

March 9, 1994
94-140.sub

Introduced by: von Reichbauer

Proposed No.: 94 - 140

9255

MOTION NO. _____

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A MOTION acknowledging the need to make a final decision on where to locate the department of development and environmental services, and reconfirming the Metropolitan King County Council's commitment to obtain the best agreement possible for the tax payers of the county and customers of the department.

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WHEREAS, on October 20, 1992, the King County executive submitted an ordinance requesting authority to enter into a 10-year lease agreement to locate the department of development and environmental services, and

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WHEREAS, the executive requested authority to lease the Eastpointe Plaza Building at a rental rate of \$17.00 per square foot, and

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WHEREAS, subsequent to the executive submitting the Eastpointe Plaza lease, the market conditions for office space changed dramatically with the announcement of Boeing lay-offs and the cooling of the Puget Sound economy, and

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WHEREAS, the department of development and environmental services has reduced its staff and space needs since the executive initially submitted the October 1992 lease proposal, and

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WHEREAS, Motion 8980, passed by the Council May 3, 1993, asked the executive to re-evaluate the department's space needs and investigate alternatives to the Eastpointe Plaza lease, and

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WHEREAS, in December 1993 the executive requested authorization to enter into a 10-year lease for Renton Place Three at an average annual rental rate of \$11.95 per square foot, and the Council unanimously passed Ordinance 11182 approving that lease, and

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WHEREAS, the former county executive vetoed that ordinance citing the desire to allow the new county executive to complete a full and systematic analysis of alternative lease

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1 opportunities and make a recommendation to the new Metropolitan
2 King County council, and

3 WHEREAS, the new county executive has re-submitted an
4 ordinance for Renton Place One with improved terms for the
5 County including a new effective rental rate of \$10.73 per
6 square foot, and,

7 WHEREAS, the current lease agreement for the department of
8 development and environmental services expires December 31,
9 1994, and

10 WHEREAS, moving the department of development and
11 environmental services requires a significant lead time to
12 obtain the necessary permits, perform necessary tenant
13 improvements and coordinate the move of the department, and

14 WHEREAS, the County does not want to be in a position of
15 negotiating a lease with the Eastpointe Plaza owners when both
16 parties know there is insufficient time to move the department,
17 and

18 WHEREAS, the County will soon have to make a final
19 decision where to locate the department of development and
20 environmental services, and

21 WHEREAS, the department of development and environmental
22 services is approximately \$11 million in debt, has an \$18
23 million fund deficit, and is looking for ways to cut costs, and

24 WHEREAS, the Metropolitan King County council is committed
25 to improving the financial condition of the department while at
26 the same time holding down the fees charged for land use and
27 development services, and

28 WHEREAS, the Metropolitan King County council wishes to
29 obtain the best agreement possible for the tax payers of the
30 county and the customers of the department of development and
31 environmental services.

32 NOW, THEREFORE BE IT MOVED by the Council of King County:

33 A. The executive is hereby directed to solicit final
34 lease, lease/purchase, or purchase proposals for meeting the
35 space needs of the department of development and environmental services.

1 B. The executive shall accept offers until March 31,
2 1994, after which time the executive shall make available to
3 the Council all viable offers and make a final recommendation
4 on how to meet the department's space needs.

5 C. The executive shall forward the proposals and his
6 final recommendation thereon to the council by April 8, 1994.

7 D. For new lease or lease/purchase proposals to be
8 considered, the proposals must:

9 1. be received by the County no later than March 31,
10 1994;

11 2. be in the form of a signed lease document in
12 substantially the same form as the proposed lease presented in
13 attachment A;

14 3. provide for reducing the amount of space leased to
15 DDES comparable to the space contraction provisions in the
16 proposed lease in attachment A;

17 4. offer financial terms equal to or better than the
18 financial terms presented in the proposed lease in Attachment
19 A;

20 E. For purchase offers to be considered, the offers must
21 be received by March 31, 1994, and the proposed purchase price
22 must not exceed the appraised value of the property.

23 PASSED this 14th day of March, 1994.

24 Passed by a vote of 13-0.

25 KING COUNTY COUNCIL
KING COUNTY, WASHINGTON

26 Kent Pullen
27 Chair

28 ATTEST:

29 Guadalupe P. [Signature]
30 Clerk of the Council

31 Attachments: A: Proposed Lease

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RECORDED
JAN 31 1994

LEASE
RENTON TALBOT DELAWARE, INC.,
AS LANDLORD
AND
KING COUNTY,
AS TENANT

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THIS LEASE dated this ____ day of _____, 1994, is by and between RENTON TALBOT DELAWARE, INC., a Delaware corporation ("Landlord") and KING COUNTY ("Tenant").

Landlord and Tenant covenant and agree as follows:

SECTION 1. Lease Data; Exhibits. The following terms shall have the following meanings, except as otherwise specifically modified in this Lease:

- (a) Building: One Renton Place, _____, Renton, King County, Washington _____, situated on real property described more particularly in Exhibit B attached hereto.
- (b) Premises: A Rentable Area (as defined in Section 2(b)) of approximately _____ Rentable Square Feet located on Building Floor(s) 1 (partial), 3, 4 (partial), 5, and 6 (partial) as outlined on the floor plan(s) of the Building attached hereto as Exhibit A (the "Description of Premises"), including tenant improvements described in Exhibit D.
- (c) Commencement Date: The Commencement Date shall be January 1, 1995, or such earlier or later date as is provided in Section 3.
- (d) Expiration Date: One Hundred Twenty (120) months after the Commencement Date.
- (e) Base and Additional Rent: Tenant shall pay Landlord the following amounts as monthly Base Rent as and when specified in Section 4.

<u>Year</u>	<u>Monthly Base Rent</u>
1	\$0
2 - 3	\$ _____
4 - 5	\$ _____
6 - 8	\$ _____
9 - 10	\$ _____

Whether or not so designated, all other sums due from Tenant under this Lease shall constitute Additional Rent, payable when specified in this Lease. Base Rent and Additional Rent are sometimes hereinafter collectively referred to as "Rent".

- (f) Security Deposit: None.
- (g) Base Year: 1995.
- (h) Lease Year: Each calendar year during the Lease Term, any portion thereof at the beginning of the Lease Term, and any portion thereof elapsed immediately prior to expiration or termination of this Lease.
- (i) Parking: Tenant shall have a license to use five (5) parking spaces per 1,000 rentable square feet of space in the Premises without charge during the initial Lease Term.
- (j) Permitted Use: General Office use by the Department of Development and Environmental Services of King County.

(k) Notice Addresses:

9 25 5

To Landlord: Renton Talbot Delaware, Inc.
c/o GSIC Realty Corporation
255 Shoreline Drive, Suite 600
Redwood City, California 94065

with a copy to:

Renton Talbot Delaware, Inc.
c/o Tower Realty Management Corp.
One Renton Place
555 South Renton Village Place
Renton, Washington 98055

To Tenant: King County Property Services
500 County Administration Building
500 - 4th Avenue
Seattle, Washington 98104

(l) Exhibits: The following exhibits are made a part of this Lease:

- Exhibit A - Description of Premises
- Exhibit B - Description of Property
- Exhibit C - Rules and Regulations
- Exhibit D - Work Agreement
- Exhibit E - Confirmation of Term
- Exhibit F - Sign Criteria
- Exhibit G - Commission Agreement

SECTION 2. Premises.

(a) Grant. Landlord hereby leases to Tenant, and Tenant hereby leases from Landlord, those certain premises (the "Premises") located on the floors and having the Rentable Area referenced in Section 1. The Premises are part of the Building which is located on and includes the real property described on Exhibit B attached hereto (the "Land"). The Premises, Building and Land are sometimes collectively hereinafter referred to as the "Property". The Property is part of a multi-building project (the "Project") consisting of, and currently known as, One Renton Place, Two Renton Place and Three Renton Place.

(b) Rentable Area. Landlord and Tenant agree that for purposes of this Lease the Rentable Area of the Premises is _____ square feet and the Rentable Area of the Building is _____ square feet.

(c) Condition. The Premises are leased by Landlord and accepted by Tenant in an "as is" condition, subject to the requirement that Landlord complete any improvements, alterations or modifications to be made by Landlord pursuant to Exhibit D.

(d) Common Areas. During the Lease Term, Tenant and its licensees, invitees, customers and employees shall have the non-exclusive right to use, subject to the Rules and Regulations, the parking and driveway areas now or hereafter constructed on the Property and all entrances, lobbies, elevators, stairs, corridors, restrooms and other public areas of the Building (the "Common Areas") in common with Landlord, other Building tenants and their respective licensees, invitees, customers and employees. Landlord shall at all times have exclusive control and management of the Common Areas and no diminution thereof shall be deemed a constructive or actual eviction or entitle Tenant to compensation or a reduction or abatement of rent.

(e) Alterations. Landlord may in its discretion increase, decrease or change the number, locations and dimensions of any hallways, lobby areas, Common Areas and other improvements shown on Exhibit A which are not within the Premises. Landlord reserves the right from time to time (i) to install, use, maintain, repair, relocate and replace pipes, ducts, conduits, wires and appurtenant meters and equipment for service to the Premises or to other parts of the Building in areas above the suspended ceiling surfaces, below the floor surfaces, within the walls and in the central core areas of the Building within the Premises and elsewhere in the Building; (ii) to alter or expand the Building; and (iii)

to alter, relocate or substitute any of the Common Areas, provided that existing compliance with ADA standards is not diminished.

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SECTION 3. Term. The Commencement Date listed in Section 1 of this Lease represents an estimate of the Commencement Date. This Lease shall commence on the estimated Commencement Date if the Tenant Improvements are substantially completed by such date in accordance with Section 11 and Exhibit D, but otherwise the Commencement Date shall be first to occur of the following events (i) ten (10) days after the date on which Landlord notifies Tenant that the Tenant Improvements are substantially completed in accordance with Section 11 and Exhibit B, (ii) the date on which Tenant takes possession or commences beneficial occupancy of the Premises, or (iii) if substantial completion of the Premises is delayed due to Tenant's failure to perform its obligations under this Lease, then the date determined by Landlord as the date upon which the Tenant Improvements would have been substantially completed, but for Tenant's failure to perform. Notwithstanding the above, in no case shall the Lease Term commence until "substantial completion" as established pursuant to Section 11. If this Commencement Date is later than the Section 1 Commencement Date, this Lease shall not be void or voidable, nor shall Landlord be liable to Tenant for any loss or damage resulting therefrom. Landlord shall confirm the Commencement Date by written notice to Tenant. This Lease shall be for a term ("Lease Term") beginning on the Commencement Date and ending on the Expiration Date, unless extended or sooner terminated in accordance with the terms of this Lease. All provisions of this Lease, other than those relating to payment of Base and Additional Rent and the commencement of the Term of this Lease, shall become effective upon the first to occur of (a) the date that Tenant or its officers, agents, employees or contractors is first present on the Premises, whether for inspection, construction, installation or other purposes, or (b) such other date, if any, as may be specified in an Exhibit hereto.

SECTION 4. Rent. Tenant shall pay to Landlord at the address and to the account specified by Landlord, without notice or demand or any setoff or deduction whatsoever, in lawful money of the United States (a) the monthly Base Rent as specified in Section 1 in advance on the first day of each month and (b) Additional Rent as and when specified elsewhere in this Lease, but if not specified, then within ten (10) days of demand. Tenant may prepay Base Rent. Base Rent and Additional Rent shall be prorated on a daily basis for any partial month within the Lease Term and for any partial initial month in the Lease Term shall be paid on the first day of the Lease Term. Rents due for the month of January in any Lease Year may be paid on or before the 15th of January without late charge, penalty or cause for default.

SECTION 5. Tenant's Share of Building Operating Costs and Real Property Taxes.

(a) **Amount.** On or before ninety (90) days after the beginning of each Lease Year during the Lease Term, Landlord will notify Tenant of Landlord's estimate of Tenant's Share of estimated Building Operating Costs and Real Property Taxes for such Lease Year to the extent such Operating Costs exceed Operating Costs for the Base Year or Real Property Taxes exceed Real Property Taxes for the Base Year. "Tenant's Share" is defined in Section 5(b)(iii). Tenant shall pay as Additional Rent one-twelfth (1/12th) of Tenant's Share of such excess in advance on the first day of each month of each Lease Year. Following the end of each Lease Year, Landlord will compute Tenant's Share due under this Section for such Lease Year based on actual costs and, if Tenant's Share for such Lease Year is greater than the amount already paid by Tenant for such Lease Year, Tenant shall pay Landlord the deficiency within fifteen (15) days of its receipt of an invoice therefor. If the total amount paid by Tenant under Section 5(a) as Building Operating Costs and Real Property Taxes for a Lease Year exceeds Tenant's Share, then Landlord shall, at Landlord's option, either credit such excess to the payment of Additional Rent thereafter coming due or refund such excess to Tenant; provided, however, upon the expiration or sooner termination of the Lease Term, if Tenant has otherwise complied with all other terms and conditions of this Lease, Landlord shall refund such excess to Tenant. If during a Lease Year Landlord obtains information regarding Operating Costs or Real Property Taxes which would raise or lower its prior estimates, Landlord may adjust the amount due from Tenant under this Section during the balance of that Lease Year to reflect such new information by giving Tenant notice thereof. In the event the average occupancy level of the Building for the Base Year or any subsequent year is less than ninety five percent (95%), the actual Building Operating Costs for such year shall be proportionately adjusted to reflect those costs which Landlord estimates would have been incurred, had the Building been ninety five percent (95%) occupied during such year. Notwithstanding this Section 5, in no event shall the Rent payable by Tenant be less than the Rent specified in Section 1(e).

(b) **Definitions.** For purposes of this Section 5, the following definitions shall apply:

(i) "Operating Costs" shall mean all expenses paid or incurred by Landlord in connection with maintaining, operating, repairing and administering the Building (including Common

Areas) and the personal property used in conjunction therewith, together with a sum equal to five percent (5%) of the cost thereof as an administrative fee, including, without limitation, the costs of refuse collection, water, sewer, electricity, heat, air conditioning, fuel, light, fire protection and other utilities and services; supplies and tools; equipment rental charges; janitorial and cleaning services; window washing; snow, garbage and refuse removal; security services and systems; landscape and garage maintenance; services of independent contractors; compensation (including employment taxes, insurance and fringe benefits) of all persons who perform duties in connection with the operation, maintenance, repair and administration of the Building, its equipment and facilities; Landlord's overhead costs, to the extent attributable to the Building; insurance premiums for all insurance carried by Landlord with respect to the Building and the personal property used in connection therewith and the amount of any deductible, to the extent absorbed by Landlord; licenses, permits and inspection fees; subsidies and other payments required by public bodies and costs incurred in connection with compliance with governmental requirements including, but not limited to, public transportation and parking; amounts amortized by Landlord during the Lease Year to cover the cost of replacements of Building systems and equipment and capital improvements designed to improve the operating efficiency of the Building, with such amortization to be based on the estimated useful lives of such items and annualized on a straight line basis, over such useful lives, unless the resulting reduction in Operating Costs will be substantially in excess of such amortization in which event such costs may be amortized over the period during which the reasonably estimated savings in Operating Costs resulting from such capital improvements equals the amount of such costs; management and administrative service fees; legal and accounting expenses and all other expenses or charges whether or not hereinabove described which, in accordance with generally accepted accounting and management practices, would be considered an expense of maintaining, operating, repairing and administering the Building excluding: (a) costs of any special services rendered to individual tenants (including, Tenant) for which a special charge is made; (b) attorneys fees and costs related to defaults by other tenants in the Building; (c) Real Property Taxes; and (d) depreciation or amortization of the original cost of the Building.

(ii) "Real Property Taxes" shall mean all taxes of every kind and nature on the Building and the Land and on personal property used by Landlord in conjunction therewith; surcharges and all local improvement and other assessments levied with respect to the Building, the Land, and all other property of Landlord used in connection with the operation of the Building; and any taxes levied or assessed in lieu of, in whole or in part, such real or personal property taxes; and any taxes in addition to such real and personal property taxes, including, but not limited to, taxes or license fees upon or measured by the leasing of the Building or the rents or other income collected therefrom, other than any federal or state income or inheritance tax; and all costs and expenses incurred by Landlord in efforts to reduce or minimize such taxes.

(iii) "Tenant's Share" shall mean the percentage determined by dividing the Rentable Area of the Premises by ninety-five percent (95%) of the Rentable Area of the Building.

(c) Special Limitation. Notwithstanding the foregoing, Tenant's Share of Controllable Operating Costs in any Lease Year as compared to the immediately preceding Lease Year shall not exceed the amount equal to the product obtained by multiplying (i) the Controllable Operating Costs for the immediately preceding Lease Year, by (ii) the percentage increase in the CPI from the first day of the immediately preceding Lease Year to the first day of the current Lease Year. "Controllable Operating Costs" for the purposes of this section shall mean all Operating Costs other than (i) utilities (gas, sewer, water, electricity, telecommunications, solid waste removal, and the like) and (ii) insurance. "CPI" shall mean the Consumer Price Index for All Urban Consumers, for Seattle, for All Items (Base year 1982-1984 = 100) published by the United States Department of Labor, Bureau of Labor Statistics (or if the CPI for Seattle is no longer published by the Bureau of Labor Statistics, then the U.S. City Average). If the Bureau of Labor Statistics substantially revises the manner in which the CPI is determined, an adjustment shall be made in the revised index which would produce results equivalent, as nearly as possible to those which would be obtained hereunder if the CPI were not so revised. If the 1982-1984 average shall no longer be used as an index of 100, such change shall constitute a substantial revision. If the CPI is available less frequently than monthly, then the CPI published for the month nearest, but preceding, the first day of each relevant Lease Year shall be used.

SECTION 6. Late Charge: Interest. Time is of the essence of this Lease. If Tenant fails to pay any Base or Additional Rent due hereunder within ten (10) days of the due date, a late charge equal to five percent (5%) of the unpaid amount shall be assessed and be immediately due and payable. In addition, interest shall accrue at the rate of eighteen percent (18%) per annum on any Base or Additional Rent which is not paid when due. If Tenant defaults in making any Base or Additional Rent payment, Landlord shall have the right to require that subsequent Base or Additional Rent payments be made by cashier's or certified check. Rents due for the month of January in any Lease Year may be paid on or

SECTION 8. Tenant's Operations.

(a) Use of Premises. Tenant shall use the Premises only for the Section 1 Permitted Use. As Landlord's willingness to enter into this Lease with Tenant was predicated, in part, on the functions performed by the Department of Development and Environmental Services of King County, and the compatibility of occupancy by the Department of Development and Environmental Services of King County with other tenants in the Building, Tenant shall not use or permit the use of the Premises for any other business, or purpose, under any other name, or by any other department, agency or instrumentality of King County, Washington without Landlord's prior written consent, which consent shall not be unreasonably withheld. Landlord and Tenant specifically acknowledge and agree that it shall be reasonable for Landlord to withhold consent to any proposed use where one or more of the following applies: (i) the proposed use would increase the burden on Building services, (ii) the proposed use would result in increased foot traffic, foot traffic of a different kind or character than that normally incident to the Section 1 Permitted Use, increased elevator usage or increased security concerns in the Building, (iii) the proposed use would compromise or reduce the comfort and/or safety of the Landlord and other tenants in the Building, (iv) the proposed use would require more parking spaces than the number of parking spaces per rentable square foot of space provided in this Lease, (v) the proposed use would otherwise materially decrease the desirability of the Building to prospective tenants and thereby impair Landlord's ability to lease the other space in the Building. For example, but not by way of limitation, it shall be reasonable for Landlord to withhold consent to any proposed use where the space will be used for a school or training facility, an employment office, or a public health or medical office. Tenant shall promptly comply, at its sole cost and expense, with the Exhibit C Rules and Regulations and other such rules and regulations relating to the use of the Premises, Building and Common Areas as Landlord may from time to time promulgate. Tenant shall maintain the Premises in a clean, orderly and neat fashion to conform with the high standards of the Building, permitting no odors to be emitted from the Premises and shall neither commit waste nor permit any waste to be committed thereon. Tenant shall not permit any accumulation of trash on or about the Premises. Tenant shall not create or contribute to the creation of a nuisance in either the Premises or the Building, and Tenant shall not engage in or permit any action that will disturb the quiet enjoyment of any other tenant in the Building.

(b) Unlawful Use. Tenant shall not use or permit the Premises or any part thereof to be used for any purpose in violation of any municipal, county, state or federal law, ordinance or regulation, or for any purpose offensive to the standards of the community of which the Building is a part. Tenant shall promptly comply, at its sole cost and expense, with all laws, ordinances and regulations now in force or hereafter adopted relating to or affecting the condition, use or occupancy of the Premises.

(c) Liens and Encumbrances. Tenant shall keep the Premises and Building free and clear of, and shall indemnify, defend and hold Landlord harmless from, any and all liens and encumbrances arising or growing out of Tenant's acts or omissions, or breach of this Lease or its use, improvement or occupancy of the Premises. If any lien is so filed against the Premises or Building, Tenant shall cause the same to be fully discharged and released of record within ten (10) days of demand or within such period provide Landlord with cash or other security acceptable to Landlord in an amount equal to one and one-half (1-1/2) times the amount of the claimed lien as security for its prompt removal. Landlord shall have the right to disburse such security to cause the removal of the lien if a judgment is entered against Tenant in the lien proceeding, if such lien causes difficulties for Landlord in connection with its financing or sale of the Building, if Tenant is otherwise in default under this Lease or if Landlord otherwise deems such necessary, in Landlord's sole discretion.

(d) Hazardous Substances. Tenant shall not, without Landlord's prior written consent, keep any substances designated as, or containing components now or hereafter designated as, hazardous, dangerous, toxic or harmful and/or subject to regulation under any federal, state or local law, regulation or ordinance ("Hazardous Substances") on or about the Premises or Building. With respect to any Hazardous Substances stored with Landlord's consent, Tenant shall: promptly, timely and completely comply with all governmental requirements for reporting and record keeping; submit to Landlord true and correct copies of all reports, manifests and identification numbers at the same time as they are required to be and/or are submitted to the appropriate governmental authorities; within five (5) days of Landlord's request, provide evidence satisfactory to Landlord of Tenant's compliance with all applicable governmental rules, regulations and requirements; and comply with all governmental rules,

regulations and requirements regarding the proper and lawful use, sale, transportation, generation, treatment and disposal of Hazardous Substances. Any and all costs incurred by Landlord and associated with Landlord's inspections of the Premises and Landlord's monitoring of Tenant's compliance with this Section 8(d), including Landlord's attorneys fees and costs, shall be Additional Rent and shall be due and payable to Landlord within ten (10) days of Landlord's demand. Tenant shall be fully and completely liable to Landlord for any and all cleanup costs and expenses and any and all other charges, expenses, fees, fines, penalties (both, civil and criminal) and costs imposed with respect to Tenant's use, disposal, transportation, generation and/or sale of Hazardous Substances in or about the Premises or Building. Tenant, its successors and assigns, shall defend, indemnify and hold harmless Landlord from and against any and all expense, loss or liability suffered by Landlord by reason of the failure of Tenant, or its successors or assigns, to comply with any of the provisions of this Section 8 (d), whether such expense, loss or liability is direct or indirect, foreseen or unforeseen, including, but not limited to, (i) any and all reasonable expenses that Landlord or its successors and assigns may incur in complying with any applicable federal, state or local law, regulation or ordinance, (ii) any and all reasonable costs that Landlord, or its successors or assigns, may incur in studying or remedying any contamination, (iii) any and all fines or penalties assessed upon Landlord, by reason of the failure of Tenant, or its successors and assigns, to comply with any of the provisions of this Section 8 (d), (iv) any loss of value of the Premises, the Building or the Property, by reason of such failure to comply, and (v) any and all legal fees and costs incurred by Landlord, or its successors or assigns, in connection with any of the foregoing. Landlord accepts and approves of Tenant's use and storage of such Hazardous Substances as are commonly used in the occupancy of the Premises for the Section 1 Permitted Use, provided (i) all such Hazardous Substances are used and disposed of in compliance with all applicable rules and regulations, and (ii) all indemnification and other provisions of this Section 8(d) shall apply to such use. Tenant shall promptly notify Landlord of any spills or other releases of Hazardous Substances, and shall promptly deliver to Landlord copies of any governmental inspection reports and/or compliance orders relating to any Hazardous Substances. Landlord and any environmental consultant retained by Landlord may, from time to time, at reasonable times, after reasonable prior notice and accompanied by a representative of Tenant (except in the event of an emergency), enter the Premises to conduct reasonable inspections, tests, samplings or other investigations in connection with Tenant's obligations under the provisions of this Section 8 (d). Tenant agrees that a failure by Tenant to comply with any of the provisions of this Section 8 (d) shall be a breach of this Lease that requires immediate equitable relief. Therefore, in the event of failure by Tenant to comply with any of the provisions of this Section 8 (d), Landlord shall have the right, in addition to the remedies provided in Article 23 hereof and all other remedies available at law or equity, to obtain immediate injunctive or other equitable relief. The provisions of this Section 8 (d) shall survive the expiration or sooner termination of the Term. No subsequent modification or termination of this Lease by agreement of the parties or otherwise shall be construed to waive or modify any provisions of this Section 8 (d) unless the termination or modification agreement or other document so states in writing.

(e) Signs. Tenant shall not erect or place, or permit to be erected or placed, or maintain any signs of any nature or kind whatsoever on the exterior walls or windows of the Premises or elsewhere in the Building, with the exception of a sign identifying Tenant placed on or near the front door of the Premises, the size, style and location of which must first be approved in writing by Landlord. Tenant agrees to abide by all signage rules and regulations, if any, promulgated by Landlord and to install, at its sole expense, any signs required thereby. Notwithstanding the foregoing, Tenant shall have the right to construct a sign visible from I-405, subject to all laws, ordinances and regulations now in force or hereafter adopted relating to or affecting such sign, including without limitation, sign ordinances of the City of Renton. Such sign shall be subject to Landlord's approval and shall be constructed in conformity with the Sign Criteria attached hereto as Exhibit F. The cost of construction of such sign may be paid from the Tenant Improvement Allowance. Tenant's right to construct such sign shall be personal and may not be exercised by any assignee or sublessee.

SECTION 9. Utilities and Services.

(a) Tenant's Responsibility. Tenant shall be solely responsible for and shall promptly pay when due all charges for telephone and all other utilities which are separately metered and supplied to the Premises.

(b) Services. As long as Tenant is not in default under this Lease, Landlord shall cause the Common Areas of the Building to be maintained in reasonably good order and condition, except for damage occasioned by any act or omission of Tenant or Tenant's officers, contractors, agents, invitees, licensees or employees, the repair of which shall be paid for by Tenant. Landlord shall furnish the Premises with electricity for office use, including lighting and low power usage (110 volt) office machines, water and elevator services. Landlord shall also provide customary building janitorial service

on weekdays, other than holidays. From 6:30 A.M. to 5:30 P.M. on weekdays and 9:00 A.M. to 1:00 P.M. on Saturday, excluding legal holidays ("Normal Business Hours"), Landlord shall furnish the Premises with heat and air conditioning services. If requested by Tenant, Landlord shall furnish heat and air conditioning services at times other than Normal Business Hours, and janitorial services on other days, and Tenant shall pay for the cost of such services at rates established by Landlord as Additional Rent.

(i) Janitorial. If Tenant requires janitorial services of a different kind or a more intense level than Landlord customarily provides for the Building, Tenant shall promptly pay Landlord for the additional costs and expenses incurred by Landlord in providing such services.

(ii) Additional Service. The Building standard mechanical system is designed to accommodate heating loads generated by lights and equipment using up to 4.2 watts per usable square foot. Tenant shall obtain Landlord's prior written consent before installing lights and equipment in the Premises which in the aggregate exceed such amount. Landlord may refuse to grant such consent unless Tenant agrees to pay (1) to Landlord the costs incurred by Landlord for installation of supplementary air conditioning capacity or electrical systems as necessitated by such equipment or lights, (2) to Puget Power the amount separately metered and billed by Puget Power pursuant to the separate metering, and (3) to Landlord the amount estimated by Landlord as the cost of operation and maintenance of supplementary air conditioning units as necessitated by Tenant's use of such equipment or lights. Landlord shall be entitled to install, operate and maintain at Tenant's sole cost a monitoring/metering system in the Premises to measure the added demands on electricity, heating, ventilation and air conditioning systems, resulting from such equipment and lights and from Tenant's use of electricity during other than Normal Business Hours, and Tenant shall pay Landlord the cost thereof within twenty (20) days of receipt of invoice and, at Landlord's option, shall pay for the cost of such electricity as reasonably determined by Landlord as Additional Rent.

(iii) Interruption. Landlord shall not be liable for any loss, injury or damage to person or property caused by or resulting from any variation, interruption or failure of services due to any cause whatsoever, including, but not limited to, electrical surges, or from failure to make any repairs or perform any maintenance. However, Landlord shall use reasonable diligence to repair, maintain or replace equipment, fixtures or wiring that causes said variation, interruption or failure of services. No temporary interruption or failure of such services incident to the making of repairs, alterations or improvements or due to accident, strike or conditions or events beyond Landlord's reasonable control shall be deemed an eviction of Tenant or to relieve Tenant from any of Tenant's obligations hereunder or to give Tenant a right of action against Landlord for damages.

SECTION 10. Licenses and Taxes. Tenant shall be liable for, and shall pay prior to delinquency, all license and excise fees and occupation taxes covering the business conducted on the Premises and all personal property taxes and other impositions levied with respect to all personal property located at the Premises.

SECTION 11. Delivery of Premises. Landlord shall deliver the Premises to Tenant upon substantial completion of the Tenant Improvements as defined in Exhibit D, and Tenant shall accept possession of the Premises in such condition, subject to Landlord's duty to complete the remainder of the Tenant Improvements thereafter. The date of substantial completion of the Tenant Improvements shall mean the date so certified by Architect Marvin Stein & Associates or such other architect as may be provided from time to time under the Work Agreement. Upon substantial completion of the Premises, Tenant, Landlord and Architect shall inspect them and shall prepare a "punchlist" as such term is used in the construction industry. The existence of defects of a nature commonly found on a punchlist shall not postpone the Commencement Date or result in a delay or abatement of Tenant's obligation to pay rent or give rise to a damage claim against Landlord. After preparation of the punchlist, Landlord shall proceed with due diligence to complete all items on the punchlist. Tenant shall commence construction of any work to be performed by Tenant under terms of Exhibit D promptly upon substantial completion of the Tenant Improvements and shall diligently prosecute such Tenant's work to completion.

SECTION 12. Alterations by Tenant. After completion of the work, if any, to be performed by Tenant under terms of Exhibit D, Tenant shall not make any alterations, additions or improvements in or to the Premises without first submitting to Landlord professionally-prepared plans and specifications for such work and obtaining Landlord's prior written approval thereof. Tenant covenants that it will cause all such alterations, additions and improvements to be performed at Tenant's sole cost and expense by a contractor approved by Landlord and in a manner which (a) is consistent with the Landlord-approved plans and specifications and any conditions imposed by Landlord in connection therewith; (b) is in

conformity with first class commercial standards; (c) includes acceptable insurance coverage for Landlord's benefit; (d) does not affect the structural integrity of the Building or the Building's systems; (e) does not disrupt the business or operations of adjoining tenants; (f) does not invalidate or otherwise affect the construction and systems warranties then in effect with respect to the Building; and (g) conforms with the Rules and Regulations and any other reasonable rules and regulations promulgated by Landlord with respect to construction activity in the Building. Tenant shall secure all governmental permits and approvals and comply with all other applicable governmental requirements and restrictions and reimburse Landlord for all expenses incurred in connection therewith. Tenant shall keep the Premises and the Property free from any mechanic's, materialman's or similar liens arising from or out of the performance of such alterations, additions and improvements. Except as provided in Section 15 with regard to concurrent negligence, Tenant shall indemnify, defend and hold Landlord harmless from and against all losses, liabilities, damages, liens, costs, penalties and expenses (including attorneys fees, but without waiver of the duty to hold harmless) arising from or out of the performance of such alterations, additions and improvements, including, but not limited to, all which arise from or out of Tenant's breach of its obligations under the terms of this Section 12. All alterations, additions and improvements (expressly including all light fixtures, heating, ventilation and air conditioning units and floor, window and wall coverings), except Tenant's [ADD REF. TO CABINETS AND COUNTER AFTER INPUT FROM TENANT] moveable trade fixtures and appliances and equipment not affixed to the Premises, shall immediately become the property of Landlord without any obligation on its part to pay therefor. These improvements remain Landlord's and Tenant shall not remove all or any portion thereof on the termination of this Lease except as specifically directed by Landlord in writing.

SECTION 13. Care of Premises. Tenant shall take good care of the Premises and shall reimburse Landlord for all damage done to the Building or Premises occasioned by any act or omission of Tenant or Tenant's officers, contractors, agents, invitees, licensees or employees, including, but not limited to, cracking or breaking of glass. If Tenant fails to take good care of the Premises, Landlord may, at its option, do so, and in such event, upon receipt of written statements from Landlord, Tenant shall promptly pay the entire cost thereof as Additional Rent. Landlord shall have the right to enter the Premises for such purposes. All normal repairs, other than repairs to the Premises necessitated by normal wear and tear, necessary to maintain the Premises and Building in a reasonable condition, as determined by Landlord, shall be performed under Landlord's direction and at its expense, except as otherwise provided herein. Except as provided in Section 20, there shall be no abatement or reduction of rent arising by reason of Landlord's making of repairs, alterations or improvements.

SECTION 14. Surrender of Premises. At the expiration or sooner termination of the Lease Term, Tenant shall return the Premises to Landlord in the same condition in which received (or, if altered, then the Premises shall be returned in such altered condition unless otherwise directed by Landlord pursuant to Section 12), reasonable wear and tear excepted. Prior to such return, Tenant shall remove its moveable trade fixtures and appliances and equipment which have not been attached to the Premises, and shall restore the Premises to the condition they were in prior to the installation of said items and repair any damage resulting from their removal. In no event shall Tenant remove floor coverings; heating, ventilating and air conditioning equipment; lighting equipment or fixtures; or floor, window or wall coverings unless otherwise specifically directed by Landlord in writing. Tenant's obligations under this Section 14 shall survive the expiration or termination of this Lease. Tenant shall indemnify Landlord for all damages and losses suffered as a result of Tenant's failure to so redeliver the Premises on a timely basis.

SECTION 15. Waiver; Indemnity.

(a) **Tenant Indemnity.** Except as otherwise provided in this Section 15, Tenant shall indemnify, defend and save Landlord, its partners, officers, agents, employees and contractors and Lenders harmless from all claims, suits, losses, damages, fines, penalties, liabilities and expenses resulting from any actual or alleged injury (including death) of any person or from any actual or alleged loss of or damage to any property arising out of or in connection with (i) Tenant's occupation, use or improvement of the Premises, or that of its employees, agents or contractors, (ii) Tenant's breach of its obligations hereunder, or (iii) any act or omission of Tenant or any subtenant, licensee, assignee or concessionaire of Tenant, or of any officer, agent or employee in the Premises. Tenant agrees that the foregoing indemnity specifically covers actions brought by its own employees. This indemnity with respect to acts or omissions during the term of this Lease Term shall survive termination or expiration of this Lease. The foregoing indemnity is specifically and expressly intended to constitute a waiver of Tenant's immunity under Washington's Industrial Insurance Act, RCW Title 51, only to the extent necessary to provide Landlord with a full and complete indemnity from claims made by Tenant's employees. Tenant shall promptly notify Landlord of casualties or accidents occurring in or about the Premises. **LANDLORD AND TENANT ACKNOWLEDGE THAT THE INDEMNIFICATION**

PROVISIONS OF SECTION 12 AND THIS SECTION 15 WERE SPECIFICALLY NEGOTIATED AND AGREED UPON BY THEM.

(b) **Landlord Indemnity.** Except as otherwise provided in this Section 15, Landlord shall indemnify, defend and save Tenant, its officials, officers, agents and employees, harmless from all claims, suits, losses, fines, penalties, liabilities and expenses resulting from any actual or alleged injury (including death) of any person or from any actual or alleged loss of or damage to any property arising out of or in connection with (i) Landlord's management of the Building, or that of its employees or agents, or (ii) Landlord's breach of its obligations hereunder. Landlord agrees that the foregoing indemnity specifically covers actions brought by its own employees. This indemnity with respect to actions or omissions during the Lease Term shall survive termination or expiration of this Lease. The foregoing indemnity is specifically and expressly intended to constitute a waiver of Landlord's immunity under Washington's Industrial Insurance Act, RCW Title 51, only to the extent necessary to provide Tenant with a full and complete indemnity from claims made by Landlord's employees. **LANDLORD AND TENANT ACKNOWLEDGE THAT THE INDEMNIFICATION PROVISIONS OF SECTION 12 AND THIS SECTION 15 WERE SPECIFICALLY NEGOTIATED AND AGREED UPON BY THEM.**

(c) **Release of Claims.** Notwithstanding any other provision of this Lease, Tenant hereby fully and completely waives and releases all claims against Landlord for any claim for consequential damages such as lost profits (i.e. damages other than physical damage to persons or property) sustained by Tenant or any person claiming through Tenant resulting from any accident or occurrence in or upon the Premises, including but not limited to: any defect in or failure of Building equipment; any failure to make repairs; any defect, failure, surge in, or interruption of Building facilities or services; any defect in or failure of Common Areas; broken glass; water leakage; the collapse of any Building component; or any act, omission or negligence of co-tenants, licensees or any other persons or occupants of the Building.

(d) **Modification of Indemnities.** In compliance with RCW 4.24.115 as in effect on the date of this Lease, all provisions of this Lease pursuant to which Landlord or Tenant (the "Indemnitor") agrees to indemnify the other (the "Indemnitee") against liability for damages arising out of bodily injury to Persons or damage to property relative to the construction, alteration, repair, addition to, subtraction from, improvement to, or maintenance of, any building, road, or other structure, project, development, or improvement attached to real estate, including the Building, (i) shall not apply to damages caused by or resulting from the sole negligence of the Indemnitee, its agents or employees, and (ii) to the extent caused by or resulting from the concurrent negligence of (a) the Indemnitee or the Indemnitee's agents or employees, and (b) the Indemnitor or the Indemnitor's agents or employees, shall apply only to the extent of the Indemnitor's negligence; **PROVIDED, HOWEVER,** the limitations on indemnity set forth in this Section shall automatically and without further act by either Landlord or Tenant be deemed amended so as to remove any of the restrictions contained in this Section no longer required by then applicable law.

SECTION 16. Insurance. Tenant shall, at its own expense, maintain through its self-insurance program coverage to insure Tenant's contractual indemnification obligations as set forth in this Lease. Tenant's self-insurance shall also insure the full replacement value of its furniture, fixtures, equipment and inventory and all improvements which it makes to the Premises and shall insure against fire and such other perils as are covered by an all risk property damage policy. Tenant shall not cancel its self-insurance program or materially alter the coverage provided thereunder without thirty (30) days prior written notice to Landlord, and, if Tenant does so, Tenant shall obtain and maintain at all times thereafter during the Lease Term policies of insurance affording not less than the foregoing coverages. Tenant shall not keep or use in or about the Premises any article which is prohibited by Landlord's insurance policy. Tenant shall pay immediately any increase in Landlord's premiums for insurance during the Lease Term which results from Tenant's use of the Premises other than for a Permitted Use.

SECTION 17. Waiver of Subrogation. Neither Landlord nor Tenant shall be liable to the other party or to any insurance company (by way of subrogation or otherwise) insuring the other party for any loss or damage to any building, structure or tangible personal property of the other occurring in or about the Premises or Building, even though such loss or damage might have been occasioned by the negligence of such party, its agents or employees, if such loss or damage is covered by insurance or self-insurance benefiting the party suffering such loss or damage or was required under the terms of this Lease to be covered by insurance procured or self-insurance maintained by the party suffering the loss.

SECTION 18. Assignment or Sublease. Tenant shall not, without the prior written consent of Landlord: (i) assign, mortgage, pledge, hypothecate, encumber, or permit any lien to attach to, or

otherwise transfer, this Lease or any interest hereunder, by operation of law or otherwise, (ii) sublet the Premises or any part thereof, or (iii) permit the use of the Premises or any part thereof by any department, agency or instrumentality of King County, Washington other than the Department of Development and Environmental Services (all of the foregoing are hereinafter sometimes referred to as a "Transfer", any entity to which such a transfer is made or sought to be made is hereinafter sometimes collectively referred to as a "Transferee" and the portion of the Premises to be Transferred is hereinafter sometimes referred to as the "Subject Space"). Landlord and Tenant specifically acknowledge and agree that Landlord may withhold consent to any proposed Transfer where one or more of the following applies: (i) the Transferee in Landlord's sole determination is of a character or reputation or engaged in a business which is not consistent with the quality of the Property, or would be a significantly less prestigious occupant of the Property than Tenant, (ii) the Transferee intends to use the Subject Space for purposes which are not consistent with the uses permitted under this Lease, (iii) the Subject Space is not regular in shape with appropriate means of ingress and egress suitable for normal renting purposes, (iv) the Transferee is either a governmental entity, or a department, agency or instrumentality thereof, which is not specifically provided for in Section 8(a), or an occupant of the Property, (v) the Transferee in Landlord's sole determination does not have a reasonable financial condition in relation to the obligations to be assumed in connection with the Transfer, or (vi) Tenant has committed and failed to cure a Default at the time Tenant requests consent to the proposed Transfer. The granting of consent to a given transfer shall not constitute a waiver of the consent requirement as to future transfers. In lieu of giving its consent, Landlord shall have the right to terminate the Lease as to the portion of the Premises affected by the action for which Landlord's consent is requested and recover possession thereof from Tenant within twenty (20) days following written notice thereof to Tenant. All costs incurred by Landlord in separating the remainder of the Premises from the area so retaken shall be paid by Tenant as Additional Rent. Any assignment or sublease, without Landlord's prior written consent shall, at Landlord's option, be void. No assignment or sublease shall release Tenant from primary liability hereunder. Each assignment and sublease shall be by an instrument in writing in form satisfactory to Landlord. If Tenant assigns its interest in this Lease or sublets the Premises, and if the rentals payable by the assignee or sublessee pursuant to such assignment or sublease are greater than the Base Rent, then the Base Rent shall be increased to an amount equal to the rentals payable by the assignee or sublessee pursuant to such assignment or sublease; provided, however, in no event shall the monthly Base Rent, after such assignment or subletting, be less than the Base Rent specified in Section 1. The increase shall be effective as of the date the assignee or subtenant takes occupancy and begins to pay rent pursuant to such assignment or sublease. In addition, Tenant agrees that if Tenant assigns its interest in this Lease or sublets the Premises, Tenant shall pay to Landlord any and all consideration received by Tenant for such assignment or sublease. If Tenant's transferee is a corporation, then any transfer of this Lease by merger, consolidation or liquidation, or any direct or indirect change, in the ownership of, or power to vote the majority of, Tenant's outstanding voting stock, shall constitute an assignment for the purposes of this Lease. If Tenant is a partnership, then a change in general partners in or voting or decision-making control of the partnership shall also constitute an assignment. Tenant shall also pay all legal fees and other costs incurred by Landlord in connection with Landlord's consideration of Tenant's request for approval of assignments or subleases, including assignments for security purposes.

SECTION 19. Assignment by Landlord. If Landlord sells or otherwise transfers the Building, or if Landlord assigns its interest in this Lease, other than an assignment solely for security purposes or a transfer in foreclosure or a deed in lieu of foreclosure, such purchaser, transferee, or assignee thereof shall be deemed to have assumed Landlord's obligations hereunder, and Landlord shall thereupon be relieved of all liabilities hereunder arising thereafter, but this Lease shall otherwise remain in full force and effect. Tenant shall attorn to Landlord's successor.

SECTION 20. Destruction. If the Premises are rendered partially or totally untenable by fire or other casualty, and if the damage is repairable within six (6) months from the date of the occurrence, then if insurance proceeds are available to pay the full cost of the repairs Landlord shall repair the Premises with due diligence; otherwise Landlord may elect to terminate this Lease. Base Rent shall be abated in the proportion that the untenable portion of the Premises bears to the whole thereof, as determined by Landlord, for the period from the date of the casualty to the completion of the repairs, unless the casualty results from or is contributed to by the negligence of Tenant or its officers, contractors, agents, invitees, guests or employees or Tenant's breach of this Lease. If thirty percent (30%) or more of the Building's Rentable Area is destroyed or damaged, then regardless of whether the Premises are damaged, Landlord may elect to terminate this Lease. Landlord shall advise Tenant of Landlord's election to repair or terminate by giving notice to Tenant thereof within thirty (30) days after the occurrence. In the event of damage by casualty, Tenant shall, at its sole cost and expense, repair all damage to its own personal property and to all improvements which Tenant has made to the Premises. Landlord shall not be liable to Tenant for damages, compensation or other sums for inconvenience, loss

of business or disruption arising from any repairs to or restoration of any portion of the Building or Premises.

SECTION 21. Eminent Domain.

(a) **Taking.** If all of the Premises are taken by Eminent Domain, this Lease shall terminate as of the date Tenant is required to vacate the Premises and all Base and Additional Rent shall be paid to that date. The term "Eminent Domain" shall include the taking or damaging of property by, through or under any governmental or statutory authority, and any purchase or acquisition in lieu thereof, whether the damaging or taking is by government or any other person. If a taking of any part of the Premises by Eminent Domain renders the remainder thereof unusable for the business of Tenant, in the reasonable judgment of Landlord, the Lease may, at the option of either party, be terminated by written notice given to the other party not more than thirty (30) days after Landlord gives Tenant written notice of the taking, and such termination shall be effective as of the date when Tenant is required to vacate the portion of the Premises so taken. If this Lease is so terminated, all Base and Additional Rent shall be paid to the date of termination. Whenever any portion of the Premises is taken by Eminent Domain and this Lease is not terminated, Landlord shall at its expense proceed with all reasonable dispatch to restore, to the extent of available proceeds and to the extent it is reasonably prudent to do so, the remainder of the Premises to the condition they were in immediately prior to such taking, and Tenant shall at its expense proceed with all reasonable dispatch to restore its personal property and all improvements made by it to the Premises to the same condition they were in immediately prior to such taking. The Base and Additional Rent payable hereunder shall be reduced from the date Tenant is required to partially vacate the Premises in the same proportion that the Rentable Area taken bears to the total Rentable Area of the Premises prior to taking.

(b) **Award.** Landlord reserves all right to the entire damage award or payment for any taking by Eminent Domain, and Tenant waives all claim whatsoever against Landlord for damages for termination of its leasehold interest in the Premises or for interference with its business. Tenant hereby grants and assigns to Landlord any right Tenant may now have or hereafter acquire to such damages and agrees to execute and deliver such further instruments of assignment as Landlord may from time to time request. Tenant shall, however, have the right to claim from the condemning authority all compensation that may be recoverable by Tenant on account of any loss incurred by Tenant in moving Tenant's merchandise, furniture, trade fixtures and equipment, provided, however, that Tenant may claim such damages only if they are awarded separately in the eminent domain proceeding and not out of or as part of Landlord's damages.

SECTION 22. Default by Tenant.

(a) **Definition.** Time is of the essence of this Lease. If Tenant violates or breaches or fails to keep or perform any covenant, term or condition of this Lease, Tenant shall be deemed in default hereunder (a "Default"). If a Default continues for or is not remedied within five (5) days (or, if no default in the payment of Rent is involved, within thirty (30) days, provided that if the default cannot reasonably be cured within the thirty (30) day period, Tenant shall not be in default if Tenant commences the cure within the thirty (30) day period and thereafter diligently pursues such cure to completion) after notice in writing thereof given by Landlord to Tenant specifying the Default, then Landlord shall have the following rights and remedies, at its option which are not exclusive: (i) to declare the term hereof ended and to reenter the Premises and take possession thereof and remove all persons therefrom, and Tenant shall have no further claim thereon or hereunder; (ii) to cure such default on Tenant's behalf and at Tenant's sole expense and charge Tenant for all costs and expenses incurred by Landlord in effecting such cure as Additional Rent; (iii) without declaring this Lease terminated, to reenter the Premises and occupy the whole or any part thereof for and on account of Tenant and to collect any unpaid Rent which has become payable, or which may thereafter become payable; or (iv) even though it may have reentered the Premises, at any time thereafter elect to terminate this Lease and all of the rights of Tenant in or to the Premises.

(b) **Reentry.** If Landlord reenters the Premises under option (iii) of Section 22(a), Landlord shall not be deemed to have terminated this Lease or the liability of Tenant to pay any Rent thereafter accruing as it becomes due, or to have terminated Tenant's liability for damages under any of the provisions hereof, by any such reentry or by any action, in unlawful detainer or otherwise, to obtain possession of the Premises, unless Landlord shall have notified Tenant in writing that it has so elected to terminate this Lease, and Tenant shall be liable for and reimburse Landlord upon demand for all costs and expenses of every kind and nature incurred in retaking possession of the Premises and all other losses suffered by Landlord as a consequence of Tenant's default. In the event of any entry or taking possession of the Premises, Landlord shall have the right, but not the obligation, to remove therefrom all or any part

of the personal property located therein and may place the same in storage at a public warehouse at the expense and risk of Tenant.

(c) **Termination.** If Landlord elects to terminate this Lease pursuant to the provisions of options (i) or (iv) of Section 22(a), Landlord may recover from Tenant as damages, the following: (i) the worth at the time of award of any unpaid Rent which had been earned at the time of such termination; plus (ii) the worth at the time of award of the amount by which the unpaid Rent which would have been earned after termination until the time of award exceeds the amount of the Rent loss Tenant proves could have been reasonably avoided; plus (iii) the worth at the time of award of the amount by which the unpaid Rent for the balance of the Lease Term after the time of award exceeds the amount of the Rent loss that Tenant proves could be reasonably avoided; plus (iv) any other amount necessary to compensate Landlord for all the detriment proximately caused by Tenant's failure to perform its obligations under this Lease or which in the ordinary course of things would be likely to result therefrom, including but not limited to, any costs or expenses incurred by Landlord in retaking possession of the Premises, including reasonable attorneys fees therefor; maintaining or preserving the Premises after such default; preparing the Premises for reletting to a new tenant, including repairs or alterations to the Premises for such reletting; leasing commissions; and any other costs necessary or appropriate to relet the Premises; and (v) such other amounts in addition to or in lieu of the foregoing as may be permitted from time to time by the laws of the State of Washington. As used in items (i) and (ii) of this Section 22(c), the "worth at the time of award" shall be computed by allowing interest at the interest rate specified in Section 6 of this Lease. As used in item (iii) above, the "worth at the time of award" shall be computed by using the then applicable discount rate quoted by the Federal Reserve Bank of San Francisco or its successor. For purposes of this Section 22 only, the term "Rent" shall be deemed to be the Base Rent and all Additional Rent and other sums required to be paid by Tenant pursuant to the terms of this Lease.

(d) **Vacation or Abandonment.** If Tenant vacates or abandons the Premises and fails to reoccupy them within ten (10) days after Landlord (1) delivers a notice to the Premises (which will be unoccupied) demanding such reoccupancy and (2) mails by certified or registered mail a copy of the notice to any forwarding address given by Tenant to Landlord in writing, Tenant shall be in default under this Lease and, in addition to all of Landlord's rights and remedies provided for in Sections 22(a) through (c) above, in the event of such a default by Tenant, Landlord shall have the right to increase the Base Rent during the entire time that the Premises are abandoned or have been vacated to one hundred twenty-five percent (125%) of the Base Rent otherwise in effect during such period under Section 1(e). Moreover, Tenant agrees that such right on the part of Landlord to increase the Base Rent shall not be deemed to be a penalty; rather, the 125% figure has been agreed to by Landlord and Tenant as a fair approximation of the damages Landlord will suffer as a result of a vacation or abandonment by Tenant, which damages would otherwise be extremely difficult to ascertain.

SECTION 23. Landlord's Remedies Cumulative; Waiver. Landlord's rights and remedies hereunder are not exclusive, but cumulative, and Landlord's exercise of any right or remedy due to a default or breach by Tenant shall not be deemed a waiver of, or alter, affect or prejudice any other right or remedy which Landlord may have under this Lease or by law or in equity. Neither the acceptance of rent nor any other acts or omissions of Landlord at any time or times after the happening of any event authorizing the cancellation or forfeiture of this Lease shall operate as a waiver of any past or future violation, breach or failure to keep or perform any covenant, agreement, term or condition hereof or to deprive Landlord of its right to cancel or forfeit this Lease, upon the written notice provided for herein, at any time that cause for cancellation or forfeiture may exist, or be construed so as at any future time to estop Landlord from promptly exercising any other option, right or remedy that it may have under any term or provision of this Lease.

SECTION 24. Default by Landlord; Lender Protection.

(a) Landlord shall be in default if Landlord fails to perform its obligations under this Lease within thirty (30) days after its receipt of notice of nonperformance from Tenant; provided that if the default cannot reasonably be cured within the thirty (30) day period, Landlord shall not be in default if Landlord commences the cure within the thirty (30) day period and thereafter diligently pursues such cure to completion.

(b) In the event of any uncured default by Landlord, which default would entitle Tenant to terminate this Lease, Tenant shall not terminate this Lease or pursue any other remedy unless Tenant has notified Lender of the nature and extent of the default, at least sixty (60) days in advance of the proposed effective date of such termination. During said sixty (60) day period Lender shall be entitled to commence to cure the default. If the default is not susceptible of cure with due diligence within said sixty (60) day period, the Lease shall not be terminated if the Lender shall have commenced

to cure the default within said sixty (60) day period and pursues the cure with due diligence thereafter. If the default is one which is not susceptible to cure by the Lender within said sixty (60) day period because the Lender is not in possession of the Building, such sixty (60) day period shall be extended to include time needed to obtain possession thereof by the Lender by power of sale, judicial foreclosure or such other legal action required to recover possession provided that such avenues are pursued with due diligence.

SECTION 25. Attorneys Fees. If either party retains the services of an attorney in connection with enforcing the terms of this Lease, or if suit is brought for the recovery of Base Rent or Additional Rent due under this Lease or for the breach of any covenant or condition of this Lease or for the restitution of the Premises to Landlord and/or eviction of Tenant during the Lease Term or after the expiration thereof, the substantially prevailing party therein will be entitled to recover from the other party the substantially prevailing party's reasonable attorneys fees, witness fees and other court costs incurred in connection therewith.

SECTION 26. Access by Landlord. Landlord and its agents shall have the right to enter the Premises at any reasonable time to examine the same, and to show them to prospective purchasers, lenders or tenants, and to make such repairs, alterations, improvements, additions or improvements to the Premises or Building as Landlord may deem necessary or desirable, provided Tenant's business shall not be interfered with unreasonably. If Tenant is not personally present to permit entry and an entry is necessary in an emergency, Landlord may enter the same by master key or may forcibly enter the same, without rendering Landlord liable therefor except for failure to exercise due care for Tenant's property. Nothing contained herein shall be construed to impose upon Landlord any duty of repair or other obligation not specifically stated in this Lease. Tenant shall change the locks to the Premises only through Landlord and upon paying Landlord for all costs related thereto.

SECTION 27. Holding Over. Any holding over by Tenant after the expiration of the Lease Term consented to in advance in writing by Landlord shall be construed as a tenancy from month-to-month on the terms and conditions set forth herein, except for Base Rent which shall be increased to one and one-quarter (1-1/4) times the Base Rent in effect during the last month hereof preceding the holdover period for the first thirty (30) days of the holdover period and to one and one-half (1-1/2) times the Base Rent in effect during the last month hereof preceding the holdover period for the balance of the holdover period. Any holdover tenancy may be terminated by either party upon thirty (30) days written notice to the other party. If Tenant fails to surrender the Premises upon the expiration of the Lease Term or the sooner termination of this Lease, Tenant shall indemnify, defend and hold harmless Landlord from all losses, damages, liabilities and expenses resulting from such failure, including, without limiting the generality of the foregoing, any claims made by any succeeding tenant arising out of such failure.

SECTION 28. Lease Subordinate to Mortgages. This Lease shall be automatically subordinate to all of Landlord's mortgages or deeds of trust which heretofore and hereafter affect the Premises or Building, to any sale and leaseback, to any and all advances made or to be made thereunder, to the interest on the obligations secured thereby, and to all renewals, modifications, consolidations, replacements or extensions thereof. This subordination shall be self operative, and no further instrument of subordination shall be necessary to effect such subordination; nevertheless, Tenant shall execute such additional instrument of subordination as may be required by any Lender if such instrument of subordination shall provide that so long as Tenant is not in default hereunder beyond the applicable Section 22 cure period, Tenant shall have continued enjoyment of the Premises free from any disturbance or interruption by reason of any foreclosure of Lender's deed of trust or mortgage. In the event of sale or foreclosure of any such mortgage or deed of trust, or exercise of the power of sale thereunder, or in the event of a transfer in lieu of foreclosure, Tenant shall attorn to the purchaser (or transferee) of the Building at such foreclosure or sale and recognize such purchaser (or transferee) as Landlord under this Lease if so requested by such purchaser (or transferee). Such attornment shall be self operative and no further instruments need be executed to effect such attornment. If any Lender elects to have this Lease made superior to its mortgage or deed of trust and gives notice of its election to Tenant, then this Lease shall thereupon become superior to the lien of such mortgage or deed of trust, whether this Lease is dated or recorded before or after the mortgage or deed of trust.

SECTION 29. Estoppel and Other Certificates. As a material inducement to Landlord to enter into this Lease, Tenant covenants that it shall, within fifteen (15) days of the receipt thereof, acknowledge and deliver to Landlord (a) any subordination or non-disturbance or attornment agreement or other instrument that Landlord may require to carry out the provisions of Section 28, and (b) any estoppel certificate requested by Landlord from time to time in the standard form of Landlord or any such mortgagee or beneficiary of such deed of trust certifying, to the extent such be true that (i) Tenant shall

be in occupancy, (ii) this Lease is unmodified and in full force and effect, or if there have been modifications, that the same is in full force and effect as modified and stating the modifications, (iii) Base Rent and Additional Rent have been paid only through a certain specified date, (iv) Tenant has no offsets, defenses or claims against Landlord and (v) such other matters as Landlord may reasonably request. If Tenant fails to deliver an estoppel certificate within the fifteen (15) day period, then (i) Tenant shall be deemed to have confirmed the accuracy of the information supplied by Landlord to the prospective lender or purchaser, and (ii) Tenant hereby appoints Landlord as its attorney-in-fact to execute such an estoppel certificate on behalf of Tenant certifying the foregoing matters. Tenant acknowledges and agrees that Landlord and others will be relying and are entitled to rely on the statements contained in such estoppel certificates.

SECTION 30. Quiet Enjoyment. If Tenant fully complies with and promptly performs all of the terms, covenants and conditions of this Lease on its part to be performed, it shall have quiet enjoyment of the Premises throughout the Lease Term, subject, however, to matters of record on the date hereof and to those matters to which this Lease may be subsequently subordinated.

SECTION 31. Notices. Any notices required in accordance with any of the provisions herein shall be in writing and delivered personally or by a reputable express delivery service or mailed by registered or certified mail to the Landlord at the address set forth in Section 1 hereof, with copy to such party as Landlord may designate, or to Tenant at the address set forth in Section 1 hereof, or to such other address as a party shall from time to time advise in writing. If any assignee of Tenant is a partnership, any notice required or permitted hereunder may be given by or to any one partner thereof with the same force and effect as if given by or to all thereof. If mailed, a notice shall be deemed received three (3) days after the postmark affixed on the envelope by the United States Post Office.

SECTION 32. Successors or Assigns. All of the terms, conditions, covenants and agreements of this Lease shall extend to and be binding upon Landlord, Tenant and, subject to the terms of Section 18, their respective heirs, administrators, executors, successors and permitted assigns, and upon any person or persons coming into ownership or possession of any interest in the Premises by operation of law or otherwise.

SECTION 33. Tenant Authority and Liability. Tenant warrants that this Lease has been duly authorized, executed and delivered by Tenant, and that Tenant has the requisite power and authority to enter into this Lease and perform its obligations hereunder. Tenant covenants to provide Landlord with evidence of its authority and the authorization of this Lease upon request. All persons and entities named as Tenant herein shall be jointly and severally liable for Tenant's liabilities, covenants and agreements under this Lease.

SECTION 34. Brokers, Commission. Tenant was represented by Cushman & Wakefield, Inc. whose commission shall be paid by Landlord pursuant to a separate agreement between Landlord and Cushman & Wakefield, Inc., a copy of which is attached hereto as Exhibit G. Tenant represents that it has not dealt with any other broker, agent or finder in connection with this Lease and Tenant agrees to indemnify and hold Landlord harmless from all damages, judgments, liabilities, claims and expenses (including attorneys' fees) arising out of or in connection with any claim or demand of any other broker, agent or finder with whom Tenant has dealt for any commission or fee alleged to be due in connection with its participation in the procurement of Tenant or the negotiation of this Lease.

SECTION 35. Partial Invalidity. If any court determines that any provision of this Lease or the application hereof to any person or circumstance is, to any extent, invalid or unenforceable, the remainder of this Lease, or the application of such provision to persons or circumstances other than those as to which it is held invalid or unenforceable, shall not be affected thereby and each other term, covenant or condition of this Lease shall be valid and be enforced to the fullest extent permitted by law.

SECTION 36. Recording. Tenant shall not record this Lease without the prior written consent of Landlord. However, upon Landlord's request, both parties shall execute a memorandum of this Lease, in a form customarily used for such purpose of recordation. The memorandum shall describe the parties, the Premises and the Lease Term and shall incorporate the other terms of this Lease by reference.

SECTION 37. Financial Statements. [Intentionally deleted]

SECTION 38. Parking. Tenant shall have a license to use five (5) parking spaces per 1,000 rentable square feet of space in the Premises without charge during the Lease Term, subject to the Rules and Regulations and such additional reasonable rules and regulations as may be established from time to time by Landlord. Landlord shall have the right to establish, and Tenant shall cooperate with, a parking

system in order to allow for use of the parking areas by all of the tenants of the Building, provided that such parking system treats Tenant equitably in consideration that Tenant leases approximately one-half (1/2) of the space in the Building. Such system may include designated parking stalls, parking stickers, access cards and gates or any other reasonable system. Landlord shall comply with applicable federal, state and local laws and ordinances relating to the availability of vanpool and carpool parking stalls. If compliance with such laws requires the conversion of parking spaces to vanpool and/or carpool parking stalls, and if the parking ratio is thereby reduced below five (5) parking spaces per 1,000 rentable square feet of space in the Building, then the number of parking spaces the Tenant shall have a license to use pursuant to this Section shall be reduced proportionately.

SECTION 39. Relocation. [Intentionally deleted]

SECTION 40. Liability of Landlord. Landlord shall not be liable for interference with natural light, air or view. Tenant shall look solely to the rents, issues and profits from the Building for the satisfaction of any judgment or decree against Landlord, whether for breach of the terms hereof or arising from a right created by statute or under common law. Landlord shall not be personally liable for any such judgment or decrees or for any deficiency after execution thereon. The limitations of liability contained in this Article shall apply equally to and inure to the benefit of, Landlord's present and future partners, beneficiaries, officers, directors, trustees, shareholders, agents and employees, and their respective partners, heirs, successors and assigns. Under no circumstances shall any present or future general or limited partner of Landlord (if Landlord is a partnership), or trustee or beneficiary (if Landlord or any partner of Landlord is a trust) have any liability for the performance of Landlord's obligations under this Lease.

SECTION 41. Force Majeure. Landlord shall not be deemed in default hereof nor liable for damages arising from its failure to perform its duties or obligations hereunder if such is due to causes beyond its reasonable control, including, but not limited to, acts of God, acts of civil or military authorities, fires, floods, windstorms, earthquakes, strikes or labor disturbances, civil commotion, delays in transportation, governmental delays or war.

SECTION 42. Counterparts. This Lease may be executed by the parties in counterparts, which, taken together, constitute the entire Lease.

SECTION 43. Name of Building. Landlord reserves the right to change the name of the Building. Tenant agrees that such change shall not require amendment of this Lease or affect in any way its obligations under this Lease, and that, except for the name change, all terms and conditions of this Lease shall remain in full force and effect.

SECTION 44. Headings. The Section headings used in this Lease are used for purposes of convenience and do not alter in any manner the content of the Sections.

SECTION 45. Context. Whenever appropriate from the context, the use of any gender shall include any other or all genders, and the singular shall include the plural, and the plural shall include the singular.

SECTION 46. Execution by Landlord and Tenant; Approval of Lender. Landlord shall not be deemed to have made an offer to Tenant by furnishing Tenant with a copy of this Lease with particulars inserted. Tenant shall not be deemed to have accepted an offer by Landlord upon receipt and review of this Lease and its particulars. No contractual or other rights shall exist or be created between Landlord and Tenant until all parties hereto have executed this Lease and fully executed copies have been delivered to Landlord and Tenant. Tenant agrees to make such changes herein as may be requested by Lender, within ten (10) days of a request from Landlord therefor so long as such do not increase the Base Rent and Additional Rent due from Tenant hereunder or otherwise materially alter Tenant's rights hereunder.

SECTION 47. Entire Agreement; Applicable Law. This Lease and the Exhibits attached hereto, and by this reference incorporated herein, set forth the entire agreement of Landlord and Tenant concerning the Premises and Building, and there are no other agreements or understanding, oral or written, between Landlord and Tenant concerning the Premises and Building. Any subsequent modification or amendment of this Lease shall be binding upon Landlord and Tenant only if reduced to writing and signed by them. This Lease shall be governed by, and construed in accordance with, the laws of the State of Washington.

SECTION 48. Expansion Rights.

(a) **Right of First Refusal.** Until January 1, 1995, Tenant shall have a right of first refusal to lease additional space on the first floor, the fourth floor and the fifth floor of the Building, (the "Initial Expansion Space") on the terms, covenants and conditions of this Lease, including Base Rent, Tenant Improvement Allowance, Moving Allowance and Architect's Fee Allowance, subject to the existing lease, including any replacements or renewals thereof, with The Boeing Company acting through its division the Boeing Commercial Airplane Group, which lease affects approximately 1,733 rentable square feet of space on the first floor of the Building and approximately 2,566 rentable square feet of space on the fourth floor of the Building and subject also to the existing right of first refusal with MacPherson's, Inc. which applies to approximately 130 usable square feet of space on the first floor of the Building. If Tenant shall default in its obligations under this Lease (beyond any applicable notice and cure periods) more than three (3) times during the Lease Term, then, at Landlord's option, Tenant's right of first refusal shall terminate. Tenant's right of first refusal shall be personal and may not be exercised by any assignee or sublessee. Landlord shall give notice to Tenant (the "Offer Notice") of the receipt of any offer to lease part or all of the Initial Expansion Space which Landlord may desire to accept. If Tenant desires to exercise its right of first refusal as to the space covered by the Offer Notice, then Tenant shall give notice to Landlord to such effect (the "Exercise Notice") within ten (10) business days after Landlord gives the Offer Notice to Tenant. If Tenant fails to give the Exercise Notice within such ten (10) business day period, then its right of first refusal shall then immediately terminate as to the space covered by the Offer Notice and Landlord shall be free to lease such space to the party that made such offer. If Tenant gives the Exercise Notice within such ten (10) business day period, then the space covered by the Offer Notice shall be made available in its then "AS IS" condition and shall forthwith become a part of the Premises under all of the terms, covenants and conditions of this Lease, including the provisions as to Base Rent, Tenant Improvement Allowance, Moving Allowance and Architect's Fee Allowance. Tenant's obligation to pay Base Rent and Additional Rent as to the space covered by the Offer Notice shall commence on the later of (i) the date ninety (90) days after Tenant gives the Exercise Notice to Landlord, or (ii) the Commencement Date, if the tenant improvements to be constructed in such space are substantially completed by the later of such dates in accordance with Section 11, but otherwise Tenant's obligation to pay Base Rent and Additional Rent as to such space shall commence on the day of the first to occur of the following events: (i) ten (10) days after the date on which Landlord notifies Tenant that such tenant improvements are substantially completed in accordance with Section 11, (ii) the date on which Tenant takes possession or commences beneficial occupancy of such space, or (iii) if substantial completion of such tenant improvements is delayed due to Tenant's failure to perform its obligations under this Lease, then the date reasonably determined by Landlord as the date upon which such tenant improvements would have been substantially completed, but for Tenant's failure to perform. Landlord and Tenant shall enter into a Work Agreement with respect to the tenant improvements to be constructed in such space which shall be similar to the Work Agreement attached hereto as Exhibit D.

(b) **Right of First Offer.** During the Lease Term, Tenant shall have a right of first offer to lease the space on the first floor (subject to the above-referenced existing right held by MacPherson's, Inc.) and the fourth floor of the Building described below, on the terms, covenants and conditions of this Lease, including Base Rent, Tenant Improvement Allowance and Architect's Fee Allowance, but excluding the Moving Allowance. If Tenant shall default in its obligations under this Lease (beyond any applicable notice and cure periods) more than three (3) times during the Lease Term, then, at Landlord's option, Tenant's right of first offer shall terminate. Tenant's right of first offer shall be personal and may not be exercised by any assignee or sublessee. Landlord's existing lease including any replacements or renewals thereof, with The Boeing Company acting through its division the Boeing Commercial Airplane Group, affects approximately 1,733 rentable square feet of space on the first floor of the Building and approximately 2,566 rentable square feet of space on the fourth floor of the Building (the "Boeing Space"). If the Boeing Space becomes vacant and available for lease during the Lease Term, then Landlord shall give Tenant notice of its availability (the "Availability Notice"). Tenant shall have thirty (30) days after receipt of the Availability Notice to give notice to Landlord that Tenant desires to add the Boeing Space to the Premises (the "Exercise Notice"). If Tenant fails to give the Exercise Notice within such thirty (30) day period, then its right to exercise this right of first offer shall immediately terminate and Landlord shall be free to lease any or all of the Boeing Space to third parties. If Tenant gives the Exercise Notice to Landlord within such thirty (30) day period, then the Boeing Space shall be made available in its then "AS IS" condition and shall forthwith become a part of the Premises under the terms, covenants and conditions of this Lease, including Base Rent, Tenant Improvement Allowance and Architect's Fee Allowance, but excluding the Moving Allowance. Tenant's obligation to pay Base Rent and Additional Rent as to the Boeing Space shall commence ninety (90) days after Tenant gives the Exercise Notice to Landlord if the tenant improvements to be constructed in the Boeing Space are substantially completed by such date in accordance with Section 11, but otherwise Tenant's obligation to pay Base Rent and Additional Rent as to the Boeing Space shall commence on the day of

the first to occur of the following events: (i) ten (10) days after the date on which Landlord notifies Tenant that such tenant improvements are substantially completed in accordance with Section 11, (ii) the date on which Tenant takes possession or commences beneficial occupancy of the Boeing Space, or (iii) if substantial completion of such tenant improvements is delayed due to Tenant's failure to perform its obligations under this Lease, then the date reasonably determined by Landlord as the date upon which such tenant improvements would have been substantially completed, but for Tenant's failure to perform. Landlord and Tenant shall enter into a Work Agreement with respect to the tenant improvements to be constructed in such space which shall be similar to the Work Agreement attached hereto as Exhibit D

(c) Option to Expand the Premises. From and after January 1, 1995, Tenant shall have the right, at its option, to expand the Premises in accordance with the provisions of this Section 48 (b). If Tenant shall default in its obligations under this Lease (beyond any applicable notice and cure periods) more than three (3) times during the Lease Term, then, at Landlord's option, Tenant's right to expand shall terminate. Tenant's right to expand the Premises shall be personal and may not be exercised by any assignee or sublessee. On each anniversary of the Commencement Date after January 1, 1995 and during the initial Lease Term, Landlord will furnish to Tenant a list of all space in the Building that is not then under lease or encumbered by tenant expansion or similar rights or otherwise. If Landlord is then engaged in ongoing negotiations with bona fide third parties to lease all or any part of the space set forth on such list, then such list shall so state. To exercise its option to expand the Premises, Tenant shall give Landlord notice of its election to expand the Premises (each an "Expansion Notice") on or before the date which is thirty (30) days after receipt of such list by Tenant. The Expansion Notice shall designate the space on the list that Tenant then desires to add to the Premises (the "Expansion Space"). If Landlord is then engaged in ongoing negotiations with bona fide third parties to lease all or any part of the Expansion Space, then Tenant may elect to either (i) afford Landlord ninety (90) days to complete such negotiations during which period such space shall be deemed to be encumbered, or (ii) lease all of any space as to which Landlord is then engaged in ongoing negotiations in which event the Expansion Notice shall cover such space and any other space Tenant then desires to add to the Premises. If Tenant fails to give the Expansion Notice within such thirty (30) day period, then its right to expand the Premises shall immediately terminate as to all of the space on the list and Landlord shall be free to lease any or all of such space to third parties, provided, however, that the foregoing procedures shall again apply on each subsequent anniversary of the Commencement Date during the Lease Term. If Tenant gives the Expansion Notice to Landlord within such thirty (30) day period, then the Expansion Space shall be made available in its then "AS IS" condition and shall forthwith become a part of the Premises under all of the terms, covenants and conditions of this Lease, except that Base Rent and related economic concessions, including but not limited to, Tenant Improvement Allowance, Moving Allowance and Architect's Fee Allowance, if any, shall be at Fair Market Rent, which shall be determined in accordance with Paragraph (d) of this Section 48. Tenant's obligation to pay Base Rent and Additional Rent as to the Expansion Space shall commence ninety (90) days after Tenant gives the Expansion Notice to Landlord if the tenant improvements to be constructed in the Expansion Space are substantially completed by such date in accordance with Section 11, but otherwise Tenant's obligation to pay Base Rent and Additional Rent as to the Expansion Space shall commence on the day of the first to occur of the following events: (i) ten (10) days after the date on which Landlord notifies Tenant that such tenant improvements are substantially completed in accordance with Section 11, (ii) the date on which Tenant takes possession or commences beneficial occupancy of the Expansion Space, or (iii) if substantial completion of such tenant improvements is delayed due to Tenant's failure to perform its obligations under this Lease, then the date reasonably determined by Landlord as the date upon which such tenant improvements would have been substantially completed, but for Tenant's failure to perform. Landlord and Tenant shall enter into a Work Agreement with respect to the tenant improvements to be constructed in such space which shall be similar to the Work Agreement attached hereto as Exhibit D.

(d) Rental Rate. If Tenant exercises a right to expand the Premises pursuant to Paragraph (c) of this Section 48, the Base Rent and related economic concessions, including but not limited to, Tenant Improvement Allowance, Moving Allowance and Architect's Fee Allowance, if any, for the Expansion Space shall be equal to the market rental rate for leases entered into directly with the building owner for a comparable term for comparable space in comparable buildings in the South Seattle metropolitan area, including the cities of Renton, Tukwila, Sea-Tac, Kent, Auburn, Federal Way and the areas of unincorporated King County between such cities, ("Fair Market Rent") with a comparable Base Year. The special limitation on Tenant's Share of Controllable Operating Costs provided for in Section 5(c) of this Lease shall not apply to the Expansion Space unless the Fair Market Rent includes similar limitations. Landlord shall give Tenant notice of Landlord's estimation of Fair Market Rent (the "FMR Notice") within fifteen (15) days of the date on which Tenant gives the Expansion Notice to Landlord. If Tenant disagrees with such estimate, it shall give notice to such effect to Landlord within fifteen (15) days of the date on which Landlord gives the FMR Notice to Tenant. If there is a disagreement on such estimation, the parties shall promptly meet to attempt to resolve their differences. If the differences as

to Fair Market Rent are not resolved within forty-five (45) days of the date on which Landlord gives the FMR Notice to Tenant, then the parties shall submit the matter to arbitration in accordance with the terms of Paragraph [^] of this Section 48.

[^] Determination of Fair Market Rent. If the parties are unable to reach agreement on Fair Market Rent during the period specified in Paragraph [^] of this Section 48, then within ten (10) days thereafter either party may advise the other in writing of the name and address of its arbitrator. The arbitrator shall be qualified as a real estate appraiser familiar with rental rates in the South Seattle metropolitan area, including the cities of Renton, Tukwila, Sea-Tac, Kent, Auburn, Federal Way and the areas of unincorporated King County between such cities, who would qualify as an expert witness. Within ten (10) days after receipt of such notice from the initiating party (the "Instigator") designating its arbitrator, the other party (the "Recipient") shall give notice to Instigator, specifying the name and address of the person designated by Recipient to act as arbitrator on its behalf who shall be similarly qualified. If Recipient fails to notify Instigator of the appointment of its arbitrator, within or by the time above specified, then the arbitrator appointed by Instigator shall be the arbitrator or determine the issue. The duty of the arbitrator(s) shall be to determine the Fair Market Rent based solely on the market rental rate for leases entered into directly with the building owner for a comparable term for comparable space in comparable buildings in the South Seattle metropolitan area, including the cities of Renton, Tukwila, Sea-Tac, Kent, Auburn, Federal Way and the areas of unincorporated King County between such cities ("Fair Market Rent") with a comparable Base Year. The special limitation on Tenant's Share of Controllable Operating Costs provided for in Section 5(c) of this Lease shall not apply to the Expansion Space unless the Fair Market Rent includes similar limitations. If the two (2) arbitrators are so chosen the arbitrators so chosen shall meet within ten (10) days after the second arbitrator is appointed and, if within ten (10) days after such first meeting the two arbitrators shall be unable to agree promptly upon a determination of Fair Market Rent, they, themselves, shall appoint a third arbitrator, who shall be a competent and impartial person with qualifications similar to those required of the first two arbitrators. If they are unable to agree upon such appointment within five (5) days after expiration of said ten (10) day period, the third arbitrator shall be selected by the parties themselves, if they can agree thereon, within a further period of ten (10) days. If the parties do not so agree, then either party, on behalf of both, may request appointment of such a qualified person by the American Arbitration Association. The three (3) arbitrators shall decide the dispute, if it has not been previously resolved, by following the procedure set forth in this Section 48. Where the issue cannot be resolved by agreement between the two arbitrators selected by Landlord and Tenant or settlement between the parties during the course of arbitration, the issue shall be resolved by the three arbitrators in accordance with the following procedure. The arbitrator selected by each of the parties shall state in writing his determination of the Fair Market Rent supported by the reasons therefor with counterpart copies to each party. The arbitrators shall arrange for a simultaneous exchange of such proposed resolutions. The role of the third arbitrator shall be to select which of the two proposed resolutions most closely approximates his determination of Fair Market Rent. The third arbitrator shall have no right to propose a middle ground or any modification of either of the two proposed resolutions. The resolution he chooses as most closely approximating his determination shall constitute the decision of the arbitrators and be final and binding upon the parties. In the event of a failure, refusal or inability of any arbitrator to act, his successor shall be appointed by him, but in the case of the third arbitrator, his successor shall be appointed in the same manner as provided for appointment of the third arbitrator. The arbitrators shall attempt to decide the issue within ten (10) days after the appointment of the third arbitrator. Any decision in which the arbitrator appointed by Landlord and the arbitrator appointed by Tenant concur shall be binding and conclusive upon the parties. Each party shall pay the fee and expenses of its respective arbitrator and both shall share equally the fee and expenses of the third arbitrator, if any, and the attorneys' fees and expenses of counsel for the respective parties and of witnesses shall be paid by the respective party engaging such counsel or calling such witnesses. The arbitrators shall have the right to consult experts and competent authorities with factual information or evidence pertaining to a determination of Fair Market Rent, but any such consultation shall be made in the presence of both parties with full right on their part to cross-examine. The arbitrators shall render their decision and award in writing with counterpart copies to each party. The arbitrators shall have no power to modify the provisions of this Lease. Time is of the essence in this Section 48.

SECTION 49. Contraction Rights.

(a) Option to Delete [^] Fifth Floor Space. Tenant shall have the right, at its option, to delete all of the space on the [^] fifth floor of the Building then comprising part of the Premises (the [^] Fifth Floor Deletion Space") on the fourth anniversary of the Commencement Date and on the sixth anniversary of the Commencement Date (each a "Deletion Date"), subject to the following conditions:

(i) Tenant shall give Landlord notice of its election to delete space from the Premises (the "Deletion Notice") not less than nine (9) months prior to the applicable anniversary date.

(ii) Tenant shall not then be in default under the terms and conditions of the Lease.

(iii) Tenant's right to expand the Premises under Section 48 shall be deemed waived as of the date Tenant gives the Deletion Notice to Landlord.

(iv) The Deletion Notice shall be accompanied by a cashier's check in an amount equal to Landlord's unamortized balance of (i) the rent abatement, which Landlord and Tenant agree is \$ _____, (ii) the Allowances (as hereinafter defined), and (iii) the leasing commission payable to Cushman & Wakefield, Inc. as set forth in Section 34 (collectively, the "Transaction Costs"), multiplied by a fraction, the numerator of which shall be the number of rentable square feet of space in the [^] Fifth Floor Deletion Space and the denominator of which shall be the number of rentable square feet of space in the Premises immediately prior to the deletion of the [^] Fifth Floor Deletion Space. The Transaction Costs shall be amortized over the Lease Term with interest at the rate of eight percent (8%) per year. [INSERT EXAMPLE OF COMPUTATION].

(b) Reduction of Rentable Area. From and after the Deletion Date, the Base Rent and Tenant's Share shall be appropriately reduced to reflect the reduction in the Rentable Area of the Premises by the number of rentable square feet of space in the [^] Fifth Floor Deletion Space.

(c) Option to Delete Other Space. Tenant shall have the right, at its option, to delete up to approximately 19,500 rentable square feet of space in a location mutually agreeable to Landlord and Tenant at not more than two (2) times after the sixth anniversary of the Commencement Date, subject to the following conditions:

(i) Tenant shall give Landlord notice of its election to delete space from the Premises (the "Deletion Notice"), which shall set forth the space Tenant desires to delete from the Premises (the "Other Deletion Space") not less than nine (9) months prior to the date on which Tenant desires to delete space from the Premises (the "Deletion Date") and Landlord and Tenant shall mutually agree on the location of the Other Deletion Space.

(ii) Tenant shall not then be in default under the terms and conditions of the Lease.

(iii) The Other Deletion Space shall comprise either (A) an entire floor of the Premises, or (B) provided that the initial design of the common corridors accommodates adequate multi-tenant access to the Other Deletion Space or that Tenant pays to Landlord the cost of altering the common corridors to provide adequate multi-tenant access at the time Tenant gives the Deletion Notice to Landlord, not less than 6,500 rentable square feet of space and not more than 13,000 rentable square feet of space on any floor of the Premises. If Tenant has previously deleted space from the Premises pursuant to this Paragraph (c) of Section 49 by an amount less than an entire floor of the Premises, then the Other Deletion Space shall comprise either (A) all of the space on the same floor of the Premises, or (B) provided that the initial design of the common corridors accommodates adequate multi-tenant access to the Other Deletion Space or that Tenant pays to Landlord the cost of altering the common corridors to provide adequate multi-tenant access to the Other Deletion Space at the time Tenant gives the Deletion Notice to Landlord, not less than 6,500 rentable square feet of space on the same floor of the Premises.

(iv) The Deletion Notice shall be accompanied by a cashier's check in an amount equal to Landlord's unamortized balance of the Transaction Costs multiplied by a fraction the numerator of which shall be the number of rentable square feet of space in the Other Deletion Space and the denominator of which shall be the number of rentable square feet of space in the Premises immediately prior to the deletion of the Other Deletion Space. The Transaction Costs shall be amortized over the Lease Term with interest at the rate of 8% per year. [INSERT EXAMPLE OF COMPUTATION].

(v) The cost of altering the Premises in order to create appropriate demising walls, entrances and the like as of the Deletion Date shall be borne by Tenant.

(vi) If Tenant elects to delete less than an entire floor of the Premises pursuant to this Paragraph (c) of Section 49 such that Tenant after the Deletion Date would occupy only a portion of such floor, then Landlord shall have the right to relocate Tenant from the remaining portion of such

of capriciously. Landlord shall pay the direct, out-of-pocket, reasonable expenses of Tenant in moving from the remaining portion of such floor to the new premises and improving the new premises so that they are substantially similar to the remaining portion of such floor to be vacated by Tenant.

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(d) Reduction of Rentable Area. From and after the Deletion Date, the Base Rent and Tenant's Share shall be appropriately reduced to reflect the reduction in the Rentable Area of the Premises by the number of rentable square feet of space in the Other Deletion Space.

SECTION 50. Allowances.

(a) Tenant Improvement Allowance. Landlord shall provide a tenant improvement allowance of up to Ten Dollars (\$10.00) per rentable square foot of space in the Premises (the "Tenant Improvement Allowance") to be utilized by Tenant to construct the tenant improvements contemplated by the Work Agreement and to pay for furniture partitions. If the cost of the tenant improvements exceeds the Tenant Improvement Allowance, Landlord, upon request of Tenant, but subject to Landlord's approval of the cost of the tenant improvements, shall pay such excess in the first instance, provided, however, that the portion of such excess that Landlord shall be required to pay shall not exceed an amount equal to Five Dollars (\$5.00) times the number of rentable square feet of space in the Premises. Such excess shall be amortized over the Lease Term with interest at the rate of eight percent (8%) per year and the Base Rent shall be increased by the amount necessary to amortize such excess with interest at the rate of eight percent (8%) per year in equal monthly installments over the Lease Term. All such tenant improvements are subject to Landlord's review and approval as set forth in the Work Agreement. Landlord shall have the right, at its option, to retain ownership of furniture partitions paid for as part of the Tenant Improvement Allowance at the end of the Lease Term.

(b) Refurbishment Allowance. Landlord shall provide a refurbishment allowance of up to Two Dollars (\$2.00) per rentable square foot of space in the initial Premises (as set forth in Section 1 (b)) that still comprises a portion of the Premises as of the fifth anniversary of the Commencement Date (the "Refurbishment Allowance") to be utilized by Tenant to refurbish the Premises.

(c) Moving Allowance. Landlord shall provide a moving allowance of up to Four and 50/100 Dollars (\$4.50) per rentable square foot of space in the Premises (the "Moving Allowance") to pay for (i) the cost of moving to the Premises, and (ii) the purchase and installation of telephone equipment and computer cabling in the Premises. Tenant shall furnish to Landlord copies of the paid invoices for the costs set forth in the preceding sentence and Landlord shall reimburse Tenant for the total amount of such invoices (up to the Moving Allowance) within thirty (30) days of receipt of such invoices by Landlord.

(d) Architect's Fee Allowance. Landlord shall provide an architect's fee allowance of up to One Dollar (\$1.00) per rentable square foot of space in the Premises (the "Architect's Fee Allowance") to be utilized by Tenant to pay for the cost of designing and engineering the tenant improvements and other improvements to the Premises.

(e) Reallocation of Allowances. The total of the Tenant Improvement Allowance, the Moving Allowance and the Architect's Fee Allowance (collectively, the "Allowances"), which is Fifteen and 50/100 Dollars (\$15.50) per rentable square foot of space, is the maximum amount that Landlord shall be required to pay to design and construct the tenant and other improvements and move Tenant to the Premises (the "Maximum Amount"). Tenant shall have the right to reallocate any of the Allowances to pay for any of such costs, provided, however, that Landlord's obligation to pay for any of such costs shall not exceed the Maximum Amount in any event. Any portion of the Allowances that is not expended to pay for any such costs, at Tenant's option, shall be credited to either (i) increasing the Refurbishment Allowance, or (ii) paying part or all of the unamortized balance of the Transaction Costs required to be paid to Landlord as provided in Section 49. In no event shall Landlord be required to refund any portion of the Allowances to Tenant.

(f) ADA Compliance. The cost of improvements or alterations in the Common Areas of the Building, including the drinking fountains and parking lots, necessary to comply with the Americans With Disabilities Act of 1990, 42 U.S.C. 12101, et seq. (the "ADA") shall be borne by Landlord and shall not reduce any of the Allowances. Landlord shall have the right to determine the improvements and alterations necessary to so comply. The cost of improvements and alterations in the Premises necessary to comply with the ADA shall be borne by Tenant and may be paid from the Tenant Improvement Allowances or other Allowances reallocated to increase the Tenant Improvement Allowance.

applicant for employment because of sex, age (except minimum age and retirement provisions), race, color, creed, national origin, marital status, sexual orientation, or the presence of any sensory, mental, or physical handicap, unless based on a bona fide occupational qualification. This requirement shall apply to but not be limited to the following: employment, advertising, lay-off or termination, rates of pay or other forms of compensation, and selection for training, including apprenticeship. The Lessor shall not violate any of the terms of R.C.W. 49.60, Title VII of the Civil Rights Act of 1964 or King County Code 12.16.020. Any violation of this provision shall be considered a violation of a material provision of this lease and shall be grounds for cancellation, termination, or suspension to the same extent as any other material default by Landlord, and may result in ineligibility for further agreements. Landlord will also comply with other anti-discriminatory laws or requirements of any and all jurisdictions having authority.

IN WITNESS WHEREOF, the parties hereto have executed this instrument the day and year indicated below.

LANDLORD

RENTON TALBOT DELAWARE, INC.

Executed this ____ day
if _____, 19__

By: _____
Its: _____

By: _____
Its: _____

TENANT

KING COUNTY

Executed this ____ day
if _____, 19__

By: _____
Its: _____

[ATTACH NOTARY BLOCKS]

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