hospital, as authorized in chapter 36.62 RCW. In accordance with K.C.C.  
15 chapter 2.42, the HMC board of trustees (the "HMC Board") maintains  
16 control over the use of all physical facilities of HMC, and the county  
17 executive and county council, in accordance with their charter-assigned

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18 responsibilities, must approve the acceptance of any real property for  
19 HMC's use.

20 HMC staff, in consultation with representatives of the county's asset  
21 management division, have determined that a building proposed for  
22 development at 401 Broadway in Seattle ("401 Broadway") will best meet  
23 HMC's long-term need for additional office space in the vicinity of the  
24 HMC campus and can also serve the short-term need for overflow office  
25 space during the pending seismic retrofitting of HMC facilities.

26 Broadway Office Properties, which is a nonprofit corporation and a  
27 qualified 501(c)(3) organization that includes among its purposes  
28 lessening the burdens of government, and Opus Northwest, LLC ("Opus")  
29 intend to develop 401 Broadway. The development plan includes a  
30 financing component that involves leasing all space in the building to the  
31 county and issuing tax-exempt bonds to pay costs of construction, as  
32 further described herein. On September 16, 2002, the county council held  
33 an open public hearing regarding the issuance of such bonds, pursuant to  
34 notice published in *The Seattle Times* on September 2, 2002.

35 The county council wishes to approve the terms of a lease for  
36 approximately one hundred fifty-six thousand eight hundred square feet of  
37 office space and related parking in 401 Broadway and to authorize the  
38 executive to execute the lease and take all other action necessary to  
39 accomplish the financing plan approved herein. The county council also

40 wishes to direct the HMC Board to budget HMC funds annually to make  
41 the rental payments due under the Lease.

42 **SECTION 1. Findings.** The council hereby finds that the public interest, welfare  
43 and benefit require the county to acquire by lease approximately one hundred fifty-six  
44 thousand eight hundred square feet of office space, with related parking, for use by  
45 Harborview Medical Center ("HMC"). (Unless otherwise defined in this ordinance,  
46 capitalized terms used in this ordinance have the meanings given the terms in the Lease.)  
47 The council hereby further finds that the proposal by Broadway Office Properties to  
48 develop 401 Broadway with Opus Northwest, LLC ("Opus") for the purpose of leasing  
49 such space to the county best accommodates the needs of the county and HMC.

50 **SECTION 2. Approval of Lease.** The council hereby approves the lease by and  
51 between Broadway Office Properties, a Washington nonprofit corporation, as lessor, and  
52 the county, as lessee, a copy of which lease is attached as Attachment A to this ordinance  
53 (the "Lease"). The executive is hereby authorized to sign the lease in substantially the  
54 form set forth in Attachment A to this ordinance, subject to such changes as may be  
55 required by the underwriter or trustee for certain lease revenue bonds to be issued by  
56 Broadway Office Properties, as described in section 5 of this ordinance, the insurer (if  
57 any) of such bonds, bond counsel for the county, or the office of the prosecuting attorney  
58 of the county. In no event shall the term of the lease exceed thirty years from the  
59 Commencement Date, nor shall Monthly Rent exceed three hundred sixty-seven thousand  
60 dollars. When fully executed, a copy of the Lease shall be filed with the clerk of the  
61 council.

62            **SECTION 3. Direction to the HMC Board.** The HMC board of trustees  
63 ("HMC Board") shall be responsible for all expenses arising from and control of the  
64 county's leasehold interest in 401 Broadway, in accordance with K.C.C. chapter 2.42.  
65 The HMC Board shall annually provide in its budget sufficient HMC funds to pay  
66 Monthly Rent under the Lease, any Additional Rent due under the Lease, and all costs  
67 (including costs of maintenance and operation), fees, taxes, assessments and liabilities  
68 associated with the county's leasehold interest in or HMC's use of 401 Broadway in  
69 Seattle ("401 Broadway").

70            **SECTION 4. Pledge of Taxation and Credit.** The county's obligation to pay  
71 rent under the Lease constitutes a limited tax general obligation of the county. The  
72 county hereby irrevocably covenants and agrees that it will include in its annual budget  
73 and levy taxes annually on all taxable property within the county, within and as a part of  
74 the tax levy permitted to the county without a vote of the electors, in amounts sufficient,  
75 together with all other money legally available and to be used therefor (including  
76 payments to the County from Harborview pursuant to section 3 of this ordinance), to pay  
77 the Monthly Rent and any Additional Rent due under the Lease as the same shall become  
78 due. The full faith, credit and resources of the county are irrevocably pledged for the  
79 annual levy and collection of such taxes and the prompt payment of such amounts.

80            **SECTION 5. Approval of Financing Plan.** The council hereby acknowledges  
81 the intent of Broadway Office Properties to enter into an agreement with Opus for  
82 development of 401 Broadway. For the purpose of complying with the requirements of  
83 Revenue Ruling 63-20 of the United States Department of Treasury (as compiled and  
84 supplemented by Revenue Procedure 82-26 of the United States Department of

85 Treasury), the county hereby acknowledges and approves the plan of Broadway Office  
86 Properties to develop 401 Broadway by entering into such agreement with Opus and to  
87 finance its development of 401 Broadway by issuance of its tax-exempt lease revenue  
88 bonds in the aggregate principal amount of not to exceed \$65,000,000 (the "Bonds").  
89 The county hereby acknowledges and approves the pledge by Broadway Office  
90 Properties of revenues it will receive from the county under the Lease to secure payment  
91 of the Bonds in accordance with an indenture of trust to be entered into by Broadway  
92 Office Properties with a trustee for the Bonds. The county agrees that when the Bonds  
93 are retired, the county shall accept delivery of full legal and unencumbered title to 401  
94 Broadway for no additional consideration.

95 The county further acknowledges that, as lessee under the Lease, it will be an  
96 "obligated person" with respect to the Bonds under Rule 15c2-12 of the Securities and  
97 Exchange Commission (the "Rule"). The county's manager of finance and business  
98 operations division (the "finance manager") or his designee is hereby authorized to "deem  
99 final" pursuant to the Rule those portions of any preliminary official statement for the  
100 Bonds that will relate to the county, the Lease and the leased premises. The finance  
101 manager is also hereby authorized to enter into an undertaking to provide continuing  
102 disclosure about the county, the Lease, and the leased premises as may be required under  
103 the Rule.

104 **SECTION 6. General Authorization.** The appropriate county officials, agents  
105 and representatives are hereby authorized and directed to do everything necessary and  
106 desirable to accomplish the plan of leasing office space authorized by this ordinance and  
107 to do all things necessary or desirable to permit Broadway Office Properties to issue, sell

108 and deliver the Bonds, including but not limited to the execution and delivery of such  
109 certificates and opinions relating thereto and to the Lease as may be approved by the  
110 county's bond counsel or the office of the prosecuting attorney.

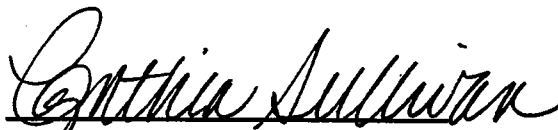
111         SECTION 7. Severability. If any one or more of the covenants or agreements  
112 provided in this ordinance to be performed on the part of the county shall be declared by  
113 any court of competent jurisdiction to be contrary to law, then such covenant or  
114 covenants, agreement or agreements, shall be null and void and shall be deemed  
115 separable from the remaining covenants and agreements of this ordinance and shall in no  
116 way affect the validity of the other provisions of this ordinance or of the Lease.

117                    SECTION 8. Effective Date. This ordinance takes effect ten days after its  
118 enactment, in accordance with Article II of the county charter.  
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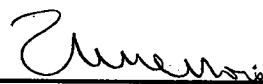
Ordinance 14497 was introduced on 9/3/2002 and passed by the Metropolitan King  
County Council on 10/7/2002, by the following vote:

Yes: 12 - Ms. Sullivan, Ms. Edmonds, Mr. von Reichbauer, Ms. Lambert, Mr.  
Phillips, Mr. McKenna, Mr. Constantine, Mr. Pullen, Mr. Gossett, Ms. Hague,  
Mr. Irons and Ms. Patterson  
No: 0  
Excused: 1 - Mr. Pelz

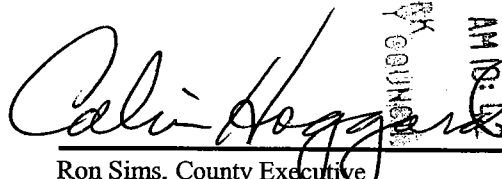
KING COUNTY COUNCIL  
KING COUNTY, WASHINGTON

  
Cynthia Sullivan, Chair

ATTEST:

  
Anne Noris, Clerk of the Council

APPROVED this 14<sup>th</sup> day of October, 2002.

  
Ron Sims, County Executive

RECEIVED for  
2002 OCT 15 AM 10:13  
CLERK  
KING COUNTY COUNCIL

**Attachments**            A. Lease Agreement between Broadway Office Properties, a Washington non-profit  
corporation, as Landlord and King County, a political subdivision of the State of  
Washington, as Tenant, dated 9/30/02

## LEASE AGREEMENT

This Lease Agreement ("Lease") is made as of the \_\_\_\_ day of \_\_\_\_\_, 2002, by and between BROADWAY OFFICE PROPERTIES, a Washington non-profit corporation, as "Landlord," and KING COUNTY, a political subdivision of the State of Washington, as "Tenant." Landlord and Tenant agree as follows:

1. Definitions. As used in this Lease, the following capitalized terms shall have the following meanings:

1.1 "ADA" means the Americans With Disabilities Act of 1990, as amended from time to time.

1.2 "Additional Rent" means the Operating Costs, Taxes, and Utilities (each as defined herein), the costs of maintenance and repair of the Premises (as provided in Paragraph 10.1 hereof), and any other monetary sum to be paid by Tenant to Landlord or to third parties under the provisions of this Lease (other than Monthly Rent).

1.3 "Architect" means LMN Architects, architect for the shell and core of the Project.

1.4 "Bond Closing" refers to the date the Bond proceeds are available to the Trustee.

[1.5 "Bond Insurer" means an insurance company that issues a municipal bond insurance policy at the request of the Landlord in connection with the issuance of the Bonds.]

1.6 "Bonds" means those tax-exempt obligations to be issued by the Landlord which satisfy the requirements of Revenue Ruling 63-20, Revenue Procedure 82-26 and other regulations, interpretations and letter rulings issued by the Internal Revenue Service with respect to such financing, from the proceeds of which Landlord intends to pay, among other things, the Fixed Price.

1.7 "Calendar Year" means a calendar year commencing with January 1 and ending with December 31.

1.8 "Code" means the Internal Revenue Code of 1986, as amended, or any successor federal income tax statute or code. Any reference to a provision of the Code shall include the applicable Department of Treasury regulations.

1.9 "Commencement Date" means the date of Substantial Completion of the Project.

1.10 "Commencement of Construction" means the date General Contractor is authorized to commence construction of the Project pursuant to the General Construction Contract



for the shell and core, but not later than the earlier of: (a) 90 days following Bond Closing, and (b) December 31, 2002. Commencement of Construction shall not occur until after the Land Closing described in Section 4(b) of the Development Agreement.

1.11 “Construction Contracts” means the General Construction Contracts and all subcontracts entered into by General Contractor pursuant to the General Construction Contracts and all other contracts for construction services entered into by General Contractor for construction of Tenant Improvements or any other portion of the Project.

1.12 “Construction Documents” mean the final Construction Drawings and Detailed Specifications approved by the Landlord for construction of the Project, including technical drawings, schedules, diagrams, plans and specifications setting forth in detail the requirements for construction of the Project and providing information customarily required for the use of the building trades.

1.13 “Construction Drawings” means Drawings setting forth in detail the requirements for the construction of the Project. As used herein “Drawings” include all graphic and pictorial documents depicting the design, location and dimensions of the elements of the Project (including Tenant Improvements) and include plans, elevations, sections, details, schedules and diagrams for the Project. Construction Drawings may consist of separate Drawings for the building shell and core prepared by Architect and separate Drawings for Tenant Improvements prepared by Interior Architect.

1.14 “Contract Documents” means the Construction Documents, the General Construction Contracts and the other documents identified as Contract Documents in the General Construction Contracts.

1.15 “Contractors” means the General Contractor and any other construction subcontractors with whom General Contractor enters into subcontracts or any contractors with whom the Developer contracts for the Project.

1.16 “Costs Resulting From Owner-Caused Delay” means any increase in costs of constructing the Project resulting from Owner-Caused Delay. Where additional costs are incurred as a result of a combination of Owner-Caused Delay and (i) failure of Developer to provide, within the time frames allowed under the Development Agreement, draw requests, architect’s certifications, progress completion certifications, copies of change orders and supporting documentation, shop drawings, schedules, costs, invoices, job progress reports, or other documents or information which Owner is entitled to receive under the Development Agreement or which is reasonably requested by Owner in connection with any such decision or response required under the Development Agreement, or (ii) delay caused by the existence of reasonable cause to suspect that construction of the Project or Tenant Improvements or any other services provided by Developer under the Development Agreement have not been performed in accordance with Construction Documents and other requirements thereunder, Costs Resulting From Owner-Caused Delay shall be only the portion of such costs fairly attributable to Owner-Caused Delay.

1.17 “Detailed Specifications” means all written detailed requirements for materials, equipment, construction systems, standards and workmanship for the construction of the Project.

1.18 “Developer” means Opus Northwest, L.L.C., a Delaware limited liability company.

1.19 “Development Agreement” means that certain Development Agreement dated \_\_\_\_\_, 2002, as amended from time to time with the consent of Tenant, between Developer and Landlord which provides for the acquisition of the Land and the development, design, permitting and construction of the Project.

1.20 “Effective Date” means the date that this Lease is fully executed, acknowledged and delivered by Landlord and Tenant.

1.21 “Environmental Laws” means, as amended from time to time, the Federal Resource Conservation and Recovery Act of 1976, 42 U.S.C. Section 6901 et seq., Federal Comprehensive Environmental Response, Compensation, and Liability Act of 1980, 42 U.S.C. Section 9601 et seq., Federal Hazardous Materials Transportation Control Act, 42 U.S.C. Section 1801 et seq., Federal Clean Air Act, 42 U.S.C. Section 7401 et seq., Federal Water Pollution Control Act, Federal Water Act of 1977, 93 U.S.C. Section 1251 et seq., Federal Insecticide, Fungicide and Rodenticide Act, Federal Pesticide Act of 1978, 7 U.S.C. Section 136 et seq., Federal Toxic Substances Control Act, 15 U.S.C. Section 2601 et seq., Federal Safe Drinking Water Act, 42 U.S.C. Section 300f et seq., Washington Water Pollution Control Act, RCW Chapter 90.48, Washington Clean Air Act, RCW Chapter 70.94, Washington Solid Waste Management Recovery and Recycling Act, RCW Chapter 70.95, Washington Hazardous Waste Management Act, RCW Chapter 70.105, Washington Hazardous Waste Fees Act, RCW Chapter 70.95E, Washington Model Toxics Control Act, RCW Chapter 70.105D, Washington Nuclear Energy and Radiation Act, RCW Chapter 70.98, Washington Radioactive Waste Storage and Transportation Act of 1980, RCW Chapter 70.99, Washington Underground Petroleum Storage Tanks Act, RCW Chapter 70.148.

1.22 “Event(s) of Default” has the meaning set forth in Paragraph 22 of this Lease.

1.23 “Expiration Date” means \_\_\_\_\_, \_\_\_\_\_ (unless sooner terminated pursuant to this Lease).

1.24 “Final Acceptance” means the Landlord’s written approval and concurrence that certain events, more fully defined in Section 13(d) of the Development Agreement, have occurred prior to Final Payment (as defined in the Development Agreement) being made.

1.25 “Fixed Price” means the sum of \$50,770,945, which is the amount to be paid by Landlord for the acquisition of the Land and the completion of the design, development,

permitting and construction of the Project, and is the price to be paid by Landlord for Project Costs. The Fixed Price includes, among other Project Costs, a Tenant Improvement Allowance and a Guaranteed Maximum Construction Price contract for the construction of the shell and core of the building. A detailed description of Project Costs by line item and category is set forth in the Project Budget.

1.26 "General Construction Contracts" means the agreements between the Landlord and the General Contractor for construction of (i) the building shell and core and (ii) Tenant Improvements for the Project.

1.27 "General Contractor" means Opus Seattle Construction, L.L.C., a Delaware limited liability company.

1.28 "Harborview" means Harborview Medical Center, a county hospital owned by King County pursuant to Chapter 36.62 RCW and currently managed by the University of Washington pursuant to the Harborview Management Agreement. When used with respect to the giving, making, or undertaking of notices, decisions, approvals, or other actions pursuant to this Lease or in connection with the Premises, the term "Harborview" means the notice party identified pursuant to Paragraph 32.7 of this Lease. If at any time during the Term of this Lease a successor to the University of Washington is designated to operate the Harborview Medical Center, the term "Harborview" shall then refer to such successor.

1.29 "Harborview Management Agreement" means the Management and Operations Contract between the Harborview Medical Center Board of Trustees and the University of Washington, dated December 19, 1995, as the same may be amended from time to time.

1.30 "Hazardous Substance" means any material, waste, substance, industrial waste, toxic waste, chemical contaminant, petroleum, asbestos, polychlorinated biphenyls, radioactive materials, or other substances regulated or classified by Law or Environmental Laws as hazardous, toxic or lethal to persons or property.

1.31 "Indenture" means the loan agreement, trust indenture or other agreements or documents pursuant to which Landlord will cause the issuance of the Bonds.

1.32 "Interior Architect" means Opus Architects & Engineers, Inc., a Minnesota corporation.

1.33 "Land" means the land on which the Premises is located, as more particularly described in Exhibit C attached hereto and by this reference incorporated herein.

1.34 "Landlord" means Broadway Office Properties, a Washington nonprofit corporation, its successors and permitted assigns.

1.35 “Law” means any constitution, statute, ordinance, regulation, rule, resolution, judicial decision, administrative order or other requirement of any federal, state, county, municipal or other governmental agency or authority having jurisdiction over the parties or the Premises, or both, in effect either at the time of execution of this Lease or at any time during the Term, including without limitation, any regulation or order of a quasi official entity or body (e.g., board of fire examiners or public utilities) and all rules, laws and regulations issued thereunder, as the same may be amended from time to time.

1.36 “Lease Year” means each succeeding year of the Term, commencing with the Commencement Date and ending with the date which is one day less than one year later.

1.37 “Liens” means any lien, charge, security interest or encumbrance, except the Indenture and the Mortgage, which may be attached to, upon or against the Premises or any portion thereof.

1.38 “Monthly Rent” means the rent payable by Tenant under this Lease from the Commencement Date to and including the Expiration Date in the amounts for each Lease Year as set forth on the Schedule of Monthly Rent annexed hereto as Exhibit A and by this reference incorporated herein.

1.39 “Mortgage” means the (a) Deed of Trust, Security Agreement, Assignment of Leases and Rents, and Fixture Filing; (b) Assignment of Leases and Cash Collateral; (c) applicable Uniform Commercial Code financing statements; and (d) other security documents executed by Landlord in connection with or to secure the Bonds.

1.40 “Notice Address” means, as to each of the Notice Parties, its respective address as specified in or pursuant to Paragraph 32.7 of this Lease.

1.41 “Notice Parties” means each of Landlord, Tenant, Trustee and Bond Insurer.

1.42 “Operating Costs” has the meaning given to it in Paragraph 5 of this Lease.

1.43 “Owner” means Broadway Office Properties, a Washington nonprofit corporation, its successors and permitted assigns.

1.44 “Owner-Caused Delay” means any period of delay in the overall progress of design, construction, and completion of the Project, including Tenant Improvements, that is caused by Owner-initiated change orders to the General Construction Contracts or by Owner’s or Owner’s Consultant’s failure to approve, disapprove, decide, or otherwise respond to Developer with respect to a particular item for which Owner’s or Owner’s Consultant’s response is required under the Development Agreement or under the General Construction Contracts, or failure to deliver plans, information, specifications, or other information within the time frames required under the Development Agreement or the General Construction Contracts. However, Owner-Caused Delay

shall not include: (i) delay for which a substantially contributing cause is Developer's failure to provide, within the time frames allowed under the Development Agreement, draw requests, architect's certifications, progress completion certifications, copies of change orders and supporting documentation, shop drawings, schedules, costs, invoices, job progress reports, or other documents or information which Owner is entitled to receive under the Development Agreement or which is reasonably requested by Owner in connection with any such decision or response, or (ii) delay caused by the existence of reasonable cause to suspect that construction of the Project or Tenant Improvements or any other services provided by Developer under the Development Agreement have not been performed in accordance with Construction Documents and other requirements thereunder, in which case Owner-Caused Delay shall not include the amount of additional time reasonably needed by Owner or Owner's Consultant to determine whether such construction or other services conform to all requirements under the Development Agreement, so long as Owner and Owner's Consultant proceed with all reasonable diligence to make such determination. To facilitate timeliness in Owner's or Owner's Consultant's communications with Developer over matters relating to design or construction of the Project and to minimize the possibility of Owner-Caused Delay, Developer shall make a good faith effort to alert Owner to deadlines for approvals, decisions or other responses that Owner must provide hereunder, possibly including, among other methods, attachment of "deadline cover sheets" on any submissions to Owner that require response by a particular deadline or distribution of weekly calendars that show deadlines imposed on Owner. If Developer at any time believes that an instance of Owner-Caused Delay has occurred that has directly caused or will directly cause an increase in Project Costs or extension of the Substantial Completion Date, Developer shall send, or shall cause the General Contractor to send, a written notification to Owner within five (5) days of the occurrence of such alleged Owner-Caused Delay explaining the alleged event that constituted such Owner-Caused Delay, specifying the period of alleged Owner-Caused Delay, describing how the alleged Owner-Caused Delay adversely affected the Project Schedule and identifying any incremental increase in Project Costs that are identifiable or reasonably foreseeable as a direct result of such Owner-Caused Delay. Any disputes between Developer and Owner over Project Costs attributable to Owner-Caused Delay shall not be a reason to stop or delay construction of the Project and shall be resolved by the parties as expeditiously as possible, either by mutual agreement of the parties or in accordance with the dispute resolution mechanisms described in Section 26 of the Development Agreement.

1.45 "Owner Contingency" means the contingency described in Section 5(i) of the Development Agreement, which may be used by the Landlord in its sole discretion to cover any increase in costs of constructing the Project resulting from: (a) design, construction or installation of enhancements, upgrades, changes, and/or deviations required by the Owner from the Plans and Outline Specifications, (b) Tenant Improvements requested by Owner in excess of the Tenant Improvement Allowance, (c) Owner-Caused Delay, or (d) any other additional costs that Owner in its discretion elects to incur in connection with the Project. The Owner Contingency shall include, when determined, the Excess Tenant Improvement Allowance, if any, described in the definition of the Tenant Improvement Allowance.

1.46 "Owner's Consultant" means Lorig Associates, LLC, which shall provide development and construction consulting and oversight services for the benefit of the Landlord.

1.47 “Permitted Use” has the meaning given to it in Paragraph 7 of this Lease.

1.48 “Plans and Outline Specifications” are the renditions for the shell and core of a first class office building to be constructed on the Land pursuant to the Master Use Permit issued with respect to the Project by the City of Seattle.

1.49 “Premises” means the Land and the entirety of the building to be known as 401 Broadway, containing approximately 156,800 square feet of rentable area, together with all art purchased as part of the Project, together with a three-level underground parking garage containing approximately 298 parking spaces.

1.50 “Project” means the acquisition of the Land and the total design and construction, including all professional design services, and all labor, materials and equipment used or incorporated in such design and construction of a five story first class office building to be constructed on the Land and to be known as 401 Broadway, containing approximately 156,800 square feet of rentable area as more fully described in the Plans and Outline Specifications, including all HVAC, electrical and other building systems, Tenant Improvements, and the entirety of a three-level underground parking garage located on the Land containing approximately 298 parking spaces. The Project shall include work which is consistent with and reasonably inferable from the approved Project Requirements as being necessary to produce the intended results.

1.51 “Project Budget” means the budget for development of the Project attached to the Development Agreement as Exhibit E, as revised from time to time by Developer and Landlord, with the concurrence of Tenant, in accordance with the Development Agreement.

1.52 “Project Costs” means the total costs of acquisition of the Land (including all reimbursements due to the Seller under the Real Estate Purchase Agreement), and all costs for the completion of the development, design, permitting and construction of the Project, including, without limitation, all Permit expenses, all costs of the building shell and core, HVAC, electrical and other building systems, all costs of Tenant Improvements (but not to exceed the Tenant Improvement Allowance), all costs of architectural services provided by the Architect under the Architect’s Agreement, all costs of services provided by Interior Architect under the Interior Design Contract with respect to the Tenant Improvements, all costs of the Owner Consultant provided under the Owner’s Consultant Agreement, all other professional design and other services provided by Contractors or other professionals engaged by the Developer or General Contractor, all amounts paid to General Contractor under the General Construction Contracts including all labor, material, and equipment used or incorporated in such design and construction, all amounts paid to other Contractors and subcontractors, if any, under any other Construction Contract or subcontract entered into by Owner upon the written approval of Developer or by the Developer on behalf of and acting as the Owner’s agent in connection with the Project, including all labor, material, equipment used or incorporated in such design and construction, services provided by engineers, environmental consultants, surveyors and other professionals and consultants retained by Developer in connection with the Project, Developer’s Overhead, Developer’s Fee, insurance (other than Bond

insurance), bonds (other than the Bonds), real estate brokerage and leasing commissions (other than commissions applicable for retail spaces) as set forth in the Project Budget, applicable state and local retail sales, business and occupation and other taxes (including real property taxes and assessments accruing from Land Closing until Substantial Completion), plus the Owner Contingency and the Developer Contingency; excluding only (a) Tenant's Personal Property and any taxes thereon (which shall be paid by Tenant at its sole cost and expense), (b) Financing Costs, (c) costs for enhancements that are not included in the Plans and Outline Specifications and not paid from the Owner Contingency, (d) the Costs Not To Be Reimbursed as defined in the Development Agreement, (e) Costs Resulting From Owner-Caused Delay, but only if they are not paid from the Owner Contingency, and (f) expenses for services for which Owner contracts directly without the prior written approval of Developer. A budget of the Project Costs is set forth on Exhibit E to the Development Agreement.

1.53 "Project Requirements" means the Plans and Outline Specifications as set forth in Exhibit F of the Development Agreement, relevant attachments to the General Construction Contracts, Exhibits D and M of the Development Agreement, and as otherwise specifically agreed to by Owner and Developer.

1.54 "Project Schedule" means the schedule for development and construction of the Project as revised from time to time by Developer and Landlord, with the concurrence of Tenant, in accordance with the Development Agreement. The initial Project Schedule is set forth in Exhibit B attached hereto and by this reference incorporated herein.

1.55 "Property Management Agreement" means an agreement entered into by Landlord or the Tenant for management of the Premises in accordance with Paragraphs 10.2 or 10.3 of this Lease.

1.56 "Punch List" means a list of items required to be completed after Substantial Completion that are minor items which do not affect Landlord's ability to lease the Premises to Tenant and do not affect Tenant's ability to use the Premises for their intended use.

1.57 "Real Estate Purchase Agreement" means that certain Purchase and Sale Agreement dated February 28, 2002, between Jefferson Associates, L.L.C., a Washington limited liability company as Seller and Developer, as Buyer, as amended by a First Amendment to Purchase and Sale Agreement dated June 24, 2002, and as further amended with the consent of Landlord and Tenant prior to execution of the Development Agreement.

1.58 "Rent" means Monthly Rent and Additional Rent, each as defined herein.

1.59 "Requirements of Law" means all requirements relating to land and building construction (including those specifically applicable to Tenant's contemplated use of the Premises), including, without limitation, planning, zoning, subdivision, environmental, air quality, flood hazard, fire safety, accessibility, and other governmental approvals, permits, licenses and/or certificates as may be necessary from time to time to comply with all the foregoing and other applicable statutes, rules, orders, regulations, laws, ordinances, and covenants, conditions and

restrictions, which now apply to and/or affect the design, construction, existence, intended use, operation and/or occupancy of the Land, the Premises or any part thereof.

1.60 "Sale of the Bonds" means execution and delivery by Landlord and a responsible bond underwriter of an agreement providing for the purchase and sale of the Bonds on terms consistent with the terms of this Lease and with no conditions to the underwriter's obligation to pay for and accept delivery of the Bonds other than those conditions contained in the agreement between Landlord and the responsible bond underwriter.

1.61 "State Nonprofit Corporation Act" means the Washington Nonprofit Corporation Act, Chapter 24.03 RCW, as amended from time to time.

1.62 "Substantial Completion" means that each of the following events shall have occurred with respect to the Project:

(a) Developer shall have notified Landlord and Owner's Consultant in writing that the Project, including all Tenant Improvements (which may exclude any street level retail rental space, if any) is Substantially Completed subject only to the completion of normal Punch List items;

(b) Architect and Interior Architect shall each have issued its "Certificate of Substantial Completion" AIA Document G704 stating that the work under the General Construction Contracts is sufficiently complete in substantial accordance with the Contract Documents to permit Tenant to occupy or utilize the Project for its Permitted Use;

(c) The City of Seattle has issued a temporary certificate of occupancy such that the Tenant is permitted to and could, pursuant to such issued certificate of occupancy, physically occupy the Project for its Permitted Use, including parking; and

(d) Landlord has received evidence from the Developer satisfactory to Landlord that all real property taxes and assessments on the Project payable by Developer that were due and owing have been paid.

Notwithstanding that Substantial Completion of the Project shall have occurred, Owner or Owner's Consultant shall be entitled to provide Developer with a Punch List, in accordance with the provisions of Section 13 of the Development Agreement.

1.63 "Substantial Completion Date" for the Project means the date 20 months after the Commencement of Construction, as may be extended, pursuant to Section 8(b) of the Development Agreement for (i) Unavoidable Delay not exceeding, in the aggregate, 90 days, and (ii) Owner-Caused Delay.

1.64 "Substantially Complete" or "Substantially Completed" means that the Project has been constructed in substantial accordance with the Contract Documents and: (a) all elements required for the functioning of the Project shall be operational and in good working



order and condition including satisfying applicable ADA building requirements as set forth in Chapter 51-40 of the Washington Administrative Code; (b) the Project shall be weather tight and waterproof; (c) the fire and life safety systems within the Project shall be operational and in good working order and condition; (d) the elevators shall operate and function in good working order and condition, but may still require touch up installation and cleaning; (e) the mechanical and electrical systems, including the HVAC system, shall be individually tested and in good working order able to support the Project and shall also be tested to assure that Project systems operate on an integrated basis, but the HVAC system may still require final balancing work; (f) the finish work is substantially completed, including, but not limited to public lobby, elevator, HVAC, plumbing, fire and life safety, sprinkler and electrical systems, doors, partitions, cabinetry, carpet and base, including removal of all construction debris; (g) all site utilities, sidewalks and landscaping are substantially completed and construction barricades and equipment have been removed; (h) the parking garage, including elevators and lobbies, and all entrances and exits thereto are completed; and (i) the access and security systems for the Project (including the parking garage) are installed and operational, except in each case for Punch List items.

1.65 "Taxes" means all real property taxes and assessments (including assessments for special improvements), license and permit fees, charges for public utilities, leasehold excise taxes, other excise taxes, levies, sales, use and occupancy taxes, any tax or charge assessed against the Rent or fair market value of the Premises and any taxes levied or assessed in addition to or in lieu of, in whole or in part, such taxes, assessments or other charges and all other governmental impositions and charges of every kind and nature, general and special, ordinary and extraordinary, foreseen and unforeseen of every character (including interest and penalties thereon) which at any time from and after the Commencement Date of this Lease may be imposed, levied upon or assessed against or which arise with respect to or constitute a lien upon the Land, the Premises (or any part thereof), the leasehold estate created by this Lease or any part thereof, or any estate, right or interest therein, or any occupancy, use or possession of or activity conducted on the Premises or any part thereof.

1.66 "Tenant" means King County, a political subdivision of the State of Washington, its successors and permitted assigns.

1.67 "Tenant Improvement Allowance" means, within the Fixed Price, an \$8,963,125 allowance to cover the design and construction costs of the Tenant Improvements. Prior to commencement of construction of the Tenant Improvements under the General Construction Contract for the Tenant Improvements, Owner and General Contractor shall agree upon a guaranteed maximum price for construction of the Tenant Improvements, which guaranteed maximum price shall contain a construction contingency line item. Any excess of the Tenant Improvement Allowance over the guaranteed maximum price (the "Excess Tenant Improvement Allowance") shall, upon agreement of the guaranteed maximum price, be automatically transferred to the Owner Contingency

1.68 "Tenant Improvements" means those certain interior improvements to the Project, all of which are more specifically defined in the Construction Documents and the General Construction Contract for Tenant Improvements.

1.69 “Tenant’s Personal Property” means Tenant’s furniture, equipment and movable property placed in the Premises by the Tenant and any property installed in or about the Premises by Tenant. Tenant shall provide Tenant’s Personal Property at Tenant’s sole cost and expense.

1.70 “Term” means the period beginning on the Effective Date and ending on the Expiration Date.

1.71 “Trustee” means a national bank or other financial institution with trust powers selected by Landlord to serve as the bond trustee under the Indenture or any duly authorized successor thereto appointed pursuant to the Indenture.

1.72 “Unavoidable Delay” or “Unavoidable Delays” means any delay in the performance by Developer or General Contractor of its obligations with respect to construction of the Project caused by strikes (other than those directly caused by General Contractor’s or Developer’s acts, omissions or failure to negotiate in good faith), acts of God, Unusually Severe Weather Conditions, unavoidable casualties, acts of the public enemy, acts of terrorists, governmental embargo restrictions, or similar causes beyond the reasonable control of Developer or General Contractor, which, after the exercise of due diligence to mitigate the effects thereof, delay construction of the Project, other than such delays resulting from (a) Developer’s or General Contractor’s failure to comply with the terms and provision of the Development Agreement or the General Construction Contracts, (b) increased prices, or (c) unavailability of funds, provided the Fixed Price is paid in accordance with Section 10 of the Development Agreement. Unavoidable Delays will entitle Developer and General Contractor to an extension of the Substantial Completion Date but will in no way entitle Developer to additional compensation. Nothing contained in the Development Agreement shall prevent Developer from allocating the Developer Contingency to increased costs of constructing the Project caused by Unavoidable Delays. In the event of any Unusually Severe Weather Conditions, the length of Unavoidable Delay to become effective under the Development Agreement as a result of such conditions shall be the period of time (not less than one day) by which Developer’s progress in constructing the Project has reasonably been delayed as a result of such Unusually Severe Weather Conditions. Developer shall notify Owner in writing as soon as possible but in no event later than 35 days after any Unusually Severe Weather Conditions have occurred, shall provide in such notice a specification as to which of the listed conditions has occurred and the data supporting such determination, and shall provide an explanation of Developer’s position as to the length of Unavoidable Delay to be granted as a result of such conditions, explaining how such conditions delayed Developer’s construction progress. Owner shall respond within 10 days thereafter as to whether Owner accepts or disagrees with Developer’s position. Any disagreements that cannot be resolved by Developer and Owner shall be submitted to the Disputes Resolution Board under Section 26 of the Development Agreement, but work shall continue pending resolution of such dispute.

1.73 “Unusually Severe Weather Conditions” means the occurrence of any of the following scenarios of precipitation, low temperature, windstorms, or snow or ice, but only if

the building shell has not been sealed from weather and there remains substantial external work or other conditions that are affected by adverse weather and that will adversely affect the Developer's ability to achieve Substantial Completion by the Substantial Completion Date:

- (a) Daily rainfall equal to or greater than .80 inch within any 24 hour period.
- (b) Daily rainfall equal to or greater than .50 inch during any "rainy season month" (i.e., October through June) in which the total monthly rainfall (at the end of such month) is at least 115% but less than 150% of the total average monthly rainfall for such month.
- (c) Daily rainfall equal to or greater than .30 inch during any rainy season month in which the total monthly rainfall (at the end of such month) is at least 150% but less than 200% of the total average monthly rainfall for such month.
- (d) Daily rainfall equal to or greater than .20 inch during any rainy season month in which the total monthly rainfall (at the end of such month) is at least 200% of the total average monthly rainfall for such month.
- (e) Daily maximum temperature less than 35 degrees Fahrenheit for two or more consecutive weekday days which impacts critical components of the work.
- (f) A combination of temperature and precipitation that results in snowfall in excess of 3 inches on a particular day that does not melt and substantially disappear (but for isolated shaded areas) by 7:00 a.m. on the next work day, or that results in a coating of ice during the bulk of the workday (not merely morning frost) that makes walking, transporting or loading of materials, or operation of equipment or vehicles hazardous or significantly slowed.
- (g) Maximum wind gusts exceeding 50 mph at any time during the work day.
- (h) Maximum wind gusts exceeding 35 mph during each hour of a continuous six hour period during the work day.
- (i) Any other unusually inclement weather condition which causes the construction site to be in a condition such that the General Contractor orders the workers to not work on the construction site.

Weather conditions shall be measured at Sea-Tac International Airport by the Environmental Data and Information Service of the National Oceanic and Atmospheric Administration of the U.S. Department of Commerce. However, if Developer wishes to monitor weather at a location on or nearer to the Project site, Developer may make a proposal to install and operate, at its expense through Developer Contingency, a weather monitoring station at the Real Property or in the vicinity of the Property, monitored by an independent consultant, and Owner shall not unreasonably withhold its approval to utilization of the weather data from such closer site so long as the equipment and independent consultant appear to be capable and trustworthy and the results obtained from such monitoring appear to be reasonably reliable.

1.74 "Utilities" means all utilities and utility services furnished to the Premises, including without limitation, gas, electricity, water, sewer, garbage collection, and telephone service.

Capitalized terms used in this Lease and not set forth above or elsewhere herein shall have the meanings given such terms in the Development Agreement.

2. Premises. Landlord leases to Tenant and Tenant leases from Landlord the Premises for the Term.

3. Term. The Term shall commence on the Effective Date and shall expire on the Expiration Date; provided, however, that the obligation of the Tenant to pay Rent shall not commence until the Commencement Date. Landlord and Tenant shall confirm the Commencement and Expiration Dates by executing within 15 days after the Commencement Date, a written Confirmation of Commencement and Expiration Dates in the form attached hereto as Exhibit D, which Confirmation of Commencement and Expiration Dates shall become a part of this Lease and be binding upon Landlord and Tenant to establish the actual Commencement Date and Expiration Date of the Term. Notwithstanding that the obligation of Tenant to pay Rent under this Lease shall not commence until the Commencement Date, all of the other terms and provisions of this Lease shall be effective from and after the Effective Date (except as otherwise provided herein).

4. Monthly Rent.

4.1 Monthly Rent Payments. Tenant's obligation to pay Monthly Rent shall begin as of the Commencement Date and continue until the Expiration Date. Commencing on the first day of the first calendar month beginning after the Commencement Date and continuing on the first day of each month thereafter during the Term, Tenant shall pay to Landlord or as Landlord may otherwise direct in writing and without deduction, offset, prior notice or demand, in advance, an amount equal to Monthly Rent; provided, however, that the first payment of Monthly Rent shall also include an amount in arrears for the prorated Monthly Rent due and owing from the Commencement Date through and including the last day of the month preceding such first payment date. Tenant acknowledges that time is of the essence in payment of Monthly Rent since Landlord intends to use Monthly Rent to make principal and interest payments on the Bonds.

Monthly Rent for any partial month shall be prorated on a daily basis at the rate of 1/30th of the Monthly Rent. All Monthly Rent shall be paid to Landlord at Landlord's Notice Address or as otherwise directed in writing by Landlord.

4.2 Rent a General Obligation. Tenant's obligation to pay Rent constitutes a limited tax general obligation of the Tenant. Tenant hereby irrevocably covenants and agrees that it will include in its annual budget and levy taxes annually on all taxable property within King County, within and as a part of the tax levy permitted to Tenant without a vote of the

electors, in amounts sufficient, together with all other money legally available and to be used therefor (including payments to Tenant from Harborview), to pay Monthly Rent and Additional Rent as the same shall become due. The full faith, credit and resources of Tenant are irrevocably pledged for the annual levy and collection of such taxes and the prompt payment of such amounts.

4.3 Defeasance. In the event that money and/or "Government Obligations," as such obligations are now or may hereafter be defined in Chapter 39.53 RCW, maturing at such time or times and bearing interest to be earned thereon in amounts sufficient to pay or prepay all Monthly Rent and to pay any Additional Rent then due under this Lease in accordance with the terms of this Lease, are irrevocably set aside and pledged in a special account created pursuant to Section 9.02 of the Indenture to effect such payment or prepayment and defeasance of the Bonds, then upon such pledge, this Lease shall automatically terminate, no further payments need be made of any Monthly Rent under this Lease and the Landlord shall not be entitled to any lien, benefit or security in the Leased Premises, except the right to receive the funds so set aside and pledged, and Landlord shall have no further obligation to Tenant hereunder, except under Paragraph 30 hereof, if applicable. Landlord shall apply such prepaid Rent to the defeasance or redemption of Bonds in accordance with the Indenture.

5. Additional Rent; Payment of Operating Costs, Taxes and Utilities.

5.1 Absolute Net Lease. Tenant acknowledges that this Lease is an absolute net lease. From and after the Commencement Date, Tenant shall (i) provide for and pay costs of maintenance and operation of the Premises in accordance with Paragraph 10.1 hereof, (ii) pay Taxes, (iii) pay Utilities, and (iv) reimburse Landlord for all Operating Costs. Prior to the Commencement Date of this Lease, all Operating Costs, if any, Taxes and Utilities relating to the Premises shall be paid by Developer or Landlord pursuant to the provisions of the Development Agreement.

5.2 Operating Costs. In accordance with Paragraph 5.7 hereof, Tenant shall pay as Additional Rent amounts sufficient to reimburse Landlord for all Operating Costs incurred by Landlord and identified in this Paragraph 5.2. All other costs of operating and maintaining the Premises shall be paid directly by Tenant pursuant to Paragraph 10.1 hereof. Operating Costs means any and all costs and expenses directly related to ownership and operation of the Premises and invoiced by Landlord from and after the Commencement Date of this Lease in connection with:

(a) the repair, replacement, operation, and maintenance of the Premises, including, without limitation, interior and exterior maintenance, all exterior doors and windows, elevators, sidewalks, driveways, interior perimeter and interior partition walls and finishes (including periodic painting thereof), exterior wall finishes, broken glass in exterior and interior doors and windows, roof, floor covering, window frames, gutters and downspouts, HVAC system, landscaping and all other areas used in connection with the Premises, excluding those costs described in Paragraph 5.3(h)-(i);

(b) the asset management fee paid Landlord pursuant to Paragraph 10.2(c);

(c) the property management fees, if any, paid to the entity or entities managing the Premises under property management contracts entered into pursuant to Paragraphs 10.2(a) and 10.3 of this Lease;

(d) the auditing fees incurred by Landlord in connection with the preparation of the financial statements required under Paragraph 10.2(b) of this Lease;

(e) if Tenant requests that Landlord hire an operator of the parking garage, any expenses, fees, and charges paid to such operator of the parking garage, provided that such fees are competitive with then current market rates and that any parking management contract complies with Revenue Procedure 97-13 or any successor revenue procedure issued by the Internal Revenue Service governing management, operation, or other service contracts in connection with the issuance of tax exempt obligations;

(f) all costs of services furnished by or through Landlord, if any, in connection with the Premises, including janitorial, security, gardening, landscaping, and related costs and expenses, licenses, permits, and inspection fees, the cost of supplies, materials, equipment, and tools used in connection with the maintenance, operation, or repair of the Premises and all other reasonable, necessary and customary costs and expenses directly related to the operation, maintenance, and repair of the Premises (provided, however, that if, with the prior written approval of Tenant or upon Tenant's material uncured default hereunder or a default by Tenant under a Property Management Agreement executed for the Premises, Landlord contracts with any non-governmental and non-public entity for property management services or other services relating to the Premises, Landlord shall be required to obtain such services at rates generally competitive in the marketplace);

(g) any damage to the Premises (but not to Tenant's Personal Property) caused by breaking and entering or other criminal act and not covered by insurance;

(h) all costs of compliance with governmental laws or the board of fire underwriters (or similar organization) now or hereafter constituted as applicable to the Premises;

(i) all insurance premiums for insurance required to be carried under this Lease (including loss of rent insurance);

(j) all Costs Resulting from Owner-Caused Delay and all other additional costs and liabilities that Landlord may incur under the Development Agreement as a result of decisions, determinations, change orders, or other actions or omissions made by Tenant or Harborview, but excluding any such costs (i) paid from the Owner Contingency or (ii) incurred as a result of Landlord's negligence, Landlord's intentional misconduct, or Landlord's direct breach of provisions of the Development Agreement;

(k) all attorneys' fees and other costs incurred by Landlord in efforts to enforce the provisions of the Development Agreement and/or the General Construction Contracts, to remove construction Liens from the Premises, or to enforce product or workmanship warranties given by the Developer, General Contractor, or other Contractors or suppliers of equipment or materials (unless Tenant desires that Landlord instead assign such warranties to Tenant in accordance with Paragraph 5.8 hereof), but only to the extent that such costs have not been paid from the Owner Contingency or reimbursed by or recovered from Developer or General Contractor;

(l) Trustee's fees for the Bonds, any rebate payable with respect to the Bonds, amounts necessary to maintain the debt service reserve requirement with respect to the Bonds, costs payable in connection with any defeasance or prepayment of Monthly Rent and any defeasance or redemption of the Bonds; and

(m) all other costs reasonably incurred by Landlord in connection with the ownership, leasing (under this Lease), maintenance, and upkeep of the Premises in order to: (i) prevent any dangerous or unsafe condition on the Premises that could result in liability to Landlord or its officers, employees, directors, or other agents, or (ii) comply fully with and to avoid or to cure any default under the Indenture, Mortgage, and other documents relating to the Bonds and all Requirements of Law; provided, however, that prior to incurring any such costs, Landlord shall (except for costs advanced under emergency circumstances to protect the Premises from immediate risk of danger or destruction) have given Tenant and/or the property manager under any Property Management Agreement reasonable notice (i.e., the lesser of 30 days or such shorter period as is permitted under the Indenture, Mortgage, or other Bond documents to avoid an imminent default or to cure a default for which notice has already been given) of Landlord's intention to take such action to remove such dangerous condition or to achieve such compliance with the Bond documents and shall have given Tenant the first opportunity to take such curative action, prior to Landlord taking such action itself.

Notwithstanding the foregoing list of Operating Costs, which Landlord may incur from time to time, as described in this Paragraph 5.2, and which Tenant shall pay as Additional Rent, the listing of such items as Operating Costs is not intended to suggest that Landlord has a duty to maintain or repair the Premises or to take any other actions that Landlord is not expressly obligated to undertake under other provisions of this Lease.

5.3 Exclusions From Operating Costs. Operating Costs shall exclude:

- (a) costs of the Project;
- (b) costs arising from Landlord's political or charitable contributions;
- (c) fines, penalties and interest penalties incurred as a result of Landlord's negligence or unwillingness to make payments when due or take such other actions as may be required;

(d) legal fees, accountant's fees and other expenses incurred in connection with (a) disputes with Tenant or associated with the interpretation of the terms of this Lease (unless Tenant is otherwise required to pay such fees and expenses pursuant to Paragraph 29 of this Lease); or (b) legal proceedings arising out of Landlord's violation of the terms of this Lease;

(e) costs of any service provided to Tenant for which Landlord is reimbursed, or any other expense for which Landlord is or will be reimbursed by another source (i.e., expenses covered by insurance or warranties);

(f) fees to Landlord for goods or services in excess of the fees that would typically be charged by unrelated, independent persons or entities for similar goods and services;

(g) Taxes and Utilities paid by the Tenant directly to the applicable government authority or utility provider pursuant to the provisions of Paragraph 5.4 and Paragraph 6 of this Lease;

(h) repairs or replacements made to rectify or correct any latent defect(s) in the original design, materials or workmanship of the Project, as originally constructed, to the extent of and in the amount that the cost of such repairs or replacements are paid to Landlord (i) from the Owner Contingency or (ii) by reimbursement or other recovery from the Developer, General Contractor, any other Contractor, or any other party who may be obligated to Landlord to pay or reimburse for such repairs, including, but not limited to, warranty claims; and

(i) repairs or replacements necessitated by the negligence or willful misconduct of Landlord, Landlord's employees, contractors or agents.

5.4 Payment of Taxes by Tenant. Tenant shall be liable only for Taxes that accrue from and after the Commencement Date of this Lease. Tenant shall pay all Taxes directly to the applicable governmental agency prior to delinquency and shall provide proof of such payment promptly to Landlord and Trustee. To the extent Taxes or other charges can be paid in installments, Tenant may pay such Taxes in installments. With respect to any general or special assessments which may be levied against or upon the Premises, or which under the Laws then in force may be evidenced by improvement or other bonds or may be paid in annual installments, only the amount of such annual installment, and interest due thereon, shall be included within the computation of Taxes.

5.5 Real Property Tax Statements. Tenant shall make appropriate arrangements to receive directly from the applicable governmental agency assessment notices and real property tax statements for the current year and Tenant shall provide a copy thereof promptly to Landlord and Trustee.



5.6 Right to Contest Taxes. If Landlord receives prior notice that an appraisal of the Premises, or any portion thereof, will be conducted for real property tax purposes, Landlord shall so notify Tenant and permit Tenant to be present during such appraisal if Tenant so elects. Tenant shall have the right in Landlord's name and stead, and at Tenant's sole expense, to contest the validity or amount of any real property taxes. Landlord shall cooperate with Tenant and provide reasonable assistance with respect to any such contest, including, without limitation, such information and supporting documents as may be reasonably requested by Tenant. Notwithstanding any provision of this Lease to the contrary, Tenant shall not be required, nor shall Landlord have the right, to pay, discharge or remove any such real property tax so long as no Event of Default has occurred and Tenant is contesting the existence, amount, applicability or validity thereof by appropriate proceedings conducted in good faith with due diligence. In the event Landlord shall obtain a tax refund as a result of any such tax appeal or other proceedings Tenant shall be entitled to, and Landlord shall promptly pay to Tenant, all such tax refunds.

5.7 Payment of Operating Costs. From and after the Commencement Date of this Lease Tenant shall reimburse Landlord for all Operating Costs within 30 days of receiving an invoice therefor from Landlord. If Tenant fails to pay Taxes or Utilities, Landlord may advance funds to pay such items and demand reimbursement from Tenant within 10 days of making such advance.

5.8 Warranties. During the Term of this Lease, Landlord shall exert its good faith and diligent efforts to enforce any and all applicable warranties, express or implied, in connection with defects which may arise in the original design, materials or workmanship of the Premises as originally constructed. At Tenant's request, Landlord shall assign to Tenant any warranty right held by Landlord with respect to the original design, materials or workmanship of the Premises, as originally constructed.

6. Utilities. From and after the Commencement Date of this Lease, Tenant shall be solely responsible for and shall pay separately all charges for Utilities used or consumed in the Premises. It is understood that Landlord shall not be required to provide any Utilities to Tenant, and Tenant shall make any necessary arrangements to have all such Utilities billed directly to and paid for directly by Tenant.

7. Use. Tenant intends to use the Premises for offices and may use the Premises for a clinic, retail space, parking, and any other lawful use consistent with the provisions of this Paragraph 7 (the "Permitted Use"). Landlord hereby acknowledges that Tenant's initial use of the Premises shall be for Harborview's purposes and that the Premises initially shall be managed for Tenant by the University of Washington pursuant to the Harborview Management Agreement. Landlord acknowledges that space in the Premises may be subleased by Tenant to governmental entities or to organizations described in Section 501(c)(3) of the Internal Revenue Code at a rent and on other terms and conditions acceptable to Tenant, without Landlord's consent. Landlord further acknowledges that up to 4,704 square feet of space in the Premises may be subleased to private parties at a rent and on terms and conditions acceptable to Tenant, without Landlord's consent; provided, however, that the aggregate square footage of leasable

space in the Premises that is subleased to private persons shall not be increased beyond 4,704 square feet without the prior written consent of Landlord, Trustee and Bond Insurer, and provided, further, that Landlord, Bond Insurer, Trustee and Tenant receive (i) an opinion of nationally recognized bond counsel that such sublease(s) will not adversely affect the tax-exempt status of interest payable on the Bonds and (ii) an opinion of counsel to Landlord that such sublease(s) will not adversely affect Landlord's 501(c)(3) status. Tenant has determined to its satisfaction that the Premises can be used for the Permitted Use. Tenant's use of the Premises shall be in accordance with the following:

7.1 No Insurance Cancellation. Tenant shall not do, bring, or keep anything in or about the Premises that will cause a cancellation of any insurance covering the Premises.

7.2 Compliance With Laws. From and after the Commencement Date of this Lease, or such earlier date as Tenant occupies the Premises, Tenant shall comply with all Laws concerning the Premises and Tenant's use of the Premises, including without limitation, Environmental Laws. Tenant shall not use the Premises for the transportation, storage or generation of any Hazardous Substances in violation of Environmental Laws. To the extent permitted by law, Tenant shall absolutely and unconditionally indemnify, defend and hold Landlord harmless from and against any and all debts, demands, obligations, liens, judgments, claims, liabilities, losses, damages, cleanup costs and expenses (including reasonable attorneys' fees) now or hereafter arising in connection with the presence, transportation, storage, disposal or handling of Hazardous Substances located in, on or about the Premises or Land caused by or resulting from the actions of Tenant, its agents or employees after the Commencement Date of this Lease or such earlier date as Tenant occupies the Premises, excluding (a) any Hazardous Substances present on the Land or the Premises prior to the Commencement Date of this Lease; (b) any such debt, demand, obligation, lien, judgment, claim, liability, loss, damage, cleanup cost or expense resulting from the actions or omissions of Landlord, Developer, General Contractor and their respective agents, employees, contractors, subcontractors or invitees; or (c) any debt, demand, obligation, lien, judgment, claim, liability, loss, damage, cleanup cost or expense resulting from actions of Landlord which result in violation of any contractual obligation of Landlord under this Lease, the Indenture, or any other document executed by Landlord in connection with a Mortgage incurred in connection with Paragraph 11 of this Lease. Landlord shall absolutely and unconditionally indemnify, defend and hold Tenant harmless from and against any and all debts, demands, obligations, liens, judgments, claims, liabilities, losses, damages, cleanup costs and expenses (including reasonable attorneys' fees) now or hereafter arising in connection with the presence, transportation, storage, disposal or handling of Hazardous Substances located in, on or about the Premises or Land that is caused by or results from the actions of Landlord, and its agents, employees, contractors, subcontractors or invitees. Landlord further covenants that it will diligently prosecute any reasonable claims that it may have against Developer, General Contractor, or any of their respective agents, employees, subcontractors, or invitees as a result of any presence, transportation, storage, disposal or handling of Hazardous Substances in, on or about the Premises or Land by any of them, or any spills, emissions, or releases thereof, including but not limited to any obligation for clean-up or remediation for which they may be liable, so as to achieve full compliance with Environmental Laws. These indemnifications shall survive the Expiration Date of this Lease.

7.3 No Waste, Nuisance or Damage. Tenant shall not use the Premises in any manner that will constitute waste of the Premises or nuisance and Tenant shall not do anything on the Premises that will cause damage to the Premises.

7.4 Tax Covenants. At all times from and after the Effective Date, Landlord (a) shall maintain its purposes and engage only in activities that are in furtherance of its purposes and are permitted by the State Nonprofit Corporation Act; (b) will maintain its status as a nonprofit corporation under the State Nonprofit Corporation Act and as an organization described in Section 501(c)(3) of the Code whose income does not inure to the benefit of any private person; (c) shall not encumber, pledge, hypothecate or grant a security interest in all or any part of the Premises (except for the Indenture and the Mortgage, which comply with the provisions of Paragraph 11 of this Lease) or except as consented to by Tenant and Bond Insurer in writing; (d) shall not engage in any activities related to the Premises or the Mortgage incurred by Landlord (except those specifically set forth in Paragraphs 9 and 11 of this Lease) that would cause the transaction contemplated under this Lease to constitute an unrelated trade or business determined by applying Section 513(a) of the Code; and (e) will not take any action or omit to take any action that, if taken or omitted, would adversely affect the tax-exempt status of interest payable on the Bonds. At all times during the term of this Lease, Landlord shall not assign its rights under this Lease (except to Trustee pursuant to the Indenture and the Mortgage) without the prior written consent of Tenant and Bond Insurer and the opinion of nationally recognized bond counsel to the effect that such assignment will not adversely affect the tax-exempt status of interest payable on the Bonds. At all times from and after the Effective Date of this Lease, Tenant covenants that it will not take any action or omit to take any action that, if taken or omitted, would adversely affect the tax-exempt status of interest payable on the Bonds.

## 8. Liens.

8.1 Covenant Against Liens. Except for the Indenture and the Mortgage incurred by Landlord in compliance with the provisions of Paragraph 11 of this Lease to secure the Bonds, Landlord covenants and agrees that it shall not during the Term of this Lease suffer or permit any Liens to be attached to, upon or against the Premises, or any portion thereof or any Rent payable under this Lease for any reason, including without limitation, Liens arising out of the possession, use, occupancy, acquisition, construction, repair, or rebuilding of the Premises or by reason of the furnishing of labor, services, materials, or equipment to the Premises or to Landlord. Tenant acknowledges that Landlord shall cause Developer to keep the Premises free and clear of all construction Liens resulting from the initial construction of the Project (including the right to contest same by appropriate proceedings conducted in good faith with due diligence) under the terms of the Development Agreement prior to the Commencement Date of this Lease. If Developer shall fail to do so, Landlord shall protect, defend, indemnify and hold Tenant harmless against any such Liens. Landlord agrees to indemnify, protect, defend and hold Tenant harmless from and against all liabilities, losses, damages, expenses and costs (including reasonable attorneys' fees and costs) incurred in connection with any such Lien. Landlord's obligations pursuant to this Paragraph 8.1 shall survive the Expiration Date of this Lease. Tenant covenants and agrees that, from and after the Commencement Date, it shall not during the Term

of this Lease suffer or permit any Liens to be attached to, upon or against the Premises, or any portion thereof or its leasehold interest in the Premises for any reason, including without limitation, Liens arising out of the possession, use, occupancy, acquisition, maintenance, operation, repair, or rebuilding of the Premises or by reason of the furnishing of labor, services, materials, or equipment to the Premises or to Tenant.

8.2 Covenant to Remove Liens. Landlord will promptly, and in all events within 30 days following the attachment of same, remove and discharge any and all Liens which attach to, upon or against the Premises or any portion thereof, or any leasehold interest of Tenant created under this Lease as a result of actions of Landlord or its officers, agents, contractors, or other parties who have performed work on the Premises at Landlord's request. Landlord reserves the right to contest the validity or amount of any such Lien in good faith provided that, within 30 days after the filing of such Lien, Landlord discharges said Lien of record or records a bond which complies with the requirements of RCW 60.04.161 eliminating said Lien as an encumbrance against the Premises. In the event Landlord shall fail to so remove any such Lien, Tenant may take such action as Tenant shall reasonably determine to remove such Lien and all costs and expenses incurred by Tenant including, without limitation, amounts paid in good faith settlement of such Lien and attorneys' fees and costs shall be paid by Landlord to Tenant together with interest thereon at the rate of twelve percent (12%) interest per annum from the date advanced until paid. Landlord's obligations pursuant to this Paragraph 8.2 shall survive the Expiration Date of this Lease.

8.3 Tenant's Disclaimer. Notwithstanding the consent or request of Tenant for the performance of any labor or services or for the furnishing of any materials or equipment for any construction, alteration, addition, repair or demolition of or to the Premises (or any part thereof), the costs of any such labor, services, materials or equipment are the responsibility of Landlord or Landlord's agents or contractors. NOTICE IS HEREBY GIVEN THAT TENANT WILL NOT BE LIABLE FOR ANY LABOR, SERVICES, MATERIALS OR EQUIPMENT FURNISHED OR TO BE FURNISHED TO LANDLORD, OR ANYONE HOLDING AN INTEREST IN THE PREMISES (OR ANY PART THEREOF) THROUGH OR UNDER LANDLORD, AND THAT NO CONSTRUCTION OR OTHER LIENS FOR ANY SUCH LABOR, SERVICES, MATERIALS OR EQUIPMENT SHALL ATTACH TO OR AFFECT THE INTEREST OF TENANT IN THE PREMISES. Nothing in this Paragraph 8.3 shall relieve Tenant of its obligation to pay Rent hereunder.

9. Construction of Project. Tenant would not have entered into this Lease but for the agreement by Landlord to undertake, at Landlord's sole cost and expense, the Project, including without limitation (i) the obtaining of financing for the Project, (ii) the acquisition of the Land, and (iii) the construction and equipping of the Premises for use by Tenant primarily as offices. It is of critical importance to Tenant that the construction of the Project on the Land be completed in a timely manner and within the Project Budget. Accordingly, Landlord shall diligently cause the Project to be designed, constructed and prosecuted to completion in a good and workmanlike manner and in accordance with the provisions of this Paragraph 9, free and clear of all Liens and otherwise in accordance with the requirements of this Lease. Landlord shall also furnish, or shall

cause Developer or General Contractor to furnish, a performance bond satisfactory to Tenant with respect to the Project.

9.1 Development Agreement. To meet the requirements of this Lease for completion of the Project, Landlord shall, simultaneously with the execution of this Lease by the parties, enter into a Development Agreement with Developer. Pursuant to the terms of the Development Agreement, Developer shall transfer to Landlord its interest as purchaser under the Real Estate Purchase Agreement with respect to the Land and shall develop, oversee and manage the design, permitting and construction of the Project.

9.2 Schedule for Design and Construction. Landlord and Tenant acknowledge and agree that the dates set forth in the initial Project Schedule attached hereto as Exhibit B and by this reference incorporated herein, and as revised from time to time in accordance with the terms of the Development Agreement, shall serve as target dates for achieving the matters set forth therein. In order to ensure to the greatest extent practicable that the Project is designed, permitted and completed on or before the dates set forth in the Project Schedule, Landlord and Tenant shall each proceed with all necessary due diligence and in good faith to complete such matters as require action or approval on the part of Landlord and Tenant. Landlord shall, following consultation with Tenant, promptly and diligently respond to all questions and concerns raised by Developer or by the Architect, Interior Architect, Contractors, engineers or other consultants.

(a) Notices from Developer to Landlord. To ensure that Tenant is fully apprised of decisions required of Landlord pursuant to the Development Agreement, Section 27(g) of the Development Agreement requires Developer and Landlord to provide simultaneously to Tenant and Harborview a copy of all notices, plans and specifications, change orders, invoices, documents or other agreements required to be delivered by one party to the other. In addition, Tenant, Harborview [and Bond Insurer] shall have the right, but not the obligation, to attend all meetings, and participate in all decisions to protect Tenant's interest under the Lease.

(b) Notices by Tenant to Landlord and Developer. To ensure that Developer is fully apprised of Tenant's position on Project decisions to be made by Landlord, prior to Final Acceptance Tenant shall have the right to provide simultaneously to Developer a copy of any notice Tenant issues to Landlord hereunder. Such notice shall be sent to the Developer at the following address by the same means specified in Section 27(g) of the Development Agreement (i.e., messenger, mail or facsimile):

Opus Northwest, L.L.C.  
 915 – 118<sup>th</sup> Avenue S.E., Suite 300  
 Bellevue, WA 98005  
 Attention: Tom Parsons and Richard Wieneke  
 Telephone: (425) 453-4100  
 Facsimile: (425) 453-1712

### 9.3 Plans and Specifications.

(a) Plans and Outline Specifications. As of the date of this Lease, Tenant has reviewed and accepted the Plans and Outline Specifications described in Exhibit H, as a preliminary basis for development of Construction Documents and Construction Contracts.

In addition, Tenant has reviewed and accepted the Project Budget which sets forth a detailed itemization by line item and category for all Project Costs, including the Owner Contingency, Developer Contingency, Tenant Improvement Allowance, Developer's Overhead and Developer's Fee.

(b) Construction Drawings and Detailed Specifications. Pursuant to Section 5 of the Development Agreement, Landlord will cause the completion by Architect of Construction Drawings and Detailed Specifications for the building shell and core and shall cause the preparation by Interior Architect of plans and specifications for Tenant Improvements, in each case for review and acceptance by Tenant. Landlord shall, following consultation with Tenant, cooperate in good faith with Developer to cause a completed design, which meets all Requirements of Law and Project Requirements and is consistent with all Project Requirements and the building quality reflected therein. Accordingly, as provided above, Developer will provide Tenant and Harborview a copy of all submittals requiring Landlord's review and approval pursuant to the Development Agreement, as and when such submittals are provided to Landlord. Tenant shall have the right to disapprove such Construction Drawings and Detailed Specifications which (i) do not meet the Project Requirements, or (ii) do not comply with Requirements of Law, or (iii) do not comply with previous Construction Drawings and Detailed Specifications in all material respects, or (iv) propose changes in work or materials that would result in a material change in appearance or diminution in quality of the Project; provided, however, that Tenant's right to disapprove must be exercised within the time limits permitted to the Landlord for response regarding such matters under the Development Agreement. Tenant shall have the right to give notice to Landlord (and shall simultaneously provide a copy of such notice to the Owner's Consultant) disapproving the Construction Drawings and Detailed Specifications, and Landlord shall notify Developer in the manner and within the time period set forth in the Development Agreement. If Tenant fails to issue such notice so as to allow Landlord to make timely objection or comment, Landlord shall nonetheless make a timely response to Developer and such submittals shall be deemed approved by Tenant.

(c) Changes to Construction Documents. There shall be no material change in the Construction Documents except as provided in Section 9 of the Development Agreement. Accordingly, Landlord has directed that Developer provide Tenant and Harborview a copy of all proposed changes in the Construction Documents requiring Landlord's review and/or approval pursuant to the Development Agreement, as and when such proposed changes are provided to Landlord. Tenant shall have the right to give notice to Landlord (and shall simultaneously provide a copy of such notice to the Owner's Consultant) disapproving any such proposed change in the Construction Documents and Landlord shall notify Developer in the manner and within the time period set forth in the Development Agreement. If Tenant fails to issue such notice so as to allow Landlord to make timely objection or comment, Landlord shall

nonetheless make a timely response to Developer and any such change shall be deemed approved by Tenant. If Tenant timely disapproves any such proposed change, Tenant shall notify Landlord in writing specifying the reason for its disapproval and Landlord shall notify Developer in the manner and within the time period set forth in the Development Agreement. Tenant shall have the right to disapprove changes which (i) are not a consistent development of the Project Requirements in all material respects, (ii) do not meet Project Requirements, (iii) do not comply with Requirements of Law, (iv) would violate the terms of any Permits, (v) would cause the Project Schedule to be adversely impacted as a result of such proposed changes, or (vi) involve proposed changes in work or materials which would result in a material change in appearance or diminution in quality of the Project; provided, however, that Tenant's right to disapprove must be exercised within the time limits permitted to the Landlord for response regarding such matters under the Development Agreement. Disputes regarding a proposed change in the Construction Documents shall be resolved by the dispute resolution process set forth in Paragraph 9.6 of this Lease.

(d) **Public Art.** The Project Budget includes \$376,000 to provide, as described in Section 8(d)(i) of the Development Agreement, public art consistent with the spirit and intent of King County's Public Art Program. Tenant shall have the right to review and approve the process for and selection of public art for the Project, which approval shall not be unreasonably withheld.

9.4 **Owner Contingency.** As described in Section 5(i) of the Development Agreement, the Developer's Fixed Price for the Project includes an Owner Contingency of \$1,000,000. Until the Working Drawings Delivery Date established under the schedule set forth on Exhibit K of the Development Agreement, \$200,000 of the Owner Contingency shall be reserved and allocated by Landlord solely to pay Costs Resulting From Owner-Caused Delay. From and after the Working Drawings Delivery Date, Landlord may, in its discretion, allocate any money remaining from this reserved amount either to Costs Resulting From Owner-Caused Delay or any other additional costs that Landlord incurs in connection with the Project so long as such costs are in furtherance of Landlord's obligations as Owner under the Development Agreement or as Landlord hereunder. During the course of the Project, Tenant may request changes in (i) the design, construction or installation of enhancements, upgrades, changes, and/or deviations from the Plans and Outline Specifications that increase the cost of the Project, or (b) Tenant Improvements in excess of the Tenant Improvement Allowance. Upon receiving such requests, Landlord shall charge such increased costs against the unreserved \$800,000 of Owner Contingency; provided, however, that if (i) Landlord has been charged with Costs Resulting From Owner-Caused Delay under the Development Agreement or has incurred other unanticipated expenditures in enforcing the Development Agreement, and (ii) as a result thereof, the \$200,000 reserve amount has been exhausted or substantially depleted and Landlord has concerns about having an adequate reserve, then Landlord may, in its discretion, decline to commit the entire \$800,000 unreserved amount as requested by Tenant, but may instead reserve a portion of such \$800,000 amount for further possible Costs Resulting From Owner-Caused Delay or other unanticipated expenditures.

9.5 Tenant Improvement Allowance. The Fixed Price under the Development Agreement includes a Tenant Improvement Allowance of \$8,963,125 for the design and construction of Tenant Improvements. Exhibit K thereto sets forth the dates for delivery of the space plans by which Landlord must deliver the plans to avoid potentially jeopardizing the Project Schedule. Tenant shall act promptly and diligently in responding to all submittals related to completion of final plans for the Tenant Improvements. If the total cost of designing and constructing the Tenant Improvements is less than the Tenant Improvement Allowance, all excess funds in the Tenant Improvement Allowance shall be subject to Paragraph 9.11 below. If the total cost of designing and constructing the Tenant Improvements desired by Tenant is greater than the Tenant Improvement Allowance, Landlord shall have no obligation to cause such Tenant Improvements to be designed and constructed unless Tenant provides any necessary funds (including, in its discretion, part of the Owner Contingency) in excess of the Tenant Improvement Allowance.

9.6 Dispute Resolution Process. As a condition precedent to any litigation regarding this Lease, Tenant and Landlord agree to follow the independent resolution process set forth in this Paragraph 9.6 to resolve disputes regarding preparation of the Construction Drawings and Detailed Specifications and changes to Construction Documents in an economic and time efficient manner so that such documents conform to the requirements of this Lease, the Project Schedule is not adversely affected, and the Project as constructed will satisfy the Project Requirements.

(a) Dispute Resolution Mediator. In the event that a dispute arises between Tenant and Landlord during the design phase of the Project regarding the adequacy of any Construction Drawings or Detailed Specifications or the responsibility for any costs associated with any design development, addition or change (e.g., whether any design development is consistent with and reasonably inferable from the Project Requirements and the Plans and Outline Specifications), the parties shall proceed in good faith to resolve such dispute as expeditiously as possible and shall cooperate so that the progress of the design and construction of the Project is not delayed. If, however, the parties are unable to resolve the dispute, either party may, by delivering written notice to the other, refer the matter to a dispute resolution mediator whom Tenant and Landlord have mutually designated to assist the parties in resolving such dispute. In the event the parties cannot agree on a mediator, either party may seek appointment of a mediator by the Presiding Judge of the King County Superior Court.

(b) Disputes Resolution Board. At the written request of Tenant, Landlord agrees to cause any dispute with respect to design or construction of the Project to be brought before the Disputes Resolution Board established pursuant to Section 26(a) of the Development Agreement. During any such resolution process, Landlord shall consult with Tenant and allow Tenant to fully participate to seek a resolution which is satisfactory to Tenant. However, any costs or expenses incurred by Landlord as a result of this Paragraph 9.6(b) and any increased Project Costs resulting therefrom which the Disputes Resolution Board determines are the responsibility of Landlord shall be reimbursed to Landlord by Tenant as Additional Rent, to the extent that such costs are not paid out of any available contingency amount.



9.7 Permits; Costs; Compliance with Legal Requirements. Landlord shall cause Developer to secure, at no cost to Tenant, all Permits, licenses, permissions, consents and approvals required to be obtained from governmental agencies or third parties in connection with construction of the Project pursuant to Requirements of Law, unless final plans for the Tenant Improvements are not completed as required under Development Agreement and as a result of such delay, Developer is required to apply for an additional building permit to construct the Tenant Improvements, in which case the cost of such permit shall be paid from the Tenant Improvement Allowance. Tenant shall join in the application for such permits or authorizations whenever such joinder is required; provided, however, Tenant shall incur no expense or liability in connection therewith. Landlord shall cause all work on the Premises during the Term to be performed in accordance with the Development Agreement and all Requirements of Law and all directions and regulations of all governmental agencies and the representatives of such agencies having jurisdiction over the Project and/or the Premises.

9.8 Construction Contracts. Landlord intends to contract for the construction of the Project directly with the General Contractor and to cause Developer to serve as construction manager in connection therewith pursuant to the provisions of the Development Agreement. Prior to Tenant's execution of this Lease, Landlord provided Tenant with the proposed forms of the General Construction Contracts for Tenant's review. Before Landlord executes or approves the General Construction Contracts, any Contract Document, Architect's Agreement, the Development Agreement or any other document or agreement that materially affects the Project or the Lease, Tenant shall have the right to review and accept such documents, which acceptance shall not be unreasonably withheld. In addition, Tenant shall have the right to view, for its own information, and to determine, prior to Landlord's entering into such construction contracts, that any other construction contract is consistent with the requirements of this Lease and the Construction Documents, all Construction Contracts and the bids submitted by potential Contractors. Except as otherwise provided elsewhere in this Lease or the Development, in the event Tenant notifies Landlord within five business days following receipt of a proposed document or agreement of its objection to such proposed document or agreement, Landlord shall not execute the proposed document or agreement. In the event Tenant does not notify Landlord within the time frame set forth above, Tenant shall be deemed to have consented to such proposed document or agreement.

9.9 Construction of Project. Landlord shall use its reasonable best efforts to cause the General Contractor to commence construction of the Project following receipt of the building permits and shall thereafter cause construction of the Project to be diligently and continuously prosecuted. All work shall be performed in a good and workmanlike manner, shall be free of defects in the work and materials and shall be constructed and in substantial accordance with the Contract Documents, the requirements of this Lease and Requirements of Law. The Landlord shall use its reasonable best efforts to cause the Project to be Substantially Completed on or before the date that is 20 months following the Commencement of Construction.

9.10 Payment of Project Costs and Other Costs Associated with the Project. Throughout the course of construction of the Project, Developer shall submit to Landlord on a

monthly basis Project Applications for Payment in the manner, and with all supporting documentation described in, Section 10 of the Development Agreement. Pursuant to Paragraph 9.2(a) above, Landlord shall require Developer to simultaneously provide Tenant and Harborview with a copy of all such Project Applications for Payment and supporting documentation. Tenant shall have the right, but not the obligation, to give notice to Landlord objecting to any aspect of such submittals and Landlord shall notify Developer in the manner and within the time period set forth in the Development Agreement. If Tenant fails to give such notice so as to allow Landlord to make timely objection, Landlord shall be free to approve or to take such other action as it deems appropriate with respect to any such submittal. Any dispute with respect to Project Applications for Payment shall be subject to dispute resolution pursuant to Paragraph 9.6 above.

9.11 Savings. In the event that all or some portion of the Tenant Improvement Allowance, the Owner Contingency or the Landlord's portion of the Developer Contingency is not used in completion of the Project, such amounts shall be for Landlord's account pursuant to Section 13(g) of the Development Agreement. Landlord agrees to provide Tenant and Trustee with written notice of the amount of the Tenant Improvement Allowance, Owner Contingency and/or the Landlord's portion of the Developer Contingency which is not used for completion of the Project and agrees to direct Trustee to apply such amounts as directed by Tenant pursuant to the Lease in accordance with the terms and provisions set forth in the Indenture and the Development Agreement.

9.12 Substantial Completion of Project. Substantial Completion of the Project shall have occurred when all of the events described in Section 13(a) of the Development Agreement and Paragraph 1.62 of this Lease have occurred.

9.13 As-Built Plans and Specifications; Manuals; Warranties; Permits and Licenses; and Survey. On or before Final Acceptance of the Project Landlord shall provide Tenant with a complete and detailed set of "as-built" plans and specifications for the Project (Tenant Improvements to be provided on CAD), together with copies of all other materials received from Developer pursuant to Section 15 of the Development Agreement including manuals, warranties, permits and licenses and an as-built survey.

9.14 Enforcement of Warranties. Tenant acknowledges that from and after the Commencement Date, in accordance with Paragraph 10.1 hereof, it shall be fully responsible for maintenance and repair of the Premises pursuant to the terms of this Lease. Landlord shall take all actions reasonably requested by Tenant to enforce or otherwise obtain the benefit of any warranty received from the Developer, the General Contractor or any other Contractors, or any supplier, materialman or manufacturer relating to the Project or to assign any such warranty in accordance with Paragraph 5.8 hereof; provided, however, that Landlord shall incur no additional expense or liability in that connection.

9.15 Inspection by Tenant. Tenant and Harborview shall have the right to inspect the on-going construction of the Project and Contract Documents upon reasonable prior notice to Landlord. In addition, Tenant shall have the right to have an independent consulting

architect, engineer or other appropriate consultant inspect the Project and Contract Documents pursuant to Section 10(c) of the Development Agreement. Landlord shall cause Developer to provide Tenant and Harborview with all updates of the status of the construction of the Project issued to Landlord in accordance with the Development Agreement.

9.16 Termination of Lease. In the event that the Development Agreement is terminated pursuant to Section 3(d) thereof as a result of a delay in the Sale of the Bonds beyond December 16, 2002, this Lease shall terminate and neither Landlord nor Tenant shall have any further rights, duties or obligations hereunder. Upon 60 days' prior written notice to Landlord and in the event that Substantial Completion of the Project has not occurred for any reason whatsoever including, but not limited to Unavoidable Delays by May 31, 2005, Landlord shall be in default under this Lease and Tenant shall have the right to terminate this Lease, without liability to Landlord, or Tenant may require Landlord to complete the Project and maintain this Lease. This Lease may also be terminated in accordance with the prepayment provisions of Paragraph 30.1 hereof.

9.17 No Amendment of Documents. In the event Landlord desires to amend the Architect's Agreement, any Contract Document, the Development Agreement, the Indenture, the Mortgage, or any other document or agreement that materially affects the Project or the Lease, Landlord shall submit a copy of such proposed amendment to Tenant for its review and approval. In the event Tenant notifies Landlord within five business days following receipt of such proposed amendment of its objection to such proposed amendment, Landlord shall not enter into the proposed amendment. In the event Tenant does not notify Landlord within the time frame set forth above, Tenant shall be deemed to have consented to such proposed amendment.

## 10. Maintenance and Modification.

10.1 Maintenance and Repair. Except as otherwise expressly provided herein (including in Paragraph 5.2 hereof) and except for Owner's Warranty Claims under the Development Agreement which shall be paid by Developer as provided in the Development Agreement and except for damage caused by the negligent acts or omissions of Landlord, Tenant at its sole cost and expense shall from and after the Commencement Date maintain or cause to be maintained the Premises and appurtenances and every part thereof in good order, condition and repair and will take all action and will perform all interior and exterior, structural and non-structural, foreseen and unforeseen, ordinary and extraordinary, maintenance and repairs required to keep all parts of the Premises in good repair and condition, subject only to ordinary wear and tear. Except as otherwise expressly provided herein and except for Owner's Warranty Claims, which Landlord shall cause Developer to cure or remedy in accordance with the provisions of the Development Agreement or which Landlord shall assign to Tenant at Tenant's request pursuant to Paragraph 5.8 hereof, Landlord shall not be required to pay for the cost required to maintain all or any part of the Premises in good order, condition and repair. Tenant shall make a reasonable effort to provide or to cause Harborview to provide Landlord with an annual budget or annual data relating to expenses incurred in connection with operation, maintenance and repair of the Premises, to the extent that such data or budgeting for the Premises is accounted for separately from other facilities and properties of Tenant or Harborview, as applicable.

## 10.2 Management of Premises; Accounting.

(a) Property Management. In accordance with the Harborview Management Agreement, Tenant intends to delegate to Harborview supervision over the maintenance of the Premises, including security. Tenant shall at all times operate, or cause Harborview to operate, the Premises in compliance with all Requirements of Law and in compliance with the terms and provisions of this Lease. Immediately upon the termination of the Harborview Management Agreement, Tenant shall notify Landlord of such termination. Tenant may at any time following Substantial Completion request that Landlord enter into a Property Management Agreement in form and substance satisfactory to Landlord and Tenant under which the appointed property manager shall assume all obligations of a property manager for the Premises. Landlord may also enter into a Property Management Agreement in form and substance satisfactory to Landlord (i) in accordance with the provisions of Paragraph 10.3 of this Lease or (ii) as part of its exercise of remedies pursuant to Paragraph 23 of this Lease. Any such Property Management Agreement shall comply with Revenue Procedure 97-13 or any successor revenue procedure issued by the Internal Revenue Service governing management, operation or other service contracts in connection with the issuance of tax-exempt obligations. The appointed property manager shall at all times operate the Premises in compliance with all Requirements of Law and in compliance with the terms and provisions of this Lease and the Property Management Agreement. Such private property manager shall have experience managing commercial buildings of comparable size and quality and shall be paid a management fee not in excess of the management fee customarily charged by other property managers who manage similar buildings. If a Property Management Agreement is terminated in accordance with the provisions therein due to a material and uncured default by the property manager, Landlord shall have the ability to replace the property manager with a private professional property management company selected by Landlord and not unreasonably objected to by Tenant.

(b) Financial Statements. As soon as reasonably possible and in any event within 90 days after the close of each fiscal year of Landlord, Landlord shall deliver to Tenant, Trustee and Bond Insurer the (1) the consolidated balance sheet of Landlord and the Premises as at the end of such fiscal year setting forth in comparable form the corresponding figures as at the end of the preceding fiscal year, certified as to accuracy by an officer of Landlord; (2) statements of income, retained earnings and changes in financial position for such fiscal year of Landlord and the Premises setting forth in comparable form the corresponding figures for the previous fiscal year prepared in conformity with generally accepted accounting principles applied on a basis consistent with that of the preceding year or containing disclosure of the effect on financial position or results of operations of any change in the application of accounting principles during the year certified as to accuracy by an officer of Landlord; (3) an operating statement for the Premises for the preceding Calendar Year certified as to accuracy by an officer of Landlord; and (4) a certificate executed by an officer of Landlord certifying compliance by Landlord with the requirements of this Lease, the Mortgage, the Indenture and the Bonds. Such year-end balance sheet and income statements of the Premises shall be accompanied by an unqualified report and opinion of independent public accountants of recognized standing selected by Landlord and not objected to by Tenant, which report and

opinion shall be in accordance with generally accepted auditing standards relating to reporting, or, if qualified, the opinion shall not be qualified due to any departure from any generally accepted accounting principles, and shall be accompanied by a statement of such accountants that in making the audit necessary for the certification of such financial statements and any such report, such accountants have obtained no knowledge of any default under this Lease, the Mortgage, the Indenture, the Bonds or any other evidence of indebtedness or of any event which, with notice or lapse of time, or both, would constitute an event of default under this Lease, the Mortgage, the Indenture, the Bonds or any other evidence of indebtedness or, if in the opinion of such accountants any such event of default or other event shall exist, shall include a statement as to the nature and status thereof.

(c) Asset Management Fee. As compensation for its services in overseeing management of the Premises and the preparation of financial statements, Tenant shall pay Landlord an asset management fee equal to 1% of the Monthly Rent payable under this Lease. Such asset management fee shall be paid monthly in advance at the same time and in the same manner that Monthly Rent is paid.

10.3 Landlord's Remedies. Tenant shall diligently pursue all necessary or appropriate maintenance and repairs in accordance with its obligations under Paragraph 10.1 hereof. However, if, based on inspections of the Premises permitted under Paragraph 25 hereof, Landlord becomes aware of needed maintenance or repairs, Landlord shall provide Tenant written notice of any maintenance or repair required to the Premises or of any default by Tenant in the performance of its obligations under Paragraph 10.1 of this Lease. Tenant shall have 30 days after receipt of notice from Landlord detailing the need for maintenance or repair, to commence to perform its obligations under this Lease, except that Tenant shall perform its obligations as soon as reasonably possible if the nature of the problem presents a hazard or emergency. If Tenant does not perform its obligations under Paragraph 10.1 of this Lease within the time limitations set forth in this Paragraph 10.3, provided written notice has been given to Tenant as provided in this Paragraph 10.3, Landlord shall have the right, but not the obligation, to perform such maintenance and repair and shall have the right to be reimbursed by Tenant for the sum it actually expends in the performance of such work. If Tenant does not reimburse Landlord within 30 days after demand from Landlord, Landlord shall have the right to pursue any and all remedies available at law or equity. Following any material uncured default of Tenant with respect to its obligations under Paragraph 10.1 hereof or in connection with Landlord's exercise of default remedies under Section 23 hereof, Landlord shall have the right, but not the obligation, upon 30 days' written notice to Tenant, to enter into a Property Management Agreement in form and substance satisfactory to Landlord under which the appointed property manager shall assume all obligations of a property manager for the Premises. Any such Property Management Agreement shall comply with the requirements of Paragraph 10.2(a) hereof.

10.4 Modifications, Alterations and Additions. From and after the Commencement Date of this Lease Tenant may, at Tenant's sole cost and expense, make modifications, alterations and additions to the Premises provided that such modifications, alterations and additions do not decrease the value of the Premises, and such modifications, alterations and additions shall be expeditiously completed in a good and workmanlike manner

and in compliance with all applicable Laws and the requirements of all insurance policies required to be maintained by Tenant, without further consent from Landlord. Landlord shall, upon reasonable notice, have access to all plans and specifications relating to alterations and modifications made by Tenant to the Premises.

11. Landlord Financing of Project. Landlord shall not have the right to mortgage, pledge, encumber or assign the Premises in whole or in part except in connection with its financing of the Project through Bonds issued by Landlord pursuant to the Indenture and the Mortgage in compliance with the requirements of Revenue Ruling 63-20 and Revenue Procedure 82-26 issued by the Internal Revenue Service. Copies of the Indenture and the Mortgage securing the Bonds shall be provided to and shall be approved by Tenant which approval shall not be unreasonably withheld; provided Tenant receives an opinion from nationally recognized bond counsel acceptable to Tenant that the interest on the Bonds secured by the Indenture and such Mortgage is exempt from taxation under the provisions of the Code and the financing proposed by the Indenture and the Mortgage is otherwise in full compliance with all requirements of the Code in connection with the issuance of tax-exempt obligations which satisfy the requirements of Revenue Ruling 63-20, Revenue Procedure 82-26 and other regulations, interpretations and letter rulings issued by the Internal Revenue Service with respect to such financings. The Mortgage shall expressly provide that so long as Tenant is not in default under any of the terms, covenants or conditions of this Lease, the beneficiary under the Mortgage shall not disturb Tenant's possessory rights in the Premises in the event such beneficiary should foreclose the Mortgage.

12. Construction Liens. From and after the Commencement Date of the Lease Tenant shall pay all costs for modifications, alterations and additions done by it or caused to be done by it on the Premises as permitted by this Lease (other than the construction of the Project) and Tenant shall keep the Premises free and clear of all construction Liens resulting from modifications, alterations and additions done by or for Tenant; provided, however, Tenant shall have the right to contest the correctness or validity of any such Lien by appropriate proceedings conducted in good faith with due diligence. Within 30 days following written notice from Landlord, Tenant shall discharge said Lien of record or record a bond which complies with the requirements of RCW 60.04.161 eliminating said Lien as an encumbrance against the Premises if in the reasonable exercise of Landlord's judgment the protection of the Premises or Landlord's interest therein shall require such payment. In the event Tenant shall fail to so remove any such Lien, Landlord may take such action as Landlord shall reasonably determine to remove such Lien and all costs and expenses incurred by Landlord including, without limitation, amounts paid in good faith settlement of such Lien and attorneys' fees and costs shall be paid by Tenant to Landlord.

Tenant acknowledges that Landlord shall cause Developer to keep the Premises free and clear of all construction liens resulting from the initial construction of the Project (including the right to contest same by appropriate proceedings conducted in good faith with due diligence) under the terms of the Development Agreement prior to the Commencement Date of this Lease. If Developer shall fail to do so, Landlord shall protect, defend, indemnify and hold Tenant harmless against any such liens.

13. Indemnity and Hold Harmless. Landlord and Tenant mutually agree that in any and all causes of action and/or claims or third party claims arising out of or in connection with the terms, activities, use and/or operations of this Lease, including the Premises, each party shall be responsible to the other only to the extent of each other's comparative fault in causing the alleged damages or injuries.

As to any and all causes of action and/or claims or third-party claims arising from the sole fault of a party to this Lease, said party shall have the duty to defend, save and hold the other party harmless and upon failure to do so, said party shall pay reasonable attorneys' fees, costs, and expenses incurred by the other party to this Lease in defense of said claims and/or actions.

Nothing contained within this Paragraph 13 shall affect and/or alter the application of any other provision contained within this Lease.

14. Minimum Scope of Insurance Coverage for Landlord.

14.1 Landlord's Coverages. During the Term of this Lease, Landlord shall at a minimum maintain: commercial general liability insurance (Insurance Services Office form number (CG00 001 Ed. 11-88), covering commercial general liability with a limit of not less than \$1,000,000 combined single limit per occurrence; \$2,000,000 aggregate. In addition, Landlord shall maintain workers' compensation coverage as required by the Industrial Insurance Act of the State of Washington, statutory limits.

14.2 Deductibles and Self-Insured Retentions. Any deductibles or self-insured retentions must be declared to and approved by the Tenant. The deductible and/or self-insured retention of the policies shall not limit or apply to the Landlord and shall be the sole responsibility of the Landlord.

14.3 Other Insurance Provisions. The insurance policies required by this Lease are also to contain or be endorsed to contain the following provisions where applicable:

(a) Liability Policies:

(1) The Bond Insurer, the Trustee and the Tenant, its officers, officials, employees and agents are to be covered as additional insureds as respects liability arising out of activities performed by or on behalf of the Landlord in connection with this Lease.

(2) Landlord's insurance coverage shall be primary insurance as respects the Tenant, its officers, officials, employees and agents. Any insurance and/or self insurance maintained by Tenant, its officers, officials, employees and agents shall not contribute with the Landlord's insurance or benefit the Landlord in any way.

(3) Landlord's insurance shall apply separately to each insured against whom a claim is made and/or lawsuit is brought, except with respect to the limits of the insurer's liability.

(b) All Policies. Coverage required hereunder shall not be suspended, voided, canceled, reduced in coverage or in limits except by the reduction of the applicable aggregate limits by claims paid, until after 45 days prior written notice has been given to the Landlord, Tenant, Trustee and Bond Insurer.

(c) Acceptability of Insurers. Unless otherwise approved by Tenant and Bond Insurer:

(1) Insurance is to be placed with insurers with a Best's rating of no less than A-:VIII or, if not rated by Best's, with a rating in one of the two highest categories maintained by Standard & Poor's Rating Group and Moody's Investors Service.

(2) If at any time any of the foregoing policies shall fail to meet the requirements above, the Landlord shall, upon notice to that effect from Tenant promptly obtain a new policy and shall submit the same to Tenant and Bond Insurer with certificates and endorsements, for approvals.

15. Minimum Scope of Insurance Coverage for Tenant.

15.1 General Liability. During the Term of this Lease, Tenant shall maintain general liability coverage. So long as the Harborview Management Agreement remains in effect, Tenant's requirement for coverage under this Paragraph 15.1 may be satisfied by general liability coverage provided by the University of Washington. If such coverage is provided by the University of Washington through other than a commercial insurance policy, then Tenant shall provide Landlord, Trustee and Bond Insurer annually with a certified actuarial statement from an independent insurance consultant or actuary that such program is in full force and effect and is actuarially sound and consistent with industry standards and prudent risk management standards. Tenant agrees to provide Landlord and Bond Insurer with at least 45 days' written notice of any change in the University of Washington's coverage program and will cause the University of Washington to provide Landlord, Trustee and Bond Insurer with a certificate of coverage. From and after such time as the Harborview Management Agreement terminates, Tenant shall have the right to self-insure under Paragraph 15.2 or, at its sole cost and expense, shall obtain and keep in force throughout the Term of this Lease general liability insurance on an occurrence basis insuring the Tenant against claims for personal injury (including bodily injury or death), property damage liability and such other loss or damage from such causes of loss as are embraced by insurance policies of the type now known as "Commercial General Liability" insurance with a limit of not less than \$1,000,000 combined single limit per occurrence, \$2,000,000 aggregate. Tenant agrees to add Trustee and the Bond Insurer as additional insureds to any such commercial general liability insurance policy.



15.2 Self-Insurance by Tenant. Notwithstanding anything herein to the contrary, Tenant may self-insure for general liability coverage, provided that Tenant maintains at all times a program of self-insurance and provides Landlord, Trustee and Bond Insurer annually with a certified actuarial statement from an independent insurance consultant or actuary that such program is in full force and effect and is actuarially sound and consistent with industry standards and prudent risk management standards. Annual evidence of Tenant's program of self-insurance is and shall continue to be included in the Tenant's annual financial statements and shall be provided to Landlord, Trustee and Bond Insurer. Tenant agrees to provide Landlord and Bond Insurer with at least 30 days' prior written notice of any change in Tenant's self-insured status and will provide Landlord and Bond Insurer with a certificate of self-insurance as adequate proof of insurance. In the event Tenant fails to satisfy the condition set forth above, Tenant shall immediately procure the insurance coverage required for risks against which Tenant had previously self-insured to the minimum scope and limits specified above. Except for the active negligence of the Landlord and if Tenant elects to self-insure as set forth in this paragraph, Tenant acknowledges and agrees that Landlord shall have no liability to third parties for such losses or damage which would otherwise have been covered by the general liability insurance that Tenant (or the University of Washington) could have provided in accordance with Paragraph 15.1 of this Lease, nor shall Tenant's failure to obtain commercial general liability insurance have any effect on Tenant's obligations under this Lease.

15.3 Workers' Compensation. Landlord acknowledges, agrees and understands that Tenant is self-insured for all of its workers' compensation liability exposure. Tenant agrees, at its own expense, to maintain through its self-insurance program coverage for its workers' compensation liability exposure for the duration of the Term of this Lease. Tenant agrees to provide Landlord and Bond Insurer with at least 30 days' prior written notice of any change in the Tenant's self-insured status and will provide Landlord and Bond Insurer with a certificate of self-insurance as adequate proof of insurance. So long as the Harborview Management Agreement remains in effect, Tenant's requirements for self-insurance under this Paragraph 15.3 may be satisfied by the University of Washington, and Tenant agrees to cause the University of Washington to provide Landlord, Trustee and Bond Insurer with the notices, certificates and reports regarding the University's workers' compensation coverage.

## 16. Property Insurance.

16.1 Coverage for Premises. From and after the Commencement Date of this Lease, Tenant agrees that it shall keep the Premises insured at 100% of replacement value for fire and other perils currently covered by a special causes of loss commercial property insurance form. Such coverage shall include 12 months of rental interruption coverage and shall name Trustee as loss payee as its interests may appear. Tenant further agrees to insure the Premises against the perils of earthquake and flood, either as part of the aforementioned commercial property policy, or under a separate policy or policies. Such earthquake and flood insurance shall include 12 months of rental interruption coverage and shall name Trustee as loss payee as its interests may appear. Tenant shall maintain coverage against loss arising from earthquake and flood so long as such coverage is available at a commercially reasonable cost and in coverage amounts which are commercially available, but shall not be in default under this Lease if

coverage is no longer written, is unavailable for properties comparable to the Premises or is not available at commercially reasonable premium amounts. The Tenant will provide the Landlord and Trustee with 30 days prior written notification of material changes in coverage. Tenant will, upon request, furnish Landlord and Trustee with satisfactory evidence that such coverage is in effect.

16.2. Coverage for Tenant's Personal Property. Landlord shall have no obligation to insure any of Tenant's Personal Property.

17. Reserved

18. Other Insurance Matters.

18.1 Insurance Requirements.

(a) At all times from and after the Effective Date of this Lease, Landlord and Tenant agree to procure and maintain in full force and effect for the duration of the Term of this Lease insurance against claims for personal injury or property damage which may arise from or in connection with this Lease.

(b) Each insurance policy shall be written on an "occurrence" form.

(c) By requiring such minimum insurance as specified herein, neither party shall be deemed to, or construed to, have assessed the risks that may be applicable to the other party to this Lease. Each party shall assess its own risks and, if it deems appropriate and/or prudent, maintain greater limits or broader coverage.

(d) Nothing contained within these insurance requirements shall be deemed to limit the scope, application and/or limits of coverage afforded, which coverage will apply to each insured to the full extent provided by the terms and conditions of the policy(s). Nothing contained within this provision shall affect and/or alter the application of any other provision contained within this Lease.

(e) Each insurance policy required to be carried by Tenant hereunder shall comply with the provisions of Paragraph 14.3 of this Lease.

(f) Each party shall furnish the other party with certificates of insurance and endorsements as required by this Lease. The certificates and endorsements for each policy are to be signed by a person authorized by that insurer to bind coverage on its behalf. The certificates and endorsements for Landlord's insurance are to be on forms approved by Tenant and are to be received and approved by the Tenant and Bond Insurer prior to the Effective Date of this Lease. The certificate and endorsements for Tenant's insurance are to be received and approved by the Bond Insurer and Landlord prior to the Effective Date or Commencement Date of this Lease as appropriate. Tenant, Landlord, and Bond Insurer each reserves the right to require complete certified copies of all required policies at any time.

18.2 Insurance Prior to the Commencement Date. Landlord and Tenant acknowledge, understand and agree that, prior to the Commencement Date of this Lease, all liability and property insurance necessary in connection with the Land and the Premises (except for Tenant's general liability insurance described in Paragraph 15.1 of this Lease to be maintained as provided in Paragraph 15.1 of this Lease) shall be obtained and thereafter maintained in full force and effect by Landlord or Developer with the cost to be allocated between Landlord and Developer pursuant to the provisions of the Development Agreement. Such insurance shall name Landlord, Tenant, and Bond Insurer as their respective interests may appear, shall name the Trustee as loss payee, where appropriate, and shall be in form satisfactory to Tenant and Bond Insurer.

19. Destruction. In the event that the Premises are damaged or destroyed by fire or other casualty following the Commencement Date, this Lease shall not terminate nor shall there be any abatement of Monthly Rent or Additional Rent otherwise payable by Tenant hereunder; provided, however, that Tenant may elect to defease or prepay Monthly Rent in accordance with Paragraphs 4.3 and 30 hereof.

20. Condemnation.

20.1 Total Condemnation. If there is a taking or damaging of all or any portion of the Premises by the exercise of any governmental power, whether by legal proceedings or otherwise, by a governmental agency with jurisdiction over the Premises or a transfer by Landlord either under threat of condemnation or while legal proceedings for condemnation are pending (a "Condemnation") such that there can be no reasonable use of the Premises by Tenant, as reasonably determined by Tenant, this Lease shall terminate on the date the condemnor has the right to possession of the property being condemned. The entire award with respect to a taking of the Premises (including Tenant's leasehold estate under this Lease) shall be paid to Trustee and (i) applied at the Bond Insurer's direction, if there has been no default by the Bond Insurer under the terms of its municipal bond insurance policy that insures payment of principal of and interest on the Bonds, and otherwise (ii) applied at the direction of Landlord in accordance with the Indenture. Any Condemnation proceeds remaining after Bonds have been paid in full shall be paid to Tenant.

20.2 Partial Condemnation Prior to Commencement Date. If prior to the Commencement Date there is a partial taking of a part of the Premises by Condemnation, and Tenant determines that a reasonable use can be made of the Premises then the condemnation proceeds shall be paid to Trustee who shall deposit said condemnation proceeds into the Non-Bond Proceeds Subaccount within the Project Costs Account established under the Indenture and shall disburse such condemnation proceeds to Developer in accordance with Section 22(b) of the Development Agreement.

20.3 Partial Condemnation after Commencement Date. From and after the Commencement Date, if there is a partial taking of a part of the Premises by Condemnation, this Lease shall not terminate and Tenant shall continue to make payments of Monthly Rent less the

amount of any loss of rent insurance proceeds paid to the Trustee. There shall be no abatement of Additional Rent payable by Tenant hereunder. Any Condemnation proceeds shall be paid to Tenant.

21. Assignment of Lease or Premises; Subletting. Landlord shall not assign its interest in the Lease or in the Premises (except to Trustee) without the prior written consent of Tenant and the Bond Insurer and a written opinion from nationally recognized bond counsel that such assignment by Landlord of all or any portion of its interest in the Lease or the Premises will not have an adverse effect on the tax exempt status of interest payable on the Bonds. Any attempted assignment in violation of the consent requirements under this Paragraph 21 shall be null and void and shall constitute an event of default under the Indenture. Tenant shall not assign its interest in this Lease or in the Premises without the prior written consent of Landlord and Bond Insurer and a written opinion of nationally recognized bond counsel that such assignment by Tenant will not have an adverse effect on the tax exempt status of interest payable on the Bonds. Landlord acknowledges that Tenant's use of the Premises for Harborview's purposes, as described in Paragraph 7 hereof, does not constitute a sublease or an assignment of Tenant's rights hereunder. Tenant may sublease the Premises or any portion thereof, to the extent and on the terms and conditions set forth under Paragraph 7 of the Lease and so long as the execution of such sublease would not violate the provisions of Paragraph 7 hereof; provided, however, that under no circumstances shall Tenant be released or relieved from any of its obligations hereunder. Any such assignment or sublease as provided for in this Paragraph shall be in writing and shall require such assignee or subtenant to comply fully with the terms of this Lease, including, without limitation, the provisions of Paragraph 7 regarding use of the Premises. Tenant shall provide Landlord, Trustee and Bond Insurer with written notice of any such assignment or sublease and a copy of any such assignment or sublease documentation.

22. Default by Tenant. The occurrence of any of the following shall constitute an Event of Default by Tenant under this Lease:

22.1 Payment. Failure (A) to make any Monthly Rent payments due under this Lease if the failure to pay is not cured within seven days after written notice of such failure has been given by Trustee or Landlord to Tenant, or (B) failure to make any other payment required if the failure to pay is not cured within ten days after written notice of such failure has been given by Landlord to Tenant.

22.2 Other Failure to Perform. Failure to perform any other provision of this Lease if the failure to perform is not cured within 30 days after written notice of such default has been given by Landlord to Tenant. If the default cannot reasonably be cured within 30 days, then Tenant shall not be in default under this Lease if Tenant commences to cure the default within 30 days and diligently and in good faith continues to cure the default; provided, however, that if such default is of a nature such that it cannot be cured within 90 days, the Tenant shall obtain the written approval of Landlord and the Trustee to continue its efforts to cure such default following the 90-day cure period.

22.3 Late Charges; Interest on Past Due Monthly Rent. Tenant acknowledges that a late payment of Monthly Rent hereunder will cause Landlord to incur costs not contemplated by this Lease, the exact amount of which is difficult to ascertain. Therefore, in the event Tenant shall fail to pay any installment of Monthly Rent due hereunder for 15 days after the date such amount is due, Tenant shall also pay Landlord a late charge equal to two percent (2%) of the amount then owing and past due together with interest on such past due amount at an interest rate of twelve percent per annum (12%) commencing eight days after the date such amount is due until paid. Payment of such late charges and/or default interest shall not excuse or cure any default by Tenant under this Lease.

23. Remedies for Tenant Default. If Tenant commits a payment default described in Paragraph 22.1 and fails to cure such default within the time period provided under Paragraph 22.1 hereof, then Landlord, by providing Tenant with ten days' advance written notice, may terminate Tenant's rights under this Lease, evict the Tenant and re-enter the Premises, but notwithstanding such eviction and re-entry by Landlord, Tenant shall remain obligated to pay Rent hereunder for the balance of the Term of this Lease. In re-letting the Premises, Landlord shall restrict possible replacement tenants to those whose occupancy would have no adverse effect on the tax-exempt status of interest payable on the Bonds, but within such category of qualified tenants Landlord shall take reasonable measures to seek a maximum rental rate for reletting. In the circumstances described in this Paragraph 23, Landlord also shall have the right to enter into a Property Management Agreement pursuant to Paragraph 10.2(a) hereof. Landlord shall provide notice to Tenant of any amount by which rentals from such reletting are less than the Rent and the due dates of such rent. The deficiency amount for each such Rent payment shall be paid by Tenant on or before the due date for such Rent payment.

24. Signs. Tenant shall have the right to place identification signage, other signage, advertisements, awnings, banners or other exterior decorations on the exterior of the Premises without any further consent or approval from Landlord. Any sign that Tenant has the right to place, construct and maintain shall comply with all Laws, and Tenant shall obtain any approval required by such Laws. Landlord makes no representation with respect to Tenant's ability to obtain such approval.

25. Landlord's Right to Enter the Premises. Landlord shall have the right to enter the Premises at reasonable times during Tenant's normal business hours for the below-listed purposes; provided, however, Landlord acknowledges and agrees to comply with Tenant's requests regarding security. Landlord shall conduct its activities on the Premises as allowed in this Paragraph in a manner that will cause the least possible inconvenience, annoyance or disturbance to Tenant. Landlord shall not be liable in any manner for any inconvenience, annoyance, disturbance, loss of business, nuisance, or other damage arising out of Landlord's entry on the Premises as provided in this Paragraph, except damage resulting from the negligent acts or omissions of Landlord. Tenant shall not be entitled to an abatement or reduction of Rent if Landlord exercises any right reserved in this Paragraph:

25.1 Condition. To determine whether the Premises are in good condition and whether Tenant is complying with its obligations under this Lease.

25.2 Notices. To serve, post or keep posted any notices required or allowed under the provisions of this Lease.

26. No Encumbrances by Landlord. Except to the extent expressly authorized in Paragraphs 11 and 21 of this Lease Landlord shall not at any time during the Term of this Lease sell, transfer, lease (other than to Tenant pursuant to this Lease or a replacement tenant pursuant to Paragraph 23 hereof), convey, encumber (other than to Trustee pursuant to the Mortgage), pledge (other than to Trustee pursuant to the Indenture), hypothecate or otherwise grant a security interest in the Premises or any portion thereof.

27. Right to Estoppel Certificates. Each party, within 15 days after notice from the other party, shall execute and deliver to the other party, in recordable form, a certificate stating that this Lease is unmodified and in full force and effect, or in full force and effect as modified and stating the modifications. Failure to deliver the certificate within such 15 day period shall be conclusive upon the party failing to deliver the certificate for the benefit of the party requesting the certificate and any successor to the party requesting the certificate, that this Lease is in full force and effect and has not been modified except as may be represented by the party requesting the certificate.

28. Limitation on Landlord's Liability. Notwithstanding any provision in the Lease to the contrary, Tenant agrees that it shall look solely to the estate and property of Landlord in the Land and buildings constituting the Premises, any insurance proceeds or condemnation proceeds payable to the Landlord under this Lease, and any sums paid to Landlord under the Development Agreement for the collection of any judgment requiring the payment of money by Landlord or for the enforcement of any other judgment or remedy against Landlord and no other assets of Landlord shall be subject to levy, execution or other procedure for the satisfaction of Tenant's remedies.

29. Attorneys' Fees. In the event either party requires the services of an attorney in connection with enforcing the terms of this Lease, or in the event suit is brought for the recovery of any Rent due under this Lease or for the breach of any covenant or condition of this Lease, or for the restitution of said Premises to Landlord and/or eviction of Tenant during said Term or after the expiration thereof, the prevailing party will be entitled to a reasonable sum for attorneys' fees, witness fees, and court costs, including costs of appeal.

30. Options to Prepay Lease and Purchase Premises.

30.1 Option to Purchase. Provided that Tenant is not in default under this Lease (including payment of any Additional Rent then due and owing), Tenant shall have the option to purchase the Premises and thereby terminate this Lease at any time on or after December 1, 2012. The purchase price of the Premises shall be an amount equal to the total outstanding principal amount of Monthly Rent payments set forth on Exhibit A, plus interest accrued thereon to the date of prepayment at the applicable rate(s) set forth on Exhibit A, plus an option exercise fee of one dollar (\$1.00).

30.2 Exercise of Option. Tenant shall give Landlord not less than 45 days' prior written notice of its election to exercise its option to purchase under Paragraph 30.1 hereof in the form set forth in Exhibit F attached hereto. The purchase price and any Additional Rent then due and owing shall be paid in cash or same-day available funds by 10:00 a.m. Seattle time on the payment date specified in such notice (or such other date as Tenant and Landlord may mutually agree).

30.3 Conveyance of Premises . On the payment date specified in the notice of election to exercise the purchase option, or such other date as Tenant and Landlord may mutually agree, Landlord shall convey the Premises to Tenant by statutory warranty deed, and this Lease shall terminate. Said deed may list as exceptions all covenants, conditions and restrictions then recorded against the Premises so long as such exceptions: (i) were approved by Tenant prior to the Commencement Date of this Lease; (ii) consist of non-delinquent real estate taxes and assessments, or (iii) arise by reason of Tenant's activities. Tenant shall pay the cost for any owner's policy of title insurance it elects to obtain in connection with such purchase. Landlord shall not be required to make any representations regarding the conditions of the Premises and Tenant agrees to accept the Premises in an "as is" condition. Nothing herein shall be construed to require Tenant to exercise the purchase option herein granted.

30.4 Option to Partially Prepay Lease. Tenant shall have the option to partially prepay the principal component of Monthly Rent, in \$5,000 increments for periods to be determined by Tenant (as represented by the principal portion of Monthly Rent due each year as set forth in Exhibit A). Notice of such intent to prepay shall be given to the Landlord in writing not less than 45 days in advance of the intended prepayment date. Such prepayment may be at any time on or after December 1, 2012. The notice of partial prepayment shall be substantially in the form set forth on Exhibit G attached hereto. By 10:00 a.m. Seattle time on the date set for such prepayment, Tenant shall pay to Landlord in cash or same-day available funds, an amount equal to the principal portion of Monthly Rent to be prepaid, together with interest thereon to the date of prepayment. Upon such prepayment, the term of this Lease shall be deemed modified such that this Lease terminates on the payment date for the last outstanding Monthly Rent not prepaid.

30.5 Option Not Exercised. If Tenant does not exercise the purchase option hereunder upon termination of this Lease, then, after giving Tenant 90 days' written notice, Landlord may sell the Premises to any third party. The proceeds from such sale, less Landlord's costs in connection with the sale, shall be distributed to Tenant.

31. Broker. Landlord and Tenant each represent to the other that neither is represented in any manner by any broker, agent or finder with respect to this Lease. Landlord shall pay or shall cause Developer to pay any brokerage commission to the Opus Broker (as defined in the Real Estate Purchase Agreement) and shall protect, defend, indemnify and hold Tenant harmless from any claims, liabilities or commissions claimed or payable to the Opus Broker. Each party agrees to indemnify and hold the other party harmless from and against any and all liability, costs, damages, causes of action or other proceedings instituted by any broker,

agent or finder, licensed or otherwise, claiming through, under or by reason of the conduct of the indemnifying party in any manner whatsoever in connection with this Lease. These indemnifications shall survive the expiration or earlier termination of this Lease.

## 32. Miscellaneous Provisions.

32.1 Entire Agreement. This Lease sets forth the entire agreement of the parties as to the subject matter hereof and supersedes all prior discussions and understandings between them. This Lease may not be amended or rescinded in any manner except by an instrument in writing signed by a duly authorized officer or representative of each party hereto and the consent of Bond Insurer if required pursuant to the provisions of Paragraph 32.12 of this Lease.

32.2 Governing Law. This Lease shall be governed by and construed and enforced in accordance with the laws of the State of Washington.

32.3 Severability. Should any of the provisions of this Lease be found to be invalid, illegal or unenforceable by any court of competent jurisdiction, such provision shall be stricken and the remainder of this Lease shall nonetheless remain in full force and effect unless striking such provision shall materially alter the intention of the parties.

32.4 Jurisdiction. In the event any action is brought to enforce any of the provisions of this Lease, the parties agree to be subject to exclusive in personam jurisdiction in the King County Superior Court for the State of Washington and agree that in any such action venue shall lie exclusively at Seattle, Washington.

32.5 Waiver. No waiver of any right under this Lease shall be effective unless contained in writing signed by a duly authorized officer or representative of the party sought to be charged with the waiver and no waiver of any right arising from any breach or failure to perform shall be deemed to be a waiver of any future right or of any other right arising under this Lease.

32.6 Captions. Paragraph captions contained in this Lease are included for convenience only and form no part of the agreement between the parties.

32.7 Notices. All notices or requests required or permitted under this Lease shall be in writing, shall be personally delivered or sent by certified mail, return receipt requested, postage prepaid, or by facsimile transmission and shall be deemed given when so delivered, received or faxed (provided the fax machine has issued a printed confirmation of receipt). All notices or requests to any party shall be sent to all other parties as follows:

If to Landlord:	Broadway Office Properties 1932 - 1st Avenue, Suite 800 Seattle, Washington 98101 Telephone: (206) 448-5244 Facsimile: (206) 448-5246
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If to Tenant: King County  
 Attn: Manager Property Services  
 Room 500 King County Administration Building  
 500 Fourth Avenue  
 Seattle, Washington 98104  
 Telephone:  
 Facsimile: (206) 296-0196

With a copy to: Project Manager, DCFM  
 Room 320 King County Administration Building  
 500 Fourth Avenue  
 Seattle, Washington 98104  
 Telephone:  
 Facsimile: (206) 205-5695

If to Harborview: Harborview Medical Center  
 Attn: Project Manager  
 \_\_\_\_\_  
 \_\_\_\_\_  
 Seattle, Washington 98104  
 Facsimile: (206) \_\_\_\_\_ - \_\_\_\_\_

If to Trustee: J.P. Morgan Trust Company, National Association  
 1301 Fifth Avenue, Suite 3410  
 Seattle, Washington 98101  
 Telephone: (206) 903-4908  
 Facsimile: (206) 624-3867

Any party may change the address to which notices shall be sent by notice to the other party in the manner and with the effect set forth in this Paragraph 32.7.

32.8 Binding Effect. Subject to the provisions of Paragraphs 11 and 21 hereof, this Lease shall be binding upon, and inure to the benefit of, the parties hereto and their respective successors and assigns. No permitted assignment of this Lease or Tenant's rights hereunder shall be effective against Landlord unless and until an executed counterpart of the instrument of assignment shall have been delivered to Landlord and Landlord shall have been furnished with the name and address of the assignee.

32.9 Gender and Number. As used in this Lease, the masculine shall include the feminine and neuter, the feminine shall include the masculine and neuter, the neuter shall include the masculine and feminine, the singular shall include the plural and the plural shall include the singular, as the context may require.

32.10 Nondiscrimination. Landlord and Tenant each agree it will not discriminate in employment at the Premises on the basis of race, color, religion, sex, national origin, veteran status, sexual orientation or physical and mental disability in regard to any position for which the prospective employee is qualified, nor will Landlord or Tenant maintain facilities which are segregated on the basis of race, color, religion, sex or national origin at the Premises.

32.11 Recording; Memorandum of Lease. Neither Landlord nor Tenant shall record this Lease without the written consent of the other; provided, however, that Tenant shall have the right to record a Memorandum of this Lease in the form attached hereto as Exhibit E and by this reference incorporated herein upon the Effective Date. Such Memorandum of Lease shall be amended by the parties and a new Memorandum recorded once the Commencement Date and Expiration Date of this Lease have been determined.

[32.12 Amendment of Lease; Bond Insurer Consent. So long as the Bonds remain outstanding and there has been no default by the Bond Insurer under the terms of its municipal bond insurance policy which insures payment of principal and interest on the Bonds, there shall be no amendment of this Lease without the prior written consent of the Bond Insurer.]

32.13 Time is of the Essence. Time is of the essence in the performance of each party's obligations under this Lease. Each party will carry out its obligations under this Lease diligently and in good faith.

33. Prevailing Wage. Landlord agrees and covenants with Tenant that the Development Agreement shall obligate Developer to require contractors and subcontractors of such contractors in connection with such contracts as may be let regarding the construction of the Project to pay the prevailing wage to the workmen, laborers and mechanics as may then be determined by the Washington State Department of Labor and Industries for the particular craft in the particular geographic area.

34. Authority. Landlord is a Washington non-profit corporation, duly organized, validly existing and in good standing under the laws of the State of Washington. Tenant is a municipal corporation and political subdivision of the State of Washington. By execution of this Lease, Landlord and Tenant each represent that they have authority to enter into this Lease.

DATED the date first above written.

Landlord:

BROADWAY OFFICE PROPERTIES, a  
Washington non-profit corporation

By \_\_\_\_\_  
John Finke  
Its Vice President

Approved as to form:

Tenant:

KING COUNTY, a political subdivision of  
the State of Washington

\_\_\_\_\_  
Deputy Prosecuting Attorney  
King County

By \_\_\_\_\_  
Its \_\_\_\_\_

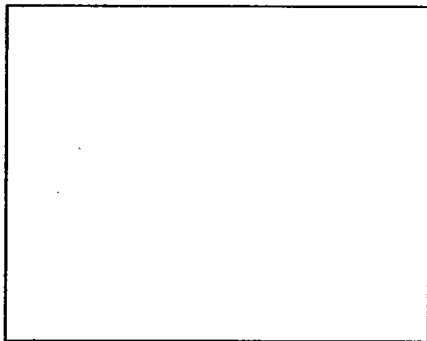
By \_\_\_\_\_  
Its \_\_\_\_\_

By \_\_\_\_\_  
Its \_\_\_\_\_

STATE OF WASHINGTON )  
 ) ss.  
COUNTY OF KING )

I certify that I know or have satisfactory evidence that John Finke 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 Vice President of BROADWAY OFFICE PROPERTIES, a Washington non-profit corporation, to be the free and voluntary act of such party for the uses and purposes mentioned in the instrument.

Dated: \_\_\_\_\_



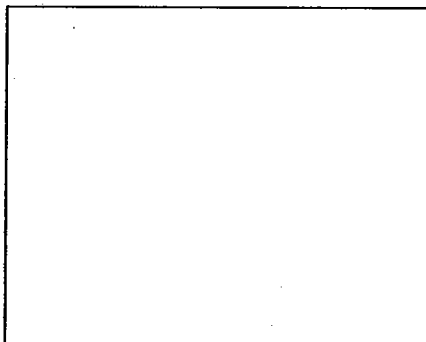
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\_\_\_\_\_  
Notary Public  
Print Name \_\_\_\_\_  
My commission expires \_\_\_\_\_

STATE OF WASHINGTON )  
 ) ss.  
COUNTY OF KING )

I certify that I know or have satisfactory evidence that \_\_\_\_\_ is the person who appeared before me, and said person acknowledged that he/she signed this instrument, on oath stated that he/she was authorized to execute the instrument and acknowledged it as the \_\_\_\_\_ of KING COUNTY, a political subdivision of the State of Washington, to be the free and voluntary act of such party for the uses and purposes mentioned in the instrument.

Dated: \_\_\_\_\_



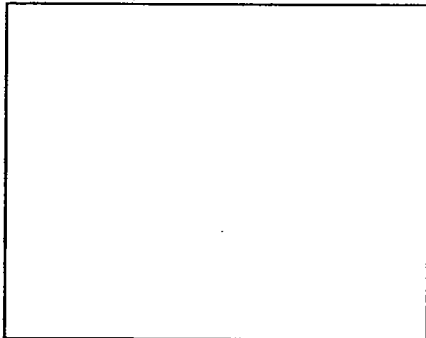
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\_\_\_\_\_  
Notary Public  
Print Name \_\_\_\_\_  
My commission expires \_\_\_\_\_

STATE OF WASHINGTON )  
 ) ss.  
COUNTY OF KING )

I certify that I know or have satisfactory evidence that \_\_\_\_\_ is the person who appeared before me, and said person acknowledged that he/she signed this instrument, on oath stated that he/she was authorized to execute the instrument and acknowledged it as the \_\_\_\_\_ of KING COUNTY, a political subdivision of the State of Washington, to be the free and voluntary act of such party for the uses and purposes mentioned in the instrument.

Dated: \_\_\_\_\_



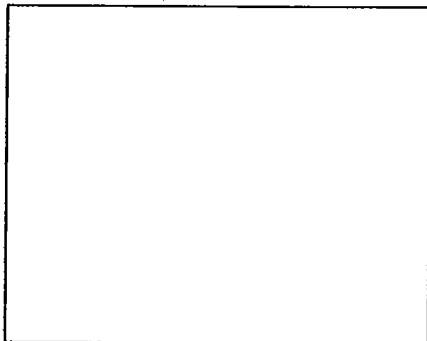
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\_\_\_\_\_  
Notary Public  
Print Name \_\_\_\_\_  
My commission expires \_\_\_\_\_

STATE OF WASHINGTON )  
 ) ss.  
COUNTY OF KING )

I certify that I know or have satisfactory evidence that \_\_\_\_\_ is the person who appeared before me, and said person acknowledged that he/she signed this instrument, on oath stated that he/she was authorized to execute the instrument and acknowledged it as the \_\_\_\_\_ of KING COUNTY, a political subdivision of the State of Washington, to be the free and voluntary act of such party for the uses and purposes mentioned in the instrument.

Dated: \_\_\_\_\_



Use this space for notarial stamp/seal)

\_\_\_\_\_  
Notary Public  
Print Name \_\_\_\_\_  
My commission expires \_\_\_\_\_

EXHIBIT A  
SCHEDULE OF MONTHLY RENT

Upon Substantial Completion

Through \_\_\_\_\_, 20\_\_

\$ \_\_\_\_\_ per month

From \_\_\_\_\_, 20\_\_

Through \_\_\_\_\_, 20\_\_

\$ \_\_\_\_\_ per month

EXHIBIT B  
PROJECT SCHEDULE

EXHIBIT C  
LAND



EXHIBIT D  
CONFIRMATION OF COMMENCEMENT AND EXPIRATION DATES

In accordance with the provisions of Paragraph 3 of the Lease as of this \_\_\_\_ day of \_\_\_\_\_, 20\_\_, Landlord and Tenant acknowledge, agree and confirm the following:

The Commencement Date of this Lease is \_\_\_\_\_;

The Expiration Date of this Lease is \_\_\_\_\_;

The foregoing agreement and confirmation shall be binding upon Landlord and Tenant and shall supersede and control over any other provision in the Lease regarding the Commencement Date and Expiration Date which might be construed other than as set forth in this Confirmation.

AGREED THE DAY AND YEAR FIRST ABOVE WRITTEN.

Landlord:

BROADWAY OFFICE PROPERTIES,  
Washington non-profit corporation

By \_\_\_\_\_  
Its \_\_\_\_\_

Approved as to form:

Tenant:

KING COUNTY, a political subdivision of  
the State of Washington

\_\_\_\_\_  
Deputy Prosecuting Attorney  
King County

By \_\_\_\_\_  
Its \_\_\_\_\_

By \_\_\_\_\_  
Its \_\_\_\_\_

By \_\_\_\_\_  
Its \_\_\_\_\_

EXHIBIT E  
MEMORANDUM OF LEASE

RECORDING REQUESTED BY AND  
WHEN RECORDED RETURN TO:

Preston Gates & Ellis LLP  
701 Fifth Avenue, Suite 5000  
Seattle, WA 98104-7078

Attention: David O. Thompson

MEMORANDUM OF LEASE

GRANTOR: Broadway Office Properties, a Washington non-profit corporation  
(Landlord)

GRANTEE: King County, a political subdivision of the State of Washington  
(Tenant)

Legal Description:

Abbreviated form: \_\_\_\_\_  
Additional legal on page Exhibit A of document

Assessor's Tax Parcel ID No(s): \_\_\_\_\_  
\_\_\_\_\_

Reference number(s) of Related Document(s): \_\_\_\_\_

(Additional on page \_\_\_ of document)

## MEMORANDUM OF LEASE

THIS MEMORANDUM OF LEASE (the "Memorandum") is executed this \_\_\_\_ day of \_\_\_\_\_, 2002, by and between BROADWAY OFFICE PROPERTIES, a Washington non-profit corporation ("Landlord"), and KING COUNTY, a political subdivision of the State of Washington ("Tenant").

1. Lease. Landlord has leased the real property described in Exhibit A attached hereto and by this reference incorporated herein (the "Premises") at a rent and on the terms and conditions set forth in that certain Lease Agreement dated \_\_\_\_\_, 2002, by and between Landlord and Tenant (the "Lease"). The Lease is for a term of \_\_\_\_ years commencing \_\_\_\_\_, 2002, and shall expire \_\_\_\_\_, \_\_\_\_ unless sooner terminated pursuant to the terms of the Lease; provided, however, that the Tenant's duty to pay Rent shall not commence until the Commencement Date.

2. Definition of Terms. All capitalized terms not otherwise defined herein shall have the same meaning as set forth in the Lease.

3. Option to Purchase. Tenant has an option to purchase the Premises demised under the Lease on the terms and conditions set forth in the Lease.

4. Purpose of Memorandum. This Memorandum is prepared for purposes of recordation only and does not set forth all of the terms and conditions set forth in the Lease. In the event there is any conflict between the terms and conditions of the Lease and this Memorandum, the Lease shall control.

DATED this \_\_\_\_ day of \_\_\_\_\_, 2002.

Landlord:

Approved as to form:

BROADWAY OFFICE PROPERTIES,  
Washington non-profit corporation

\_\_\_\_\_  
Deputy Prosecuting Attorney  
King County

By \_\_\_\_\_  
Its \_\_\_\_\_

(Signature continued on next page)

Tenant:

KING COUNTY, a political subdivision of  
the State of Washington

By \_\_\_\_\_  
Its \_\_\_\_\_

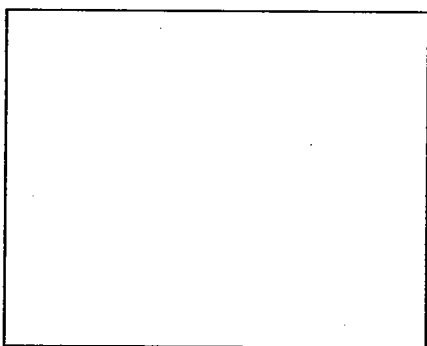
By \_\_\_\_\_  
Its \_\_\_\_\_

By \_\_\_\_\_  
Its \_\_\_\_\_

STATE OF WASHINGTON    )  
  ) ss.  
COUNTY OF KING        )

I certify that I know or have satisfactory evidence that John Finke 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 Vice President of BROADWAY OFFICE PROPERTIES, a Washington non-profit corporation, to be the free and voluntary act of such party for the uses and purposes mentioned in the instrument.

Dated: \_\_\_\_\_



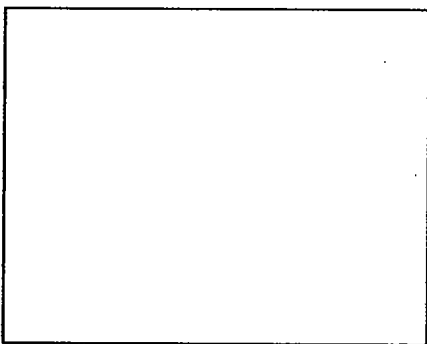
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\_\_\_\_\_  
Notary Public  
Print Name \_\_\_\_\_  
My commission expires \_\_\_\_\_

STATE OF WASHINGTON )  
 ) ss.  
COUNTY OF KING )

I certify that I know or have satisfactory evidence that \_\_\_\_\_ is the person who appeared before me, and said person acknowledged that he/she signed this instrument, on oath stated that he/she was authorized to execute the instrument and acknowledged it as the \_\_\_\_\_ of KING COUNTY, a political subdivision of the State of Washington, to be the free and voluntary act of such party for the uses and purposes mentioned in the instrument.

Dated: \_\_\_\_\_



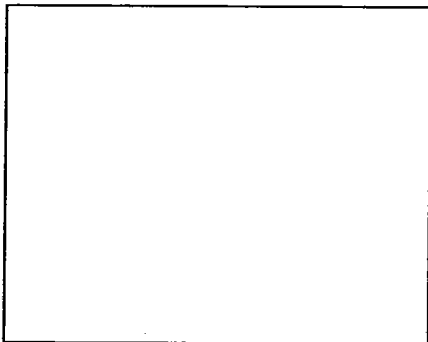
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\_\_\_\_\_  
Notary Public  
Print Name \_\_\_\_\_  
My commission expires \_\_\_\_\_

STATE OF WASHINGTON )  
 ) ss.  
COUNTY OF KING )

I certify that I know or have satisfactory evidence that \_\_\_\_\_ is the person who appeared before me, and said person acknowledged that he/she signed this instrument, on oath stated that he/she was authorized to execute the instrument and acknowledged it as the \_\_\_\_\_ of KING COUNTY, a political subdivision of the State of Washington, to be the free and voluntary act of such party for the uses and purposes mentioned in the instrument.

Dated: \_\_\_\_\_



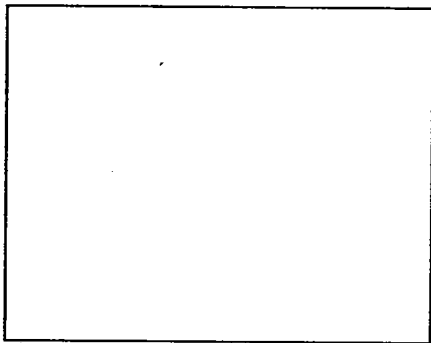
(Use this space for notarial stamp/seal)

\_\_\_\_\_  
Notary Public  
Print Name \_\_\_\_\_  
My commission expires \_\_\_\_\_

STATE OF WASHINGTON )  
 ) ss.  
COUNTY OF KING )

I certify that I know or have satisfactory evidence that \_\_\_\_\_ is the person who appeared before me, and said person acknowledged that he/she signed this instrument, on oath stated that he/she was authorized to execute the instrument and acknowledged it as the \_\_\_\_\_ of KING COUNTY, a political subdivision of the State of Washington, to be the free and voluntary act of such party for the uses and purposes mentioned in the instrument.

Dated: \_\_\_\_\_



Use this space for notarial stamp/seal)

\_\_\_\_\_  
Notary Public  
Print Name \_\_\_\_\_  
My commission expires \_\_\_\_\_

EXHIBIT A  
LAND

EXHIBIT F

FORM OF NOTICE OF ELECTION OF OPTION TO PURCHASE

[date]

To: Landlord

You are hereby notified that King County, Washington (the "County"), has elected to exercise on [date of payment] its option to purchase the 401 Broadway Building (the "Premises") currently leased by the County pursuant to the Lease Agreement (the "Lease") by and between the County and Landlord dated \_\_\_\_\_, 2002. This purchase option is being exercised pursuant to Paragraph 30.1 of the Lease. The County is now, and on the date set forth above for payment will be, in full compliance with all terms and conditions of the Lease. In accordance with Paragraph 30.1 of the Lease, the County shall purchase the Premises for a price of the total outstanding principal portion of the Monthly Rent set forth in Exhibit A to the Lease plus accrued interest thereon to the date of payment at the rates set forth in Exhibit A of the Lease, plus an option fee of \$1.00, for a total Purchase Price of \$ \_\_\_\_\_. On or prior to the date set forth above, the County shall also pay any Additional Rent then due and owing under the Lease.

KING COUNTY, WASHINGTON

By \_\_\_\_\_  
Authorized Representative



EXHIBIT G

FORM OF NOTICE OF ELECTION TO PARTIALLY PREPAY MONTHLY RENT

[date]

To: Landlord

You are hereby notified that King County, Washington (the "County"), has elected to exercise its option to prepay a portion of the Monthly Rent due under that certain Lease Agreement (the "Lease") by and between the County and Landlord dated \_\_\_\_\_, 2002. In accordance with Paragraph 30.4 of the Lease, the date of prepayment shall be \_\_\_\_\_, and the principal portion of Monthly Rent to be prepaid on such date is \_\_\_\_\_, representing the maturities (or portions thereof) set forth below. By 10:00 a.m. Seattle time on such date, the County shall pay to Landlord in cash or same-day available funds, an amount equal to the principal portion of Monthly Rent to be prepaid, together with interest thereon accruing to such date, together with any other amounts payable under the Lease on such date. In accordance with that certain Indenture of Trust dated \_\_\_\_\_, 2002, by Landlord and \_\_\_\_\_, as Trustee, Landlord shall direct Trustee to cause an optional redemption of the Bonds in principal amounts and maturities corresponding to the principal portion of Monthly Rent set forth below.

KING COUNTY, WASHINGTON

By \_\_\_\_\_  
Authorized Representative

Schedule of Principal Component of Monthly Rent to be Prepaid  
and Bonds to be Redeemed

<u>Date Principal Component (of Monthly Rent) Due</u>	<u>Amount of Principal Component to be Prepaid*</u>
---	---

\*Principal may be prepaid only in increments of \$5,000.

## EXHIBIT H

Dele

## LIST OF PLANS AND OUTLINE SPECIFICATIONS

Dwg #	Description	Issue Date	Rev. Date
	<b>"Geotechnical Engineering Design Study"</b>	7/28/98	
	<b>Prepared by HartCrowser</b>		
	<b>Appendix A "Facing Calculations"</b>	1/3/01	
	<b>Prepared by Hart Crowser</b>		
	<b>"Project Manual"</b>	12/30/98	
	<b>Prepared by LMN Architects</b>		
	<b>ARCHITECTURAL:</b>		
	<b>LMN Architects</b>		
A001	Cover Sheet	12/10/98	12/10/98
A002	Abbreviations and Symbols	12/10/98	12/10/98
A101	Site Plan	12/10/98	12/10/98
A2P3	Parking Level 3 Plan	12/10/98	12/10/98
A2P2	Parking Level 2 Plan	12/10/98	12/10/98
A2P1	Parking Level 1 Plan	12/10/98	12/10/98
A201	First Floor Plan	12/10/98	12/10/98
A202	Second Floor Plan	12/10/98	12/10/98
A203	Third Floor Plan	12/10/98	12/10/98
A204	Fourth Floor Plan	12/10/98	12/10/98
A205	Fifth Floor Plan	12/10/98	12/10/98
A206	Roof Plan	12/10/98	12/10/98
A300	Building Elevations	12/10/98	12/10/98
A301	Building Elevations	12/10/98	12/10/98
A302	Enlarged Exterior Elevations	12/10/98	12/10/98
A303	Enlarged Exterior Elevations	12/10/98	12/10/98
A304	Enlarged Exterior Elevations	12/10/98	12/10/98
A305	Enlarged Exterior Elevations	12/10/98	12/10/98
A310	Building Sections	12/10/98	12/10/98
A311	Building Sections	12/10/98	12/10/98
A312	Building Sections	12/10/98	12/10/98
A320	Wall Sections	12/10/98	12/10/98
A321	Wall Sections	12/10/98	12/10/98
A322	Wall Sections	12/10/98	12/10/98
A323	Wall Sections	12/10/98	12/10/98
A324	Wall Sections	12/10/98	12/10/98
A325	Wall Sections	12/10/98	12/10/98
A400	Enlarged Floor Plans, Levels P3, P2 and P1	12/10/98	12/10/98
A401	Enlarged Floor Plans Levels 1 and 2	12/10/98	12/10/98
A402	Enlarged Floor Plans Level 2	12/10/98	12/10/98
A403	Enlarged Floor Plans, Levels 3, 4 and 5	12/10/98	12/10/98
A420	Entry Lobby Interior Elevations	12/10/98	12/10/98

A501	Stair Section and Details	12/10/98	12/10/98
A502	Stair Section and Details	12/10/98	12/10/98
A503	Toilet Room Plans, Elevations & Details	12/10/98	12/10/98
A504	Stair Section and Details	12/10/98	12/10/98
A505	Elevator Details	12/10/98	12/10/98
A601	Exterior Wall Details	12/10/98	12/10/98
A602	Exterior Wall Details	12/10/98	12/10/98
A603	Exterior Wall Details	12/10/98	12/10/98
A604	Exterior Wall Details	12/10/98	12/10/98
A605	Exterior Wall Details	12/10/98	12/10/98
A606	Exterior Wall Details	12/10/98	12/10/98
A607	Exterior Wall Details	12/10/98	12/10/98
A608	Exterior Wall Details	12/10/98	12/10/98
A609	Window Details	12/10/98	12/10/98
A610	Roof Details	12/10/98	12/10/98
A615	Misc. Exterior Details	12/10/98	12/10/98
A616	Misc. Exterior Details	12/10/98	12/10/98
A701	Reflected Ceiling Plans Level 1 and 2	12/10/98	12/10/98
A702	Enlarged Lobby Reflected Ceiling Plans	12/10/98	12/10/98
A901	Partition Types, Room Finish Schedules	12/10/98	12/10/98
A902	Wall & Door Details, Door Schedule	12/10/98	12/10/98
	<b>STRUCTURAL:</b>		
	<b>Skilling Ward Magnusson Barkshire</b>		
S0.00	Abbreviations, Symbols, Drawing Index	11/19/98	
S0.01	General Notes	11/19/98	
S1.00	Load Maps	11/19/98	
S2.P3	P3 Foundation Plan	11/19/98	
S2.P2	P2 Composite Plan	11/19/98	
S2.P2.1	P2 Bottom Reinforcing Plan	11/19/98	
S2.P2.2	P2 Top Reinforcing Plan	11/19/98	
S2.P1	P1 Composite Plan	11/19/98	
S2.P1.1	P1 Bottom Reinforcing Plan	11/19/98	
S2.P1.2	P1 Top Reinforcing Plan	11/19/98	
S2.01	1st Floor Composite Plan	11/19/98	
S2.01.1	1st Floor Bottom Reinforcing Plan	11/19/98	
SS2.01.2	1st Floor Top Reinforcing Plan	11/19/98	
S2.02	2nd Floor Plan	11/19/98	
S2.02.01	2nd Floor Slab Mild Reinforcement	11/19/98	
S2.03	3rd Floor Plan	11/19/98	
S2.03.1	3rd Floor Slab Mild Reinforcement	11/19/98	
S2.04	4th Floor Plan	11/19/98	
S2.04.1	4th Floor Slab Mild Reinforcement	11/19/98	
S2.05	5th Floor Plan	11/19/98	
S2.05.1	5th Floor Slab Mild Reinforcement	11/19/98	
S2.06	Roof Plan	11/19/98	
S2.06.1	Roof Slab Mild Reinforcement	11/19/98	

S3.00	Typical Concrete Details	11/19/98	
S3.03	Typical Foundation Details	11/19/98	
S3.02.1	Typical Basement Wall Sections	11/19/98	
S3.02.2	Typical Basement Wall Sections	11/19/98	
S3.03	Typical Post-Tensioned Slab Detail	11/19/98	
S3.04	Column Schedule and Details	11/19/98	
S3.05	Beam and Slab Schedule and Details	11/19/98	
S4.00	Core Wall Elevations	11/19/98	
S4.01	Core Wall Elevations	11/19/98	
S4.02	Core Wall Details	11/19/98	
S5.00	Sections & Details	11/19/98	
S5.01	Sections & Details	11/19/98	
S5.02	Sections & Details	11/19/98	
	<b>CIVIL:</b>		
	<b>DCI Engineers</b>		
C100	Civil Title Sheet		
C101	Survey	6/12/98	
C102	Civil Demolition Plan	6/17/98	
C201	Civil Tesc Plan	6/17/98	
C202	Horizontal Control and Utility Plan	6/17/98	
C203	Subdrain System Plan	6/17/98	
C301	Miscellaneous Details	6/17/98	
C-1	Sidewalk Improvements	10/22/98	
C-2	Sidewalk Improvements - Boren Ave.	10/22/98	
C-3	Sidewalk Improvements - Jefferson Street	10/22/98	
C-4	Sidewalk Improvements - Broadway Ave	10/22/98	
C-5	Sidewalk Improvements - Terrace Street	10/22/98	
	<b>LANDSCAPE:</b>		
	<b>Lauchlin R. Bethune Associates</b>		
L1.1	Landscape Planting Plan	6/17/98	9-16-98 \ 10-28-98
L1.2	Landscape Irrigation Plan	11/27/98	
L1.3	Landscape Details	11/27/98	
	<b>MECHANICAL:</b>		
	<b>McKinstry</b>		
	<b>CD/Permit Submittal Date:</b>	12/10/98	
M-001	Symbols, Index, Abbreviations	10/28/98	08/26/98
M2-P3	Parking Level 3 Plan	10/28/98	08/26/98
M2-P2	Parking Level 2 Plan	10/28/98	08/26/98
M2-P1	Parking Level 1 Plan	10/28/98	08/26/98
M-201	First Floor HVAC Plan	10/28/98	08/26/98
M-202	Second Floor HVAC Plan	10/28/98	08/26/98
M-203	Third Floor HVAC Plan	10/28/98	08/26/98
M-204	Fourth Floor HVAC Plan	10/28/98	08/26/98

M-205	Fifth Floor HVAC Plan	10/28/98	08/26/98
M-260	Roof HVAC Plan	10/28/98	08/26/98
M-310	Building Sections	10/28/98	08/26/98
M-900	HVAC Schedules	10/28/98	08/26/98
P-004	Foundation Plumbing Plan	10/28/98	08/26/98
P-003	P3 Level Plumbing Plan	10/28/98	8/26/98
P-002	P2 Level Plumbing Plan	10/28/98	8/26/98
P-001	P1 Level Plumbing Plan	10/28/98	8/26/98
P-201	First Floor Plumbing Plan	10/28/98	8/26/98
P-202	Second Floor Plumbing Plan	10/28/98	8/26/98
P-203	Third Floor Plumbing Plan	10/28/98	8/26/98
P-204	Fourth Floor Plumbing Plan	10/28/98	8/26/98
P-205	Fifth Floor Plumbing Plan	10/28/98	8/26/98
P-206	Roof Plumbing Plan	10/28/98	8/26/98
P-900	Fixture Schedules & Plumbing Details	10/28/98	8/26/98
	<b>ELECTRICAL:</b>		
	<b>D.W.. Close Company, Inc.</b>		
E0.0	Symbols and Abbreviations	12/10/98	12/10/98
E1.0	Power One-Line Diagram	12/10/98	10/10/98
E1.1	Communication One-Line Diagram	12/10/98	12/10/98
E2.0	Site Power & Comm. Plan	12/10/98	12/10/98
E3.P3	Parking Level 4 Power and Comm. Plan	12/10/98	12/10/98
E3.P2	Parking Level 2 Power and Comm. Plan	12/10/98	12/10/98
E3.P1	Parking Level 1 Power and Comm. Plan	12/10/98	12/10/98
E3.01	First Floor Power and Comm. Plan	12/10/98	12/10/98
E3.02	Second Floor Power and Comm. Plan	12/10/98	12/10/98
E3.03	Third Floor Power and Comm. Plan	12/10/98	12/10/98
E3.04	Fourth Floor Power and Comm. Plan	12/10/98	12/10/98
E3.05	Fifth Floor Power and Comm. Plan	12/10/98	12/10/98
E3.06	Roof Power and Comm. Plan	12/10/98	12/10/98
E7.P3	Parking Level 3 Lighting Plan	12/10/98	12/10/98
E7.P2	Parking Level 2 Lighting Plan	12/10/98	12/10/98
E7.P1	Parking Level 1 Lighting Plan	12/10/98	12/10/98
E7.01	First Floor Lighting Plan	12/10/98	12/10/98
E7.02	Second Floor Lighting Plan	12/10/98	12/10/98
E7.03	Third Floor Lighting Plan	12/10/98	12/10/98
E7.04	Fourth Floor Lighting Plan	12/10/98	12/10/98
E7.05	Fifth Floor Lighting Plan	12/10/98	12/10/98
E7.06	Roof Lighting Plan	12/10/98	12/10/98
E8.0	Electrical Details	12/10/98	12/10/98
		12/10/98	12/10/98
	<b>GEOTECHNICAL:</b>		
	<b>Ground Support PLLC</b>		
SH 1.0	Temp Shoring Wall Cover Sheet and Notes	05/30/02	08/14/02
SH 2.0	Temp Shoring Wall Site Plan	05/30/02	08/14/02
SH 2.1	Temp Shoring Wall North and Northeast Walls	05/30/02	08/14/02

SH 2.2	Temp Shoring Wall East Wall	05/30/02	08/14/02
SH 2.3	Temp Shoring Wall West and South Walls	05/30/02	08/14/02
SH 3.0	Temp Shoring Wall North Elevation	05/30/02	08/14/02
SH 3.1	Temp Shoring Wall Northeast and So Elevations	05/30/02	08/14/02
SH 3.2	Temp Shoring Wall East Elevation	05/30/02	08/14/02
SH 3.3	Temp Shoring Wall West Elevation	05/30/02	08/14/02
SH 4.0	Temp Shoring Wall Cross-Sections	05/30/02	08/14/02
SH 4.1	Temp Shoring Wall Cross-Sections	05/30/02	08/14/02
SH 5.0	Temp Shoring Wall Details	05/30/02	08/14/02
SH 6.0	Temp Shoring Wall Construction Steps	05/30/02	08/14/02
SH 7.0	Temp Shoring Wall Specifications	05/30/02	08/14/02
SH 7.1	Temp Shoring Wall Specifications	05/30/02	08/14/02

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LEASE AGREEMENT

between

BROADWAY OFFICE PROPERTIES, a Washington  
non-profit corporation, as Landlord

and

KING COUNTY, a political subdivision  
of the State of Washington, as Tenant

DATED: \_\_\_\_\_, 2002

401 BROADWAY  
Seattle, Washington

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### Exhibits

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Exhibit B	Project Schedule
Exhibit C	Land
Exhibit D	Confirmation of Commencement and Expiration Dates
Exhibit E	Memorandum of Lease
Exhibit F	Form of Notice of Election of Option to Purchase
Exhibit G	Form of Notice of Election to Partially Prepay Monthly Rent
Exhibit H	List of Plans and Outline Specifications