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12/18/96  
TMC

Introduced by: Ron Sims

Proposed No: 96-906

ORDINANCE NO. **12565**

AN ORDINANCE authorizing the Executive to enter a lease for office space with a five year renewal option and with an option to purchase; said lease for various County agencies, located in Council District 5.

PREAMBLE:

In accordance with the provision of K.C.C. 4.04.040. the King County Council may adopt an ordinance permitting the county to enter into contracts requiring the the payment of funds from the appropriation of subsequent fiscal years.

BE IT ORDAINED BY THE COUNCIL OF KING COUNTY:

SECTION 1. The King County executive is hereby authorized to execute a lease for the property and purchase option and building improvements at either Blackriver 800 (800 Oakesdale, Renton) or Blackriver 900 (900 Oakesdale, Renton) located in Council District No. 5 depending on which lease better serves the County's financial and programmatic interests. The Blackriver 800 lease is for 10 years beginning July 1, 1997 with basic rent commencing at no more than \$90,117.50 per month and ending at no more than \$121,192.50 per month on June 30, 2007. This lease is for a building of 74,580 square feet and includes parking of 325 stalls. The Blackriver 900 lease is for 11 years beginning January 1, 1997 with basic rent commencing at no more than \$90,628.75 per month and ending at no more than \$114,494.32 per month on December 31, 2007. This lease is for a building of 72,503 rentable square feet and includes parking of 330 stalls. Either one of these leases shall contain specific provisions as summarized at Attachment A with rent that does not exceed the rent schedule in Attachment A (Blackriver Office Park—Leases with Options to Acquire—Key Provisions).

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SECTION 2. If the County Executive executes a lease and purchase option for the property and building improvements at Blackriver 900 (900 Oakesdale, Renton) located in District 5, the Executive is hereby authorized to also negotiate a purchase option to purchase a nearby 3.89 acre unimproved development parcel.

INTRODUCED AND READ for the first time this 28<sup>th</sup> day of October, 1996

PASSED by a vote of 11 to 0 this 23<sup>rd</sup> day of December, 1996.

KING COUNTY COUNCIL  
KING COUNTY, WASHINGTON

Kent Pullen

ATTEST:

Gerald A. Peterson  
Clerk of the Council

Jane Hague  
CHAIR

APPROVED this 6<sup>th</sup> day of January, 1997.

Ray Lohr  
King County Executive

Attachment:  
Blackriver Office Park—Leases with options to acquire (material terms)

**Attachment "A"**  
**Blackriver Office Park -- Leases With Options to Acquire -- Key Provisions**

Property	Blackriver 800	Blackriver 900
Landlord	JTB Americas, Ltd. c/o Cushman & Wakefield	Blackriver JV, L.L.C. c/o Martin Smith R.E. Services
Tenant	DDES -- Assessor	Public Safety -- Evidence
Commencement	July 1, 1997	January 1, 1997 Can be later if Landlord cannot complete TI's by 1/1/97 In no event later than March 1, 1997
Expiration	120 months after commencement	132 months after commencement
Early Termination	Upon proper notice and payment, June 30, 2002	None
Occupancy	As soon as Premises ready for occupancy	Upon commencement
Rentable Area	74,580 square feet -- BOMA Standard	72,503 square feet -- Negotiated
Tenant's Share	100%	100%
Tenant Improvement Allowance	\$16.00 per square foot -- \$1,193,280 total -- Any amounts not used shall be credited towards rent	\$16.00 per square foot -- \$1,160,048 total -- Any amounts not used shall be credited towards rent
Operating Cost Stop (OCS)	\$5.50 per square foot	\$5.50 per square foot
Monthly Rent (includes OCS)		
Year 1	\$14.50/sf -- \$90,117.50	\$13.08/sf -- \$79,036.48
Year 2	\$14.50/sf -- \$90,117.50	\$13.08/sf -- \$79,036.48
Year 3	\$14.50/sf -- \$90,117.50	\$15.80/sf -- \$95,489.96
Year 4	\$16.50/sf -- \$102,547.50	\$15.80/sf -- \$95,489.96
Year 5	\$16.50/sf -- \$102,547.50	\$15.80/sf -- \$95,489.96
Year 6	\$17.50/sf -- \$108,762.50	\$18.35/sf -- \$110,896.85
Year 7	\$17.50/sf -- \$108,762.50	\$18.35/sf -- \$110,896.85
Year 8	\$18.50/sf -- \$114,977.50	\$18.35/sf -- \$110,896.85
Year 9	\$18.50/sf -- \$114,977.50	\$19.75/sf -- \$119,355.53

12565

**Attachment "A"**  
**Blackriver Office Park -- Leases With Options to Acquire -- Key Provisions**

<b>Year 10</b>	\$19.50/sf -- \$121,192.50	\$19.75/sf -- \$119,355.53
<b>Year 11</b>		\$19.75/sf -- \$119,355.53
<b>Additional Rent</b>	All Operating Costs greater than Operating Cost Stop	All Operating Costs greater than Operating Cost Stop
<b>Rent Abatement</b>	7 months free Base Rent from 7/1/2002 to 1/31/2003	None
<b>Use</b>	Office, Administrative	Office, Administrative, Crime Lab, Evidence Storage
<b>Parking</b>	Approximately 325	Approximately 330
<b>Renewal Option</b>	5 year renewal term Rental rate of 95% of fully serviced market rate for comparable space in comparable buildings in South King County area with baseball arbitration to resolve in the event the parties cannot agree	5 year renewal term Rental rate of 100% of fully serviced market rate for comparable space in comparable buildings in King County area with baseball arbitration to resolve in the event the parties cannot agree
<b>Option to purchase</b>	Notify in writing by June 30, 1999 Close by September 30, 1999 \$8,500,000	Notify in writing by December 31, 1997 Close by March 31, 1998 \$7,200,000 plus TIRA of approx. \$1,000,000
	No use restrictions	Use restrictions including no jail, half-way house, massage parlor, etc.
<b>Effective Rate assuming 100% financing @ 6% amortized over 20 years with \$5.50/sf Operating Costs -- BOMA 74,580 sf</b>	\$15.30 per square foot -- \$1,149,950 per year	\$14.95 per square foot -- \$1,115,158 per year
<b>Option to purchase 3.89 acre development site</b>	none	Notify in writing by March 31, 1997 Close by June 30, 1997 \$1,000,000
		Lowers price of Building to \$7,000,000 plus TIRA of approx. \$1,000,000

**12565**

**Attachment "A"**  
**Blackriver Office Park -- Leases With Options to Acquire -- Key Provisions**

<b>If Purchased:</b>	<b>\$8,500,000</b>	<b>\$8,200,000</b>
<b>Payment 6%, 20 yr. amort.</b>	<b>\$730,760</b>	<b>\$704,968</b>
<b>Operational Costs @ \$5.50/sf</b>	<b>\$410,190</b>	<b>\$410,190</b>
<b>Total Annual Payment</b>	<b>\$1,140,950</b>	<b>\$1,115,158</b>
<b>Per Square Foot</b>	<b>\$15.30</b>	<b>\$14.95</b>
<b>Principal Paid Over 10 Year Period</b>	<b>\$3,014,829</b>	<b>\$2,908,424</b>
<b>Remaining Balance After 10 Year Period</b>	<b>\$5,485,171</b>	<b>\$5,291,576</b>
<p>Note 1: Under Renewal Option there is a distinction between the deals where the 800 Building looks to the South King County market and the 900 Building looks to the King County market; the difference developed in the process of negotiating the terms of the leases.</p> <p>In today's climate and market, looking at the South King County Market would appear to be an advantage; but not necessarily true nine or ten years in the future;</p>		
<p>Note 2: On this page 3, the operating cost stops are shown to be the same -- \$410,190 -- \$5.50 per square foot x 74,580 square feet (BOMA)</p> <p>For lease purposes, the agreed upon square footages were different -- 800 Building @ 74,580 sf (BOMA), 900 Building @ 72,503 sf (negotiated)</p> <p>But for purposes of ownership, where the buildings are physically the same, it is appropriate to use BOMA standards to project operating costs</p>		

**12565**

**12565**

**BLACKRIVER CORPORATE PARK LEASE**

**BETWEEN**

**BLACKRIVER JV, L.L.C.,  
AS LANDLORD,**

**AND**

**KING COUNTY,  
AS TENANT**

BLACKRIVER CORPORATE PARK LEASE

THIS LEASE dated this \_\_\_\_ day of \_\_\_\_\_, 199\_\_, is by and between BLACKRIVER JV, L.L.C., a Washington limited liability company ("Landlord") and KING COUNTY, a political subdivision of the State of Washington ("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:** That certain three-story building commonly known as 900 Oakesdale in Renton, Washington, situated on real property described more particularly in Exhibit A, which is attached hereto and incorporated herein by this reference (such real property shall hereinafter be referred to as the "Property").

(b) **Premises:** All of the Rentable Area in the Building, which the parties hereby agree shall be deemed to be 72,503 Rentable Square Feet, including tenant improvements as described in Exhibit B.

(c) **Commencement Date:** January 1, 1997, or such earlier or later date as is provided in Section 3.

(d) **Expiration Date:** One hundred thirty-two (132) months after the Commencement Date.

(e) **Base and Additional Rent:** Tenant shall pay the following dollar amounts per month as Base Rent as and when specified in Section 4.

TimeframeMonthly Base Rent

From the Commencement Date through December 31, 1998

Seventy-Eight Thousand One Hundred Twenty-Eight & 75/100 Dollars (\$78,128.75)

From January 1, 1999 through the day preceding the 5<sup>th</sup> anniversary of the Commencement Date

Ninety Thousand Six Hundred Twenty-Eight & 75/100 Dollars (\$90,628.75)

Years 6 - 8 (e.g., from the 5<sup>th</sup> anniversary of the Commencement Date through the day preceding the 8<sup>th</sup> anniversary of the Commencement Date)

The monthly Base Rent that was applicable during the prior year (namely, \$90,628.75), as increased by the percentage increase in the Consumer Price Index, all as outlined below in Section 4, but in no event greater than One Hundred Six Thousand Thirty-Five & 64/100 Dollars (\$106,035.64)

Years 9 - 11 (e.g., from the 8<sup>th</sup> anniversary of the Commencement Date through the day preceding the 11<sup>th</sup> anniversary of the Commencement Date)

The monthly Base Rent that was applicable during years 6 - 8, as increased by the percentage increase in the Consumer Price Index, all as outlined below in Section 4, but in no event greater than One Hundred Fourteen Thousand Four Hundred Ninety-Four & 32/100 Dollars (\$114,494.32)

Whether or not so designated, all other sums due from Tenant under this Lease shall constitute Additional Rent, payable when specified in this Lease.

(f) Security Deposit: None.

(g) Operating Costs Stop: Three Hundred Ninety-Eight Thousand Seven Hundred Sixty-Six & 50/100 Dollars (\$398,766.50).

(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: As outlined in Section 38.

(j) Permitted Use: For general administrative office and crime laboratory purposes.

(k) Notice Addresses:

To Landlord: c/o Martin Smith Real Estate Services, Inc.  
615 Second Avenue, Suite 400  
Seattle, Washington 98104  
Attn.: Jeffrey A. Roush

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

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

- Exhibit A - Legal Description of the Property.
- Exhibit B - Premises Improvements.
- Exhibit C - Rules and Regulations.
- Exhibit D - Legal Description of the Development Site

**SECTION 2. Premises.**

(a) Grant. Landlord hereby leases to Tenant, and Tenant hereby leases from Landlord, those certain premises (the "Premises") described above in Section 1(b).

(b) Intentionally Deleted.

(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 B.

(d) Common Area. During the Lease Term, Tenant and its licensees, invitees, customers and employees shall have the non-exclusive right to use the drive aisles, landscaped areas and the other portions of the Property and the "Park" (defined below) that are not dedicated to the Building footprint or other building footprints or parking spaces (all such portions of the Property and the Park, together with all parking spaces on the Property and the Park, shall hereinafter be referred to as the "Common Areas") in common with Landlord, other tenants and owners in the Park and their respective licensees, invitees, customers and employees. The "Park" is herein defined to be that certain real property described in and governed by that Declaration of Protective Covenants, Conditions, Restrictions and Easements recorded under King County Auditor's No. 8905231015 and/or that certain Common Area Cost-Sharing Agreement for Blackriver Corporate Park recorded under King County Auditor's No. 9007230853 (hereinafter collectively referred to as the "CCRs"). 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) Alteration Landlord may in its discretion increase, decrease or change the Common Areas. 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.

**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, but not before, the estimated Commencement Date if the Premises Improvements are substantially completed by such date in accordance with Section 11 and Exhibit B, but otherwise the Commencement Date shall be the first to occur of the following events (i) the date on which Landlord notifies Tenant that the Premises 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 reasonably determined by Landlord as the date upon which the Premises would have been substantially completed, but for Tenant's failure to perform. Notwithstanding the foregoing, however, provided the Landlord has acted with reasonable diligence and good faith in its efforts with regard to completion of the Premises Improvements, the Commencement Date shall be no later than March 1, 1997, regardless of whether the Premises Improvements are substantially complete by such date. If the 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 full execution.

**SECTION 4. Rent.**

(a) Base 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 pre-pay 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. The Consumer Price Index adjustments to the Base Rent outlined in Section 1(e) above shall be accomplished by multiplying the Base Rent in effect immediately prior to the adjustment date by one plus the percentage increase occurring in the Consumer Price Index for All Urban Consumers—U.S. Average—All Items, as published by the U.S. Department of Labor's Bureau of Labor Statistics (the "Index") from the November preceding the date of the last adjustment (or, in the case of the first adjustment, from the November preceding the Commencement Date) through the November preceding the adjustment date in question. For example, if the Index increased by fifteen percent (15%) from the November preceding the Commencement Date to the November preceding the fifth anniversary of the Commencement Date, the Base Rent in effect during the fifth year would be multiplied by 1.15. Because such an increase would yield a Base Rent that is less than the maximum permitted Base Rent of \$106,035.64, the Index-based Base Rent would apply during years six through eight. However, if the Index-based Base Rent would exceed the maximum permitted Base Rent, the maximum permitted Base Rent shall apply. In no event shall the Base Rent ever decrease below the Base Rent in effect prior to the adjustment in question. If the Index is discontinued, Landlord shall substitute a similar index of consumer prices.

(b) Additional Tenant Improvement Amortization Payment Landlord has agreed to provide Tenant with a "Construction Allowance" in the amount of \$1,160,048 (see Paragraph (a) in Exhibit B), as opposed to the \$1,087,500 allowance originally agreed to between the parties. In return, Tenant hereby agrees to repay such additional \$72,503 contribution to the Construction Allowance in equal monthly payments of \$907.73, which payments shall be due in advance and

without notice or demand or any setoff or deduction whatsoever and in lawful money of the United States on or before the first day of each calendar month during the entire Lease Term (such sum is calculated to fully amortize the \$72,503 over 132 months at an interest rate of 10% per annum). Such \$907.73 payment shall be in addition to the Base Rent and other payments called for in this Lease, and shall constitute Additional Rent, but if Tenant defaults in making such payment, such default shall be equivalent to a default in the payment of Base Rent.

(c) Rent Deferral Payment. In return for the \$12,500 per month Base Rent reduction in effect through December 31, 1998 (as already reflected above in Section 1(e)), Tenant hereby agrees to pay the sum of Three Thousand Nine Hundred Fifty-Three & 48/100 Dollars (\$3,953.48) per month in advance and without notice or demand or any setoff or deduction whatsoever and in lawful money of the United States on or before the first day of each month commencing on January 1, 1999 and continuing through and including the last month of the Lease Term. Such sum shall constitute Additional Rent and shall be in addition to all other payments called for in this Lease, including, but not limited to, the Base Rent, the above-described additional tenant improvement amortization payment, and the below-described Tenant's Share of Building Operating Costs and Real Property Taxes. Default in the payment of such sum shall be equivalent to a default in the payment of Base Rent.

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

(a) Amount. Before the commencement of each Lease Year, Landlord will notify Tenant of Landlord's estimate of Tenant's Share of estimated Operating Costs and Real Property Taxes for the ensuing Lease Year to the extent the sum of such Operating Costs plus Real Property Taxes exceed the Operating Costs Stop. "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 ten (10) days of its receipt of an invoice therefor. If the total amount paid by Tenant under Section 5(a) as Operating Costs and Real Property Taxes for a Lease Year exceeds Tenant's Share, then Landlord shall credit such excess to the payment of Additional Rent thereafter coming due; 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 alters 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. 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 parking lot maintenance (including resurfacing and restriping when reasonably necessary); 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 and/or the Common Areas; Landlord's overhead costs, to the extent attributable to the Building and/or the Common Areas; insurance premiums for all insurance (including, but not limited to, fire and extended coverage, liability, rental loss and earthquake coverage) carried by Landlord with respect to the Building and/or the Common Areas 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 and/or Common Area systems and equipment, and capital improvements designed to improve the operating efficiency of the Building and/or the Common Areas, 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; 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 and/or Common Areas 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. Notwithstanding any statement to the contrary contained anywhere else in this Lease or in any exhibit to this Lease, but subject to the Operating Costs Stop, Tenant shall be fully and solely responsible for (and Landlord shall have no liability for) all costs incurred in maintaining, operating, repairing, replacing, improving and administering the Building and the portions of the Common Areas properly allocable to the Property pursuant to subsection (c) below, with the exceptions that (A) costs incurred in maintaining the structural integrity of the Building shall be paid for by Landlord (unless the need for the repair in question is due to the negligence or intentional misconduct of Tenant or its employees, contractors, agents, licensees and invitees, in which case the cost of repair shall be paid for by Tenant), (B) certain capital improvement expenditures shall be passed through to Tenant on only an amortized basis, as outlined above, (C) Landlord shall pay for certain ADA expenses in accordance with the terms of subparagraph (i) of Exhibit B below, and (D) Landlord shall pay the "Construction Allowance" in accordance with the terms of Exhibit B.

(ii) "Real Property Taxes" shall mean all taxes of every kind and nature on the Property 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 Property, 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 one hundred percent (100%).

(iv) "Operating Costs Stop" shall mean Three Hundred Ninety-Eight Thousand Seven Hundred Sixty-Six and 50/100 Dollars (\$398,766.50).

(c) Special Allocations Landlord and Tenant acknowledge that the Property is part of the Park and that the Park is comprised of several phases. Accordingly, Landlord and Tenant further acknowledge that certain areas of, and services to, the Park (i) exclusively benefit the tenants of other buildings in the Park and expenses attributable to such areas will not be included in the Operating Costs, (ii) exclusively benefit Tenant and/or the Building or the Property, and all of such expenses shall be included in Operating Costs, and (iii) benefit both tenants in other buildings in the Park and Tenant and/or the Building or the Property, and such expenses shall be included in Operating Costs on an allocable basis. Landlord shall have the right to reasonably allocate expenses between and among the Building/Property and other buildings/parcels of real property in the Park.

**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.

**SECTION 7. Security Deposit. None.****SECTION 8. Tenant's Operation.**

(a) Use of Premises. Tenant shall use the Premises only for the Section 1(j) Permitted Uses. As Landlord's willingness to enter into this Lease with Tenant was predicated, in part, on the nature of Tenant's business, and the compatibility of such business with other tenants in the Park, Tenant shall not use or permit the use of the Premises for any other business, or purpose, or under any other name, without Landlord's prior written consent, which consent shall not be unreasonably withheld or delayed. 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, the Building or the Common Areas, and Tenant shall not engage in or permit any action that will disturb the quiet enjoyment of any other tenant in the Park.

(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, Building and Property 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 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, Building or Property. 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, Building or Property. Tenant shall indemnify, defend and hold Landlord and lenders to Landlord ("Lender") harmless from any and all of the costs, fees, penalties, charges and expenses assessed against, or

imposed, upon Landlord, and Lender (as well as Landlord's and Lender's attorneys fees and costs) as a result of Tenant's use, disposal, transportation, generation and/or sale of Hazardous Substances. Landlord accepts and approves of Tenant's use and storage of such Hazardous Substances as are commonly used in the operation of an office and/or crime laboratory 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.

(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 on the Building or on the Property or Common Areas, with the exceptions of (1) a sign identifying Tenant placed on or near the front door of the Building, the size, style and location of which must first be approved in writing by Landlord, and (2) a sign identifying Tenant to be placed on the existing monument sign located on the Property, the size and style 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.

#### 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 Building. In addition, of course, Tenant shall pay for utility charges allocated to the Property (i.e., landscaping water, if any; parking lot lights, if any; etc.) and Tenant shall pay an appropriate share of other Common Area utility charges in accordance with the terms of Section 5 above.

(b) Services. As long as Tenant is not in default under this Lease, Landlord shall cause the Common Areas and 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 7:00 a.m. to 6:00 p.m. on weekdays and 8:00 a.m. to 12:00 a.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 2.7 watts per rentable 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, and (2) 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.

(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. 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 Premises Improvements as defined in Exhibit B, and Tenant shall accept possession of the Premises in such condition, subject to Landlord's duty to complete the remainder of the Premises Improvements thereafter. The date of substantial completion of the Premises Improvements shall mean the date so certified by Landlord, but in no event shall the date of substantial completion be deemed to have occurred prior to issuance of a temporary or permanent Certificate of Occupancy with respect to the Premises. If either party disputes the date so certified, it must notify the other party within two (2) business days after receipt of the certification. Any dispute over the date of substantial completion shall be resolved by arbitration before a single arbitrator of the American Arbitration Association sitting in Seattle, Washington. Upon substantial completion of the Premises and prior to move-in by Tenant, Tenant, Landlord and Architect shall inspect them and shall prepare a "punchlist" as such term is used in the construction industry. After Tenant has occupied the Premises but prior to that day which is thirty (30) days after the Commencement Date, Tenant, Landlord and Architect shall walk through the Premises again and prepare, if necessary, a supplemental punchlist reflecting defects not readily ascertainable during the pre-move-in inspection (e.g., a phone jack or electrical socket that is dead, an HVAC vent that is not working, etc.). 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 each of the punchlists, Landlord shall proceed with due diligence to complete all items on the punchlist in question.

**SECTION 12. Alterations by Tenant.** 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 other tenants in the Park; and (f) does not invalidate or otherwise affect the construction and systems warranties then in effect with respect to 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. 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 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 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 Building, Premises and Common Areas and shall reimburse Landlord for all damage done to the Building, Premises and Common Areas, 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 Building, Premises or Common Areas, 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. Landlord shall not be liable for interference with light, air or view. All repairs reasonably necessary to maintain the Building, Premises and Common Areas in a good condition, as determined by Landlord, shall be performed under Landlord's direction and shall be paid for by Tenant as an Operating Cost to the extent authorized by the terms of Section 5 above. Notwithstanding the foregoing, however, all costs incurred in maintaining the structural integrity of the Building shall be paid for by Landlord at Landlord's expense, unless the need for the repair in question is due to the negligence or intentional misconduct of Tenant or its employees, contractors, agents, licensees or invitees, in which case the cost of the repair shall be paid for by Tenant. 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, Building, Property or Common Areas, or that of its employees, invitees, 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, Building, Property or Common Areas. 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 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, Property and Common Areas 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 term of this Lease 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, Building, Property or Common Areas, 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 Park.

(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 at least as broad as that provided by comprehensive or commercial general liability insurance to insure Tenant's contractual indemnification obligations as set forth in this Lease. Tenant shall not cancel its self-insurance program or materially alter the coverage provided hereunder without thirty (30) days prior written notice to Landlord. 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 keep or use in or about the Premises any article which is prohibited by Landlord's insurance policy.

**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 benefiting the party suffering such loss or damage or was required under the terms of this Lease to be covered by insurance procured by the party suffering the loss (the terms of this Section 17 shall not in any way diminish Tenant's liability as a self-insurer in accordance with the terms of Section 16 above).

**SECTION 18. Assignment or Sublease.** Tenant shall not sublet or encumber the whole or any part of the Premises, nor shall this Lease or any interest thereunder be assignable or transferable by operation of law or by any process or proceeding of any court or otherwise without the prior written consent of Landlord, which consent shall not be unreasonably withheld or delayed (Landlord hereby agrees that, subject to the following terms, it will grant its consent if the proposed assignee or sublessee is a general office user with sufficient creditworthiness and business experience such that Landlord would have, in its reasonable discretion, elected to lease the space in question to such assignee or sublessee directly if the opportunity arose). The granting of consent to a given transfer shall not constitute a waiver of the consent requirement as to future transfers. 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, then the Base Rent shall be increased, effective as of the date of such assignment or subletting, to the rentals payable by the assignee or sublessee pursuant to such assignment or sublease; provided, however, in no event shall the base monthly rent, after such assignment or subletting, be less than the Base Rent specified in Section 1. 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 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 untenantable 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 untenantable portion of the Premises bears to the whole thereof, as reasonably 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. 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. Notwithstanding the foregoing, however, if either (a) the damage to the interior tenant improvements will cost more than Two Hundred Fifty Thousand Dollars (\$250,000) to repair or (b) the total damage to the Building will cost more than Five Hundred Thousand Dollars (\$500,000) to repair, and if the casualty occurs during the last twenty-four (24) months of the Lease Term, Landlord shall have the option of terminating the Lease.

**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 three (3) days (or, if no default in the rent is involved, within ten (10) days) 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 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 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; Waive.** 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 sixty (60) days after its receipt of notice of nonperformance from Tenant; provided that if the default cannot reasonably be cured within the sixty (60) day period, Landlord shall not be in default if Landlord commences the cure within the sixty (60) 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 (as defined in Section 8(d)) 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 term of this Lease 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. 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. 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 term hereof 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. 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 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 (which instrument shall include the terms typically found in Subordination, Attornment and Non-Disturbance Agreements at the time in question) 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 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. Tenant's failure to deliver an estoppel certificate within the ten (10) day period shall be deemed its confirmation of the accuracy of the information supplied by Landlord to the prospective lender or purchaser. 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 the CCRs and other matters of record on the day 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 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 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 two (2) days after the postmark affixed on the envelope by a King County, Washington branch of 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. Landlord was represented by The Andover Company. Landlord agrees to pay Cushman & Wakefield, Inc. and The Andover Company a real estate commission in accordance with the terms of a separate written agreements between Landlord and such brokers. Tenant represents that it has not dealt with any other broker, agent or finder in connection with this Lease or the option to purchase outlined below in Section 50 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 or the option to purchase outlined below in Section 50.

**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 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 term of this Lease and shall incorporate the other terms of this Lease by reference.

**SECTION 37. Financial Statements.** [Intentionally deleted.]

**SECTION 38. Parking.** Tenant, its employees, agents, contractors and invitees, together with Landlord and its employees, agents, contractors and invitees (but expressly excluding Landlord's other tenants in the Park and the employees, owners, agents, contractors and invitees of such other tenants) shall have the exclusive right to park free of charge in all of the parking spaces

that may be located on the Property from time to time. However, no portion of the parking lot located on the Property shall be used for the storage of vehicles (e.g., an impound lot, etc.) or for the parking of inoperable vehicles. The overnight parking of operable vehicles owned by Tenant and regularly used by Tenant's employees shall not be deemed to be the "storage of vehicles" and shall be permitted. Tenant agrees that it and its employees, agents, contractors and invitees shall not park anywhere in the Park other than on the Property and Tenant agrees that it will take, at its expense, all necessary steps to enforce such restriction.

**SECTION 39. Relocation.** [Intentionally deleted.]

**SECTION 40. Liability of Landlord.** Tenant shall look solely to 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. Tenant agrees that no other property or assets of the Landlord or any partner in Landlord shall be subject to levy, execution or other enforcement procedures for satisfaction of any such judgment or decree; no partner of Landlord shall be sued or named as a party in any suit or action (except as may be necessary to secure jurisdiction over the partnership); no service of process shall be made against any partner of Landlord (except as may be necessary to secure jurisdiction over the partnership); no judgment will be taken against partner of Landlord; no writ of execution will ever be levied against the assets of any partner of Landlord; and these covenants, limitations and agreements are enforceable both by Landlord and by any partner of Landlord. References in this Section 40 to a partner in Landlord shall mean and include all past, present and future members of Blackriver JV, L.L.C. and any owner, partner, member or shareholder of any subsequent owner of the Building.

**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. No contractual or other rights shall exist or be created between Landlord and Tenant until all parties hereto have executed this Lease and until it has been approved by Lender 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 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, Building, Property and Common Areas, and there are no other agreements or understanding, oral or written, between Landlord and Tenant concerning the Premises, Building, Property and Common Areas. 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. Renewal Option.

(a) Grant of Option. Tenant is granted the right to extend the term of this Lease beyond the expiration date of the initial Lease Term for one (1) period of sixty (60) months (the "Extended Term"). If Tenant at any time defaults in its obligations under this Lease, then Tenant's right to extend the Lease for the Extended Term shall automatically terminate. Tenant's extension rights shall apply to all of the Premises under lease to Tenant at the time. Tenant's right to extend the term of this Lease shall be personal and may not be exercised by any assignee or sublessee. To exercise Tenant's option to extend the Lease Term, Tenant shall give Landlord written notice of its election to extend on or before the date which is three hundred and sixty-five (365) days prior to expiration of the initial Lease Term (but in no event shall such notice be given prior to that day which is eighteen (18) months prior to the expiration of the initial Lease Term). From and after the commencement of an Extended Term, all of the terms, covenants, and conditions of the lease shall continue in full force and effect as written, except that (a) Base Rent shall be adjusted as provided in this Section 48, (b) the payments outlined below in Subsections 4(b) and 4(c) shall not be due during the Extended Term, and (c) the Operating Costs Stop applicable during the Extended Term shall reflect the lesser of (1) the actual Operating Costs and Real Property Taxes incurred in the last Lease Year of the initial 132-month Lease Term or (2) a number equal to what the Operating Costs and Real Property Taxes would have been in the last Lease Year of the initial 132-month Lease Term had Tenant been a normal office user (e.g., had Tenant operated during normal business hours with a normal number of employees per 1,000 rentable square feet, with normal utility and janitorial demands, etc.).

(b) Rental Rate. If Tenant exercises an extension right pursuant to Paragraph (a) of this Section 48, the Base Rent for the Extended Term shall be equal to the fully-serviced market rate for a five (5) year term for comparable space in comparable buildings in the King County suburban office market (expressly excluding the central business districts of Seattle and Bellevue), which King County suburban office market shall hereinafter be referred to as the "Market Area" and which fully-serviced market rate shall hereinafter be referred to as the "Fair Market Rent". Landlord shall give Tenant notice of Landlord's estimation of Fair Market Rent not later than ten (10) months before the end of the initial Lease Term. If Tenant disagrees with such estimate, it shall advise Landlord in writing thereof within twenty (20) days of the Tenant's receipt of its notice. 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 sixty (60) days of the date of Landlord's initial estimate of Fair Market Rent, then the parties shall submit the matter to arbitration in accordance with the terms of Paragraph (c) of this Section 48 so that Fair Market Rent is determined no later than the first day of the Extended Term.

(c) Arbitration. If the parties are unable to reach agreement on Fair Market Rent during the period specified in Paragraph (b) of this Section 48, then within ten (10) days thereafter each party shall provide the other party with a written notice (a "Rent Notice") of its determination of the Fair Market Rent. The matter shall then be submitted for decision to an arbitrator. The arbitrator shall be an MAI real estate appraiser who is familiar with office space rental rates in the Market Area and who would qualify as an expert witness. If Landlord and Tenant are unable to agree on the arbitrator within thirty (30) days after the expiration of the period specified in Paragraph (b) of this Section 48, each shall select an appraiser who shall be qualified under the same criteria set forth above, and each shall so notify the other party in writing within ten days after the end of such thirty (30) day period. The two appraisers so chosen by the parties shall then appoint the arbitrator within ten (10) days after the date of the appointment of the last appointed appraiser. If the two appraisers so chosen by the parties are unable to agree on the arbitrator within such ten (10) day period, the arbitrator will be appointed by the director (or the equivalent) of the Seattle Office of the American Arbitration Association upon the application of either party. If either party fails to timely select its appraiser and so notify the other party in writing within the foregoing ten (10) day period, and the other party timely selects its appraiser, then the appraiser selected by the other party shall be the arbitrator for determining fair market rent. Within thirty (30) days after the selection of the arbitrator pursuant to the foregoing, the arbitrator shall determine Fair Market Rent by selecting either the figure stated in Landlord's Rent Notice or the figure stated in Tenant's Rent Notice. The

arbitrator shall have no power to average such amounts or to designate a Fair Market Rent other than that specified in either Landlord's Rent Notice or Tenant's Rent Notice. Both parties may submit any information to the arbitrator for his or her consideration, with copies to the other party. The arbitrator shall have a right to consult experts and competent authorities for factual information or evidence pertaining to the determination of Fair Market Rent. The arbitrator shall render his or her decision by written notice to each party. The determination of the arbitrator will be final and binding upon Landlord and Tenant. The cost of the arbitration, including the charges of the appraiser selected by the other party (if applicable) will be paid by Landlord if the Fair Market Rent determined by arbitration is the figure specified in Tenant's Rent Notice, and by Tenant if the Fair Market Rent determined by arbitration is the figure specified in the Landlord's Rent Notice. The arbitrator shall have no power to modify the provisions of this Lease. Time is of the essence in this Section 48.

**SECTION 49. Anti-Discrimination.** Landlord shall not discriminate on the basis 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 VI or Title VII of the Civil Rights Act of 1964 or King County Code 12.16.020. Landlord will also comply with other anti-discriminatory laws or requirements of any and all jurisdictions having authority.

**SECTION 50. Option to Purchase.**

(a) Option; Exercise Dates. In consideration for entering into this Lease, Landlord hereby grants to Tenant on the terms and conditions contained herein, the option to purchase (i) the Property in its entirety, or (ii) the Property in its entirety and that certain unimproved property consisting of approximately 3.89 unimproved acres and more particularly described in Exhibit D, which is attached hereto and incorporated herein by reference (the "Development Site"), provided that Tenant irrevocably exercises such option in a writing delivered to Landlord (i) on or before December 31, 1997, if Tenant wishes to purchase only the Property, or (ii) on or before March 31, 1997, if Tenant wishes to purchase both the Property and the Development Site. In other words, if Tenant wishes to purchase both the Property and the Development Site, it must exercise its option in a writing delivered to Landlord on or before March 31, 1997. If it does not do so, Tenant will have forever lost any rights whatsoever to purchase the Development Site, but Tenant shall retain the right to purchase the Property, provided it exercises that option in a writing delivered to Landlord on or before December 31, 1997. In no event will Tenant ever have the option to purchase just the Development Site.

(b) Default Negates Option. Notwithstanding the foregoing, Tenant's right to exercise such option shall become null and void if Tenant defaults under the Lease, and fails to cure such default within the time period specified in Section 22 of the Lease.

(c) Purchase Price. The purchase price for the Development Site shall be One Million Dollars (\$1,000,000). The purchase price for the Property shall be Seven Million Dollars (\$7,000,000), plus the "Tenant Improvement Reimbursement Amount" or "TIRA" (as defined below), plus the "Deferred Rent Payment" or "DRP" (as defined below), if Tenant also effectively exercises (i.e., exercises in strict accordance with the terms of this Section 50) its option on the Development Site and closes its acquisition of the Development Site in accordance with the terms of this Section 50. If Tenant does not effectively exercise its option on the Development Site and close its acquisition on the Development Site in accordance with the terms of this Section 50, the purchase price for the Property shall be Seven Million Two Hundred Thousand Dollars (\$7,200,000), plus the TIRA and DRP. Thus, in simplified form, the purchase price will be as follows:

Development Site plus Property --	\$8,000,000 plus the TIRA and DRP
Property alone --	\$7,200,000 plus the TIRA and DRP



The "Tenant Improvement Reimbursement Amount" or "TIRA" is hereby defined to be the principal amount outstanding as of the closing date in question under an amortization schedule in which the sum of One Million One Hundred Sixty Thousand Forty-Eight Dollars (\$1,160,048) is amortized in equal monthly payments over a one hundred thirty-two (132) month period commencing on the Commencement Date of the Lease at an interest rate equal to the prime rate of interest quoted by Seattle First National Bank, main branch, or its successor, as of the date of closing, plus two percent (2%) per annum. As an example, if (i) the Lease Term commenced on January 1, 1997, (ii) Tenant exercised its option on only the Property, (iii) the closing date was March 31, 1998, and (iv) the Seafirst prime rate as of such closing date was 9% per annum (thereby yielding an interest rate for purposes of this amortization of 11% per annum), the Tenant Improvement Reimbursement Amount would be One Million Eighty-Seven Thousand One Hundred Seventy-Six Dollars (\$1,087,176). The "Deferred Rent Payment" or "DRP" is hereby defined to be the sum of \$12,500 multiplied by the number of months (including partial months; for example, assuming the partial month was a 30-day month, if 3 months and 10 days had elapsed, \$12,500 would be multiplied by 3.333) that have elapsed from the Commencement Date through the closing date, together with interest on such sum at the rate of ten percent per annum, compounded monthly. The referenced \$12,500 figure represents the difference between the monthly Base Rent applicable prior to December 31, 1998 and the monthly Base Rent applicable on January 1, 1999 (it is also the monthly deferral figure that gives rise to the monthly payments called for in Section 4(c) above). As an example, if the closing date on the Property was June 30, 1998 (which is the latest possible closing date), and if the commencement date was March 1, 1997, the DRP would be Two Hundred Twelve Thousand Nine Hundred Ninety-Nine & 54/100 Dollars (\$212,999.54).

(d) Closing Date. If Tenant exercises its option to purchase only the Property, the closing date shall be on or before March 31, 1998 (if the parties are unable to agree on a closing date prior to March 31, 1998, closing shall be on March 31, 1998). If, on the other hand, Tenant exercises its option to purchase both the Property and the Development Site, the closing shall be on or before June 30, 1997; however, Tenant shall have the right in such event to delay the closing on the Property (but not the Development Site, which must in all events close on or before June 30, 1997) until on or before March 31, 1998. Again, "on or before" means that the closing will occur on the date in question unless the parties mutually agree otherwise. If the closing date in question falls on a weekend or holiday, the closing shall be on the next business day. Notwithstanding the foregoing, however, Tenant shall have the option of extending the closing date on the Property under any of the above scenarios from on or before March 31, 1998, to on or before June 30, 1998, by paying a non-refundable, non-applicable extension fee of Two Hundred Fifty Thousand Dollars (\$250,000), which fee must be paid simultaneously with Tenant's written exercise of this extension option (such exercise of the extension option must occur on or before March 31, 1998). Such Two Hundred Fifty Thousand Dollar (\$250,000) extension fee shall not apply against or reduce in any way the purchase price for the Property.

(e) Closing Terms. Landlord shall convey title to the Property and, if applicable, the Development Site, by way of a Statutory Warranty Deed. At closing, Landlord will also convey all of its interest in whatever personal property then exists in the Property. This option to purchase shall not be assignable by Tenant without Landlord's consent, which may be withheld in Landlord's sole discretion (notwithstanding the foregoing, however, Tenant shall be entitled to assign its option rights and obligations on both the Property and the Development Site, or on just the Property, at Tenant's election, to a non-profit organization if necessary in order to enable Tenant to use 63-20 financing, but even after such an assignment Tenant shall remain liable for the full performance of all obligations outlined in this Lease, including all obligations outlined in this Section 50). Landlord will pay excise tax, if any, the premium for an ALTA policy of title insurance in the amount of the purchase price issued by Transnation Title Insurance Company or other mutually agreed title company, and one-half (1/2) of the escrow fees, while Tenant will pay the cost of any ALTA survey required in order to obtain extended coverage title insurance, the other half of the escrow fees and recording fees. The sale of the Development Site and/or the Property (including all personal property located therein) will be on an 'AS-IS, WHERE IS' basis with no warranties or indemnities whatsoever from Landlord. Tenant shall have conducted whatever due diligence and inspections it wishes prior to exercising its option, and therefore once the option is exercised, Tenant's obligation to close shall be absolute. If Tenant exercises its option to purchase and then wrongly fails to close in accordance with these terms, Landlord shall have all remedies

available at law and in equity, including the right of specific performance. If Tenant properly exercises its option to purchase within the above-outlined time frame and Landlord wrongly fails to close in accordance with these terms, Tenant shall have all remedies available at law and in equity, including the right of specific performance. If either party retains the services of an attorney in connection with enforcing the terms of this Section 50, 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. Tenant shall cooperate with Landlord if Landlord elects to close the sale through an exchange facilitator or to otherwise take advantage of the Section 1031 Tax Deferred Exchange laws in effect at the time in question, provided that Tenant shall not be required to incur any additional out of pocket expenses in so cooperating.

(f) Title; Use Restrictions Title to the Property and/or Development Site shall be conveyed subject to all easements, reservations, restrictions and encumbrances of record (including any local improvement district assessments or other assessments), with the exception that any deeds of trust or other monetary liens (again, other than local improvement district assessments or other assessments) shall be paid in full by Landlord at closing. Notwithstanding the foregoing, however, Landlord hereby agrees that, so long as Tenant's option rights with regard to the parcel of real property in question are still valid and effective, it will not cause the creation of new title defects that have a material, negative impact on such parcel of real property (namely, the Property and/or the Development Site) without first obtaining Tenant's written consent, which consent shall not be unreasonably withheld or delayed. In addition, at closing the parties will record a restrictive covenant against the Property and, if acquired by Tenant, the Development Site, as well as against the portions of the Park then owned by Landlord (such burdened parcels of real property shall hereinafter collectively referred to as the "Burdened Parcels") for the benefit of the Burdened Parcels, in which Tenant and Landlord agree on behalf of themselves and their successors and assigns that no portion of the Burdened Parcels shall be used as a jail or other detention facility (although a temporary holding facility that serves as an ancillary use to the primary use shall be allowed), a half-way house, a sewage treatment plant, a theater, carnival, bowling alley, skating rink, amusement center, electronic or mechanical games arcade, pool or billiard hall, betting parlor, bingo parlor, massage parlor, pornographic shop, adult book store, nightclub, dance hall, tavern, cocktail lounge, or any facility for the on-premises consumption of alcoholic beverages except as an incidental part of the operation of a restaurant; or for the conduct of any illegal, offensive, noisy or dangerous trade, business, activity or occupation; or for any other unreasonable use not compatible with the operation of a first class office, warehouse and light manufacturing park.

(g) Prorations Real property taxes, Base Rent, Additional Rent, and local improvement district assessments and other assessments shall be prorated as of the closing date.

(h) Impact on Lease. From the date on which Tenant exercises its option through the closing, the Lease shall continue in full force and effect. Upon closing, the Lease shall automatically terminate, with the exception of any terms that are expressly provided to survive termination of the Lease.

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

**LANDLORD**

BLACKRIVER JV, L.L.C.  
a Washington limited liability company

Executed this \_\_\_\_ day  
of \_\_\_\_\_, 199\_\_

By: \_\_\_\_\_  
Its: Managing Member

**TENANT**

KING COUNTY, a political  
subdivision of the State of Washington

Executed this \_\_\_\_ day  
of \_\_\_\_\_, 199\_\_

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

12565

STATE OF WASHINGTON )  
 ) ss.  
COUNTY OF KING )

On this \_\_\_ day of \_\_\_\_\_, 199\_\_, before me, a Notary Public in and for the State of Washington, duly commissioned and sworn, personally appeared \_\_\_\_\_, to me known to be the authorized signatory of BLACKRIVER JV, L.L.C., a Washington limited liability company, named in and which executed the foregoing Lease; and \_\_\_ acknowledged to me that \_\_\_ signed the same as the free and voluntary act and deed of said partnership for the uses and purposes therein mentioned.

I certify that I know or have satisfactory evidence that the person appearing before me and making this acknowledgment is the person whose true signature appears on this document.

WITNESS my hand and official seal the day and year in this certificate above written.

\_\_\_\_\_  
NOTARY PUBLIC in and for the State of  
Washington, residing at \_\_\_\_\_  
My commission expires: \_\_\_\_\_

STATE OF WASHINGTON )  
 ) ss.  
COUNTY OF KING )

On this \_\_\_ day of \_\_\_\_\_, 199\_\_, before me, a Notary Public in and for the State of Washington, duly commissioned and sworn, personally appeared \_\_\_\_\_, to me known to be the \_\_\_\_\_ of KING COUNTY, a political subdivision of the State of Washington, which executed the foregoing Lease; and \_\_\_ acknowledged to me that \_\_\_ signed the same as the free and voluntary act and deed of said political subdivision of the State of Washington for the uses and purposes therein mentioned.

I certify that I know or have satisfactory evidence that the person appearing before me and making this acknowledgment is the person whose true signature appears on this document.

WITNESS my hand and official seal the day and year in this certificate above written.

\_\_\_\_\_  
NOTARY PUBLIC in and for the State of  
Washington, residing at \_\_\_\_\_  
My commission expires: \_\_\_\_\_

EXHIBIT A

12565

The legal description of the Property is as follows:

Lot 2 of Short Plat No. 016-88, according to the Short Plat recorded under King County Recording No. 8910279013; situated in the City of Renton, County of King, State of Washington.

The Premises shall be improved in accordance with the terms of this Exhibit B.

(a) Construction Allowance. Landlord will provide a tenant improvement allowance of up to One Million One Hundred Sixty Thousand Forty-Eight Dollars (\$1,160,048) (the "Construction Allowance") toward the actual "Cost of the Premises Improvements" (defined below). For purposes of this Exhibit B, the term "Premises Improvements" shall mean all work necessary to complete the improvements to be made to the Premises pursuant to this Exhibit B (including, but not limited to, design, permitting, and construction of the improvements and demolition of existing improvements, if any, and all changes necessary to the portions of the Premises above the ceiling grid, and to lighting, electrical, plumbing, HVAC, sprinkler and fire safety systems necessary to accommodate Tenant's desired improvements to the Premises). The term "Cost of the Premises Improvements" means all hard and soft costs incurred by either Landlord or Tenant in connection with completing the Premises Improvements, including without limitation the cost of preparing the Premises for improvements, designing the improvements, engineering improvements, installing improvements, data and telephone cabling costs and related moving expenses, space planning and architect's, consultant's and engineer's fees, sales taxes, bonds, insurance, permit fees, labor and material expenses, contractor's profit, markup and overhead and a construction management fee to be paid to Landlord in the amount of five percent (5%) of the total of the Construction Allowance and "Excess Costs" (defined below). Notwithstanding any other statement contained anywhere else in this Exhibit B or in the Lease to which this Exhibit B is attached, in no event shall Landlord be obligated to contribute more than the \$1,160,048 Construction Allowance toward the Cost of the Premises Improvements, except as provided to the contrary in subsection (i) below.

(b) Preparation of Plans and Specifications. Tenant shall cause plans and specifications for the Premises Improvements (the "Interior Drawings") to be prepared by an architect licensed to do business in the State of Washington and reasonably acceptable to Landlord (the "Architect"). Tenant shall cause preliminary drawings to be prepared and submitted to Landlord no later than November 30, 1996. Tenant shall provide at least two (2) complete sets of such preliminary drawings and, ultimately, the Interior Drawings, to Landlord for its review and approval. Landlord shall have five (5) business days after receiving the preliminary drawings to approve the preliminary drawings or disapprove them and provide Tenant with its comments. If Landlord disapproves the preliminary drawings it shall specify in detail the reasons for any disapproval and shall specify suggested changes or alterations to the preliminary drawings, all in writing. Tenant shall have three (3) business days after receiving Landlord's comments to revise and resubmit the preliminary drawings to Landlord. Landlord shall have three (3) business days after receiving the revised preliminary drawings to either approve the revised preliminary drawings, or disapprove the revised preliminary drawings and provide Tenant with its comments. The process outlined in the preceding two sentences shall be repeated until Landlord and Tenant have mutually agreed on the Interior Drawings. Tenant shall cause the Interior Drawings to be prepared (i) in a form satisfactory for submittal to the appropriate governmental authorities for permits and licenses required for the construction of the Premises Improvements, (ii) in accordance with all applicable laws, ordinances and regulations, including without limitation The Americans with Disabilities Act of 1990 (the "ADA"), and (iii) in accordance with insurance regulations for fire resistant "Class A" buildings. Tenant understands Landlord's review and approval of the preliminary drawings and the Interior Drawings pursuant to this paragraph is solely to protect the interests of Landlord, and Landlord shall not be the guarantor nor responsible for the correctness of the Interior Drawings, or responsible for the compliance of the Interior Drawings with applicable laws, including the ADA. Tenant shall be responsible for the cost of making any repairs or changes to the Premises or the Building as a result of the Premises Improvements being designed in a manner not in compliance with applicable laws, ordinances and regulations, including the ADA.

(c) Construction of Premises Improvements. Landlord shall designate a general contractor for the Premises Improvements (the "Contractor") and Landlord shall negotiate a fee to be paid to such Contractor that is no greater than the prevailing market rate for a job of the size and scope of the Premises Improvements. Unless otherwise agreed by Landlord and Tenant, promptly

after Landlord and Tenant have reached agreement on the Interior Drawings, Landlord will obtain bids on the major components of the Premises Improvements from three (3) qualified subcontractors. All bids will include an estimated construction schedule and completion date and Landlord and Tenant each shall have the right to reject any bid with a construction schedule significantly longer than the average of the other bids. Subject to the foregoing sentence, Landlord, Tenant and Contractor shall agree on and select the major subcontractors within five (5) business days after the last bid is received. After the major subcontractors are selected Landlord will enter into a construction contract with the Contractor for the Premises Improvements and will cause the Premises Improvements to be constructed in accordance with the Interior Drawings, as the same may be revised as provided below. Landlord shall use reasonable efforts to cause the Contractor to guarantee its work for a period of twelve (12) months from the substantial completion of the Premises Improvements.

(d) Changes in Work. Tenant shall have the right to request in writing changes to the Interior Drawings and to the Premises Improvements, subject to Landlord's prior approval, which approval shall not be unreasonably withheld or delayed. Tenant shall be responsible for paying any additional Cost of the Premises Improvements resulting in changes to the Premises Improvements requested by Tenant, to the extent the Construction Allowance is not sufficient to pay the Cost of the Premises Improvements as so changed and Tenant shall be responsible for paying any additional costs Landlord will incur as a result of any delays in the completion of the Premises Improvements that will be caused by the change in question (such additional costs shall include, but not be limited to, the amount of the Base Rent that would have been earned on the Premises had the delay in question not arisen). Within five (5) business days after receiving any such request from Tenant, Landlord shall notify Tenant in writing whether or not Landlord approves or disapproves of the requested change. If Landlord disapproves the change because the change will increase the Cost of the Premises Improvements or the change will delay completion of the Premises Improvements, Landlord will notify Tenant of any additional costs and construction delays attributable to such change. Within three (3) business days after receiving such notice from Landlord, Tenant shall notify Landlord in writing whether it still desires the change and whether Tenant will pay the additional costs of making the changes and any costs Landlord will incur as the result of any delay. If Tenant fails to confirm that it still desires the change within such three (3) business day period, Tenant shall be deemed to have withdrawn its request to make the change.

(e) Tenant's Representative Prior to the commencement of the Premises Improvements, Tenant shall designate in writing one individual who shall be Tenant's representative during the Premises Improvements. Landlord and Contractor shall be entitled to rely on the decisions of Tenant's representative regarding the Premises Improvements (and the decision of Tenant's representative shall be binding upon Tenant) until Landlord and Contractor have received written notice from Tenant that such person's authority has been revoked and a replacement representative has been appointed.

(f) Excess Costs. Prior to entering into the construction contract with Contractor, Landlord will endeavor to calculate the Cost of the Premises Improvements and provide Tenant with written notice of the estimated Cost of the Premises Improvements and bids or other reasonable evidence substantiating the estimated Cost of the Premises Improvements. If the estimated Cost of the Premises Improvements exceeds the amount of the Construction Allowance (such excess amount being referred to herein as the "Excess Costs"), Tenant shall pay the amount of the Excess Costs to Landlord within ten (10) days after receiving written notice thereof from Landlord. Alternatively, Tenant may request revisions to the Interior Drawings so as to reduce the Cost of the Premises Improvements, provided that (1) such revisions effectively eliminate the Excess Costs, (2) such revisions are finalized and approved by Landlord on or before that date which is ten (10) days after Tenant receives written notice of the Excess Costs and (3) Tenant shall pay all space planning, architectural, engineering and other costs incurred in changing the Interior Drawings and Tenant shall pay all costs incurred as a result of the delays caused by changing the Interior Drawings, as outlined above in subsection (d).

(g) Unused Construction Allowance. If the Construction Allowance exceeds the Cost of the Premises Improvements, the excess (namely, the unused portion of the Construction Allowance) shall be applied against the first Base Rent payments due from Tenant under the Lease.

(h) Existing Improvements. Tenant shall be permitted to use as a part of the Premises Improvements all or any portion of the improvements existing on the Premises as of the expiration of the lease between Landlord and Boeing.

(i) ADA. Tenant hereby agrees that the costs incurred in bringing the Building and the Premises into compliance with the Americans with Disabilities Act and all related federal, state and local laws, if the Premises or Building are not now in compliance with such laws, shall be paid from the Construction Allowance. However, Landlord hereby agrees that it will at its expense pay for any costs incurred in bringing the Common Area portions of the Property (e.g., the portions of the Property other than the Building) and the exterior entrances to the Building into compliance with Americans with Disabilities Act and related laws.



12565 1

RULES AND REGULATIONS

GENERAL RULES

1. Lessee shall not suffer or permit the obstruction of any Common Area, including driveways, walkways and stairways.
2. Lessor reserves the right to refuse access to any persons Lessor in good faith judges to be a threat to the safety, reputation, or property of the Park and its occupants.
3. Lessee shall not make or permit any noise or odors that annoy or interfere with other lessees or persons having business within the Park.
4. Lessee shall not keep animals or birds within the Premises, and shall not bring bicycles, motorcycles or other vehicles into areas not designated as authorized for same.
5. Lessee shall not make, suffer or permit litter except in appropriate receptacles for that purpose.
6. Lessee shall not alter any lock or install new or additional locks or bolts.
7. The restrooms, urinals, wash bowls and other apparatus shall not be used for any purpose other than that for which they were constructed, and no foreign substance of any kind whatsoever shall be thrown therein, and the expense of any breakage, stoppage or damage resulting from the violation of this rule shall be borne by Lessee its, employees or invitees, whom shall have caused it.
8. Electric wiring of every kind shall be introduced and connected as directed by Landlord, and no boring or cutting for wires shall be allowed, except with the prior written consent of Landlord. The location of telephone, call boxes and similar equipment shall be subject to approval by Landlord.
9. Lessee shall give Landlord prompt notice of any accidents to or defects in the water pipes, gas pipes, electric lights and fixtures, heating apparatus, or any other service equipment.
10. Lessee shall not waste electricity or water and agrees to cooperate fully with Landlord to assure the most effective operation of the Building's HVAC system and shall refrain from attempting to adjust any controls.
11. Lessee shall not deface the walls, partitions or other surfaces of the premises or the Park.

12. Lessee shall not suffer or permit any thing in or around the Premises that causes excessive vibration or floor loading in any part of the Premises. Lessee shall not overload the floor of its premises or in any way deface its premises or any part thereof.

13. Furniture, significant freight and equipment shall be moved into or out of the building only with the Lessor's knowledge and consent, and subject to such reasonable limitations, techniques and timing, as may be designated by Lessor. Lessee shall be responsible for any damage to the Premises arising from any such activity.

14. Lessee shall not employ any service or contractor for services or work to be performed in the Building, except as provided by Lessor.

15. Lessee shall return all keys at the termination of its tenancy and shall be responsible for the cost of replacing any keys that are lost.

16. No window coverings, shades or awnings shall be installed or used by Lessee without the prior consent of Landlord.

17. No Lessee, employee or invitee shall go upon the roof of the Building without the prior consent of Landlord.

18. Lessee shall not suffer or permit smoking or carrying of lighted cigars or cigarettes in areas reasonably designated by Lessor or by applicable governmental agencies as non-smoking areas.

19. Lessee shall not use any method of heating or air conditioning other than as provided by Lessor.

~~20. Lessee shall not install, maintain or operate any vending machines upon the Premises without Lessor's written consent.~~

21. The Premises shall not be used for lodging or manufacturing, cooking or food preparation.

22. Lessee shall comply with all safety, fire protection and evacuation regulations established by Lessor or any applicable governmental agency. Lessee shall not use or keep in its premises or anywhere in the Project any kerosene, gasoline, or inflammable or combustible fluid or material, or use any method of heating or air conditioning other than that supplied by Landlord.

23. Lessor reserves the right to waive any one of these rules or regulations, and/or as to any particular Lessee, and any such waiver shall not constitute a waiver of any other rule or regulation or any subsequent application thereof to such Lessee.

24. Lessee assumes all risks from theft or vandalism and agrees to keep its Premises locked as may be required.

#### PARKING RULES

1. Parking areas shall be used only for parking by vehicles no longer than full size, passenger automobiles herein called "Permitted Size Vehicles." Vehicles other than Permitted Size Vehicles are herein referred to as "Oversized Vehicles."

2. Lessee shall not permit or allow any vehicles that belong to or are controlled by Lessee or Lessee's employees, suppliers, shippers, customers, or invitees to be loaded, unloaded, or parked in areas other than those designated by Lessor for such activities.

~~3. Lessor reserves the right to relocate all or a part of parking spaces to reasonably adjacent offsite location(s), and to reasonably allocate them between compact and standard size spaces, as long as the same complies with applicable laws, ordinances and regulations.~~

4. Users of the parking area will obey all posted signs and park only in the areas designated for vehicle parking.

5. Unless otherwise instructed, every person using the parking area is required to park and lock his own vehicle. Lessor will not be responsible for any damage to vehicles, injury to persons or loss of property, all of which risks are assumed by the party using the parking area.

6. The maintenance, washing, waxing or cleaning of vehicles in the parking structure or Common Area is prohibited.

7. Lessee shall be responsible for seeing that all of its employees, agents and invitees comply with the applicable parking rules, regulations, laws and agreements.

8. Lessor reserves the right to modify these rules and/or adopt such other reasonable and non-discriminatory rules and regulations as it may deem necessary for the proper operation of the parking area.

9. Such parking use as is herein provided is intended merely as a license only and no bailment is intended or shall be created hereby.

Initials: \_\_\_\_\_

12565

EXHIBIT D

The legal description of the Development Site is as follows:

Lot 4 of Short Plat No. 016-88, according to the Short Plat recorded under King County Recording No. 8910279013; situated in the City of Renton, County of King, State of Washington.

125651

**BLACKRIVER 800 LEASE**

**BETWEEN**

**JTB AMERICAS, LTD.,  
AS LANDLORD,**

**AND**

**KING COUNTY,  
AS TENANT**

*RS*

9-13-96

BLACKRIVER 800 LEASE

THIS LEASE dated this \_\_\_\_ day of \_\_\_\_\_, 199\_\_, is by and between JTB AMERICAS, LTD., a Delaware Corporation ("Landlord") and KING COUNTY, a political subdivision of the State of Washington ("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:** That certain three-story building commonly known as 800 Oakesdale in Renton, Washington, situated on real property described more particularly in Exhibit A, which is attached hereto and incorporated herein by this reference (such real property shall hereinafter be referred to as the "Property").

(b) **Premises:** All of the Rentable Area in the Building, which the parties hereby agree shall be deemed to be 74,580 Rentable Square Feet, including tenant improvements as described in Exhibit B.

(c) **Commencement Date:** July 1, 1997, 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 the following dollar amounts per month as Base Rent as and when specified in Section 5.

<u>Years</u>	<u>Monthly Base Rent</u>
1 - 3 (e.g., from the Commencement Date through day preceding the third (3rd) anniversary of the Commencement Date)	Ninety Thousand One Hundred Seventeen and 50/100 Dollars (\$90,117.50)
4 & 5 (e.g., from the third (3rd) anniversary of the Commencement Date through the day preceding the fifth (5th) of the Commencement Date.	One Hundred Two Thousand Five Hundred Forty-Seven and 50/100 Dollars (\$102,547.50)
6 & 7 (e.g., from the fifth (5th) anniversary of the Commencement Date through the day preceding the seventh (7th) anniversary of the Commencement Date.	One Hundred Eight Thousand Seven Hundred Sixty-Two and 50/100 Dollars (\$108,762.50)
8 & 9 (e.g., from the seventh (7th) anniversary of the Commencement Date through the day preceding the ninth (9th) anniversary of the Commencement Date.	One Hundred Fourteen Thousand Nine Hundred Seventy-Seven and 50/100 Dollars (\$114,977.50)
10 (e.g., from the ninth (9th) anniversary of the Commencement Date through the day preceding the tenth (10th) anniversary of the Commencement Date.	One Hundred Twenty-One Thousand One Hundred Ninety-Two and 50/100 Dollars (\$121,192.50)

Whether or not so designated, all other sums due from Tenant under this Lease shall constitute Additional Rent, payable when specified in this Lease.

(f) **Security Deposit:** [Intentionally deleted.]

(g) Operating Costs Stop: Four Hundred Ten Thousand One Hundred Ninety and no/100 Dollars (\$410,190.00).

(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: As outlined in Section 39.

(j) Permitted Use: For general office purposes.

(k) Notice Addresses:

To Landlord: Attn: Property Management  
c/o Cushman & Wakefield of Washington, Inc.  
701 Fifth Avenue, Suite 2700  
Seattle, Washington 98104-5027  
Facsimile No.: (206) 521-9210

To Tenant: King County Property Services  
500 County Administration Building  
500 - 4th Avenue  
Seattle, Washington 98104  
Facsimile No.: (206) 296-0196

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

Exhibit A - Legal Description of the Property.

Exhibit B - Premises Improvements.

Exhibit C - Rules and Regulations.

## SECTION 2. Premises.

(a) Grant. Landlord hereby leases to Tenant, and Tenant hereby leases from Landlord, those certain premises (the "Premises") described above in Section 1(b).

(b) Definition of Rentable Area. "Rentable Area" shall have the same meaning "Construction Area" as set forth in the "Standard Method for Measuring Floor Area in Office Buildings" (American National Standard ANSI Z65.1 - 1980) published by Building Owners and Managers Association International.

(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 B.

(d) Common Area. During the Lease Term, Tenant and its licensees, invitees, customers and employees shall have the non-exclusive right to use the drive aisles, landscaped areas and the other portions of the Property and the "Park" (defined below) that are not dedicated to the Building footprint or other building footprints or parking spaces (all such portions of the Property and the Park, together with all parking spaces on the Property and the Park, shall hereinafter be referred to as the "Common Areas") in common with Landlord, other tenants and owners in the Park and their respective licensees, invitees, customers and employees. The "Park" is herein defined to be that certain real property described in and governed by that Declaration of Protective Covenants, Conditions, Restrictions and Easements Recorded under King county Auditor's No. 8905231015 (hereinafter collectively referred to as the "CCRs") and/or that certain common area cost-sharing agreement for Blackriver Corporate Park recorded under King County Auditor's No. 9007230853. 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) Alteration. Landlord may in its discretion increase, decrease or change the Common Areas. 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.

**SECTION 3. Term.**

(a) **Commencement Date.** The Commencement Date listed in Section 1 of this Lease represents an estimate of the Commencement Date. This Lease shall commence on, but not before, the estimated Commencement Date if the Premises Improvements are substantially completed by such date in accordance with Section 11 and Exhibit B. 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 Premises would have been substantially completed, but for Tenant's failure to perform were not completed, shall be the Commencement Date. 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 full execution.

(b) **Beneficial Occupancy.** Tenant shall have the right to occupy the Premises prior to the Commencement Date, provided that (i) the Premises are ready for occupancy; (ii) a temporary or permanent Certificate of Occupancy has been issued; (iii) Landlord has given prior written authorization; and (iv) all of the terms and conditions of this Lease shall apply as though the Commencement Date had occurred, other than Tenant's obligation to pay Base Rent and Occupancy Costs.

(c) **Effective Prior to Commencement.** Except as otherwise provided herein, no Rent shall accrue until the Commencement Date but all other provisions of this Lease shall (except to the extent not properly applicable) apply following tender of possession of the Premises to Tenant, including indemnity and insurance requirements.

**SECTION 4. Early Termination Right.**

(a) **Exercise of Termination Right.** At any time after June 30, 2001 but before September 30, 2001, Tenant shall have the option, on notice to Landlord (Termination Notice), to terminate this Lease with respect to all of the Premises. The Premises subject to the termination notice shall be referred to as the "Cancelled Premises." The termination shall be effective as of June 30, 2002 (Lease Termination Date). Tenant's delivery of the Termination Notice to Landlord shall be accompanied by an amount equal to the Lease Termination Fee, as defined in this section 4.

(b) **Lease Termination Fee.** Before giving the Termination Notice, Tenant shall give Landlord a preliminary notice stating Tenant's intention to exercise the right to terminate and the proposed Lease Termination Date. Within thirty (30) days after receiving the preliminary notice from Tenant, Landlord shall notify Tenant of the amount of the Lease Termination Fee based on the appropriate Lease Termination Date set forth in Tenant's notice. The Lease Termination Fee shall be equal to the sum of:

(i) The "Unamortized Value as of the Lease Termination Date" of the "Lease Concessions," as defined in this subsection 4(c); plus

(ii) An amount equal to six (6) months of Base Rent, plus six (6) months of Additional Rent in effect at the time Tenant elects to exercise its option to terminate, which such Termination Fee shall be paid and delivered to Landlord along with Tenant's written notice identified in Subparagraph 4(a) above. Tenant's payment of the Termination Fee to Landlord is in addition to the unamortized value of the Lease Concessions defined herein below and Tenant's responsibility to pay Rent, when due, from the time Tenant exercises its option to terminate the Lease to the Termination Date.

(c) **Lease Concessions.** For purposes of this subsection 4(c), "Lease Concessions" shall be equal to the sum of:

(i) The amount of the Tenant Improvement Allowance and any other improvement allowance granted by Landlord in connection with Landlord's delivery of the Cancelled Premises to Tenant;

(ii) The amount of the free rent, rent abatement granted to Tenant in connection with the lease of the Cancelled Premises, and/or any free rent accrued due to Tenant's "Beneficial Occupancy", if so obtained;

(iii) Any other monetary concessions granted by Landlord to Tenant in connection with Tenant's lease of the Cancelled Premises.



(d) Unamortized Value as of the Lease Termination Date. The "Unamortized Value as of the Lease Termination Date" of the Lease Concessions shall be equal to the product of:

(i) The number of months of the Lease Term remaining after the Lease Termination Date until the original Lease Expiration Date; and

(ii) The Monthly Lease Amortization Amount, as determined in subsection 4(e).

(e) Monthly Lease Amortization Amount. The "Monthly Lease Amortization Amount" shall be determined as if it were a component of an annuity, using:

(i) The amount of the Lease Concessions as the present value of the annuity;

(ii) Ten percent (10%) per annum as the interest factor:

(iii) One Hundred Twenty (120) months as the number of monthly payments of the annuity, commencing on the Lease Commencement Date and ending on the Lease Expiration Date; and

(iv) The Monthly Lease Amortization Amount (the missing component) as the monthly payment amount under the annuity.

#### SECTION 5. Rent and Rent Abatement.

(a) 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 pre-pay 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.

(b) Abatement of Rent. Notwithstanding anything to the contrary contained in this Lease, provided that no Event of Default has occurred and is continuing and Tenant has complied with all of its obligations under this Lease, Tenant shall be entitled to an abatement of, and Landlord hereby waives Tenant's obligation to pay, installments of the Base Rent which are payable with respect to the seven (7) month period (the "Abatement Period") which begins on July 1, 2002, and shall conclude on January 31, 2003. Commencing on the first day after the Abatement Period, the regular installments of the Base Rent and Tenant's Share of Operating Costs shall then and thereafter be payable in full by Tenant in accordance with the Lease.

#### SECTION 6. Tenant's Share of Building Operating Costs and Real Property Taxes.

(a) Amount. Before the commencement of each Lease Year, Landlord will notify Tenant of Landlord's estimate of Tenant's Share of estimated Operating Costs and Real Property Taxes for the ensuing Lease Year to the extent the sum of such Operating Costs plus Real Property Taxes exceed the Operating Costs Stop. "Tenant's Share" is defined in Section g(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 ten (10) days of its receipt of an invoice therefor. If the total amount paid by Tenant under Section 6(a) as Operating Costs and Real Property Taxes for a Lease Year exceeds Tenant's Share, then Landlord shall credit such excess to the payment of Additional Rent thereafter coming due; 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 alters 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. Notwithstanding this Section 6, 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 6, 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, including, without limitation, building management fee, 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 parking lot maintenance (including resurfacing and restriping when reasonably necessary); 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 and/or the Common Areas; Landlord's overhead costs, to the extent attributable to the Building and/or the Common Areas; insurance premiums for all insurance (including, but not limited to, fire and extended coverage, liability, rental loss and earthquake coverage) carried by Landlord with respect to the Building and/or the Common Areas 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 and/or Common Area systems and equipment and capital improvements designed to improve the operating efficiency of the Building and/or the Common Areas, 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; 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 and/or Common Areas 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 Property 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 Property, 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 one hundred percent (100%).

(iv) "Operating Costs Stop" shall mean Four Hundred Ten Thousand One Hundred Ninety and no/100 Dollars (\$410,190.00).

(c) Special Allocations. Landlord and Tenant acknowledge that the Property is part of the Park and that the Park is comprised of several phases. Accordingly, Landlord and Tenant further acknowledge that certain areas of, and services to, the Park (i) exclusively benefit the tenants of other buildings in the Park and expenses attributable to such areas will not be included in the Operating Costs, (ii) exclusively benefit Tenant and/or the Building or the Property, and all of such expenses shall be included in Operating Costs, and (iii) benefit both tenants in other buildings in the Park and Tenant and/or the Building or the Property, and such expenses shall be included in Operating Costs on an allocable basis. Landlord shall have the right to reasonably allocate expenses between and among the Building/Property and other buildings/parcels of real property in the Park.

**SECTION 7. 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.

**SECTION 8. Security Deposit.** [Intentionally deleted.]

**SECTION 9. Tenant's Operation.**

(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 nature of Tenant's business, and the compatibility of such business with other tenants in the Park, Tenant shall not use or permit the use of the Premises for any other business, or purpose, or under any other name, without Landlord's prior written consent, which consent shall not be unreasonably withheld or delayed. 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, the Building or the Common Areas, and Tenant shall not engage in or permit any action that will disturb the quiet enjoyment of any other tenant in the Park.

(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, Building and Property 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 judgement is entered against Tenant in the lien proceeding, if such lien causes difficulties for Landlord in connection with its financing 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, Building or Property. 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 9(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, Building or Property. Tenant shall indemnify, defend and hold Landlord and lenders to Landlord ("Lender") harmless from any and all of the costs, fees, penalties, charges and expenses assessed against, or imposed, upon Landlord, and Lender (as well as Landlord's and Lender's attorneys fees and costs) as a result of Tenant's use, disposal, transportation, generation and/or sale of Hazardous Substances. Landlord accepts and approves of Tenant's use and storage of such Hazardous Substances as are commonly used in the operation of an office (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 9(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.

(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 or on the Property or Common Areas, with the exception of (1) a sign identifying Tenant placed on or near the front door of the Building, the size, style

and location of which must first be approved in writing by Landlord. (2) a sign identifying Tenant to be placed on the existing monument sign which is on the property. 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.

#### SECTION 10. 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 Building. In addition, of course, Tenant shall pay for utility charges allocated to the Property (i.e., landscaping water, if any; parking lot lights, if any; etc.) and Tenant shall pay an appropriate share of other Common Area utility charges in accordance with the terms of Section 5 above.

(b) Services. As long as Tenant is not in default under this Lease, Landlord shall cause the Common Areas and 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 7:00 a.m. to 6:00 p.m. on weekdays and 8:00 a.m. to 12:00 o'clock noon 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 Rentable 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, and (2) 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.

(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. 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 11. 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 12. Delivery of Premises.** Landlord shall deliver the Premises to Tenant upon substantial completion of the Premises Improvements as defined in Exhibit B, and Tenant shall accept possession of the Premises in such condition, subject to Landlord's duty to complete the remainder of the Premises Improvements thereafter. The date of substantial completion of the Premises Improvements shall mean the date so certified by Landlord, but in no event shall the date of substantial completion be deemed to have occurred prior to issuance of a temporary or permanent Certificate of Occupancy with respect to the Premises. If either party disputes the date so certified, it must notify the other party within two (2) business days after receipt of the certification. Any dispute over the date of substantial completion shall be resolved by arbitration before a single arbitrator of the American Arbitration Association sitting in Seattle, Washington. Upon substantial completion of the Premises and prior to move-in by Tenant, Tenant, Landlord and Architect shall inspect them and shall prepare a "punchlist" as such term is used in the construction industry. After Tenant has occupied the Premises but prior to that day which is thirty (30) days after the Commencement Date, Tenant, Landlord and Architect shall walk through the Premises again and prepare, if necessary, a supplemental punchlist reflecting defects not readily

ascertainable during the pre-move-in inspection (e.g., a phone jack or electrical socket that is dead, an HVAC vent that is not working, etc.). 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 each of the punchlists, Landlord shall proceed with due diligence to complete all items on the punchlist in question.

**SECTION 13. Alterations by Tenant.** 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 other tenants in the Park; and (f) does not invalidate or otherwise affect the construction and systems warranties then in effect with respect to 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. Except as provided in Section 16 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 terms of this Section 13. 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 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 14. Care of Premises.** Tenant shall take good care of the Building, Premises and Common Areas and shall reimburse Landlord for all damage done to the Building, Premises and Common Areas, 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 Building, Premises or Common Areas, 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. Landlord shall not be liable for interference with light, air or view. All repairs reasonably necessary to maintain the Building, Premises and Common Areas in a good condition, as determined by Landlord, shall be performed under Landlord's direction and shall be paid for by Tenant as an Operating Cost to the extent authorized by the terms of Section 6 above. Notwithstanding the foregoing, however, all costs incurred in maintaining the structural integrity of the Building shall be paid for by Landlord at Landlord's expense, unless the need for the repair in question is due to the negligence or intentional misconduct of Tenant or its employees, contractors, agents, licensees or invitees, in which case the cost of the repair shall be paid for by Tenant. Except as provided in Section 21, there shall be no abatement or reduction of rent arising by reason of Landlord's making of repairs, alterations or improvements.

**SECTION 15. 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 13), 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 15 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 16. Waiver; Indemnity.**

(a) Tenant Indemnity. Except as otherwise provided in this Section 16, 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, Building, Property or Common Areas, or that of its employees, invitees, 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, Building, Property or Common Areas. 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 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 13 AND THIS SECTION 16 WERE SPECIFICALLY NEGOTIATED AND AGREED UPON BY THEM.

(b) Landlord Indemnity. Except as otherwise provided in this Section 16, 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, Property and Common Areas 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 term of this Lease 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 13 AND THIS SECTION 16 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, Building, Property or Common Areas, 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 Park.

(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 17. Insurance.** Tenant shall, at its own expense, maintain through its self-insurance program coverage at least as broad as that provided by comprehensive or commercial general liability insurance to insure Tenant's contractual indemnification obligations as set forth in this Lease. Tenant shall not cancel its self-insurance program or materially alter the coverage provided hereunder without thirty (30) days prior written notice to Landlord. 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 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 term of this Lease which results from Tenant's use.

**SECTION 18. 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 benefiting the party suffering such loss or damage or was required under the terms of this Lease to be covered by insurance procured by the party suffering the loss (the terms of this Section 18 shall not in any way diminish Tenant's liability as a self-insurer in accordance with the terms of Section 17 above).

**SECTION 19. Assignment or Sublease.** Tenant shall not sublet or encumber the whole or any part of the Premises, nor shall this Lease or any interest thereunder be assignable or transferable by operation of law or by any process or proceeding of any court or otherwise without the prior written consent of Landlord, which consent shall not be unreasonably withheld or delayed. The granting of consent to a given transfer shall not constitute a waiver of the consent requirement as to future transfers. 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, then the Base Rent shall be increased, effective as of the date of such assignment or subletting, to the rentals payable by the assignee or sublessee pursuant to such assignment or sublease, i.e. There shall be no mark-up to Tenant; Provided, however, in no event shall the base monthly rent, after such assignment or subletting, be less than the Base Rent specified in Section 1. 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 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 20. 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 21. 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 reasonably 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. 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. Notwithstanding the foregoing, however, if the damage will cost more than Two Hundred Fifty Thousand Dollars (\$250,000) to repair the tenant improvements, damage to the building exceeds Five Hundred Thousand Dollars (\$500,000), and if the casualty occurs during the last twenty-four (24) months of the Lease Term, Landlord shall have the option of terminating the Lease.

**SECTION 22. 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 judgement 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 23. 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 three (3) days (or, if no default in the rent is involved, within ten (10) days) 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 re-enter 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 re-enter 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 re-entered the Premises, at any time thereafter elect to terminate this Lease and all of the rights of Tenant in or to the Premises.

(b) Re-entry. If Landlord re-enters the Premises under option (iii) of Section 23(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 re-entry 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 23(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 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 23(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 23 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 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 24. Landlord's Remedies Cumulative; Waive.** 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 25. Default by Landlord; Lender Protection.**

(a) Landlord shall be in default if Landlord fails to perform its obligations under this Lease within sixty (60) days after its receipt of notice of non-performance from Tenant; provided that if the default cannot reasonably be cured within the sixty (60) day period, Landlord shall not be in default if Landlord commences the cure within the sixty (60) 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 26. 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 term of this Lease 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 27. 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. 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. 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 28. Holding Over.** Any holding over by Tenant after the expiration of the term hereof 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. 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 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 29. 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 (which instrument shall include the terms typically found in Subordination, Attornment and Non-Disturbance Agreements at the time in question) 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 23 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 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 30. 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 29, 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. Tenant's failure to deliver an estoppel certificate within the ten (10) day period shall be deemed its confirmation of the accuracy of the information supplied by Landlord to the prospective lender or purchaser. 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 31. 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 the CCR's and other matters of record on the day hereof and to those matters to which this Lease may be subsequently subordinated.

**SECTION 32. Notices.** Any notices required in accordance with any of the provisions herein shall be in writing and delivered personally, by facsimile or mailed by registered or certified mail to the Landlord at the facsimile number or address set forth in Section 1 hereof, with copy to such party as Landlord may designate, or to Tenant at the facsimile number or address set forth in Section 1 hereof, or to such other facsimile number or address as a party shall from time to time advise in writing. If Tenant is a partnership, 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 two (2) days after the postmark affixed on the envelope by a King County, Washington branch of the United States Post Office.

**SECTION 33. 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 19, 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 34. 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 35. Brokers' Commission.** Tenant was represented by Cushman & Wakefield of Washington, Inc. Landlord agrees to pay Cushman & Wakefield of Washington, Inc., a real estate commission in accordance with the terms of a separate written agreement between Landlord and Cushman & Wakefield of Washington, Inc. Tenant represents that it has not dealt with any other broker, agent or finder in connection with this Lease or the option to purchase outlined below in Section 51 and Tenant agrees to indemnify and hold Landlord harmless from all damages, judgements, 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 or the option to purchase outlined below in Section 51.

**SECTION 36. 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 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 37. 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 term of this Lease and shall incorporate the other terms of this Lease by reference.

**SECTION 38. Financial Statements.** [Intentionally deleted.]

**SECTION 39. Parking.** Tenant, its employees, agents, contractors and invitees, together with Landlord and its employees, agents, contractors and invitees (but expressly excluding Landlord's other tenants in the Park and the employees, owners, agents, contractors and invitees of such other tenants) shall have the exclusive right to park free of charge in all of the parking spaces that may be located on the Property from time to time. However, no portion of the parking lot located on the Property shall be used for the long-term storage of vehicles or for the parking of inoperable vehicles. Tenant agrees that it and its employees, agents, contractors and invitees shall not park anywhere in the Park other than on the Property and Tenant agrees that it will take, at its expense, all necessary steps to enforce such restriction. Tenant also has the right to install secured parking, at its own expense, in the future.

**SECTION 40. Relocation.** [Intentionally deleted.]

**SECTION 41. Liability of Landlord.** Tenant shall look solely to rents, issues and profits from the Building for the satisfaction of any judgement or decree against Landlord, whether for breach of the terms hereof or arising from a right created by statute or under common law. Tenant agrees that no other property or assets of the Landlord or any partner in Landlord shall be subject to levy, execution or other enforcement procedures for satisfaction of any such judgement or decree; no partner of Landlord shall be sued or named as a party in any suit or action (except as may be necessary to secure jurisdiction over the partnership); no service of process shall be made against any partner of Landlord (except as may be necessary to secure jurisdiction over the partnership); no judgement will be taken against partner of Landlord; no writ of execution will ever be levied against the assets of any partner of Landlord; and these covenants, limitations and agreements are enforceable both by Landlord and by any partner of Landlord. References in this Section 41 to a partner in Landlord shall mean and include all past, present and future members of JTB Americas, Ltd., and any owner, partner, member or shareholder of any subsequent owner of the Building.

**SECTION 42. 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 43. Counterparts.** This Lease may be executed by the parties in counterparts, which, taken together, constitute the entire Lease.

**SECTION 44. 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 45. 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 46. 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 47. 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. No contractual or other rights shall exist or be created between Landlord and Tenant until all parties hereto have executed this Lease and until it has been approved by Lender 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 rent and Additional Rent due from Tenant hereunder or otherwise materially alter Tenant's rights hereunder.

**SECTION 48. 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, Building, Property and Common Areas, and there are no other agreements or understanding, oral or written, between Landlord and Tenant concerning the Premises, Building, Property and Common Areas. 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 49. Renewal Option.**

(a) **Grant of Option.** Tenant is granted the right to extend the term of this Lease beyond the expiration date of the initial Lease Term for one (1) period of sixty (60) months (the "Extended Term"). If Tenant at any time defaults in its obligations under this Lease, then Tenant's right to extend the Lease for the Extended Term shall automatically terminate. Tenant's extension rights shall apply to all of the Premises under lease to Tenant at the time. Tenant's right to extend the term of this Lease shall be personal and may not be exercised by any assignee or sublessee. To exercise Tenant's option to extend the Lease Term, Tenant shall give Landlord written notice of its election to extend on or before the date which is three hundred sixty-five (365) days prior to expiration of the initial Lease Term (but in no event shall such notice be given prior to that day which is eighteen (18) months prior to the expiration of the initial Lease Term). From and after the commencement of an Extended Term, all of the terms, covenants, and conditions of the lease shall continue in full force and effect as written, except that Base Rent shall be adjusted as provided in this Section 49 and except further that the Operating Costs Stop applicable during the Extended Term shall reflect the actual Operating Costs and Real Property Taxes incurred in the last Lease Year of the initial 120-month Lease Term.

(b) **Rental Rate.** If Tenant exercises an extension right pursuant to Paragraph (a) of this Section 49, the Base Rent for the Extended Term shall be equal to ninety-five percent (95%) of the fully-serviced market rate for a five (5) year term for comparable space in comparable buildings in the South King County area ("Fair Market Rent"). Landlord shall give Tenant notice of Landlord's estimation of Fair Market Rent not later than ten (10) months before the end of the initial Lease Term. If Tenant disagrees with such estimate, it shall advise Landlord in writing thereof within twenty (20) days of the Tenant's receipt of its notice. 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 sixty (60) days of the date of Landlord's initial estimate of Fair Market Rent, then the parties shall submit the matter to arbitration in accordance with the terms of Paragraph (c) of this Section 49 so that Fair Market Rent is determined no later than the first day of the Extended Term.

(c) **Arbitration.** If the parties are unable to reach agreement on Fair Market Rent during the period specified in Paragraph (b) of this Section 49, 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 office space rental rates in the South King County area 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 determine the issue. The duty of the arbitrator(s) shall be to determine the Fair Market Rent based solely on rental rates for comparable space in comparable buildings in the South King County area. 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 then presiding judge of King County Superior Court acting in his private non-judicial capacity, and the other party shall not raise any question as to such Judge's full power and jurisdiction to entertain the application for and make the appointment, and the parties agree to indemnify and hold the presiding judge fully and completely harmless from and against all claims arising out of the presiding judge's appointment of an arbitrator. The three (3) arbitrators shall decide the dispute, if it has not been previously resolved, by following the procedure set forth in this Section 49. 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 shall be paid by the respective party engaging such counsel. 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 49.

**SECTION 50. Anti-Discrimination.** Lessor shall not discriminate on the basis of race, color, sex, religion, nationality, creed, marital status, sexual orientation, age, or presence of any sensory, mental or physical disability in the employment or application for employment or in the administration or delivery of services or any other benefits under this chapter. The lessor shall comply fully with all applicable federal, state and local laws, ordinances, executive orders and regulations which prohibit such discrimination. These laws include, but are not limited to, Chapter 49.60 of the Revised Code of Washington, and Titles VI and VII of the Civil Rights Act of 1964.

**SECTION 51. Option to Purchase.**

(a) Option; Exercise Dates. In consideration for entering into this Lease, Landlord hereby grants to Tenant on the terms and conditions contained herein, the option to purchase the Property in its entirety, provided that Tenant irrevocably exercises such option in a writing delivered to Landlord on or before June 30, 1999.

(b) Default Negates Option. Notwithstanding the foregoing, Tenant's right to exercise such option shall become null and void if Tenant defaults under the Lease, and fails to cure such default within the time period specified in Section 23 of the Lease.

(c) Purchase Price. The purchase price for the Property shall be Eight Million Five Hundred Thousand and no/100 Dollars (\$8,500,000.00).

(d) Closing Date. If Tenant exercises its option to purchase the Property, the closing date shall be on or before September 30, 1999 (if the parties are unable to agree on a closing date prior to September 30, 1999, closing shall be on September 30, 1999). "On or before" means that the closing will occur on the September 30 date in question unless the parties mutually agree otherwise. Of course, if the September 30 date in question falls on a weekend or holiday, the closing shall be on the next business day

(e) Closing Terms. Landlord shall convey title to the Tenant by way of a Statutory Warranty Deed. At closing, Landlord will also convey all of its interest in whatever personal property then exists in the Property. All Property rights in existence at the execution of this Lease shall continue and survive closing. That is to say, Landlord shall take no action during the period described under the Option Exercise Dates subsection (Section 51 (a) that will encumber or modify the utility or usability of the property rights as they exist at the execution of the Lease without written approval of Tenant. This option to purchase shall not be assignable by Tenant without Landlord's consent, which may be withheld in Landlord's sole discretion (notwithstanding the foregoing, however, Tenant shall be entitled to assign its option rights and obligations on the Property, at Tenant's election, to a non-profit organization if necessary in order to enable Tenant to use 63-20 financing, but even after such assignment Tenant shall remain liable for the full performance of all obligations outlined in Section 50). Landlord will pay excise tax, if any, the premium for an ALTA policy of title insurance in the amount of the purchase price issued by Chicago Title Insurance Company or other mutually agreed title company, and one-half (1/2) of the escrow fees, while Tenant will pay the cost of any ALTA survey required in order to obtain extended coverage title insurance, the other half of the escrow fees and recording fees. The sale of the Property (including all personal property located therein) will be on an 'AS-IS, WHERE IS' basis with no warranties or indemnities whatsoever from Landlord. Tenant shall have conducted whatever due diligence and inspections it wishes prior to exercising its option, and therefore once the option is exercised, Tenant's obligation to close shall be absolute. If Tenant exercises its option to purchase and then wrongly fails to close in accordance with these terms, Landlord shall have all remedies available at law and in equity, including the right of specific performance. If Tenant properly exercises its option to purchase within the above-outlined time frame and Landlord wrongly fails to close in accordance with these terms, Tenant shall have all remedies available at law and in equity, including the right of specific performance. If either party retains the services of an attorney in connection with enforcing the terms of this Section 51, 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. Tenant shall cooperate with Landlord if Landlord elects to close the sale through an exchange facilitator or to otherwise take advantage of the Section 1031 Tax Deferred Exchange laws in effect at the time in question, provided that Tenant shall not be required to incur any additional out of pocket expenses in so cooperating.

(f) Title Use Restrictions. Title to the Property and/or Development Site shall be conveyed subject to all easements, reservations, restrictions and encumbrances of record (including any local improvement district assessments or other assessments), with the exception that any deeds of trust or other monetary liens (again, other than local improvement district assessments or other assessments) shall be paid in full by Landlord at closing.

(g) Prorations. Real property taxes, Base Rent, Additional Rent, and local improvement district assessments and other assessments shall be prorated as of the closing date.

(h) Impact on Lease. From the date on which Tenant exercises its option through the closing, the Lease shall continue in full force and effect. Upon closing, the Lease shall automatically terminate, with the exception of any terms that are expressly provided to survive termination of the Lease.

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

LANDLORD

JTB AMERICAS, LTD.  
a Delaware Corporation

Executed this \_\_\_\_ day  
of \_\_\_\_\_, 199\_\_

By: \_\_\_\_\_

Its: \_\_\_\_\_

TENANT

KING COUNTY, a political subdivision  
of the State of Washington

Executed this \_\_\_\_ day  
of \_\_\_\_\_, 199\_\_

By: \_\_\_\_\_

Its: \_\_\_\_\_





12565

Exhibit A

The legal description of the Property is as follows:

Lot 1 of Short Plat No. 016-88, according to the Short Plat recorded under King County Recording No. 8910279013; situated in the City of Renton, County of King, State of Washington.

EXHIBIT B

The Premises shall be improved in accordance with the terms of this Exhibit B.

(a) Construction Allowance. Landlord will provide a tenant improvement allowance of up to One Million One Hundred Ninety-Three Thousand Two Hundred Eighty and no/100 Dollars (\$1,193,280.00) (the "Construction Allowance") to pay for the actual "Cost of the Premises Improvements" (defined below). For purposes of this Exhibit B, the term Premises Improvements shall mean all work necessary to complete the improvements to be made to the Premises pursuant to this Exhibit B, including, but not limited to, design, permitting, and construction of the improvements and demolition of existing improvements, if any, and all changes necessary to the portions of the Premises above the ceiling grid, and to lighting, electrical and plumbing, HVAC, sprinkler and fire safety systems necessary to accommodate Tenant's desired improvements to the Premises. The term "Cost of the Premises Improvements" means all hard and soft costs incurred by either Landlord or Tenant in connection with completing the Premises Improvements, including without limitation, the cost of preparing the Premises for improvements, designing the improvements, engineering improvements, installing improvements, data and telephone cabling costs and related moving expenses, space planning and architect's, consultant's and engineer's fees, sales taxes, bonds, insurance, permit fees, labor and material expenses, contractor's profit, mark-up and overhead and a construction management fee to be paid to Landlord in the amount of five percent (5%) of the total of the Construction Allowance and "Excess Costs" (defined below).

(b) Preparation of Plans and Specifications. Tenant shall cause plans and specifications for the Premises Improvements (the "Preliminary Drawings") to be prepared by an architect licensed to do business in the State of Washington and reasonably acceptable to Landlord (the "Architect"). Tenant shall cause the Preliminary Drawings to be prepared and submitted to Landlord no later than 11/1/ 1996. Tenant shall provide at least two (2) complete sets of such Preliminary Drawings and ultimately the Preliminary Drawings to Landlord for its review and approval. Landlord shall have five (5) business days after receiving the Preliminary Drawings to approve the Drawings or disapprove them and provide Tenant with its comments. If Landlord disapproves the Preliminary Drawings it shall specify in detail the reasons for any disapproval and shall specify suggested changes or alterations to the Preliminary Drawings, all in writing. Tenant shall have three (3) business days after receiving Landlord's comments to revise and resubmit the Preliminary Drawings to Landlord. Landlord shall have three (3) business days after receiving the revised Preliminary Drawings to either approve the revised Preliminary Drawings, or disapprove the revised Preliminary Drawings and provide Tenant with its comments. The process outlined in the preceding two sentences shall be repeated until Landlord and Tenant have mutually agreed on the Preliminary Drawings. Tenant shall cause the Preliminary Drawings to be prepared (i) in a form satisfactory for submittal to the appropriate governmental authorities for permits and licenses required for the construction of the Premises Improvements, (ii) in accordance with all applicable laws, ordinances and regulations, including without limitation The Americans with Disabilities Act of 1990 (the "ADA"), and (iii) in accordance with insurance regulations for fire resistant "Class A" buildings. Tenant understands Landlord's review and approval of the Preliminary Drawings and the Interior Drawings pursuant to this paragraph is solely to protect the interests of Landlord, and Landlord shall not be the guarantor nor responsible for the correctness of the Preliminary Drawings, or responsible for the compliance of the Preliminary Drawings with applicable laws, including the ADA. Tenant shall be responsible for the cost of making any repairs or changes to the Premises or the Building as a result of the Premises Improvements being designed in a manner not in compliance with applicable laws, ordinances and regulations, including the ADA.

(c) Construction of Premises Improvements. Landlord shall designate a general contractor for the Premises Improvements (the "Contractor") and Landlord shall negotiate a fee to be paid to such Contractor that is no greater than the prevailing market rate for a job of the size and scope of the Premises Improvements. Unless otherwise agreed by Landlord and Tenant, promptly after Landlord and Tenant have reached agreement on the Interior Drawings, Landlord will obtain bids on the major components of the Premises Improvements from three (3) qualified subcontractors. All bids will include an estimated construction schedule and completion date and Landlord and Tenant each shall have the right to reject any bid with a construction schedule significantly longer than the average of the other bids. Subject to the foregoing sentence, Landlord, Tenant and Contractor shall agree on and select the major subcontractors within five (5) business days after the last bid is received. After major subcontractors are selected, Landlord will enter into a construction contract with the Contractor for the Premises Improvements and will cause the Premises Improvements to be constructed in accordance with the Interior Drawings, as the same may be revised as provided below. Landlord shall use reasonable efforts to

cause the Contractor to guarantee its work for a period of twelve (12) months from the substantial completion of the Premises Improvements.

(d) Changes in Work. Tenant shall have the right to request in writing changes to the Interior Drawings and to the Premises Improvements, subject to Landlord's prior approval, which approval shall not be unreasonably withheld or delayed. Tenant shall be responsible for paying any additional Cost of the Premises Improvements resulting in changes from the Premises Improvements requested by Tenant, to the extent the Construction Allowance is not sufficient to pay the Cost of the Premises Improvements as so changed and Tenant shall be responsible for paying any additional costs Landlord will incur as a result of any delays in the completion of the Premises Improvements that will be caused by the change in question (such additional costs shall include, but not be limited to, the amount of the Base Rent that would have been earned on the Premises had the delay in question not arisen). Within five (5) business days after receiving any such request from Tenant, Landlord shall notify Tenant in writing whether or not Landlord approves or disapproves of the requested change. If Landlord disapproves the change because the change will increase the Cost of the Premises Improvements or the change will delay completion of the Premises Improvements, Landlord will notify Tenant of any additional costs and construction delays attributable to such change. Within three (3) business days after receiving such notice from Landlord, Tenant shall notify Landlord in writing whether it still desires the change and whether Tenant will pay the additional costs of making the changes and any costs Landlord will incur as the result of any delay. If Tenant fails to confirm that it still desires the change within such three (3) business day period, Tenant shall be deemed to have withdrawn its request to make the change.

(e) Tenant's Representative. Prior to the commencement of the Premises Improvements, Tenant shall designate in writing one individual who shall be Tenant's representative during the Premises Improvements. Landlord and Contractor shall be entitled to rely on the decisions of Tenant's representative regarding the Premises Improvements (and the decision of Tenant's representative shall be binding upon Tenant) until Landlord and Contractor have received written notice from Tenant that such person's authority has been revoked and a replacement representative has been appointed.

(f) Excess Costs. Prior to entering into the construction contract with Contractor, Landlord will endeavour to calculate the Cost of the Premises Improvements and provide Tenant with written notice of the estimated Cost of the Premises Improvements and bids or other reasonable evidence substantiating the estimated Cost of the Premises Improvements. If the estimated Cost of the Premises Improvements exceeds the amount of the Construction Allowance (such excess amount being referred to herein as the "Excess Costs"), Tenant shall pay the amount of the Excess Costs to Landlord within ten (10) days after receiving written notice thereof from Landlord. Alternatively, Tenant may request revisions to the Interior Drawings so as to reduce the Cost of the Premises Improvements, provided that (1) such revisions effectively wipe out the Excess Costs, (2) such revisions are finalized and approved by Landlord on or before that date which is ten (10) days after Tenant receives written notice of the Excess Costs and (3) Tenant shall pay all space planning, architectural, engineering and other costs incurred in changing the Interior Drawings and Tenant shall pay all costs incurred as a result of the delays caused by changing the Interior Drawings, as outlined above in subsection (d).

(g) Unused Construction Allowance. If the Construction Allowance exceeds the Cost of the Premises Improvements, the excess (namely, the unused portion of the Construction Allowance) shall be applied against the first Base Rent payments due from Tenant under the Lease.

(h) Existing Improvements. Tenant shall be permitted to use as a part of the Premises Improvements all or any portion of the improvements now existing on the Premises.

## RULES AND REGULATIONS

## GENERAL RULES

1. Lessee shall not suffer or permit the obstruction of any Common Area, including driveways, walkways and stairways.
2. Lessor reserves the right to refuse access to any persons Lessor in good faith judges to be a threat to the safety, reputation, or property of the Park and its occupants.
3. Lessee shall not make or permit any noise or odors that annoy or interfere with other lessees or persons having business within the Park.
4. Lessee shall not keep animals or birds within the Premises, and shall not bring bicycles, motorcycles or other vehicles into areas not designated as authorized for same.
5. Lessee shall not make, suffer or permit litter except in appropriate receptacles for that purpose.
6. Lessee shall not alter any lock or install new or additional locks or bolts.
7. The restrooms, urinals, wash bowls and other apparatus shall not be used for any purpose other than that for which they were constructed, and no foreign substance of any kind whatsoever shall be thrown therein, and the expense of any breakage, stoppage or damage resulting from the violation of this rule shall be borne by Lessee its, employees or invitees, whom shall have caused it.
8. Electric wiring of every kind shall be introduced and connected as directed by Landlord, and no boring or cutting for wires shall be allowed, except with the prior written consent of Landlord. The location of telephone, call boxes and similar equipment shall be subject to approval by Landlord.
9. Lessee shall give Landlord prompt notice of any accidents to or defects in the water pipes, gas pipes, electric lights and fixtures, heating apparatus, or any other service equipment.
10. Lessee shall not waste electricity or water and agrees to cooperate fully with Landlord to assure the most effective operation of the Building's HVAC system and shall refrain from attempting to adjust any controls.
11. Lessee shall not deface the walls, partitions or other surfaces of the premises or the Park.

12. Lessee shall not suffer or permit any thing in or around the Premises that causes excessive vibration or floor loading in any part of the Premises. Lessee shall not overload the floor of its premises or in any way deface its premises or any part thereof.

13. Furniture, significant freight and equipment shall be moved into or out of the building only with the Lessor's knowledge and consent, and subject to such reasonable limitations, techniques and timing, as may be designated by Lessor. Lessee shall be responsible for any damage to the Premises arising from any such activity.

14. Lessee shall not employ any service or contractor for services or work to be performed in the Building, except as provided by Lessor.

15. Lessee shall return all keys at the termination of its tenancy and shall be responsible for the cost of replacing any keys that are lost.

16. No window coverings, shades or awnings shall be installed or used by Lessee without the prior consent of Landlord.

17. No Lessee, employee or invitee shall go upon the roof of the Building without the prior consent of Landlord.

18. Lessee shall not suffer or permit smoking or carrying of lighted cigars or cigarettes in areas reasonably designated by Lessor or by applicable governmental agencies as non-smoking areas.

19. Lessee shall not use any method of heating or air conditioning other than as provided by Lessor.

~~20. Lessee shall not install, maintain or operate any vending machines upon the Premises without Lessor's written consent.~~

21. The Premises shall not be used for lodging or manufacturing, cooking or food preparation.

22. Lessee shall comply with all safety, fire protection and evacuation regulations established by Lessor or any applicable governmental agency. Lessee shall not use or keep in its premises or anywhere in the Project any kerosene, gasoline, or inflammable or combustible fluid or material, or use any method of heating or air conditioning other than that supplied by Landlord.

23. Lessor reserves the right to waive any one of these rules or regulations, and/or as to any particular Lessee, and any such waiver shall not constitute a waiver of any other rule or regulation or any subsequent application thereof to such Lessee.

24. Lessee assumes all risks from theft or vandalism and agrees to keep its Premises locked as may be required.

#### PARKING RULES

1. Parking areas shall be used only for parking by vehicles no longer than full size, passenger automobiles herein called "Permitted Size Vehicles." Vehicles other than Permitted Size Vehicles are herein referred to as "Oversized Vehicles."

2. Lessee shall not permit or allow any vehicles that belong to or are controlled by Lessee or Lessee's employees, suppliers, shippers, customers, or invitees to be loaded, unloaded, or parked in areas other than those designated by Lessor for such activities.

3. ~~Lessor reserves the right to relocate all or a part of parking spaces to reasonably adjacent offsite location(s), and to reasonably allocate them between compact and standard size spaces, as long as the same complies with applicable laws, ordinances and regulations.~~

4. Users of the parking area will obey all posted signs and park only in the areas designated for vehicle parking.

5. Unless otherwise instructed, every person using the parking area is required to park and lock his own vehicle. Lessor will not be responsible for any damage to vehicles, injury to persons or loss of property, all of which risks are assumed by the party using the parking area.

6. The maintenance, washing, waxing or cleaning of vehicles in the parking structure or Common Area is prohibited.

7. Lessee shall be responsible for seeing that all of its employees, agents and invitees comply with the applicable parking rules, regulations, laws and agreements.

8. Lessor reserves the right to modify these rules and/or adopt such other reasonable and non-discriminatory rules and regulations as it may deem necessary for the proper operation of the parking area.

9. Such parking use as is herein provided is intended merely as a license only and no bailment is intended or shall be created hereby.

Initials: \_\_\_\_\_  
\_\_\_\_\_

**PROPOSED MOVE OF PUBLIC SAFETY TO BLACKRIVER**  
 A COMPARISON OF OCCUPIED SPACE AND COSTS

	SQUARE FOOT COMPARISON					
	Courthouse		Proposed Occupancy			
	Current Occupancy Sq Ft	Location	Earlier Sq Ft	Location	Current Sq Ft	Current Difference
Sheriff's Office	900	Courthouse	2,134	Blackriver 900	1,841	941
Internal Investigations	800	Courthouse	941	Blackriver 900	1,008	208
Legal	375	Courthouse	928	Blackriver 900	890	515
Reception/Waiting Area	330	Courthouse	500	Blackriver 900	480	150
Conference Room	360	Courthouse	360	Blackriver 900	575	215
Field Ops	1,200	Courthouse	3,095	Blackriver 900	1,764	564
Chief & Secretary	450	Courthouse	included	Blackriver 900	489	39
AFIS	8,053	Courthouse	22,043	Blackriver 900	24,885	16,832
Budget & Accounting	1,700	Courthouse	3,080	Blackriver 900	2,128	428
Data Unit	330	Courthouse	1,151	Blackriver 900	1,040	710
Auxiliary Services	3,830	Courthouse	4,632	Blackriver 900	4,376	546
Non-Evidence	1,498	Courthouse	1,743	Blackriver 900	1,800	302
Evidence	12,954	Courthouse	20,828	Blackriver 900	14,474	1,520
Records		Courthouse	0	Blackriver 900	2,520	2,520
Customer Areas/Spt	400	Courthouse	500	Blackriver 900	500	100
Copy/Shredding	300	Courthouse	300	Blackriver 900	300	0
Shared Space/Other	0	Courthouse	2,665	Blackriver 900	6,498	6,498
SWM Flood Ops (Temporary)	9,700	Renton		Blackriver 900		
Roads Survey Crew	6,000	Redmond	6,294	Blackriver 900	5,626	(374)
<b>TOTAL</b>	<b>49,180</b>		<b>71,194</b>		<b>71,194</b>	<b>22,014</b>

ANNUAL RENT EXPENSE COMPARISON		
Current Cost	Proposed Cost	Difference
0	27,615	27,615
0	15,120	15,120
0	13,350	13,350
0	7,200	7,200
0	8,625	8,625
0	26,460	26,460
0	7,335	7,335
0	227,775	227,775
0	31,920	31,920
0	15,600	15,600
0	65,640	65,640
0	27,000	27,000
0	217,110	217,110
0	37,800	37,800
0	7,500	7,500
0	4,500	4,500
0	117,105	117,105
83,160	145,500	62,340
0	84,390	84,390
<b>83,160</b>	<b>1,087,545</b>	<b>1,004,385</b>

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