

ORDINANCE No. 122369

CW

COUNCIL BILL No. 115850

AN ORDINANCE amending the 2007 Fleets and Facilities Department adopted Budget; authorizing the Fleets and Facilities Department Director, on behalf of the Seattle Department of Transportation, to execute a sublease agreement with Bank of America, N.A. for office space in the Bank of America Fifth Avenue Plaza; increasing the Fleets and Facilities Department's appropriations in the 2007 budget; all by a three-fourths vote of the City Council.

# The City of Seattle--Legislative Department

*R. Michael McEver*  
Reported  
and Adopted

## REPORT OF COMMITTEE

Honorable President:

Your Committee on \_\_\_\_\_

to which was referred the within Council Bill No. \_\_\_\_\_  
report that we have considered the same and respectfully recommend that the same:

Passed 2/0. Rm, VG Wednesday, March 21<sup>st</sup> 2007

3-26-07 Passed 9-0

COMPROLLER FILE No. \_\_\_\_\_

Introduced: <u>3-19-07</u>	By: <u>Mclm</u>
Referred: <u>3-19-07</u>	To: <u>Finance + Budget</u>
Referred:	To:
Referred:	To:
Reported: <u>3-26-07</u>	Second Reading:
Third Reading: <u>3-26-07</u>	Signed: <u>3-26-07</u>
Presented to Mayor: <u>3-27-07</u>	Approved: <u>4-2-07</u>
Returned to City Clerk: <u>4-2-07</u>	Published: <u>title pgs 3</u>
Vetoed by Mayor:	Veto Published:
Passed over Veto:	Veto Sustained:

\_\_\_\_\_  
Committee Chair

ORDINANCE 122367

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3 AN ORDINANCE amending the 2007 Fleets and Facilities Department adopted Budget;  
4 authorizing the Fleets and Facilities Department Director, on behalf of the Seattle  
5 Department of Transportation, to execute a sublease agreement with Bank of America,  
6 N.A. for office space in the Bank of America Fifth Avenue Plaza; increasing the Fleets  
and Facilities Department's appropriations in the 2007 budget; all by a three-fourths vote  
of the City Council.

7 WHEREAS, the Seattle Department of Transportation has been authorized to hire additional  
8 employees in 2007 to implement projects funded by the "Bridging the Gap" funding  
package, including the levy program passed by Seattle voters in 2006; and

9 WHEREAS, the Seattle Department of Transportation needs approximately 21,000 square feet of  
10 additional office space for at least eight years in order to accommodate new and existing  
11 employees necessary to complete the projects in the "Bridging the Gap" funding package;  
and

12 WHEREAS, adequate space to accommodate these new and existing employees is not currently  
13 available in City-owned buildings; and

14 WHEREAS, the City evaluated several proposals to provide office space in the vicinity of the  
15 City Hall and the Seattle Municipal Tower, the best of which was from Bank of America,  
16 N.A. for subleased office space in the Bank of America Fifth Avenue Plaza; and

17 WHEREAS, the proposed sublease agreement is for a longer term and includes more office space  
18 than the Fleets and Facilities Department is authorized to lease without City Council  
approval under the provisions of Seattle Municipal Code 3.18.200 and 3.18.240; and

19 WHEREAS, the Seattle Department of Transportation has sufficient funds in its 2007 budget to  
20 pay for this expense, but the Fleets and Facilities Department requires additional  
21 appropriation authority to carry out the transaction on SDOT's behalf; NOW,  
THEREFORE,

22 BE IT ORDAINED BY THE CITY OF SEATTLE AS FOLLOWS:

23 Section 1. As requested by the Fleets and Facilities Director and recommended by the  
24 Mayor, said Director or her designee is hereby authorized to execute, for and on behalf of the  
25 City of Seattle, a sublease agreement with Bank of America, N.A., substantially in the form of  
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1 Exhibit "1" attached hereto, and providing for occupancy by the City of Seattle of a portion of  
2 the real property commonly known as the Bank of America Fifth Avenue Plaza, located at 800  
3 Fifth Avenue, Seattle, Washington.

4 Section 2. In order to pay for necessary costs and expenses incurred or to be incurred in  
5 2007 as a result of the sublease authorized in Section 1 above, but for which insufficient  
6 appropriations were made, the appropriation for the following in the 2007 Adopted Budget is  
7 increased from the fund shown, as follows:  
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Fund	Department	Budget Control Level	Amount
Fleets and Facilities Operating Fund (50300)	Fleets and Facilities	Facility Services (A3000)	\$266,125
Total			\$266,125

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13 Section 3. Any act consistent with the authority and prior to the effective date of this  
14 ordinance is hereby ratified and confirmed.  
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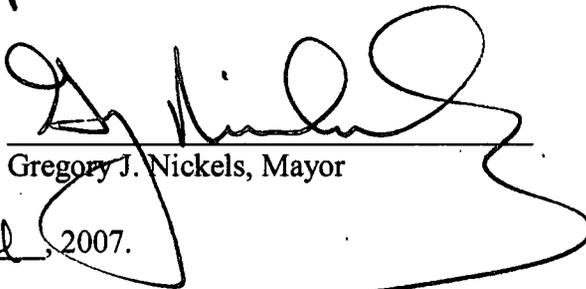
16 Section 4. This ordinance shall take effect and be in force thirty (30) days from and  
17 after its approval by the Mayor, but if not approved and returned by the Mayor within ten (10)  
18 days after presentation, it shall take effect as provided by Municipal Code Section 1.04.020.  
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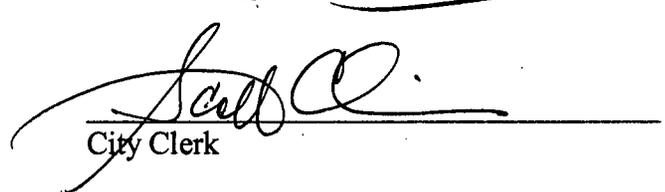
1 Passed by a three-fourths (3/4) vote of all the members of the City Council the  
2 20<sup>th</sup> day of March, 2007, and signed by me in open session in authentication of its  
3 passage this 20<sup>th</sup> day of March, 2007.

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5   
6 President \_\_\_\_\_ of the City Council

7 Approved by me this 2<sup>nd</sup> day of April, 2007.

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9   
10 Gregory J. Nickels, Mayor

11 Filed by me this 2<sup>nd</sup> day of April, 2007.

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14   
15 City Clerk

16 Exhibit 1: Sublease between Bank of America, N.A. and the City of Seattle  
17 for the Seattle Department of Transportation

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19 (Seal)  
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# City of Seattle

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Gregory J. Nickels, Mayor

## Office of the Mayor

March 13, 2007

Honorable Nick Licata  
President  
Seattle City Council  
City Hall, 2<sup>nd</sup> Floor

Dear Council President Licata:

I am pleased to transmit the attached proposed Council Bill that authorizes the Fleets and Facilities Department (FFD) to sublease office space in the Bank of America Fifth Avenue Plaza at 800 Fifth Avenue in Seattle. This space will be occupied by the Resource Management and Administration Division of the Seattle Department of Transportation (SDOT), allowing the Department to use vacated space in the Seattle Municipal Tower for new employees in other divisions, many of whom will be hired in 2007 as part of implementing the "Bridging the Gap" transportation funding package.

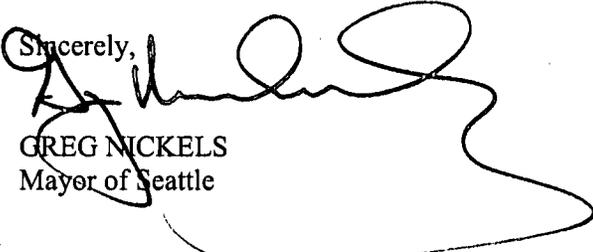
FFD performed in-depth research of four office buildings sites, including the 1) 901 Fifth Avenue Building (Bank of California), 2) Pacific Building, 3) Columbia Center, and 4) Bank of America Fifth Avenue Plaza. The Bank of America Fifth Avenue Plaza scored highly in each of the following four major evaluation criteria and was selected as the best alternative:

- Location - Excellent location; connected via tunnel to Seattle Municipal Tower.
- Floor Plan - Highly efficient floor plan on single floor.
- Allowance for Tenant Improvements - Adequate allowance.
- Rental Rate - Below market rate for office space in central business district.

The City will sublease with the Bank of America, which has vacated a number of floors in the building due to internal reorganization. FFD was pleased to negotiate an annual rental rate starting at \$25 per square foot per year. This rate is up to \$10 per square foot per year less than rates for comparable buildings in the central business district. The sublease term is nearly nine years (through May 2016) and is consistent with the timeframe for the Bridging the Gap Levy.

Should you have questions, please contact Hillary Hamilton at 684-0421 or Barbara Brannan at 684-0414.

Sincerely,



GREG NICKELS  
Mayor of Seattle

cc: Honorable Members of the Seattle City Council

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600 Fourth Avenue, 7<sup>th</sup> Floor, P.O. Box 94749, Seattle, WA 98124-4749

Tel: (206) 684-4000, TDD: (206) 684-8811 Fax: (206) 684-5360, Email: [mayors.office@seattle.gov](mailto:mayors.office@seattle.gov)

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## SUBLEASE

This Sublease is made and dated as of \_\_\_\_\_, 2007 (the date of the last signature affixed to this Sublease and the "Effective Date") by the Sublandlord and the Subtenant named below.

### ARTICLE 1 - BASIC SUBLEASE TERMS

For the purposes of this Sublease, the following definitions and Terms shall apply:

- 1.0 Master Landlord:** Block 24 Seattle, LTD., L.P.
- 1.1 Sublandlord:** Bank of America N.A., a national banking association.
- 1.2 Subtenant:** City of Seattle, a first class municipal corporation of the State of Washington.

**1.3 Subleased Premises:** The office space indicated on Exhibit A hereto, on the floors indicated thereon, comprising an aggregate of approximately twenty one thousand, two hundred eighty-nine (21,289 rsf) rentable square feet made up of the entire 30<sup>th</sup> floor in the Bank of America Fifth Avenue Plaza Building (the "Building") located at 800 5<sup>th</sup> Ave, Seattle, Washington (the "Subleased Premises"). The Building and its parking areas and other appurtenances are herein together called the "Property", which is legally described in the Master Lease, described in Section 1.8, below.

**1.4 Sublease Term:** A period of time ("Sublease Term") commencing upon the Delivery Date, as defined below, and, unless sooner terminated as herein provided, ending on May 31, 2016 (the "Expiration Date"). The Delivery Date shall constitute the commencement of the Sublease Term for all purposes, whether or not Subtenant has actually taken possession. The Subleased Premises shall be delivered to Subtenant in a "broom-clean" condition, free of all equipment and debris, upon substantial completion of the Initial Alterations described in Section 1.11 below (the "Delivery Date"). Both Sublandlord and Subtenant shall work diligently and in good faith in an attempt to achieve a Delivery Date of July 1, 2007. The parties shall jointly execute a document memorializing the Delivery Date, once it has occurred. Any early occupancy of the Subleased Premises shall not advance the Expiration Date of this Sublease. The Sublease Term shall automatically expire or terminate upon the expiration or termination of the Master Lease.

**1.5 Rent Commencement Date:** The Rent Commencement Date shall be the Delivery Date.

**1.6 Base Rent:** Base Rent shall be paid by Subtenant from the Rent Commencement Date through the Expiration Date as follows:



Period	Rentable Square Feet	Monthly Rent	Rental Rate per square foot
Rent Commencement Date to 6/30/08	21,289	\$44,352.08	\$25.00
7/1/08 – 6/30/09	“	\$46,126.17	\$26.00
7/1/09 – 6/30/10	“	\$47,900.25	\$27.00
7/1/10 – 6/30/11	“	\$49,674.33	\$28.00
7/1/11 – 6/30/12	“	\$51,448.42	\$29.00
7/1/12 – 6/30/13	“	\$53,222.50	\$30.00
7/1/13 – 6/30/14	“	\$54,996.58	\$31.00
7/1/14 – 6/30/15	“	\$56,770.67	\$32.00
7/1/15 – 5/31/16	“	\$58,544.75	\$33.00

**1.7 Permitted Use:** General office purposes.

**1.8 Master Lease:** Lease dated January 25, 1979, as amended by First Amendment to Lease Agreement dated May 10, 1979, Letter Agreement dated October 27, 1980, Second Amendment to Lease dated December 31, 1986, Third Amendment to Lease Agreement dated August 1, 1994, Fourth Amendment to Lease Agreement dated September 25, 1995, Fifth Amendment to Lease Agreement dated August 1, 1999 and Sixth Amendment to Lease Agreement dated December 6, 2005 (collectively, the “Master Lease”) attached as Exhibit B by which Block 24 Seattle, LTD., L.P. (the “Master Landlord”) leased certain space in the Building known as the Bank of America Fifth Avenue Plaza Building to Bank of America N.A. (the “Sublandlord”).

**1.9 Security Deposit:** Intentionally deleted.

**1.10 Base Year.** The Base Year for Operating Expenses shall be the calendar year 2007.

**1.11 Tenant Improvements and Allowances.**

(a) The parties acknowledge that prior to the Delivery Date, Sublandlord shall make certain alterations and improvements, as requested by Subtenant, (the “Initial Alterations”) to the Subleased Premises. The design and construction of the Initial Alterations shall be subject to the following:

- (1) The Work Letter Agreement attached hereto as Exhibit C;
- (2) Master Landlord’s approval in accordance with the Master Lease;

(3) Sublandlord’s approval consistent with Article 6 hereof, which approval by Sublandlord shall not be unreasonably withheld, conditioned or delayed. Without limiting the generality of the foregoing, it shall not be unreasonable for Sublandlord to withhold its approval in the event that the “cross-over” corridor connecting the mid-rise and high-rise



elevators is removed, altered or rendered in any way unuseable by Sublandlord and other tenants of the Building. If Sublandlord fails to give approval or denial in writing (with a written explanation of any reason for a denial of such approval) within fifteen (15) business days after Subtenant submits its written request for approval then Sublandlord's approval shall be deemed denied;

(b) Sublandlord shall contribute up to Six Hundred Thirty-eight Thousand, Seven Hundred and 00/100 Dollars (\$638,700.00) (the "Initial Tenant Improvement Allowance") toward the total cost of the Initial Alterations and the project management fee, and toward Subtenant's reasonable and customary expenses of relocating to the Building (to include moving costs, architect fees, design costs and telecommunications/IT costs), (such reasonable and customary expenses to be termed "Soft Costs"); provided, however that only up to One Hundred Six Thousand, Four Hundred Fifty and 00/100 Dollars (\$106,450.00) of the Initial Tenant Improvement Allowance may be used for the Soft Costs. In the event that the cost of the Initial Alterations exceeds the Initial Tenant Improvement Allowance, Subtenant shall be responsible for the cost of such excess. Subtenant shall pay to Sublandlord a project management fee in the amount of five percent (5%) of the hard costs of the construction and installation of the Initial Alterations; such fee to be paid by Sublandlord first deducting the amount of the fee from the Initial Tenant Improvement Allowance, if not depleted.

## ARTICLE 2 - GRANTING CLAUSE AND RENT PROVISIONS

**2.1 Grant of Premises.** Sublandlord hereby leases the Subleased Premises to Subtenant during the Sublease Term, subject to the provisions of this Sublease. Sublandlord shall not be obligated to provide any service, pay any cost or expense nor do any act or thing with regard to the Subleased Premises except as may be specifically stated in this Sublease.

**2.2 Transferable Personal Property.** Subtenant shall have the right to use, at no cost, the furniture, fixtures and equipment located in the Subleased Premises and more particularly described in the attached Exhibit D ("Transferable Personal Property"). Upon the expiration of this Sublease, the Transferable Personal Property shall become the property of Subtenant upon the payment of One Dollar (\$1.00) and the execution and delivery of a bill of sale acceptable to the parties.

**2.3 Base Rent; Late Payment.** Subtenant agrees to pay the Base Rent to Sublandlord monthly in advance during the Term of this Sublease, without demand, offset or reduction. One (1) monthly installment of Base Rent shall be due and payable on the Rent Commencement Date and a like monthly installment shall be due and payable on or before the first day of each calendar month succeeding the month after the Rent Commencement Date during the Term of this Sublease, without demand, offset or reduction; provided, if the Rent Commencement Date should be a date other than the first day of a calendar month, the monthly rental set forth above shall be prorated to the end of that calendar month, and all succeeding installments of rent shall be payable on or before the first day of each succeeding calendar month during the Term of this Sublease. Subtenant shall pay, as additional rent, all other sums due under this Sublease. Base Rent and additional rent are sometimes collectively called "rent". If any payment due Sublandlord is not received by Sublandlord by the fifth (5th) day after notice of



non-receipt from Sublandlord, Subtenant shall at Sublandlord's request pay to Sublandlord a late payment charge of five percent (5%) of the past-due amount.

**2.4 Additional Rent/Operating Expenses.** Commencing January 1, 2008, Subtenant shall pay to Sublandlord, as additional rent, all amounts, if any, that Sublandlord is required to pay to Master Landlord pursuant to the Master Lease that are related to operating expenses of the Building or basic costs of the Building or similar items (or to increases in the foregoing), but only to the extent such amounts are applicable to the Subleased Premises and to the extent that such amounts exceed the amount of such expenses during the Base Year. Operating Expense increases include any proportionate share of increases in real estate taxes. The allocation of operating expenses between the Subleased Premises and the Premises leased by Sublandlord as Tenant under the Master Lease shall be 2.72%. Subtenant shall pay all use, consumption and other charges for after-hours air conditioning, electricity or other special services for the Subleased Premises requested by Subtenant for which Sublandlord is or would be responsible with respect to the Subleased Premises under the Master Lease or otherwise. Upon Subtenant's written request, Sublandlord shall provide to Subtenant a reasonably detailed statement of all amounts paid by Sublandlord under the Master Lease and charged to Subtenant hereunder. Subtenant shall pay the amounts referred to in this Section within thirty (30) days after receipt of notice of the amount due, along with copies of any statements received from Master Landlord (and if such amount is a regularly recurring amount, only one such notice shall be required for all such regularly recurring amounts due during the period specified in such notice).

**2.5 Holding Over.** Upon the expiration or earlier Termination of this Sublease, Subtenant agrees to vacate and deliver the Subleased Premises, and all keys thereto, to Sublandlord. If Subtenant does not vacate the Subleased Premises upon the expiration or earlier Termination of this Sublease without Master Landlord's and Sublandlord's consent, Subtenant shall be a Subtenant at sufferance for the holdover period and all of the Terms and provisions of this Sublease shall be applicable during that period, except that Subtenant shall at the option of Sublandlord pay to Sublandlord (in addition to any other sums payable under this Sublease) as base rental for the period of such holdover an amount equal to 200% of the Base Rent which would have been payable by Subtenant had the holdover period been a part of the original Term of this Sublease (without waiver of Sublandlord's right to recover damages as permitted by law) but not less than the amount, if any, that Sublandlord is required to pay under the Master Lease in such event for the Subleased Premises. The rental payable during the holdover period shall be payable to Sublandlord on demand. No holding over by Subtenant, without the consent of Sublandlord, shall operate to extend the Term of this Sublease. Subtenant shall indemnify Sublandlord against all claims made by Master Landlord or any Subtenant or prospective Subtenant against Sublandlord resulting from delay by Sublandlord in delivering possession of the Subleased Premises to the Master Landlord or such other Subtenant or prospective Subtenant, to the extent caused by holding over by Subtenant without Sublandlord's consent.

### ARTICLE 3 - OCCUPANCY AND USE

**3.1 Use; Compliance.** The Subleased Premises shall be used and occupied only for the Permitted Use as set forth in Section 1.7. Subtenant has inspected the Subleased Premises



and accepts them in their present "AS-IS" condition, subject to the Initial Alterations. Subtenant, at its expense, shall comply with all applicable laws and other legal requirements pertaining to Subtenant's specific use of the Subleased Premises and with the rules and regulations of the Property in effect from time to time. If Subtenant is not complying with such legal requirements or rules and regulations, Sublandlord, may, at its election, after thirty (30) days notice and without waiving any right or default, enter the Subleased Premises without liability therefor and fulfill Subtenant's obligations at Subtenant's expense if such failure to comply has not been cured by Subtenant.

**3.2 Entry.** Sublandlord or its authorized agents shall at any and all reasonable times have the right to enter the Subleased Premises without liability therefor, upon reasonable notice to Subtenant (which may be oral) except in an emergency, when no notice shall be required.

#### **ARTICLE 4 - UTILITIES AND SERVICES**

Sublandlord is not responsible for providing any services or utilities to Subtenant. Sublandlord shall, however, use commercially reasonable efforts to cause Master Landlord to comply with its obligations under the Master Lease with respect to the Subleased Premises and to provide all such services and utilities for the benefit of the Subleased Premises. Failure or cessation in the furnishing of any services or utilities shall not render Sublandlord liable to Subtenant in any respect for damages to either persons or property, nor be construed as an eviction by Sublandlord, nor work an abatement of rent, nor relieve Subtenant from fulfillment of any covenant or agreement in this Sublease, provided however that there shall be an abatement of Subtenant's rent in the event that Sublandlord's rent, with respect to the Subleased Premises, is abated pursuant to the terms of the Master Lease.

#### **ARTICLE 5 - REPAIRS AND MAINTENANCE**

**5.1 Sublandlord Repairs.** Sublandlord shall have no obligation to repair, maintain, refurbish or make replacements for the Subleased Premises (collectively, "repairs"), whether or not arising out of fire, other casualty, or in connection with the need for normal maintenance and repair. Sublandlord shall, however, use commercially reasonable efforts to cause Master Landlord to comply with its obligations under the Master Lease with respect to the Subleased Premises and to provide such repairs for the benefit of the Subleased Premises.

**5.2 Subtenant Repairs.** Subtenant shall be responsible for the cost to repair or replace any damage or injury in or about the Subleased Premises caused by any act or omission of Subtenant or Subtenant's agents, employees, or invitees. Subject to Article 6 and Subsection 1.11, hereof, and Article XII of the Master Lease, at the Termination of this Sublease, by lapse of time or otherwise, Subtenant shall deliver the Subleased Premises to Sublandlord in the same repair and condition as existed on the Delivery Date, normal wear and tear and damage by fire or other casualty excepted.



## ARTICLE 6 - ALTERATIONS AND IMPROVEMENTS

Subtenant shall not make or allow to be made any alterations, physical additions or improvements in or to the Subleased Premises without first obtaining the written consent of Sublandlord whose consent shall not be unreasonably withheld conditioned or delayed, and Master Landlord. For purposes of this Article 6, it shall be deemed a reasonable condition for Sublandlord to require that Subtenant, upon the expiration or earlier termination of this Sublease, remove any alterations and/or improvements that are specifically identified by Sublandlord at the time Sublandlord provides its consent for such alterations and improvements or otherwise required to be removed in accordance with the Master Lease. Subtenant shall have no authority or power, express or implied, to create or cause the imposition of any mechanic's lien, materialman's lien, charge or encumbrance of any kind against the Subleased Premises of the Property or any portion thereof. Subtenant waives any defects in the Subleased Premises, except as may be caused by the negligent acts or omissions of Sublandlord or Master Landlord, or any breach of Sublandlord's obligations or Master Landlord's obligations with regard to required ADA and life safety equipment obligations under this Sublease or the Master Lease after the date of this Sublease, and Subtenant accepts the Subleased Premises as suitable for the purpose for which they are leased subject to Sublandlord's construction of the Initial Alterations as provided herein. All engineering plans, specifications, and drawings for any alterations and improvements, including the Initial Alterations, shall be prepared by engineers/contractors/architects approved by Master Landlord for work in the Building. All alterations and improvements to the Subleased Premises and to any part of the Building outside of the Subleased Premises that are triggered by Subtenant's alterations and improvements within the Subleased Premises shall, subject only to the Initial Tenant Improvement Allowance, be the financial responsibility of Subtenant.

## ARTICLE 7 - MASTER LEASE

**7.1 Compliance with Master Lease.** Except for the obligation to pay base rent or operating expense escalations to Master Landlord as provided in the Master Lease, Subtenant shall comply with all of the provisions of the Master Lease that are to be observed or performed by Sublandlord as Subtenant thereunder with respect to the Subleased Premises. Subtenant shall not, by any act or omission, cause Sublandlord to be in violation of or in default under the Master Lease.

**7.2 Incorporation of Master Lease.**

(a) Insofar as the provisions of the Master Lease do not conflict with specific provisions hereof, they and each of them are incorporated by this reference into this Sublease as fully as if completely restated herein. Subtenant shall be bound to Sublandlord by all of the provisions of the Master Lease and shall perform all of the obligations and responsibilities that Sublandlord by the Master Lease undertakes toward Master Landlord with respect to the Subleased Premises. Therefore, in construing these obligations of Subtenant to Sublandlord, wherever in the Master Lease the word "Landlord" or "Lessor" is used, it shall mean Master Landlord and wherever in the Master Lease the word "Tenant" or "Lessee" is used, it shall mean



Sublandlord and wherever in the Master Lease the words "Leased Premises" or "Premises" or similar words are used, they shall mean the Subleased Premises.

(b) The foregoing notwithstanding, this Sublease does not create any rights in Master Landlord or any third parties, and if there are any provisions in the Master Lease that pertain to Sublandlord's rights regarding:

- (1) any option or election, including any option to renew or extend the Term thereof, or to expand the premises thereunder, or any preferential right or right of first refusal on any additional space; or
- (2) any exclusive uses in favor of Sublandlord; or
- (3) any sign rights (or rights regarding the name of the Building) in favor of Sublandlord; or
- (4) any Subtenant finish or other construction obligations; or
- (5) any monetary allowances for construction, rehabilitation or other purposes, any free rent, any credit against rent, or any other reduction, waiver or forgiveness of rent, or any postponement of rent; or
- (6) any parking rights of Sublandlord; or
- (7) any provisions of the Master Lease that apply uniquely to Sublandlord;

then none of such provisions shall be incorporated herein and Subtenant shall not have any rights or benefits thereunder.

**7.3 Subject to Master Lease.** This Sublease is expressly subject to and inferior to the Master Lease.

**7.4 Familiarity with Master Lease.** Subtenant represents that it has read and is familiar with all of the provisions of the Master Lease.

**7.5 Sublandlord's Obligations Re: Master Lease.** Sublandlord shall have no liability to Subtenant or any other person for damage of any nature whatsoever as a result of the failure of Master Landlord to perform its obligations, except in the event of (i) Termination of Sublandlord's interest under the Master Lease due to Sublandlord's breach of the Master Lease, or (ii) Sublandlord's failure to use commercially reasonable efforts to obtain Master Landlord's performance.

**7.6 Joint and Several Liability.** Subtenant hereby agrees to be and remain jointly and severally liable with Sublandlord to Master Landlord for the payment of rent pertaining to the Subleased Premises and for the performance of all of the Terms and provisions of the Master



Lease pertaining to the Subleased Premises; provided, however, that Subtenant shall be liable to Master Landlord for rent only in the amount set forth in this Sublease.

**7.7 Master Landlord's Right to Enforce Terms of the Master Lease.** Subtenant hereby agrees to comply with all terms of the Master Lease and hereby further agrees that Master Landlord shall have the right to enforce the Master Lease provisions directly against Subtenant, except that in no event shall Subtenant be responsible for payment of rent in excess of that which is payable by Subtenant to Sublandlord under this Sublease.

## **ARTICLE 8 - CASUALTY AND INSURANCE**

**8.1 Damage.** If the Subleased Premises shall be damaged by any cause, Subtenant shall give prompt written notice thereof to Sublandlord.

**8.2 Damage from Certain Causes.** Except as otherwise provided herein and except for any loss or damage caused by Sublandlord's negligence, willful misconduct or breach of this Sublease, Sublandlord shall not be liable to Subtenant, or to Subtenant's employees, agents, Subtenants, licensees, invitees, or visitors, or to any other person whomever, for any loss, or any damage to or loss of any property or death or injury to any person occasioned by or arising out of (a) the condition or design of or any defect in or failure to repair the Subleased Premises or the Property or any part or component thereof (including without limitation any mechanical, electrical, plumbing, heating, air conditioning or other systems or equipment); or (b) acts or omissions of Master Landlord, other Subtenants or occupants in the Property or of any other persons whomever; or (c) burglary, theft, vandalism, malicious mischief, fire, act of God, public enemy, criminal conduct, court order or injunction, riot, strike, insurrection, war, requisition or order of governmental authority, or any other matter beyond the reasonable control of Sublandlord; or (d) repair or alteration, other than the Initial Alterations, of any part of the Subleased Premises or Property; or (e) violation or default by Master Landlord under the Master Lease (including without limitation, slow down, interruption, failure or cessation of any service to be provided by Master Landlord); provided, however, that Sublandlord will assign any right it possesses to insist on full performance by Master Landlord, to Subtenant upon Subtenant's written request.

### **8.3 Indemnification.**

(a) **Subtenant's Indemnification of Sublandlord.** Subtenant hereby agrees to indemnify, defend and hold Sublandlord harmless from and against all fines, suits, claims, demands, loss, cost, liability, judgments and expenses (including reasonable attorneys' fees and any liability Sublandlord may have to Master Landlord) of every kind in connection with any loss, or any death or injury to person or damage to or loss of property to the extent caused by any act, omission or neglect of Subtenant, its employees, agents, Subtenants, or licensees arising out of the occupancy or use of the Subleased Premises by Subtenant, except to the extent caused by the negligence, willful misconduct or breach of this Sublease or the Master Lease by Sublandlord or the negligence, willful misconduct or breach of the Master Lease by Master Landlord.



(b) **Sublandlord's Indemnification of Subtenant.** Sublandlord hereby agrees to indemnify, defend and hold Subtenant harmless from and against all fines, suits, claims, demands, losses, costs, liabilities, judgments and expenses (including reasonable attorneys' fees) of every kind in connection with any loss, or any death or injury to person or damage to or loss of property to the extent caused by any act, omission, neglect, or breach of this Sublease by Sublandlord, its employees, agents, officers, other subtenants, licensees.

**8.4 Waiver of Recovery.** Anything in this Sublease to the contrary notwithstanding, Sublandlord and Subtenant severally waive any claim in its favor against the other or the other employees or agents (REGARDLESS OF CAUSE, INCLUDING NEGLIGENCE OF THE OTHER OR ITS AGENTS OR EMPLOYEES, AND STRICT LIABILITY OF ANY KIND) for loss of or damage to any of its property located on or constituting a part of the Subleased Premises or the Property, by reason of fire or the elements, or any other cause to the extent that such loss or damage is insured, or required to be insured by the Terms of this Sublease.

#### **8.5 Insurance.**

(a) Subtenant shall obtain and keep in full force and effect during the Term of this Sublease commercial general liability insurance insuring against any liability arising out of the use and occupancy of the Subleased Premises by Subtenant, with a combined single limit of not less than five million dollars (\$5,000,000.00). Sublandlord and Master Landlord shall be named as additional insureds on all such insurance policies. The provisions of Section 13 of the Master Lease, with respect to the amount of insurance coverage required, shall not be applicable to Subtenant.

(b) Notwithstanding anything to the contrary in Section 8.5(a), so long as Subtenant is the City of Seattle, and to the extent permitted under applicable Law, Subtenant may self-insure for some or all of Subtenant's insurance otherwise required to be carried under this Section 8.5. If Subtenant so self-insures, then, for purposes of Section 8.2, above, any loss or damage to Subtenant, Subtenant's property, its leasehold interest, its business, the Subleased Premises or any additions or improvements thereto or contents thereof which would have been covered by Subtenant's insurance otherwise required to be carried hereunder shall be deemed covered by and recoverable by Subtenant under valid and collectible policies of insurance.

### **ARTICLE 9 - ASSIGNMENT OR SUBLEASE**

Subtenant may assign this Sublease or sublet the whole or any part of the Subleased Premises, without the prior written consent of Sublandlord, to any parent, subsidiary or affiliate of Subtenant, which shall include an assignment of Subtenant's interest under this Sublease as the consequence of a merger of Subtenant into or with another entity. Otherwise, Subtenant shall not assign this Sublease to any other third party by operation of law or otherwise (collective, a "Transfer") without the prior written consent of Sublandlord (whose consent shall not be unreasonably withheld) and Master Landlord (whose consent shall be governed by the Terms of the Master Lease), and in no event shall any such Transfer release Subtenant or any guarantor from any obligation or liability hereunder unless Sublandlord's and Master Landlord's written consents expressly release Subtenant upon assignment. Any attempted Transfer in violation of



the foregoing restrictions shall be void and of no effect. Sublandlord shall retain fifty percent (50%) of all sublease or assignment profits in excess of rent due to Sublandlord under this Sublease after first deducting any tenant improvement costs, legal fees and brokerage fees for a non-affiliate Transfer. Subtenant agrees that Sublandlord shall have the right to exercise a recapture right given to Master Landlord in the Master Lease in the event of any proposed Transfer by Subtenant hereunder.

## ARTICLE 10 - DEFAULT AND REMEDIES

**10.1 Default by Subtenant.** Each of the following shall be deemed to be an "Event of Default" by Subtenant under this Lease: (1) Subtenant shall fail to pay when due any installment of rent or any other payment required pursuant to this Lease and the failure continues for five (5) days after written notice from the Sublandlord of such failure to pay; (2) Subtenant shall file a petition or be adjudged bankrupt or insolvent under any applicable federal or state bankruptcy or insolvency law or admit that it cannot meet its financial obligations as they become due, or a receiver or trustee shall be appointed for all or substantially all of the assets of Subtenant; (3) Subtenant shall make a transfer in fraud of creditors or shall make an assignment for the benefit of creditors; (4) Subtenant shall do or permit to be done any act which results in a lien being filed against the Subleased Premises or the Property and the lien is not released by payment or bonding within fifteen (15) days after Subtenant first has notice thereof; or (5) the liquidation, Termination or dissolution of Subtenant; or (6) Subtenant shall be in default of any other Term, provision or covenant of this Lease, other than those specified in clauses (1) through (5) above, and such default is not cured within thirty (30) days after written notice thereof to Subtenant; provided, that if the default is a potential non-economic event of default under the Master Lease, Subtenant shall only have the grace or cure period, if any, afforded Sublandlord under the Master Lease, less five (5) days.

**10.2 Remedies for Subtenant's Default.** If there shall be an Event of Default as set forth in Section 10.1 above, Sublandlord shall have the rights and remedies set forth in the Master Lease. In addition, Sublandlord shall have the following rights and remedies in the event of a Subtenant default:

If there shall be an Event of Default as set forth in Section 10.1 above, Sublandlord may treat the occurrence of any one or more of such events as a breach of this Sublease, and at its option may have any one or more of the following described remedies without any additional notice or demand, in addition to all other rights and remedies provided at law or in equity or elsewhere in this Sublease:

(a) Sublandlord may declare the Sublease terminated and enter upon and take possession of the Subleased Premises, by picking or changing locks if necessary, and lock out, expel or remove Subtenant and any other person who may be occupying all or any part of the Subleased Premises without being liable for any claim for damages, and relet the Subleased Premises on behalf of Subtenant and receive the rent directly by reason of the reletting. Subtenant agrees to pay Sublandlord on demand any deficiency that may arise by reason of any reletting of the Subleased Premises; further, Subtenant agrees to reimburse Sublandlord for any



expenditures made by it in order to relet the Subleased Premises, including, but not limited to, remodeling and repair costs.

(b) Without declaring the Lease Terminated, Sublandlord may enter upon the Subleased Premises, by picking or changing locks if necessary, without being liable for any claim for damages, and do whatever Subtenant is obligated to do under the Terms of this Sublease. Subtenant agrees to reimburse Sublandlord on demand for any expenses that Sublandlord may incur in effecting compliance with Subtenant's obligations under this Sublease. Sublandlord shall not be liable for any damages resulting to Subtenant from effecting compliance with Subtenant's obligations under this Sublease **WHETHER CAUSED BY THE NEGLIGENCE OF SUBLANDLORD OR OTHERWISE.**

(c) Sublandlord may Terminate this Sublease, in which event Subtenant shall immediately surrender the Subleased Premises to Sublandlord, and if Subtenant fails to surrender the Subleased Premises, Sublandlord may, without prejudice to any other remedy which it may have for possession or arrearages in rent, enter upon and take possession of the Subleased Premises, by picking or changing locks if necessary, and lock out, expel or remove Subtenant and any other person who may be occupying all or any part of the Subleased Premises without being liable for any claim for damages. Subtenant agrees to pay on demand the amount of all loss and damage which Sublandlord may suffer for any reason due to the Termination of this Lease under this Section 10.2, including (without limitation) loss and damage due to the failure of Subtenant to maintain and/or repair the Subleased Premises as required hereunder and/or due to the inability of Sublandlord to relet the Subleased Premises on satisfactory Terms or otherwise.

Sublandlord's exercise, following a default by Subtenant under this Sublease, of any right granted hereunder or under any applicable law to lock out or change the locks securing the Subleased Premises shall not impose upon Sublandlord any duty to notify Subtenant of the name and address or telephone number of the individual or company from whom a new key may be obtained, nor shall Sublandlord have any duty to provide Subtenant with a new key or any other means of access to the Subleased Premises.

In addition to any other remedy set forth in this Sublease, if Sublandlord has made rent concessions of any type or character, or waived any Base Rent, and Subtenant fails to take possession of the Subleased Premises on the Rent Commencement Date or otherwise defaults at any time during the Term of this Sublease, the rent concessions, including any waived Base Rent, shall be cancelled and the amount of the Base Rent or other rent concessions shall be due and payable immediately as if no rent concessions or waiver of any Base Rent had ever been granted. A rent concession or waiver of the Base Rent shall not relieve Subtenant of any obligation to pay any other charge due and payable under this Sublease, including, without limitation, any sum due under Section 2.3 of this Sublease. Notwithstanding anything contained in this Sublease to the contrary, this Sublease may be terminated by Sublandlord only by written notice of such Termination given by Sublandlord to Subtenant, and no other act or omission of Sublandlord shall be construed as a Termination of this Sublease.



(d) In no event shall any of the foregoing remedies available to Sublandlord be interpreted to eliminate Sublandlord's duty to mitigate damages to the best of its ability, as measured by a commercially reasonable standard.

**10.3. Default by Sublandlord.** If Sublandlord should fail to perform or observe any covenant, Term, provision or condition of this Sublease required to be performed or observed by Sublandlord, Sublandlord shall have a period of thirty (30) days after written notice thereof is given by Subtenant to Sublandlord specifying the failure, to commence to cure the failure; provided, however, that if the nature of Sublandlord's obligations is such that more than thirty (30) days are required for performance, then Sublandlord shall not be in default if Sublandlord commences performance within such thirty (30) day period and thereafter diligently prosecutes the same to completion.

**10.4 Remedies Cumulative.** Except as may be otherwise specified herein, all rights and remedies of Sublandlord or Subtenant herein or existing at law or in equity are cumulative and the exercise of one or more rights or remedies shall not be taken to exclude or waive the right to the exercise of any other.

**10.5 Notice to Mortgagees.** Provided that Subtenant has received prior written notice of the name and address of such lender, Subtenant shall serve written notice of any claimed default or breach by Sublandlord under this Sublease upon any lender which is a beneficiary under any deed of trust or mortgage against the Subleased Premises, and no notice to Sublandlord shall be effective against Sublandlord unless such notice is served upon said lender; notwithstanding anything to the contrary contained herein, Subtenant shall allow such lender the same period following lender's receipt of such notice to cure such default or breach as is afforded Sublandlord.

## ARTICLE 11 – SIGNAGE

Subject to complying with all applicable laws, Subtenant shall have the right to Building standard interior signage at the Suite entrance and lobby directory at Sublandlord's sole cost and expense. Subtenant shall look to Master Landlord for any other signage rights and Sublandlord shall have no liability for providing such signage rights, provided, however, that Sublandlord shall reasonably cooperate with Subtenant to attempt to cause Master Landlord to comply with its obligations under the Master Lease.

## ARTICLE 12 – PARKING

Sublandlord shall provide to Subtenant, from Sublandlord's allocation from the Master Landlord, at Subtenant's expenses, fourteen (14) unreserved parking spaces in the Building. Subtenant shall pay for such parking spaces, directly to Master Landlord or its parking vendor at the rate being charged by Master Landlord or its parking vendor from time-to-time. Subtenant shall look to Master Landlord for any other additional parking rights and Sublandlord shall have no liability for providing such parking rights, provided, however, that Sublandlord shall reasonably cooperate with Subtenant to attempt to cause Master Landlord to make available additional parking.



## ARTICLE 13 - MISCELLANEOUS

**13.1 Estoppel Certificates.** Subtenant agrees to furnish, from time to time, within ten (10) days after receipt of a request from Sublandlord, a statement certifying such matters pertaining to this Sublease as may reasonably be requested by Sublandlord, but only to the extent the statement is not disputed by Subtenant.

**13.2 Attorneys' Fees.** In the event of any action or proceeding brought by either party under this Sublease against the other party hereto, the prevailing party shall be entitled to recover from the other party all costs and expenses, including reasonable attorneys' fees, in such action or proceeding.

**13.3 Notices.** All rent and other payments required to be made by Subtenant shall be payable to Sublandlord at Sublandlord's address set forth on the signature page hereof or at such other address as Sublandlord may specify from time to time by Notice to Subtenant. Whenever this Sublease requires or permits any consent, approval, notice, request or demand from one party to the other (collectively, "Notice"), such Notice must be in writing to be effective and shall be effective on the date of actual receipt of such Notice by the addressee or when the attempted initial delivery is refused or when it cannot be made because of a change of address of which the sending party has not been notified. The following shall, without limitation, be prima facia evidence of actual receipt of Notice by the addressee: (a) if mailed, by a United States certified mail return receipt, signed by the addressee or the addressee's agent or representative, (b) if by telegram, by a telegram receipt signed by the addressee or the addressee's agent or representative, or (c) if hand delivered, by a delivery receipt signed by the addressee or the addressee's agent or representative. The parties' respective addresses for delivery of any Notice shall be as set forth on the signature page hereof (or, in the case of Subtenant, at the Subleased Premises), or such other address within the continental United States as any party may have designated by Notice to the other.

**13.4 Submission of Sublease.** Submission of this Sublease to Subtenant for signature does not constitute a reservation of space or an option to sublease. This Sublease is not effective until execution by and delivery to both Sublandlord and Subtenant.

**13.5 Waiver of Property Tax Protest and Appeal Rights.** Subtenant waives all rights to protest the appraised value of the Subleased Premises or the Property or to appeal the same and further waives all rights to receive notices of reappraisal of the Subleased Premises or the Property.

**13.6 Sublandlord's Liability.** Intentionally omitted.

**13.7 Security.** Subtenant acknowledges that Sublandlord, because it is a national bank, has or may have guards or other security personnel or security systems. Such guards, security personnel and security systems are for Sublandlord's sole benefit. Sublandlord has no obligation to continue providing same and Sublandlord may make such changes in the provision thereof from time to time, as Sublandlord may desire. Subtenant acknowledges that Subtenant



has no right to the benefit of such security personnel, guards or security systems, and Subtenant waives all claims against Sublandlord, its agents and/or employees based on or related to any failure to furnish security services, failure to furnish protection from crime or related matters.

**13.8 Brokers.** Except for the obligation of Sublandlord, pursuant to a separate agreement between Sublandlord and Washington Partners, to pay a real estate commission, Sublandlord and Subtenant hereby indemnify and hold each other harmless against any loss, claim, expense or liability with respect to any commissions or brokerage fees claimed on account of the execution and/or renewal of this Sublease due to any action of the indemnifying party.

**13.9 Severability.** If any provision of this Sublease or the application thereof to any person or circumstances shall be invalid or unenforceable to any extent, the remainder of this Sublease and the application of such provisions to other persons or circumstances shall not be affected thereby and shall be enforced to the greatest extent permitted by law.

**13.10 Successors.** This Sublease shall be binding upon and inure to the benefit of Sublandlord and Subtenant and their respective heirs, personal representatives, successors and assigns (subject to Article 9).

**13.11 Interpretation.** The captions appearing in this Sublease are for convenience only and in no way define, limit, construe or describe the scope or intent of any Section. The laws of the State of Washington and applicable United States federal law shall govern the validity, performance and enforcement of this Sublease. This Sublease shall not be construed more or less favorably with respect to either party as a consequence of the Sublease or various provisions hereof having been drafted by one of the parties hereto.

#### **ARTICLE 14 - AMENDMENT AND LIMITATION OF WARRANTIES**

**14.1 Entire Agreement.** IT IS EXPRESSLY AGREED BY SUBTENANT, AS A MATERIAL CONSIDERATION FOR THE EXECUTION OF THIS SUBLEASE, THAT THIS SUBLEASE, WITH THE SPECIFIC REFERENCES TO EXTRINSIC DOCUMENTS, IS THE ENTIRE AGREEMENT OF THE PARTIES; THAT THERE ARE, AND WERE, NO VERBAL REPRESENTATIONS, WARRANTIES, UNDERSTANDINGS, STIPULATIONS, AGREEMENT OR PROMISES PERTAINING TO THE SUBJECT MATTER OF THIS SUBLEASE OR OF ANY EXPRESSLY MENTIONED EXTRINSIC DOCUMENTS THAT ARE NOT INCORPORATED IN WRITING IN THIS SUBLEASE. THE FOLLOWING EXHIBITS ARE ATTACHED HERETO AND ARE INCORPORATED HEREIN BY THIS REFERENCE (CHECK IF APPLICABLE):

___	EXHIBIT "A" -	Subleased Premises
___	EXHIBIT "B" -	Master Lease
___	EXHIBIT "C" -	Work Letter Agreement
___	EXHIBIT "D" -	Transferable Personal Property



**14.2 Amendment.** THIS SUBLEASE MAY NOT BE ALTERED, WAIVED, AMENDED OR EXTENDED EXCEPT BY AN INSTRUMENT IN WRITING SIGNED BY SUBLANDLORD AND SUBTENANT.

**14.3 Limitation of Warranties.** SUBLANDLORD AND SUBTENANT EXPRESSLY AGREE THAT THERE ARE AND SHALL BE NO IMPLIED WARRANTIES OF MERCHANTABILITY, SUITABILITY, HABITABILITY, FITNESS FOR A PARTICULAR PURPOSE OR OF ANY OTHER KIND ARISING OUT OF THIS SUBLEASE, AND THERE ARE NO WARRANTIES WHICH EXTEND BEYOND THOSE EXPRESSLY SET FORTH IN THIS SUBLEASE.

**14.4 Waiver And Releases.** SUBTENANT SHALL NOT HAVE THE RIGHT TO WITHHOLD OR TO OFFSET RENT OR TO TERMINATE THIS SUBLEASE EXCEPT AS EXPRESSLY PROVIDED HEREIN. SUBTENANT WAIVES AND RELEASES ANY AND ALL STATUTORY LIENS AND OFFSET RIGHTS.

[Signatures on Following Page]



**Sublandlord**

Bank of America N.A.,  
a national banking association

**Sublandlord's address:**

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

**Name:** \_\_\_\_\_

**Title:** \_\_\_\_\_

**Date:** \_\_\_\_\_

Bank of America N.A.  
1001 4<sup>th</sup> Avenue, Suite 400  
Seattle, Washington 98154

**Attention: Corporate Real Estate Services**

**With copy to:**  
Bank of America, N.A.  
Corporate Real Estate Services  
NC 1-023-03-03  
Charlotte, NC 28255-0001  
**Attention: Lease Administration**

**Subtenant**

City of Seattle,  
a first class municipal corporation of the  
State of Washington

**Subtenant's Address:**

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

**Name:** Brenda Bauer

**Title:** Fleets & Facilities Director

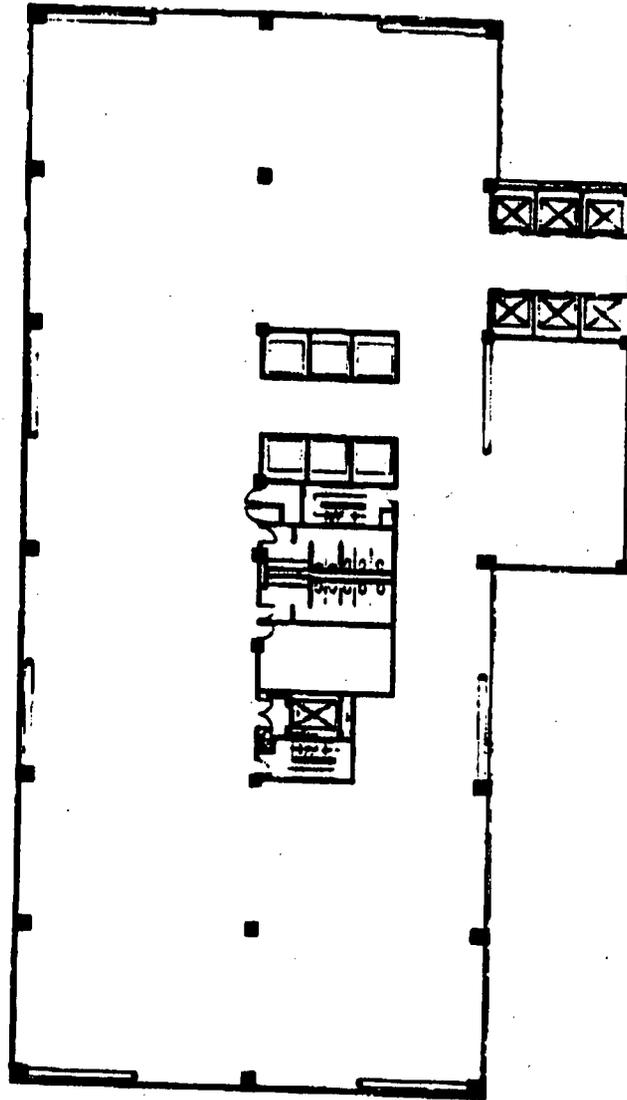
**Date:** \_\_\_\_\_

City of Seattle  
Fleets & Facilities Department  
700 Fifth Avenue, Suite 5200  
P. O. Box 94689  
Seattle, WA 98124-4689

**Attention: Property Management**

Exhibit A  
Subleased Premises

TYPICAL MID RISE FLOOR 19-31



SEAFIRST FIFTH AVENUE PLAZA

3D INTERNATIONAL  
SKILLING, HELLE, CHRISTIANSEN, ROBERTSON

CLERK

**Exhibit B**  
**Master Lease**



LEASE AGREEMENT

Dated as of January 25, 1979

By and Between

BLOCK 24 SEATTLE, LTD. ("Landlord")

and

SEATTLE-FIRST NATIONAL BANK ("Tenant")



TABLE OF CONTENTS

	<u>PAGE</u>
ARTICLE I	
Section 1.01	1
Section 1.01	1
ARTICLE II	
Section 2.01	9
Section 2.01	9
ARTICLE III	
Section 3.01	9
Section 3.02	9
Section 3.02	10
Section 3.03	11
Section 3.04	13
Section 3.05	13
Section 3.06	14
Section 3.07	14
Section 3.08	15
ARTICLE IV	
Section 4.01	15
Section 4.02	15
Section 4.03	15
ARTICLE V	
Section 5.01	16
Section 5.01	16
ARTICLE VI	
Section 6.01	16
Section 6.02	17
Section 6.03	17
Section 6.04	18
Section 6.05	19
Section 6.06	21
Section 6.07	21



ARTICLE VII	- Facilities, Utilities and Services..	25
Section 7.01	- Standard of Operations; Certain Facilities, Utilities and Services..	25
Section 7.02	- Interruption of Services, Elevators.	27
Section 7.03	- Separate Metering for Premises.....	27
Section 7.04	- Keys; Restriction on Access to and Services for Portions of Premises.....	28
ARTICLE VIII	- Parking Spaces.....	28
Section 8.01	- Obligation With Respect to Parking Spaces.....	28
Section 8.02	- Charges for Parking.....	29
Section 8.03	- Additional Parking.....	29
Section 8.04	- Subletting.....	29
Section 8.05	- Controls.....	30
ARTICLE IX	- Use and Access.....	30
Section 9.01	- Use.....	30
Section 9.02	- Access.....	30
ARTICLE X	- Repairs and Maintenance.....	31
Section 10.01	- Landlord's Obligation to Repair and Maintain.....	31
Section 10.02	- Tenant's Obligations.....	31
Section 10.03	- Not Applicable to Damage or Destruction Covered by Landlord's Insurance.....	32
ARTICLE XI	- Fire or Other Casualty.....	32
Section 11.01	- Damage or Destruction.....	32
Section 11.02	- Waiver of Subrogation Rights.....	33
Section 11.03	- Obligations to Maintain Property and Other Insurance.....	34
ARTICLE XII	- Alterations and Fixtures.....	34
Section 12.01	- Alterations by Tenant.....	34
Section 12.02	- Removal of Trade Fixtures by Tenant.....	36
Section 12.03	- Landlord's Rights Upon Termination of Lease.....	36
ARTICLE XIII	- Liability.....	36
Section 13.01	- Obligations to Carry Liability Insurance; Responsibility of Landlord and Tenant for Loss or Damages.....	36
ARTICLE XIV	- Eminent Domain.....	37
Section 14.01	- Total or Partial Taking.....	37



Section 14.02	- Rights of Landlord and Tenant With Respect to Award.....	38
Section 14.03	- Transfer in Lieu of Condemnation; Notice of Service.....	39
ARTICLE XV	- Remedies and Defaults.....	39
Section 15.01	- Default by Tenant.....	39
Section 15.02	- Limitation of Landlord's Liability to its Interest in Building.....	40
Section 15.03	- Tenant Rights to Cure Landlord Default.....	40
ARTICLE XVI	- Bankruptcy.....	42
Section 16.01	- Bankruptcy by Tenant.....	42
Section 16.02	- Bankruptcy by Landlord.....	42
ARTICLE XVII	- Compliance with Laws.....	42
Section 17.01	- Tenant's Compliance with Laws.....	42
Section 17.02	- Landlord's Compliance with Laws.....	43
ARTICLE XVIII	- Assignment and Subletting.....	43
Section 18.01	- Assignment and Subletting by Tenant.....	43
Section 18.02	- Transfer of Landlord's Rights.....	46
ARTICLE XIX	- Landlord's Access and Changes.....	47
Section 19.01	- Landlord's Access.....	47
Section 19.02	- Landlord's Right to Use Certain Facilities.....	47
ARTICLE XX	- Graphics and Signage.....	47
Section 20.01	- Graphics.....	47
ARTICLE XXI	- Quiet Enjoyment.....	48
Section 21.01	- Landlord's Covenant of Quiet Enjoyment.....	48
ARTICLE XXII	- Non-Waiver.....	48
Section 22.01	- Non-Waiver.....	48
ARTICLE XXIII	- Holding Over.....	48
Section 23.01	- Holding Over by Tenant.....	48
ARTICLE XXIV	- Abandonment.....	49
Section 24.01	- Covenant of Tenant Not to Abandon...	49
ARTICLE XXV	- Rules and Regulations.....	49
Section 25.01	- Tenant's Obligation with Respect to Rules and Regulations.....	49



ARTICLE XXVI	- Landlord's Mortgagee.....	49
Section 26.01	- Subordination.....	49
Section 26.02	- Nonterminability.....	50
ARTICLE XXVII	- Notices.....	51
Section 27.01	- Notices to Landlord or Tenant.....	51
ARTICLE XXVIII	- Partial Invalidity.....	52
Section 28.01	- Severability Clause.....	52
ARTICLE XXIX	- Arbitration.....	52
Section 29.01	- Right of Landlord and Tenant to Submit Disputes to Arbitration.....	52
Section 29.02	- Market Rate Appraisal Procedures....	54
ARTICLE XXX	- Expansion Options.....	54
Section 30.01	- Ten Year Expansion Option.....	54
Section 30.02	- Twenty Year Expansion Option.....	55
Section 30.03	- Twenty-Five Year Expansion Option...	57
Section 30.04	- First Refusal Expansion Option.....	58
Section 30.05	- Basic Rent Applicable to Expansion Space; Adjustments.....	58
Section 30.06	- Expansion Space on As Is Basis.....	58
Section 30.07	- Instrument Delineating Expansion Space.....	59
ARTICLE XXXI	- Miscellaneous.....	59
Section 31.01	- Certain Miscellaneous Provisions....	59
Section 31.02	- Applicable Law.....	60
Section 31.03	- Entire Agreement.....	60

- EXHIBIT A-       DESCRIPTION OF LAND
- EXHIBIT B-       FLOOR PLAN OF PREMISES AND OF  
                  CERTAIN COMMON AREAS
- EXHIBIT C-       SCHEDULE OF STANDARD IMPROVEMENTS
- EXHIBIT D-       SCHEDULE OF JANITORIAL AND WINDOW  
                  CLEANING SERVICES
- EXHIBIT E-       RULES AND REGULATIONS
- EXHIBIT F-       ESTOPPEL CERTIFICATE



THIS LEASE AGREEMENT dated as of January 25, 1979 (hereinafter called this "Lease"), made and entered into by and between Block 24 Seattle, Ltd., a limited partnership of which Gerald D. Hines and Hines Northwest Properties, Inc., a Texas corporation, are the General Partners, whose address for purposes hereof is 2100 Post Oak Tower, 5051 Westheimer Road, Houston, Texas 77056 (hereinafter called "Landlord"), and SEATTLE-FIRST NATIONAL BANK, a national banking association, whose address for purposes hereof shall be P. O. Box 3586, Seattle, Washington 98124 acting by and through its hereunto duly authorized officers (hereinafter called "Tenant"),

WITNESSETH:

ARTICLE 1

(Definitions)

Section 1.01. Certain Definitions. Landlord and Tenant agree that the respective terms as used herein shall, unless the context otherwise requires, have the following meanings:

"Affiliate" or "Affiliated Person" when used in reference to Landlord or Tenant shall refer to any person controlled by, controlling or under common control with such party. Control as used in this definition means actual direction or power to direct the affairs of the controlled person, and no person shall be deemed in control of another simply by virtue of being a director, officer or holder of voting securities of any entity.

"Approval of Landlord" shall refer to a writing executed by Landlord or in behalf of the Landlord by Landlord's Representative or some other duly authorized agent of the Landlord and which, whenever contemplated or required hereunder, shall not be unreasonably withheld.

"Approval of Tenant" shall refer to a writing executed in behalf of the Tenant by Tenant's Representative or by a duly authorized officer of the Tenant and which, whenever contemplated or required hereunder, shall not be unreasonably withheld.

"Basic Costs" shall have the meaning and include the items set forth and provided in Section 6.06 hereof.



"Basic Cost Adjustment" shall mean, with respect to any particular Lease Year of the Term or any extension or renewal thereof, the increase in Basic Costs for such Lease Year over the Basic Costs for the prior Lease Year which Tenant shall be or become obligated to pay pursuant to Section 6.05 hereof.

"Basic Rent" shall mean the rental, which shall be paid by Tenant to Landlord, provided for in Section 6.01 hereof. "Variable Rent" shall mean any and all other sums which Tenant shall be or become obligated to pay under this Lease, including without limitation the Basic Costs Adjustment, and such other amounts as Tenant shall become obligated to pay pursuant to Section 6.05 hereof, all as in Article VI provided. "Gross Rent" shall mean Basic Rent and Variable Rent.

"Building" shall mean the office tower which is to be constructed or caused to be constructed by Landlord on the Land described on Exhibit A hereto, including Tenant's Standard Improvements, all as reflected and identified in the Plans and Specifications.

"Common Areas" shall mean the areas on a floor of the Building on which any portion of the Premises are located, devoted to corridors, elevator foyers and lobbies, escalators, including lobby areas, rest rooms, janitor closets, vending areas, electric and telephone closets, and mechanical room areas exclusive of Vertical Penetrations. A computation of the Common Areas shall be made in connection with the computation of Net Rentable Area of the Building.

"Commencement Date" shall mean that date, determined in accordance with the provisions of Section 3.04, upon the occurrence of which the "Term" provided for and defined in Section 5.01 shall commence to run.

"Constant Factor" shall mean a fraction the numerator of which is the mortgage loan constant expressed as an annual percentage applicable for the initial Permanent Loan and the denominator of which is 0.0998.

"Construction Lender" shall mean any banks, lending institutions or other lenders which make the Construction Loan.

"Construction Loan" shall mean the mortgage (or deed of trust) loan or loans made to Landlord by the



Construction Lender, entered into in connection with and for the purpose of financing initial construction of the Project.

"EDP Space" shall mean that portion of the Premises within which Tenant intends to operate an enclosed and secure electronic data processing center.

"Excusable Delay" shall mean and include all delay, for the period or duration thereof, in a party's performance of its obligations hereunder not within such party's reasonable control, including without limitation the impossibility of such performance, which shall result from or be caused by any arbitration, legal proceedings or other litigation threatened, instituted against or defended by such party, in good faith, and not merely for purposes of delay; acts of God, acts of the public enemy, wars, blockades, epidemics, earthquakes, storms, floods, explosions, strikes, labor disputes, work stoppages, riots, insurrections, breakage or accident to machines or lines of pipe or mains, lawful acts of any governmental agency or authority restricting or curtailing the construction of the Project; equipment failures (including without limitation failures of freight elevators), inability of Landlord to procure and obtain needed government permits or building materials, whether as a result (directly or indirectly) of any lawful order, law or decree of any governmental authority or agency or otherwise, and any other cause, whether of the kind herein referred to or otherwise; provided, that as to any and all such causes of Excusable Delay the party subjected thereto shall pursue with reasonable diligence the avoidance or removal of such delay; and, provided further that the inability or refusal of a party to settle any labor dispute shall not be deemed to qualify or limit the foregoing or the effect of Excusable Delay and no such failure or refusal shall constitute delay by such party for which such party shall be responsible hereunder.

"Floor" shall refer to the numbered whole floors or levels of the Building.

"Garage Space" shall mean levels of space constructed in the Project as a parking garage area.

"General Public Areas" shall mean the exterior plaza areas, sidewalks and landscaping established or designated by Landlord from time to time as general public areas in the Project or on the Land.



"Ground Lease" shall mean the Ground Lease Agreement between Ground Lessor and Landlord of even date herewith whereby Ground Lessor has leased the Land to Landlord herein.

"Ground Lessor" shall refer to Seattle-First National Bank, Tenant herein, its successors, assigns and grantees, who or which are from time to time the owners of the fee simple estate in the Land.

"Land" shall mean and include that certain real estate situated in the City of Seattle, County of King, and State of Washington, described in Exhibit A hereto, on which Landlord contemplates construction of the Building and Project.

"Landlord's Delay" shall mean any delay caused by Landlord's failure to take any action required by this Lease to be taken by Landlord for Substantial Completion of the Building or the installation of Standard Improvements, all as provided in Article III hereof which results in delay of completion of work, as reasonably determined by the Project Architect.

"Landlord's Mortgagee" shall mean and include, with respect to Landlord, the Construction Lender and the Permanent Lender or any "Permitted Mortgagee" under (and as defined in) the Ground Lease and their respective nominees, successors, assigns or any other holder of a first lien on the Landlord's interest in the Building.

"Landlord's Representative" shall mean Thomas B. Swift of Houston, Texas, or such successor representative as may be designated from time to time by Landlord by notice to Tenant and with Approval of Tenant. If the said Thomas B. Swift shall resign as or cease to function or act as Landlord's Representative and no successor is designated, Gerald D. Hines shall be deemed Landlord's Representative and, in the event of his resigning as or ceasing to function or act as Landlord's Representative, then any of Landlord's other General Partners, or any officer of a corporate general partner, shall be deemed Landlord's Representative, all as shall be set forth in an appropriate notice to Tenant from Landlord's Managing Partner.

"Lease" shall mean this instrument (as amended from time to time).

"Lease Year" shall refer to each calendar year or portion thereof commencing on each January 1 during the Term of this Lease, the first of which shall commence on the Commencement Date and end on the first December 31 following the Commencement Date.

"Leasehold Estate" shall mean and include all of the right, title and interest of Landlord in the Land and the Project.

"Management Fee" shall have the meaning set forth in Section 6.05(e) hereof.

"Market Rate" shall have the meaning set forth in Section 6.01 hereof.

"Mortgage" shall mean and include any first lien mortgage or deed of trust securing the Construction Loan and/or the Permanent Loan or any other first lien on the Landlord's interest in the Building.

"Net Rentable Area" shall refer to (i) in the case of a single tenancy floor, all floor area measured from the inside surface of the outer glass or finished exterior wall of the Building to the inside surface of the opposite outer wall, excluding only the area ("service area") within the outside walls measured to the exterior surface of the bounding walls of areas used for building stairs, fire towers, elevator shafts, flues, vents, stacks, pipe shafts and vertical ducts, but including any such service areas which are for the specific use of the particular tenant such as special stairs or elevators plus a pro rata allocation of the square footage of the Building's mechanical and elevator rooms, shipping and truck dock area, and ground floor and basement lobbies, and (ii) in the case of a floor to be occupied by more than one tenant, all floor areas within the inside surface of the outer glass or finished exterior walls enclosing the leased premises and measured to the mid-point of the walls separating areas leased by or held for lease to other tenants or from areas devoted to corridors, elevator foyers, rest rooms, mechanical rooms, janitor closets and other similar facilities for the use of all tenants on the particular floor (hereinafter sometimes called "common areas"), but including a proportionate part of the common areas located on such floor based upon the ratio which the tenant's net rentable area (excluding common areas) on such floor bears to the aggregate net rentable area (excluding common areas) on such floor plus a



pro rata allocation of the square footage of the Building's mechanical and elevator rooms, shipping and truck dock areas, and ground floor and basement lobbies. No deductions from Net Rentable Area shall be made for columns or projections necessary to the support of the Building.

"Notice" shall mean and include each and every communication, request, reply or advice, or duplicate thereof, in this instrument provided or permitted to be given, made or accepted by either party to any other party, and "notice" for all purposes hereof shall be given in accordance with the provisions of Article XXVII.

"Permanent Lender" shall mean such life insurance company, lending institution or other lender as shall make the Permanent Loan.

"Permanent Loan" shall mean the long-term mortgage or deed of trust loan from any Permanent Lender obtained to finance the Building and other improvements on the Land.

"Plans and Specifications" shall mean and include those certain plans and related specifications, and all additions and amendments thereto, from time to time, prepared by the Project Architect relating to Landlord's construction of the Project.

"Premises" shall mean initially all of the Net Rentable Area of Floors 3 through 34 and 7,000 square feet of Net Rentable Area located on Floor 1 of the Building, being approximately 720,000 square feet of Net Rentable Area, all as more particularly indicated on Exhibit B; provided, however, that the term Premises shall include any Expansion Space included under this Lease if Tenant exercises any option for Expansion Space pursuant to Article XXX hereof.

"Project" shall refer to the Building, the Garage Space and all related structures and facilities, including without limitation landscaping and exterior plazas to be constructed or caused to be constructed by Landlord (excluding Tenant's Special Improvements) on the Land. The Project shall wherever appropriate include the Land.

"Project Architect" shall refer to the architectural firm of 3D/International, Inc., of Houston, Texas.



"Standard Improvements" shall mean all conventional leasehold improvements and allowances of the type, quality, nature and extent described in Exhibit C hereto.

"Substantial Completion" shall mean, and the Building or the Premises, as the case may be, shall be deemed "substantially completed" upon, occurrence of the following: (i) in the case of the Building, when the Building has been constructed substantially in accordance with the Plans and Specifications (except for installation of leasehold improvements in space other than the Premises), with Building areas affecting the Premises completed with mechanical, electrical and plumbing facilities and the Project Architect shall have issued a certificate of substantial completion for the Building in accordance with the Plans and Specifications, subject to uncompleted punch-list items; and (ii) in the case of the Premises, at such time as installation of Standard Improvements has occurred (or the time allotted therefor by this Lease has elapsed if Tenant elects not to receive same or elects to install its own Standard Improvements), and Tenant has direct unimpeded, non temporary access from street to elevator lobby and has access to each floor of the Premises intended for initial occupancy and with the utilities and services required by Article VII hereof ready to be furnished to the Premises; provided, however, that in the case of the EDP Space within the Premises, Substantial Completion shall be deemed to occur on the first to occur of the date that Tenant has completed all its Special Improvements for or serving the EDP Space and Tenant commences operations therefrom or the expiration of one (1) year after the date on which the EDP Space is available to Tenant for it to commence installation of any of Tenant's leasehold improvements (both Standard Improvements and Tenant's Special Improvements), such availability to be determined by mutual agreement of Landlord and Tenant (or as determined by the Project Architect if Landlord and Tenant are unable to agree on such determination of availability). In each such case, Substantial Completion shall mean that there shall remain to be done in the Premises only such minor details of construction, decoration or mechanical adjustment which except as to installation of Tenant's Special Improvements (and which shall not be required), are not of such nature as to interfere with normal conduct of business by Tenant within the applicable portion of the Premises. Substantial Completion shall not require actual issuance of a final certificate of



occupancy by local authorities, so long as the conditions for such issuance required to be fulfilled by Landlord shall have been satisfied, as indicated by the appropriate inspecting officials, and application made for such certificate.

"Tenant's Architect" shall refer to the architectural firm of 3D/International, Inc.

"Tenant's Delay" shall mean any delay caused by Tenant's failure to take any action required by this Lease or otherwise to be taken by Tenant, including actions necessary for Substantial Completion of the Building or the Premises, which results in delay in construction or completion of work, as reasonably determined by the Project Architect.

"Tenant's Interior Layout" shall mean the layout and general construction plans and instructions prepared by Tenant, to be delivered by Tenant to Landlord as in Section 3.02 provided, showing the quantity, location, installation details and extent of all of Tenant's Special Improvements in and to the Premises and specifying the location and the extent to which Tenant desires to utilize Standard Improvements furnished by Landlord, including interior design, and all other relevant details as to interior finish of the Premises. Tenant's Interior Layout shall be prepared at Tenant's cost and expense and shall be in form, scope and content acceptable to Landlord and shall include detailed working drawings sufficient to permit pricing and construction.

"Tenant's Proportionate Share" shall at all times be computed as the percentage which the Net Rentable Area of the Premises is to the Net Rentable Area of the Building (exclusive of the Garage Space), in each case as confirmed by measurement if requested in accordance with this Lease.

"Tenant's Representative" shall mean and collectively refer to Robert E. Walton, or such successor or successors as may be designated from time to time by Tenant by Notice to Landlord.

"Tenant's Special Improvements" shall mean all of the leasehold improvements in the Premises in excess of Standard Improvements, as reflected by Tenant's Interior Layout, and which shall either be installed by Tenant or, at Tenant's request (as herein provided), by Landlord, and at Tenant's sole cost and expense.

"Vertical Penetrations" shall refer to areas within the Building occupied by stairs, fire tower, elevator shafts, flues, vents, stacks, pipe shafts and vertical ducts (other than special service areas which are for the specific use of a particular tenant). The area of Vertical Penetrations shall be determined by measurement to the exterior surface of the bounding walls of such Vertical Penetrations.

## ARTICLE II

(Premises)

Section 2.01. Leasing of Premises. Landlord hereby leases to Tenant and Tenant hereby leases from Landlord the Premises.

## ARTICLE III

(Completion and Occupancy)

Section 3.01. Completion of the Premises. Landlord will cause Substantial Completion of the Building and Substantial Completion of the Premises (except portions thereof to be completed by Tenant as provided hereinafter) in a workmanlike manner. Without limiting the preceding, Landlord's obligations under this Lease are also subject to Landlord's obtaining necessary governmental approvals and acceptable construction bids, the closing of acceptable financing and to the approval of the terms and provisions of this Lease by Landlord's Mortgagee. Substantial Completion of the Premises shall not require installation of Tenant's Special Improvements. Following the Substantial Completion of the Building and Premises, Landlord shall thereafter diligently pursue and prosecute to final completion the construction of the Project (including the Building and any work to be completed by Landlord in the Premises) substantially in accordance with the Plans and Specifications, in a good and workmanlike manner.

With reference to the Plans and Specifications, it is expressly recognized that the Building will include availability of electrical facilities to serve the Building from two power sources. The availability of two power sources for the Building has been included in the Plans and Specifications at the request of Tenant due to Tenant's special requirements for uninterrupted power to serve the EDP Space, and Landlord and Tenant agree to share the extra costs incurred in providing power for the Building above that normally required for standard office buildings (herein, and generally, such extra or second power source referred to as "redundancy") as herein provided. The costs of such redundancy for the Building shall include all special construction to accommodate redundancy and costs to bring a second power



source to the Building as charged by the public utility providing such power. Landlord agrees to have its contractor bid the costs of such redundancy separately, which bid cost shall be used to initially establish the cost thereof as between Landlord and Tenant subject to the verification by Tenant of the reasonableness of such bid. Landlord and Tenant agree that the costs for redundancy shall be shared and paid as follows: Landlord shall pay the first \$50,000 of the cost for redundancy and Tenant shall pay all costs therefor in excess of \$50,000 as such costs are incurred.

Section 3.02. Delivery of Tenant's Interior Layout.

(a) No later than May 1, 1979, Landlord shall deliver to Tenant Landlord's design plans, specifications and interior layout for the interior systems of the Building, in which the Premises are located, in order to facilitate Tenant's delivery of Tenant's Interior Layout. No later than January 1, 1980, Tenant shall deliver to Landlord, Tenant's Interior Layout. Landlord shall attempt to deliver phased installments of the interior systems of the Building. Tenant shall attempt to deliver phased installments of Tenant's Interior Layout prior to such required delivery date. Landlord, promptly following receipt of Tenant's Interior Layout, shall advise Tenant if any of the proposed Tenant's Special Improvements in the opinion of Project Architect are inconsistent with the Plans and Specifications, do not meet applicable building codes, or would otherwise substantially adversely affect the Building's structure, mechanical-electrical-plumbing system or exterior appearance or Landlord's construction schedule to complete the Building. In the event Landlord so advises Tenant, then Tenant shall cause Tenant's Interior Layout to be promptly revised in accordance with the Project Architect's advice. Such revision shall be at Tenant's cost and expense. In the event Tenant fails timely to deliver its Interior Layout or necessary revisions thereof then Landlord may proceed to Substantial Completion of the Building and Premises with any subsequent change orders for Tenant's account and at Tenant's expense (payable upon Tenant's receipt of Landlord's invoice therefor). Tenant shall have the option (exercisable by delivering written notice to Landlord at the time of delivering Tenant's Interior Layout) to install its own leasehold improvements, including Standard Improvements and Tenant's Special Improvements, in the Premises, which shall be consistent with or better than the standards of quality established by structural, mechanical, electrical and plumbing requirements of the Plans and Specifications for the Building or such as have been approved in writing by Landlord (which approval shall not be unreasonably withheld). In the event Tenant elects to install its own Standard Improvements, Substantial Completion of the Premises shall be deemed to have occurred (provided the other elements of Substantial Completion have occurred) at such time as Landlord would have completed



such installation had such work been performed by Landlord and its contractor, subject, however, to the provisions regarding Substantial Completion of the EDP Space. If Tenant exercises such aforesaid option to install its own improvements, Tenant shall cause Tenant's Special Improvements to be installed by a contractor selected by Tenant and subject to the Approval of Landlord at Tenant's sole cost and expense. In the event Tenant elects to utilize its own contractor to install any of its leasehold improvements, whether Standard Improvements or Tenant's Special Improvements, such contractor (i) must comply with Landlord's insurance requirements for its own contractors, (ii) must pay for its power or utility usage, hoisting and clean-up, and (iii) must comply with Landlord's reasonable rules and regulations concerning performance of work in the Project.

(b) Tenant shall pay any operating expenses, including utility charges, incurred as a result of Tenant's contractor working in the Building at any time when Landlord's general contractor is not requiring the same services.

(c) In the event Tenant elects to utilize its own contractor to install Tenant's Special Improvements, Landlord agrees to cooperate with Tenant and its contractor. In the event any items of Tenant's Special Improvements are not completed prior to Substantial Completion of the Premises, such non-completion shall not constitute grounds for the Project Architect to withhold its certificate of Substantial Completion. Unless Tenant exercises its option to install its own improvements as aforesaid, Landlord shall install Standard Improvements within the Premises other than in the EDP Space (as to which Tenant shall install all improvements) in accordance with the Tenant's Interior Layout, but shall have no obligation to install Tenant's Special Improvements. Landlord and Tenant shall mutually agree upon the designation and identification of the EDP Space at the time of approval of Tenant's Interior Layout.

Section 3.03. Additional Provisions Respecting Tenant's Interior Layout, Change orders and Reimbursement of Landlord for Tenant's Delay.

(a) If Tenant fails to submit Tenant's Interior Layout, or if Tenant's Layout is required to be revised in accordance with Section 3.02, or if Tenant fails timely to take any other action required by Section 3.02 or this Lease, then the period which shall expire between the date required for same and the date upon which Tenant shall actually take such action or deliver to Landlord Tenant's Interior Layout shall be Tenant's Delay if it causes a delay in construction as reasonably determined by the Project Architect; and Landlord shall have a period of time beyond said prescribed period equal in duration to the duration of all Tenant's Delays in the aggregate within which to cause Substantial Completion of the Premises.



(b) After Tenant has given Landlord Tenant's Interior Layout pursuant to Section 3.02 above, Tenant may make changes or additions in same by giving written notice thereof to Landlord in form and manner reasonably acceptable to Landlord; provided that no delay in the progress of Landlord's work results from the making of such changes or additions; and further provided that Tenant shall reimburse Landlord for all extra costs and expenses to effect any such changes which affect the Building or any other such change which Landlord supervises or administers, and Tenant shall also pay fifteen percent (15%) of all architectural, design and construction costs, payable directly to Landlord for administrative cost recovery, provided Tenant shall have requested Landlord to effect such change and Landlord has supervised or administered same. All such changes and additions shall be consistent with the Plans and Specifications, and any additional time required for completion of the Premises as a proximate result of such changes by Tenant shall also constitute Tenant's Delay hereunder (except that with respect to any computation of the total Tenant Delays and in the event any such change order enables Landlord to complete any scheduled work earlier than originally scheduled, Tenant shall be credited with any such time saving). It is agreed that Landlord will advise Tenant, in all cases and upon request by Tenant, after receiving from Tenant notice of a proposed change order, of Project Architect's best estimate of the Tenant's Delay and extra cost, if any, which will be incurred to effect said proposed change order. Landlord will not be obligated to proceed to implement any such proposed change order unless and until Tenant gives Landlord notice that the time and cost of said Tenant's Delay are agreed to by Tenant and any extra cost will be paid by Tenant, but if Landlord does so proceed to implement a proposed change, Tenant shall pay for same as herein provided.

In the event Tenant elects to have Landlord supervise and administer any design or construction work for Tenant's Special Improvements, Tenant shall also pay to Landlord a sum equal to fifteen percent (15%) of all architectural, design and construction costs in connection with such Tenant's Special Improvements for which Landlord provides supervision and administration.

For any work hereunder for which Tenant is obligated to pay as set forth above, it is agreed that Tenant shall pay such sums to Landlord based upon Landlord's progress billing as the work is performed.

(c) At the Commencement Date, Tenant shall pay to Landlord in cash the amount, if any, equal to the Basic Rent for the Premises calculated with respect to the number of days that comprise the aggregate net period of Tenant's Delays, netting any period or periods of Landlord's Delay. In order to avoid a double-counting of periods of delay actually experienced,



concurrent or simultaneous delays shall not be computed consecutively for purposes of determining net delay.

Section 3.04. "Commencement Date". The "Commencement Date" (as that phrase is used in this Lease), shall be the date which is the earlier of:

(a) The date when Tenant has actually entered into possession of and commenced using the Premises as a whole for general office and/or banking purposes; or

(b) The date which is the first day following the date, as certified by the Project Architect to Landlord and Tenant, upon which Substantial Completion of the Project has occurred.

If Tenant has not entered into possession and commenced using the Premises, and if Tenant does not elect to use a substantial portion of the Standard Improvements, the Commencement Date will be postponed by the time which Landlord's contractor estimates would have been required by Landlord's contractor to install the same.

Section 3.05. Tenant's Installation Rights. Landlord agrees that Tenant shall have the right and privilege, at Tenant's risk, cost and expense, of placing and installing Tenant's furniture, fixtures, machinery and equipment, in any part or parts of the Premises prior to the completion thereof and prior to the Commencement Date; provided that in so doing if Landlord advises Tenant that such will cause additional cost or interference or delay in the performance of Landlord's work of constructing and completing the Building or performing the services contemplated to be performed by Landlord under Section 3.01, Tenant shall, as a condition of exercising such right and privilege, agree to reimburse and indemnify (and shall promptly reimburse and indemnify), Landlord for such cost, interference or delay; and the mere fact that Tenant has placed fixtures, machinery or equipment in a part of the Premises will not result in accelerating the date which Tenant is obligated to pay rent on such part of the Premises under Section 3.04. Tenant shall be allowed, at its expense and pursuant to an undertaking satisfactory to Landlord to reimburse Landlord for all costs incurred in connection therewith not covered by Landlord's general contract, use of the Building's elevators, while placing and installing Tenant's fixtures, machinery or equipment or Tenant's Special Improvements pursuant to the terms hereof and such use shall be deemed not to be interference or delay in the performance of Landlord's work so long as (i) such use is scheduled with Landlord reasonably (in no event less than 24 hours) in advance and (ii) Tenant complies with Landlord's reasonable rules applicable to the operation of such elevators.

In connection with the foregoing, Landlord and Tenant agree to cooperate to facilitate times of joint work, particularly as to the EDP Space, and to use best efforts to cause their respective work relating to the EDP Space to be completed on or before July 1, 1981, subject to Excusable Delay.

In connection with the preceding paragraphs of this Section 3.05, it is also agreed and understood that, so long as Tenant agrees to reimburse and indemnify and promptly reimburses and indemnifies Landlord for any additional cost or interference or delay in the performance of Landlord's work of constructing and completing the remainder of the Building or (to the extent Landlord has any work to complete in the Premises) the Premises shall result, Tenant will have the right to install its trade fixtures, equipment, furniture and other personal property in, and to move into and commence occupying and using for general office purposes any floor or floors of the Premises at any time or times after same are completed (or substantially completed) hereunder, in Tenant's discretion, prior to the Commencement Date. All of Tenant's rights under the foregoing are subject to Tenant's obligation forthwith to commence and continue to pay in advance all Basic Rent as set forth in Article VI hereof, pro rata for the portion of the Premises so occupied, and Variable Rent as in Section 6.05 provided (including without limitation applicable Basic Costs) and performance of the other provisions of this Lease. Such occupancy by Tenant prior to Commencement Date shall not obligate Landlord to alter its construction schedule or plans or incur any additional cost or delay, in order to provide services to such floor or floors so occupied.

Section 3.06. Tenant's Acknowledgment of Substantial Completion; General Estoppel Certificates. When the Project Architect shall have notified the parties in writing that Substantial Completion of the Premises has occurred, Tenant shall accept the Premises, subject to Landlord's completion of punch-list items, and Tenant shall, upon the request of Landlord or Landlord's Mortgagee, sign an instrument evidencing such facts in the form attached hereto as Exhibit F. In addition, Tenant shall from time to time following the date hereof execute such estoppel certificates, certifying to such facts (if true) as Landlord or Landlord's Mortgagee may reasonably request.

Section 3.07. Force Majeure. All of the obligations of Landlord and of Tenant under this Lease are subject to delay or suspension resulting from Excusable Delay but only for and during such period that performance is prevented or delayed by Excusable Delay. The parties hereto shall each exercise reasonable diligence to avoid any such delay or suspension, but neither Landlord nor Tenant shall be obligated to incur extraordinary expenses or to acquiesce in the demands of the opposition in any dispute or controversy giving rise to Excusable Delay.



Section 3.08. No Substantial Completion Prior to January 1, 1984; Terminability. Notwithstanding any other provision hereof, this Lease shall terminate unless the Project are Substantially Completed on or before January 1, 1984. Tenant shall not be entitled to any monetary damages under the provisions of this Lease, other than such as shall be recoverable from Landlord's interest in the Project, by reason of Landlord's failure for any reason whatever to complete the Project or Premises, in the event of termination of this Lease or otherwise.

#### ARTICLE IV

##### (Leasehold Improvements)

Section 4.01. Respecting Standard Improvements. Landlord covenants and agrees that all quantities of Standard Improvements specified in Exhibit C shall be furnished on a cumulative basis for the Premises, exclusive of Floor 1, with such allocation between the various floors and areas as may reasonably be designated by Tenant; provided, however, that Tenant shall accept a credit for the area within the EDP Space and shall install all its leasehold improvements therein, and Landlord shall have no obligation under this Lease to construct leasehold improvements, whether Standard Leasehold Improvements or Tenant's Special Leasehold Improvements within the EDP Space. Tenant shall have the right to receive credit for any unused items of Standard Improvements, all as set forth in Exhibit C hereto. Landlord shall furnish Tenant with a breakdown of unit costs for items included in Standard Improvements when such unit costs have been determined. In lieu of receiving credit as set forth above, Tenant may elect by written notice to Landlord to such effect delivered prior to Substantial Completion of the Premises to have an amount equal to the credit remitted to it by Landlord at such time as Landlord would otherwise be reasonably anticipated under Landlord's construction schedule to be paying its contractor for the same. In this regard, Landlord and Tenant agree that Tenant may receive a credit for portions of the items in accordance with the breakdown of unit cost furnished by Landlord, and have Landlord install other portions of Standard Improvements.

Section 4.02. Credit for Standard Improvements. In the event Tenant elects to install its own leasehold improvements, Landlord shall give Tenant a credit in lieu of Landlord's construction obligation herein in an amount equal to \$8.00 per square foot of area within the Premises as set forth in the Schedule forming a part of Exhibit C hereto. As stated hereinabove, Tenant shall take the credit as to the EDP Space.

Section 4.03. Allowance. In addition to the other provisions hereof regarding leasehold improvements and/or credits, Landlord agrees to give Tenant an additional allowance in the



amount of \$400,000.00 for EDP Space improvements, which amount shall be due and payable to Tenant by Landlord in two installments of \$200,000 each, the first of which shall be payable on the date Tenant commences payment of Rent as to the EDP Space and the second of which shall be payable on the date on which Tenant occupies at least fifty percent (50%) of the Premises.

#### ARTICLE V

##### (Term)

Section 5.01. The Term. The term of this Lease (the "Term") shall commence on the Commencement Date as to all the Premises, and, unless sooner terminated or extended to a later date under any other terms and provisions hereof, shall terminate on the last day of the four hundred twentieth (420th) full calendar month ensuing after commencement of the Term as to all the Premises.

#### ARTICLE VI

##### (Basic Rent and Adjustments)

Section 6.01. Basic Rent. As Basic Rent for the Term of the Lease and use of the Premises, Tenant covenants and agrees to pay Landlord at its offices in Houston, Texas, or such other address in Seattle, Washington, or elsewhere as Landlord may from time to time designate in writing, in legal tender for the payment of public and private debts, in accordance with Section 6.04, without set-off or deduction and without demand, a minimum annual amount for the Term which shall be net to Landlord of all Basic Costs as hereinafter described, at the following annual rate per square foot of Net Rentable Area (with the Net Rentable Area of the Premises hereunder being calculated and stipulated for purposes of such computation as set forth in Section 6.03(b) hereof):

(a) Twelve and No/100 Dollars (\$12.00) during the Term for the initial Premises (before exercise by Tenant of any expansion option herein set forth), and

(b) for any expansion space covered by this Lease following the exercise of Tenant's expansion options pursuant to Article XXX hereof and constituting a portion of the Premises, the greater of (i) \$8.70 multiplied by the Constant Factor, or (ii) the Market Rate less twenty percent (20%) determined at the Effective Date for such expansion space as provided in Article XXX hereof, and



(c) as to such expansion space only, Basic Rent shall be subject to one (1) adjustment as of the tenth (10th) anniversary of the Effective Date for such expansion space as provided in Article XXX, such adjustment to be to an amount equal to the greater of (i) \$8.70 multiplied by the Constant Factor or (ii) the then current Market Rate less twenty percent (20%).

For such purposes the "Market Rate" shall mean the rates prevailing in the Project and in comparable buildings for comparable office space, leased under net basic rent provisions similar to the provisions of this Article VI. Landlord shall furnish Tenant, from time to time on request, Landlord's schedules of rental rates for the Project. In the event Tenant objects to Landlord's schedules in writing, the Market Rate shall be the comparable rental rates then prevailing for new leases in three developer owned office buildings in Seattle mutually agreed upon by Landlord and Tenant, one of which shall be Rainier Tower if so requested by Landlord or Tenant. If Landlord and Tenant are unable to agree on the Market Rate based on the foregoing, such Market Rate shall be determined by appraisal as set forth in Section 29.02 hereof.

Such Basic Rent shall be payable in advance in equal monthly installments on the first day of each full calendar month during the Term.

It is expressly agreed that the Basic Rent provided for above as to expansion space only shall be subject to further adjustment as provided in Section 18.01 hereof.

Section 6.02. Basic Rent and Variable Rent if Occupancy Is in Stages. Additionally, if at any time or times prior to the Commencement Date Tenant shall, at Tenant's election, actually occupy and use all or any part or parts of the Premises so as to cause the commencement of Tenant's obligation to pay rent to be deemed to have occurred under the provisions of Section 3.04 hereof, then from and after such occurrence of such occupancy as to such part of the Premises Tenant will pay Basic Rent thereon at the applicable per square foot rate set out in Section 6.01 above, calculated with respect only to the number of square feet of Net Rentable Area contained in such part of the Premises as to which completion has thus been deemed to have occurred, plus any Basic Costs incurred by reason of such partial occupancy, payable on Landlord's billings therefor as Variable Rent.

Section 6.03. Partial Month; Stipulation of Net Rentable Area; Adjustments.

(a) If Tenant shall voluntarily move into and commence occupying and using in its business the Premises (or any portion



thereof) at any time prior to the Commencement Date and the date of such commencement of use and occupancy of the Premises by Tenant shall occur on a day other than the first day of a calendar month, or if the date of Project Architect's certification of Substantial Completion shall occur on a day other than the first day of a calendar month, then Basic Rent shall commence to accrue on the Premises (or the occupied portion thereof) in accordance with the provisions of Section 6.02 above on the earlier of the actual date of commencement of such use and occupancy by Tenant, or the day following the day of the Project Architect's certification of Substantial Completion and Tenant will pay, as its first installment of Basic Rent, a pro rata part of the one (1) month's Basic Rent installment calculated on a per-day basis for the remaining unexpired portion of the initial partial calendar month ensuing after such date.

(b) The number of square feet of Net Rentable Area within the Premises initially leased hereunder is stipulated for the purpose of computing Basic Rent on the Premises initially leased hereunder and Variable Rent for such initial Leased Premises, to be 720,000 square feet all as indicated on Exhibit B attached hereto, such stipulation to be deemed conclusive whether the same should be more or less than such number as a result of minor variations resulting from actual construction and completion of the Premises for occupancy or minor design variations; provided, however, that either Landlord or Tenant shall have the right, to be exercised at any time prior to the Commencement Date, to have the Premises measured by the Project Architect and Tenant's Architect, and in the event of such measurement shows any variation in such Premises from such 720,000 square feet of Net Rentable Area, then, in such event, Landlord and Tenant shall execute an appropriate certificate jointly stipulating the actual number of square feet of Net Rentable Area within the Premises.

Section 6.04. Place and Manner of Payment. All payments of Basic Rent and other amounts becoming due and payable from Tenant to Landlord under and in connection with this Lease may be made (and shall be deemed to have been timely and properly made) by delivering to Landlord or Landlord's assignee at the then applicable address provided for herein Tenant's check or draft in the amount of such payment, on or before the due date thereof under the terms of this Lease; provided that if such check or draft shall not be paid and honored upon presentation thereof duly endorsed and in due course, the delivery of such check or draft shall not constitute payment by Tenant hereunder, and that acceptance of any such check or draft by Landlord or Landlord's assignee shall be subject to payment thereof upon presentation in due course.



Section 6.05. Basic Costs Adjustment; Additional Costs Allocable to Premises.

(a) Tenant shall pay to Landlord, as Variable Rent for each calendar year of the Term or any extension or renewal thereof, the Basic Costs Adjustment. The Basic Costs Adjustment shall be determined and paid as provided in subsection (b) hereinbelow.

(b) Prior to the commencement of each Lease Year (and in the case of the first Lease Year, prior to the Commencement Date), during the Term or any extension or renewal, Landlord will deliver to Tenant a projected budget for the Project for the forthcoming Lease Year with respect to operating expenses, together with a statement of the Basic Costs for the forthcoming calendar year as estimated by Landlord in the exercise of its best judgment (the "Budgeted Basic Costs"). Commencing (i) in the case of the first Lease Year on the first day of the next calendar month and, (ii) in the case of each succeeding Lease Year, on January 1 of such Lease Year and continuing on the first day of each succeeding calendar month thereafter, Tenant shall pay to Landlord one-twelfth (1/12th) of Budgeted Basic Costs. In the event the Commencement Date occurs on a day other than January 1, the monthly amount of Basic Cost Adjustment for such partial calendar year (and for the last year of the Term) payable prior to actual determination of the Basic Cost Adjustment shall be Budgeted Basic Costs multiplied by a fraction, the numerator of which is the number of months during the Term for such portion of a calendar year and the denominator of which is 12. A similar proration shall be applicable with respect to the Basic Cost Adjustment upon its actual determination. In the event that Tenant becomes obligated for a partial month under any of the provisions of this Lease, the Basic Cost Adjustment and the Budgeted Basic Costs shall be prorated on the basis of a 365-day year. Any such installment shall be due and payable at the time and in the manner that the Basic Rent is payable hereunder and failure by Tenant to pay shall constitute a default hereunder.

In the event that in any calendar month any item of Basic Costs is determined by Landlord to exceed the Budgeted Basic Costs for such item, as originally estimated, Landlord may deliver to Tenant revised Budgeted Basic Costs reflecting the revision of Landlord's estimate of such item, and Tenant shall thereafter pay 1/12th of such Budgeted Basic Costs as thus revised, plus any excess of such item of actual Basic Costs over Budgeted Basic Costs as incurred to date in such Lease Year. In addition, Landlord shall, no later than one hundred and fifty (150) business days after the end of each calendar year give notice to Tenant of the actual Basic Cost Adjustment for such preceding calendar year, which notice shall also contain or be accompanied by a statement of the actual operating expenses of Landlord's operation of the Project during such calendar year, in a form

prepared by Landlord's certified public accountant, and also accompanied by a computation of such Variable Rent. Such statement shall include a comparison of the actual Basic Costs for the preceding calendar year with the Budgeted Basic Costs for such calendar year. If any additional payment is shown by such statement, as a Basic Cost Adjustment, as due from Tenant, such payment shall be made to Landlord within thirty (30) days after receipt of such statement. If payments theretofore made by Tenant on account of Budgeted Basic Costs shall exceed actual Basic Costs, such excess shall be promptly refunded to Tenant by Landlord. In no event shall Landlord be obligated to pay interest on any sums held by Landlord under the foregoing provisions hereof.

(c) Nothing contained in this Section shall be construed at any time so as to reduce the monthly installments of Basic Rent payable hereunder below the amount stipulated in Section 6.01 of this Lease. In the event Tenant's occupancy is in stages, pursuant to Section 3.04 hereof, Tenant shall pay Tenant's Proportionate Share of Basic Costs for such period of partial occupancy, adjusted as appropriate to reflect the partial completion of the Building.

(d) In addition to the Basic Cost Adjustment which Tenant shall pay pursuant to this Section 6.05, Tenant shall also forthwith pay, from time to time and when and as incurred by Landlord, upon Landlord's invoice, and as Variable Rent, all of any operating expenses (hereinafter defined in Section 6.06(b)) which can through any lawful and practicable separate metering or otherwise be allocated to the Premises or identified as relating to Tenant's use and occupancy of the Premises as distinguished from operating expenses for the Project as a whole. Tenant shall also forthwith pay to Landlord as Variable Rent, upon Landlord's invoice, all operating expenses incurred as a result of Tenant's extra use of utilities and services, in excess of the use allowances set forth herein on Exhibit D or Section 7.01. Any cleaning or janitorial services in the Premises or any furnishing of utilities to the Premises in excess of the Building Standard shown on Exhibit D, for which Tenant is charged pursuant to the preceding sentence, shall be furnished only pursuant to Tenant's request for such services or utilities.

(e) In addition to the foregoing, Tenant shall pay, as Additional Rent hereunder, a central management fee (the "Management Fee") directly to Landlord (or the general partner of Landlord or Landlord's managing agent if so directed by Landlord), which shall be an annual amount in each Lease Year (or portion thereof) during the Term equal to two percent (2%) of gross annual rentals for the initial Premises of Tenant hereunder and three percent (3%) of gross annual rentals as to all other portions of the Premises (including expansion space) by Tenant for

such Lease Year (or portion thereof). Such "gross annual rentals" hereunder shall mean all Basic Rent owed for such Lease Year (or portion thereof) together with Basic Costs referred to in Section 6.06(a)(i), and Tenant's Proportionate Share of all Tax Expenses and such of the Maintenance and Operational Expenses as are specifically referred to in Section 6.06(b)(i) through (x) (including separately metered utilities or building standard services but excluding such portion of separately metered utilities or building standard services paid by Tenant as are for usage and consumption in excess of that for normal office use, and excluding repair or replacement costs beyond reasonable budgeted reserves therefor) exclusive of such Management Fee. For purposes of determining the Management Fee, no portion of either income or expense from parking operated in connection with the Project shall be included in gross annual rentals or operating expenses, respectively. Such Management Fee shall be payable in the same manner as provided in Section 6.04, and shall be paid in equal monthly installments (with operating expenses being estimated for such purposes on the basis of Budgeted Basic Costs) and with an adjustment following the end of each Lease Year (or portion thereof) to reflect actual gross annual rentals.

Section 6.06. Net Lease; Definition of "Basic Costs"; Tenant's Audit Right.

(a) It is the intention of Landlord and Tenant that the Basic Rent for the Premises shall be net to Landlord of Basic Costs incurred by Landlord, which term "Basic Costs" shall mean (i) all operating expenses allocable or related to the Premises and to Tenant's use, occupancy and possession thereof, and (ii) Tenant's Proportionate Share of operating expenses allocable or related to and directly or indirectly benefiting the Project as a whole (including without limitation any part of the Building, Common Areas and General Public Areas) and (iii) amounts expended or costs incurred by Landlord in remedying defaults by tenants. Notwithstanding the following provisions of this Section 6.06, Basic Costs shall not include: (v) operating expenses for the Garage Space, (w) costs separately metered or costs separately billed to and paid by Tenant under the other provisions of this Lease, (x) costs and obligations incurred by Landlord in constructing the Project and initially installing any Standard Improvements which Landlord is obligated to install under this Lease and improvements and replacements which are capital items not expensed in accordance with generally accepted accounting principles, (y) items for which Landlord is reimbursed or held harmless under warranties or guarantees, insurance proceeds and similar reimbursements made to Landlord, and (z) interest under Mortgages and/or ground rent paid under the Ground Lease.

(b) All Basic Costs shall be computed on a cash (and modified accrual, if reasonably acceptable to Tenant) basis and



shall be determined in accordance with standard accounting practices and procedures consistently applied. The term "operating expenses" as used herein shall mean all operating costs and expenses and obligations of every kind, foreseen and unforeseen, relating to the ownership, operation, use, care and maintenance of the Premises and the Project and shall include both Tax Expenses and Maintenance and Operation Expenses, hereinafter more particularly described.

Tax Expenses shall include all taxes and assessments, fees, rates and charges, excises, levies, license fees, permit fees, inspection fees and other authorization fees, and other governmental charges whether federal, state, county or municipal, and whether they be by taxing districts or authorities presently taxing the Project or by others, subsequently created or otherwise, which at any time during or in respect of the term of this Lease may be payable by Landlord as Impositions under the Ground Lease (as defined therein) or may be levied or assessed against (or shall become payable in any calendar year regardless of when levied or assessed), or become a lien upon, or may be confirmed or imposed on or in respect of, or payable with respect to (i) the Project or any portion thereof or the interest of Lessee or Lessor therein or in respect thereof, (ii) Basic Rent, Variable Rent or any or all other amounts payable by Lessee hereunder, (iii) this Lease or the interest of Lessee or Lessor hereunder, (iv) the possession, use, occupancy, maintenance, repair or rebuilding of the Project or any portion thereof, (v) gross receipts from the Project or any portion thereof, or (vi) the earnings arising from the possession, use or occupancy thereof; but not including any income or excess profit tax of Landlord determined on the basis of Landlord's general income or revenues, unless such tax is in lieu of or a substitute (in whole or in part) for another tax or assessment upon or against the Project, which, if such other tax or assessment were in effect, would be payable by Tenant as a part of Tax Expenses. The amount of any item of tax expense shall not be double-counted, that is, included in Basic Costs when levied, collected from Tenant in such year, and then collected again in the year paid.

Ad valorem taxes payable in the year in which the Commencement Date occurs and in which this Lease terminates shall be prorated on the basis of a 365-day year.

Maintenance and Operation Expenses shall include, with the exception of expenses covered under Tax Expenses, all operational costs and expenses and disbursements of which Landlord shall pay or become obligated to pay because of or in connection with the ownership, use, maintenance and operation of the Premises or the Project as a whole or the rights, privileges, franchises or permits appurtenant thereto, including but not limited to, the utilities and services provided pursuant to Section 7.01 hereof and the following:

(i) Wages and salaries of all on-site employees and an allocable portion of wages and salaries of all off-site property management personnel engaged in operation, maintenance or security of the Project; employer's Social Security taxes, unemployment taxes or insurance, and any other taxes which may be levied on such wages and salaries; uniforms of Landlord's service and maintenance personnel; automobile allowances; the cost of disability and hospitalization insurance and workmen's compensation and pension or retirement and all other benefits for such employees; the costs associated with the maintenance of building management offices in the Building, incurred by Landlord.

(ii) All supplies and materials used in operation and maintenance of the Project and the Land.

(iii) Cost of all utilities and communications services, including water and power, sewer, heating (steam or other), lighting, air conditioning and ventilating the entire Project.

(iv) Cost of all repair, maintenance and service agreements and equipment rental agreements for the Project or for equipment therein, such as and including janitorial, alarm service, window cleaning and elevator maintenance, bonds posted or amounts incurred in connection with the maintenance of the Project.

(v) Cost of all insurance applicable to the Project, including, but not limited to, fire, casualty, extended coverage risks, earthquake, vandalism and malicious mischief, boiler and pressure apparatus insurance, war damage (when a state of war or public emergency exists), catastrophe excess, loss of rent or rent (or business) interruption insurance and liability insurance applicable to the Project and Landlord's personal property used in connection therewith, including all insurance required in this Lease, in the Ground Lease or by Landlord's Mortgagee.

(vi) Cost of all architectural, accounting, legal and professional services incurred in connection with the operation of the Project.

(vii) Cost of normal and necessary repairs, replacements, improvements and general maintenance, including without limitation all costs of landscaping, with respect to the Project including such normal operating reserves as Landlord may establish.

(viii) Cost of any leasing or brokerage or similar fees or commissions paid by Landlord.

(ix) Amounts which may be budgeted by Landlord, to cover contingencies during the current Lease Year.

(x) Cost of improvements or equipment installed for the Project for the sole purpose of reducing operating costs.

(c) The amount of any item of Maintenance and Operation Expenses shall not be double-counted, that is, collected from Tenant in the form of funding a reserve therefor and then collected again from Tenant when paid. Reserves established from time to time by Landlord with respect to items of operating expenses (as defined above) shall be limited to aggregate reserve amounts which are reasonable based upon the historical operations of the Project and which are determined in accordance with sound property management principles and in accordance with standard accounting practices and procedures.

(d) Tenant at its expense shall have the right at all reasonable times after fifteen (15) days notice delivered to Landlord, at Tenant's sole cost and expense to audit at Landlord's principal place of business Landlord's books and records relating to this Lease for the calendar year in which the Commencement Date occurs and any year or years for which Variable Rent becomes due, such notice and request by Tenant to be made timely within thirty-six (36) months following the end of such year. After thirty (30) days' additional notice, Landlord will make available to Tenant at Landlord's offices in Seattle, Washington, copies of such records for such year, to facilitate Tenant's audit in accordance with this Section 6.06(d). Rent will be appropriately adjusted (upward or downward) to reflect the results of such audit, in accordance with the other provisions of this Article VI.

Section 6.07. Assignment of Rent by Landlord. In the event Landlord for any reason assigns the rents and other sums payable by Tenant hereunder and gives (or such assignee gives) to Tenant appropriate notice thereof, together with an executed counterpart (or conformed copy) of the instrument assigning such rentals and other sums payable hereunder and a statement of the mailing and office address of Landlord's said assignee, Tenant shall thereafter (after actual receipt of such notice by Tenant) make rental or other payments subsequently accruing hereunder to the party named in such instrument to receive such rental or other payments by mailing or delivering same to such party at the address specified in such notice; provided, however, that nothing contained in



such instrument shall operate to increase or enlarge the obligations or in anywise diminish or impair the rights of Tenant hereunder; and in no event shall Tenant be required or in any way be obligated to split its rental and other payments hereunder or pay same to more than one person; and provided, further, that payment by Tenant of any amount to any such assignee of Landlord pursuant to any such notice shall constitute payment of such amounts to Landlord for all purposes under this Lease (and the receipt by such assignee or any of its agents or representatives therefor shall be fully binding upon Landlord) as to all such payments made prior to such later time when Tenant shall have actually received notice signed by both Landlord and said assignee directing that rental and other payments thereafter accruing to Landlord hereunder be paid to Landlord.

#### ARTICLE VII

##### (Facilities, Utilities and Services)

Section 7.01. Standard of Operations; Certain Facilities, Utilities and Services. Except as hereinafter provided, Landlord shall at all times operate and maintain the Project in accordance with a standard which is commensurate with a standard at least as high as that customarily followed in the operation and maintenance of first-class developer-owned office buildings of high quality in Seattle, Washington, and shall provide or use its best efforts to cause a public utility, as appropriate, to provide, subject to Sections 6.06(a) and 7.04 hereof, the following facilities, utilities and services, to-wit:

(a) Heating, Ventilating and Air Conditioning. Heating, ventilating and air conditioning system, and air conditioning and heating services as follows:

As appropriate to the season, central heat and air conditioning from 7:00 A.M. to 6:00 P.M. on weekdays and from 8:30 A.M. to 1:00 P.M. on Saturdays, and at such temperatures and in such amounts as necessary for reasonable comfort, but such service at the above-prescribed levels at all other times to be furnished only upon the request of Tenant and at Tenant's sole cost and expense. Components to the heating and air conditioning systems are to be designed, selected and operated to produce the indoor conditions below noted when the outdoor conditions are as stated:

##### Indoor Conditions:

Summer	75°db	62.5° wb (50% R.H.)
Winter	72°db	



Outdoor Conditions:

Summer	100°db	80° wb
Winter	20°db	

(b) Elevators. Public elevator service, passenger and service, by elevators serving the floors on which the Premises are situated twenty-four (24) hours per day, seven days per week, and escalator service to the plaza from street level.

(c) Light Bulbs, and Water. (i) All fluorescent lamps and ballasts, (ii) all incandescent bulb servicing and replacement in public areas, toilet and restroom areas and stairwells, and (iii) water (including chilled and heated water) adequate to serve the Premises other than the EDP Space (which EDP Space water shall be the responsibility of Tenant).

(d) Building Security. Uniformed guards to maintain customary security (including night roving guards) for the Project, for twenty-four (24) hours a day, seven (7) days per week together with a security station in the Building lobby after normal business hours; provided that Landlord shall not be obligated to provide any security with respect to Tenant's retail banking areas or EDP Space, and Tenant shall provide its own security at its own expense for such areas.

(e) Janitorial and Window Cleaning Services. Janitorial, window cleaning, and landscaping services on the basis set forth in Exhibit D.

(f) Hot and cold domestic water as indicated by the Plans and Specifications other than the EDP Space (which EDP Space water shall be the responsibility of Tenant).

(g) Other Services. Operation, maintenance, cleaning, and supply of restroom facilities and Common Areas on each floor of the Building on which any part of the Premises are situated, for the use of Tenant and its employees, customers, invitees and visitors; maintenance of the landscaped areas in the Building; adequate pest control for the Building, and cleaning, operation and maintenance of the General Public Areas.

Landlord may, as and to the extent Landlord deems same appropriate, provide such other and further facilities, utilities and services as Landlord determines from time to time necessary for operation of a first class developer-owned office building.

Landlord agrees that Tenant shall have the option to elect to provide for its own Premises any of the normal building services referred to in Exhibit D hereto. If Tenant elects to separately contract for and provide any such services, Tenant



shall receive a credit against what would otherwise have been its proportionate share of Basic Costs in an amount equal to any actual direct cost savings obtained by Landlord as a result of Tenant separately obtaining and paying for such services and Landlord thereby being relieved of the obligation to provide services.

Section 7.02. Interruption of Services, Elevators. Failure by Landlord to any extent to furnish any of the facilities, utilities or services specified in this Article VII, or any cessation in the furnishing of same, or partial interruption of Tenant's rights of access, resulting from Landlord's repair or maintenance of the Project or Premises, or resulting from causes beyond the reasonable control of Landlord, shall not render Landlord liable in any respect for damages to either persons or property, nor be construed as an eviction by Landlord, nor work an abatement of rent, nor relieve Tenant from fulfillment of any covenant or agreement hereunder; provided, however, in such event Landlord shall exercise reasonable diligence to remove the cause of the failure or cessation and restore the service as soon as reasonably possible. Should any of the equipment or machinery used in furnishing such services break down or for any cause cease to function properly, Landlord shall be entitled to the benefit of Excusable Delay and shall use reasonable diligence to repair the same and Tenant shall have no claim to set-off or rebate of rent or damages on account of any interruptions in services occasioned thereby or resulting therefrom.

Section 7.03. Separate Metering for Premises. Landlord shall exercise due diligence to cause utility services for the Premises as a whole initially to be supplied directly to, and separately metered at, the Premises by the public utility providing such service for the Building. Any subsequent installation of direct metering, submetering of the Premises or other metering changes, which may have been approved by the utilities and suppliers furnishing utilities to the Project, will be installed by Landlord at Tenant's request and at Tenant's sole cost and expense. Unless otherwise agreed by Landlord and Tenant, such separately metered utilities shall be billed to Tenant by the public utility supplying same and shall be paid for by Tenant. If Tenant and Landlord so agree, such separately metered utility services may be billed to Landlord and paid by Landlord to the utility, and Landlord shall bill such cost to Tenant who shall reimburse Landlord therefor within thirty (30) days after billing.

It is expressly understood that any payment by Tenant for separately metered utilities shall not alter or diminish the obligations of Tenant herein to pay its proportionate share of Basic Costs; but it is understood that there shall be no double counting that would result in Tenant's paying twice for the same item.



Section 7.04. Keys; Restrictions on Access to Portions of Premises. It is understood that sixty-four (64) doors provided pursuant to Standard Improvements scheduled in Exhibit C include a lock within the defined hardware. Landlord will provide Tenant with two (2) keys for all such locks provided by Landlord in the Premises, at Landlord's cost. In lieu of such keys and locking hardware, Tenant may elect to provide its own private keyway hardware in which event Landlord will give to Tenant a credit in such amount as is identified on Landlord's itemized breakdown of credits for unused items scheduled on Exhibit C.

As to such portions of the Premises (other than as excluded in the next paragraph) served by Tenant's private keyway system Landlord shall be provided by Tenant, at Landlord's cost, with such key or keys as may be necessary to permit Landlord access to such spaces for such maintenance and repair purposes as may be authorized under this Lease. Landlord covenants and agrees that it will use its best efforts to permit the use thereof only by such personnel as have been previously approved by Tenant, will hold such keys in security and will not permit the duplication thereof and access at all times will be subject to such reasonable security measures as Tenant deems appropriate.

As to the EDP Space, and such other spaces within the Premises as are used by Tenant in direct connection with its electronic data processing operations, Landlord shall have access to such portion of the Premises for the purpose of performing required building services, as and to the extent only that the same are provided to the those spaces by Landlord, and for emergency purposes. In no event shall any person acting or purporting to act under Landlord's authority be permitted access to such spaces who has not been previously screened and approved in writing by Tenant, and then only under such conditions and with such accompaniment as Tenant may prescribe consistent with the security needs of such spaces.

#### ARTICLE VIII

##### (Parking Spaces)

Section 8.01. Obligation with Respect to Parking Spaces. Landlord shall provide Tenant with three hundred fifty (350) parking spaces for its use in the Garage Space. Except as provided herein, such spaces shall be located on the lowest levels of the Garage Space. Twenty-five (25) of Tenant's spaces in the Garage Space will be designated by Landlord for Tenant's exclusive use and shall be located conveniently close to Tenant's retail banking facilities on the first Floor of the Building.

Section 8.02. Charges for Parking. Tenant shall pay for each of its initial three hundred fifty (350) parking spaces, sixty-five Dollars (\$65.00) per month per parking space (which sum shall remain constant during the Term of this Lease) plus a proportionate share of operating expenses for the Garage Space, based upon the ratio of such initial spaces taken by Tenant as compared to the total number of parking spaces in the Garage Space. Tenant's share of operating expenses shall be payable in the same manner as provided herein for Basic Costs (but shall be separately accounted for).

Rates charged by Landlord for any parking spaces over such initial spaces provided by Landlord pursuant to Tenant's exercise of an option herein granted to obtain additional parking spaces shall be at the prevailing market rate for parking spaces in the Garage Space as established by Landlord and shall be adjusted from time to time to reflect such prevailing market rate. It is understood that the rates for all parking spaces other than the initial 350 spaces shall be "gross rates" and Tenant shall not be obligated to pay additional charges as to such additional spaces.

Section 8.03. Additional Parking. If Tenant exercises its options under Article XXX herein to lease additional space in the Building, concurrently with the leasing of such space to Tenant Landlord shall make available to Tenant (at the then prevailing contract rate for parking spaces) those parking spaces previously leased by the tenant (or its employees) vacating such space. If Tenant does not elect to lease such spaces concurrently with the leasing of such expansion space, then Landlord shall be entitled to lease same to other parties.

Further, at any time and from time to time as requested by Tenant, Landlord shall make then unleased parking spaces in the Garage Space available to Tenant on a first priority basis until such time as the ratio of the number of Tenant's parking spaces to the Net Rentable Area in the Building leased by Tenant is one (1) parking space to each one thousand five hundred (1,500) square feet of Net Rentable Area. As used in the preceding sentence, the phrase "first priority basis" shall mean that as then unleased parking spaces become available in the Garage Space, Landlord shall make them available for rent by Tenant at the then prevailing contract rate for such spaces before making such spaces available to any other tenant of the Building or any other party.

Section 8.04. Subletting. Tenant shall not sublet any of its parking spaces except at the market rate prevailing from time to time as established by Landlord. For purposes hereof, Tenant's permitting employees to use such spaces at less than market rate charges shall not be considered subletting, but this use by employees or any subletting by Tenant shall not alter



Tenant's obligation hereunder to pay the applicable parking charge under Section 8.02.

In addition, Tenant may permit use of its parking spaces by charitable institutions, and such use shall not be considered subletting for purposes hereof.

Section 8.05. Controls. Tenant's initial parking spaces (other than the 25 spaces near Tenant's retail banking facility) are to be on the two (2) lowest levels of the Garage Space. Tenant shall have the right to install within the Garage Space, at Tenant's expense, such gates or other control measures as may be approved by Landlord to separate Tenant's lower level parking spaces from other spaces in the Garage Space provided that such control gates do not interfere with normal garage circulation. Landlord will issue to Tenant the aforesaid number of parking stickers or tags, each of which will authorize parking in the Garage Space of a car on which the sticker or tag is displayed, or Landlord will provide a reasonable alternative means of identifying and controlling cars authorized to be parked in the Garage Space. Landlord may designate the areas within the Garage Space in which cars may be parked and may change such designations from time to time; however, as stated above, it is understood that 325 of Tenant's parking spaces are to be on the two (2) lowest levels of the Garage Space. Landlord may make, modify and enforce rules and regulations relating to the parking of automobiles in the Garage Space, and Tenant will abide by such rules and regulations.

Landlord agrees that Tenant is to have access to the Garage Space on the basis of 24-hours a day, seven days a week.

## ARTICLE IX

### (Use and Access)

Section 9.01. Use. Tenant shall have the right to use the Premises for general office and/or banking purposes, including use of the EDP Space for Tenant's electronic data processing business, and for no other purpose or use without the prior Approval of Landlord.

Section 9.02. Access. Tenant and its employees guests and business invitees, shall have quiet use and enjoyment and access to the Premises at all times, without disturbance or hindrance. Tenant shall have access to the loading docks, freight elevators and service ramps in or adjacent to the Building in which the Premises are located, and to the General Public Areas and Garage Space of the Project, by elevator, escalator, stairs, corridors, lobbies, entrances or adjoining sidewalks, as applicable, subject to the other terms and conditions of this Lease. Such access



shall be for the benefit of Tenant, its employees, guests, customers and business invitees, all subject to the Rules and Regulations and requirements of applicable law. Tenant shall have the right to implement reasonable security measures in the loading docks, freight elevators and service ramps, subject to the approval of Landlord, which measures shall not unreasonably interfere with the use of such areas by others.

#### ARTICLE X

##### (Repairs and Maintenance)

Section 10.01. Landlord's Obligation to Repair and Maintain. Landlord will make necessary structural and non-structural repairs and replacements to and perform necessary maintenance upon the Project in such manner and to such extent as shall be necessary to maintain the Project as a first-class developer-owned office complex; provided, however, Landlord shall not be obligated to repair or maintain Standard Improvements in the Premises or Tenant's Special Improvements, or to paint any of the Premises or to repair damage in the Project or Premises (except for minor repairs and maintenance which shall be for Tenant's account) caused by the negligence or wrongdoing of Tenant, its agents, employees, representatives, invitees, licensees or visitors except, in any such case, at Tenant's sole cost and expense, pursuant to Tenant's agreement and undertaking to pay Landlord's costs and reasonable charges therefor, and upon Tenant's reasonable request therefor. Tenant shall promptly upon Landlord's billing Tenant therefor reimburse Landlord for any services rendered pursuant to the proviso of the preceding sentence. To the extent Tenant performs maintenance on its own Special Improvements located adjacent to or intertwined in any fashion with Building standard systems maintained by Landlord, Landlord shall fully cooperate in providing access to Tenant for all such maintenance purposes.

Section 10.02. Tenant's Obligations. Tenant covenants and agrees that it will not injure the Project or the Premises but will take the same care thereof which a reasonably prudent person would take of his own property, and upon termination of this Lease, Tenant will surrender and deliver up the Premises to Landlord in good condition, normal wear and tear excepted. Tenant agrees, at its sole cost and expense, to repair or replace any part of the Project damaged as a result of negligent or wrongful acts or omissions of Tenant or Tenant's agents, employees, representatives, invitees, licensees or visitors, unless such damage is covered by Landlord's insurance; provided, however, that if Tenant should fail or refuse to make such repairs or replacements with reasonable promptness after written notice from Landlord (having due regard to the nature of the required repairs or replacements and the effect of delay in making same on



the appearance of the Building or danger of injury to or interferences with other tenants and occupants of the Project), then Landlord may, at its option but without any obligation to do so, enter the Premises and make such repairs or replacements, should they be required on the Premises, and Tenant shall repay to Landlord the reasonable cost thereof on demand.

Section 10.03. Not Applicable to Damage or Destruction Covered by Landlord's Insurance. Notwithstanding the foregoing provisions hereof, however, this Article X shall not apply in the case of damage or destruction by fire or other casualty which is insured under insurance maintained or required herein to be maintained by Landlord on the Building as set out in paragraph 11.03 below (as to which Article XI hereof shall apply).

#### ARTICLE XI

#### (Fire or Other Casualty)

#### Section 11.01. Damage or Destruction.

(a) If at any time or times during the Term and any renewals or extensions thereof, the Building or any parts thereof should be partially destroyed or damaged by fire or other casualty to be insured against pursuant to Section 11.03, then in such event (unless this lease is terminated as hereinafter provided) Landlord will, to the extent proceeds of insurance are available to Landlord, or other funds are available to Landlord from Tenant, for such purpose, and only to such extent, commence promptly to reconstruct, restore and repair or cause to be reconstructed, restored and repaired said Building and the Premises therein (as to the portions thereof originally supplied or constructed by Landlord), as the case may be, to the extent possible from such available funds, as nearly as practicable to a condition substantially equivalent to that in which they existed immediately prior to such damage or destruction, and, during such restoration, rental shall proportionately abate. The scope of Landlord's work under this Section 11.01 as to the Premises shall include all Standard Improvements in the Premises originally supplied, furnished or installed by Landlord as provided for in this Lease and in the Plans and Specifications, and, to the extent of such available funds, improvements made or furnished by Tenant and any Tenant's Special Improvements. If, however, the Building should be damaged or destroyed under any one of the following conditions or circumstances:

(1) there shall be damage to an extent greater than seventy percent (70%) of the replacement cost of the Building, and such damage or destruction shall be caused by a risk covered by insurance maintained by Landlord; or

(2) the Building shall be damaged or destroyed from any cause (whether or not insured or insurable) at a time when less than thirty-six (36) full calendar months remain on the Term and such Building is thus damaged or destroyed to an extent greater than twenty percent (20%) of the replacement cost of such Building above the foundation; or

(3) the Building shall be damaged or destroyed and Landlord and Tenant shall mutually agree that it would be economically unsound to rebuild;

then in any such event, Landlord shall have the election, exercisable by written notice given by Landlord to Tenant at any time within sixty (60) days after such damage or destruction, to decide not to reconstruct, restore or repair the Building, and in such event this Lease shall be terminated by Landlord's election not to restore the Building in all respects effective as of the date of such damage, and any unused prepaid rent shall be refunded to Tenant. In such event, the proceeds of insurance not required to be paid Landlord's Mortgagee shall be the property of Landlord.

(b) In any circumstance described above, in which Landlord is either obligated to reconstruct and repair the Building and Premises or elects to do so, such work shall be commenced with reasonable promptness and completed within a reasonable construction time, or Tenant shall be entitled on ninety (90) days' notice after such reasonable construction time to terminate this Lease unless Landlord completes such restoration within such notice period.

Section 11.02. Waiver of Subrogation Rights. In the event either Landlord or Tenant sustains a loss by reason of fire, lightning and/or extended coverage perils which is covered by insurance maintained by the party suffering such loss (and each party hereby agrees to maintain coverage of all risks that can be covered by a Washington standard form fire, lightning and/or extended coverage insurance policy) and such fire, lightning and/or extended coverage peril is caused, in whole or in part, by acts or omissions of the other party or his or its agents, employees or representatives, then the party incurring such loss agrees to look solely to the fire, lightning and/or extended coverage insurance proceeds, if any, accruing from his or its own insurance and such party shall have no right of action against the other party to this Lease or the agents, employees or representatives of such other party, and no third party (including any insurance carrier) shall have any such right by way of assignment, subrogation or otherwise. The insurance policies maintained by each party shall contain waiver of subrogation clauses and certificates of such waiver of subrogation in each policy



shall be delivered to the other party. The waiver of subrogation provided herein shall apply to the full extent, but only to the extent, that the same shall be valid and enforceable without impairment of insurance policies.

Section 11.03. Obligations to Maintain Property and Other Insurance. Landlord covenants and agrees that Landlord will maintain in force and effect at all times during the Term and any renewals or extensions thereof, fire and extended coverage insurance covering the Building in amounts equal to at least eighty percent (80%) of the insurable value of the insurable portion thereof or such greater amount as may be required under the Ground Lease. Tenant covenants and agrees that Tenant will maintain in force and effect at all times during the Term and any renewals or extensions thereof, fire and extended coverage insurance covering Tenant's Special Improvements in amounts equal to at least 80% of the insurable value of the insurable portions thereof or such other insurance coverage as may be mutually approved by Landlord and Tenant from time to time. Landlord shall not be required to insure Tenant's Special Improvements. Landlord will maintain as part of Basic Costs (if reasonably available) loss of rent (or rent interruption) insurance, in amounts, with companies and upon terms reasonably satisfactory to Tenant, and naming Tenant as a co-insured. Landlord and Tenant shall each review with the other party hereto, annually at such other party's reasonable request, the insurance coverage maintained in accordance with this Section 11.03, in order to assure such other party of the adequacy thereof.

## ARTICLE XII

### (Alterations and Fixtures)

Section 12.01. Alterations by Tenant. Except as specifically provided herein, Tenant shall not make any alterations in or additions to the Building which affect the structure, the mechanical, electrical and plumbing facilities and operations of the Building, or the exterior appearance of the Building, or such as would be visible from the Common Areas (other than Common Areas of a Floor of which Tenant is the sole occupant), General Public Areas or exterior of the Building, without the Approval of Landlord (in each instance, including without limitation, Approval of Landlord of Tenant's design, plans and specifications and contractor and of the hours during which work would be performed). The following provisions shall apply with respect to all alterations or additions made by Tenant in the Premises:

- (a) Such alteration shall be constructed and completed in a good and workmanlike manner at Tenant's sole cost and expense and at Tenant's risk, and shall be made in such manner as not to unreasonably interfere

with the use and enjoyment of other space in the Building by other tenants and occupants, and so as not to unreasonably interfere with any work then being done by Landlord in or on the Building.

(b) Such work shall not structurally damage the Building (including without limitation the mechanical, electrical and plumbing facilities or operations); will be performed in substantial accordance with the plans and specifications theretofore submitted to Landlord by Tenant and approved by Landlord; will be in general conformity and harmony with the architecture of the Building, and will not alter the exterior appearance of the Building.

(c) Tenant shall pay all bills for labor and materials which might be the foundation for assertion of any claim or any mechanic's or materialman's lien or other encumbrance upon any interest of the Landlord in the Premises. All materialmen, contractors, artisans, mechanics, laborers and other parties hereafter contracting with Tenant for the furnishing of any labor, services, materials, supplies or equipment with respect to any portion of the Premises are hereby charged with notice that they must look solely to Tenant for payment for same.

(d) Tenant will comply with all provisions of applicable law respecting workmen's compensation, and will carry and maintain, or cause to be carried and maintained by its contractors, appropriate workmen's compensation and public liability and property damage insurance policies in amounts approved by the Landlord covering all such alterations and additions. Upon Landlord's request certified copies of all such policies (or certificates thereof) or other evidence of financial responsibility shall be delivered to Landlord prior to commencement of such work. Such policies shall provide that each such policy shall not be cancelled, except upon ten (10) days' prior written notice to Landlord.

(e) Tenant shall obtain the Approval of Landlord of any contractors subsequently engaged to design, supervise, or effect any changes in portions of the Premises which are visible from the exterior of the Building or the General Public Areas or Common Areas of the Building, and of any plans and specifications therefor and amendments and modifications thereof.



Section 12.02. Removal of Trade Fixtures by Tenant. Tenant may remove its trade fixtures (which term shall include Tenant's Special Improvements), equipment, furniture and furnishings installed at its own cost and expense, at any time or times provided:

(a) Such removal must be made not later than the last day of the Term of this Lease and must be performed in such manner as to minimize to the extent reasonably possible any interference with or disturbance of other tenants or occupants of the Building or any work then being performed by Landlord in or on the Building (and Tenant and Landlord shall coordinate any work in space being vacated);

(b) Tenant is not in default in performance or observance of any obligation or covenant of this Lease at the time of such removal; and

(c) Such removal may be and is effected without damage to the Premises, the Building or the Project, and Tenant promptly repairs to the standard required by section 10.02, all damage caused by such removal and pays all cost of clearing and removal of debris caused by or resulting from such removal and/or repair work.

Section 12.03. Landlord's Rights Upon Termination of Lease. Unless removed not later than the last day of the Term of this Lease or such other day as extended by Landlord pursuant to Section 12.02 hereof Tenant's Special Improvements, and fixtures and equipment of every description, and any alterations or additions to the Premises, including those made with the written consent of Landlord in accordance with Section 12.01 of this Article, and any other article incorporated in or permanently affixed to the floor, wall or ceiling of the Premises, shall become the property of Landlord and shall be surrendered with the Premises as a part thereof at the termination of this Lease, Tenant hereby waiving all rights to any payment or compensation therefor.

### ARTICLE XIII

#### (Liability)

Section 13.01. Obligations to Carry Liability Insurance; Responsibility of Landlord and Tenant for Loss or Damages. At all times while Tenant is using or occupying any part of the Premises under this Lease or any extension hereof, Tenant will carry and maintain public liability and property damage insurance with limits of not less than \$10,000,000.00 for injury to or death of one or more persons or property damage in any one



occurrence; provided, however, that Tenant not maintain any such required insurance with a deductible (i.e. a self-insured amount) equal to five percent (5%) of the amount of such insurance or such greater amount as Landlord may approve. For example, a \$500,000 deductible is permissible for a \$10,000,000 policy. Landlord will also, at all times during the term of this Lease, and any renewals or extensions thereof, maintain such insurance in such amounts. Neither party hereto shall be responsible or liable to the other for any loss or damage that may be occasioned or caused by the acts or omissions of persons other than such party or its agents, employees or representatives. Each party will cause the other party to be named as an additional insured in its public liability policy, and shall furnish to such other party a certificate of such coverage. Landlord and Tenant shall each review with the other party hereto from time to time at the other party's request, but at least once every five years, the insurance coverage maintained in accordance with this Section 13.01 in order to assure the other party of the adequacy thereof, and Landlord and Tenant shall make such modifications to such insurance coverage as may be mutually agreed upon by Landlord and Tenant.

#### ARTICLE XIV

##### (Eminent Domain)

##### Section 14.01. Total or Partial Taking.

(a) If there shall be taken during the term of this Lease by eminent domain or condemnation proceedings or for public or quasi-public use (a "taking") any portion of the Premises, then this Lease shall terminate as to the portion of the Premises so taken; and, subject to the provisions set forth hereinafter, this Lease shall continue, unabated in full force and effect, as to those portions of the Premises not so taken, but Rent, as same may have been adjusted, attributable to such portion of the Premises which shall have been taken shall abate and shall no longer be payable or accrue as to the portion of the Premises so taken, from and after the date the property can no longer be used for the intended purpose. If only a part of the Premises should be so taken, then Landlord shall be obligated to the extent of the proceeds of any award in respect of such taking being made available to Landlord for such purpose, and only to such extent (unless this Lease is terminated as below provided), to erect such wall or walls as may be necessary to enclose the remaining portion of such Premises and restore same to an architectural unit as nearly like the condition of such Premises prior to such taking as can be practicably done under all of the facts and circumstances upon, and subject to all of, the same terms and conditions as provided with respect to casualty damage in Section 11.01 hereof (including there having been made available to

Landlord, in advance and for such purpose, adequate proceeds of an award of the condemning authority), but Landlord shall not be so obligated if Landlord and Tenant agree that the remaining portion of the Premises cannot be practicably restored to such an architectural unit or if restored the Building would not be economically feasible to operate as contemplated in this Lease.

(b) If a portion only of the Premises shall be so taken or condemned and this Lease is not terminated as to the remainder of the Premises the rent accruing hereunder with respect to the remainder of the Premises not taken by said condemnation shall not be abated or reduced pending completion by Landlord of the work of restoring such remainder of the Premises to an architectural unit as above provided.

(c) If all the Premises should be taken by eminent domain or condemnation proceedings or for public or quasi-public use, then this Lease shall terminate in its entirety with such taking.

(d) In each event in which this Lease is terminated, in part or in its entirety, under this Section 14.01, any unused prepaid rent (or the appropriate portion thereof in the case of partial termination) theretofore paid by Tenant to Landlord shall promptly be refunded to Tenant.

Section 14.02. Rights of Landlord and Tenant With Respect to Award. All sums awarded by the court or the condemning authority for the taking of all or any portion of the Premises or of all or any portion of the Building whether as damages or as compensation shall be applied as required by Landlord's Mortgage, and any portion thereof not applied on the Mortgage shall, unless required by Landlord for restoration and repair, be divided between the Landlord and the Tenant on the basis of the Tenant's interest in all Special Leasehold Improvements (which shall be the only award Tenant shall be entitled to receive) and Landlord's interest in the Land, Building and Project. If the Landlord and Tenant cannot agree as to the allocable portion of the award to be made to each it shall be determined by arbitration in the manner hereafter provided. Landlord and Tenant shall each have the right, however, separately, to appear and file its claim for damages in such proceedings, to participate in any and all hearings, trials and appeals thereon, and, subject to the right of Landlord to receive and retain such damages for purposes of restoration and repair, to receive directly the share of any condemnation award adjudged to be owing to Tenant for the taking of Special Leasehold Improvements and to Landlord for all other amounts and/or portions of the award, Tenant hereby releasing in favor of Landlord all other rights or claims it might have with respect to a taking of its interest or estate under this Lease.

Section 14.03. Transfer in Lieu of Condemnation; Notice of Service. For the purposes of this Article, a transfer of property for public use, made in lieu of an order or judgment of condemnation, following the commencement of an action or proceeding for taking of property under a power of eminent domain or negotiations therefor, shall be deemed to be an eminent domain or condemnation proceeding taking. Landlord and Tenant each agree to give notice to the other within ten (10) days after being served with process or notice of hearing in eminent domain or condemnation proceedings involving the Premises or the Building.

#### ARTICLE XV

##### (Remedies and Defaults)

Section 15.01. Default by Tenant. If Tenant should fail to pay any rent or other charges payable hereunder and such default should continue for a period of thirty (30) days after written notice thereof given by Landlord to Tenant, or if Tenant should fail to perform or observe any other covenant, term, provision or condition of this Lease and such default should continue for a period of ninety (90) days (plus such additional time as Tenant in good faith and with diligence pursues the curing of the default provided Tenant shall have promptly and within such 90-day period commenced to cure such default) after written notice thereof has been given by Landlord to Tenant, then, in any such event, Tenant's right to possession of the Premises and leasehold estate and options hereunder shall, upon notice to such effect from Landlord, immediately cease and terminate at Landlord's option. Landlord lawfully may, immediately or at any time thereafter, upon and simultaneously with notice of termination, enter into or upon the Premises or any part thereof, collect and retain all rents and profits arising therefrom and repossess same and, either by summary dispossession proceedings or by any suitable action or proceeding at law, remove all persons and property therefrom and without prejudice to any remedies which Landlord may have for arrears of rent or breach of covenant. Notwithstanding such re-entry and termination of Tenant's rights of possession, Tenant agrees that Tenant shall remain liable for the rent due and to become due hereunder, and the same shall be paid by Tenant to Landlord on the regular days stipulated herein for payment of rent; however, Landlord will use reasonable efforts to relet the Premises at reasonable rates, and if the Premises be relet in whole or in part, Tenant shall be entitled to a credit in the net amount of the rent received by the Landlord as a result of such reletting (after deducting all reasonable out-of-pocket costs incurred by Landlord in finding a new tenant and reletting the space, including rebuilding and refinishing space for a new tenant, tenant inducements, and paying any brokerage



fees or agent's commissions in connection therewith, in redeco- rating costs, attorney's fees and other costs and expenses inci- dent to the aforesaid repossession of the Premises and reletting of same); Tenant will remain obligated to pay Landlord the amount of any deficiency of the rent actually received on such reletting below the rent reserved. Landlord shall have the right to col- lect from Tenant amounts equal to said deficiencies and damages provided for above together with interest on such amounts at the rate of twelve percent (12%) per annum until paid by suits or proceedings brought from time to time on one or more occasions without Landlord being obligated to wait until the expiration of the term of this Lease.

In addition to the foregoing, Landlord will also have all other remedies provided by law or in equity for default by Ten- ant. Tenant will pay Landlord's reasonable expenses incurred in enforcing any of the remedies for default of Tenant, including attorney's fees, if this Lease is placed in the hands of attor- neys for the enforcement after actual default by Tenant and after notice to Tenant as above provided. Additionally, if at any time or times, Tenant shall fail to pay any installment of Gross Rent becoming due hereunder (as to the amount of which no dispute then exists between Landlord and Tenant) within five (5) days after the due date thereof, Landlord may give written notice of such default to Tenant and if such payment is not made by Tenant within ten (10) days after giving of such notice, Tenant will be obligated to pay interest on such past due installment of Gross Rent at a rate of twelve percent (12%) per annum.

Section 15.02. Limitation of Landlord's Liability to its Interest in Building. Notwithstanding any other provision in this Lease to the contrary, Tenant specifically agrees to look solely to Landlord's interest in the Project for the recovery of any judgment from Landlord, it being agreed that Landlord shall never be personally liable for any such judgment. The provision contained in the foregoing sentence is not intended to, and shall not, limit any right that Tenant might otherwise have to obtain injunctive relief against Landlord or Landlord's successors in interest, or any other action not involving the personal liabil- ity of Landlord to respond in monetary damages from assets other than Landlord's interest in the Project, or any suit or action in connection with enforcement or collection of amounts which may become owing or payable under or on account of insurance main- tained by Landlord.

Section 15.03. Tenant Rights to Cure Landlord Default. Notwithstanding the foregoing, in the event Landlord neglects or fails other than by Tenant's Delay or Excusable Delay to perform the services or other obligations to be performed by Landlord hereunder, Tenant may give notice of such fact to Landlord. Such notice to Landlord shall not be effective unless and until Tenant

also mails (by United States Registered or Certified Mail) a copy thereof to all Landlord's Mortgagees of which Landlord has given Tenant notice. In the event such default is material and continuing the following procedures shall be followed:

(a) Within thirty (30) business days of receipt of such notice from Tenant, Landlord shall either notify Tenant whether (i) Landlord undertakes forthwith to cure the failure, or (ii) Landlord disputes the existence of such failure or default, in which event Landlord may require arbitration thereof. In the event Landlord either undertakes to cure such failure or is directed by arbitration to do so, then Landlord, within sixty (60) days of receipt of such notice from Tenant, or forthwith following a binding determination of the arbitrators, shall either cure the failure, or in the case of failures which cannot by their nature be cured within such period, shall commence and thereafter in good faith and diligently pursue such cure.

(b) In the event Landlord either fails within such 30-day period to undertake such cure or fails to require arbitration thereof, or fails thereafter to cure (or to commence and pursue such cure), all as in (a) set forth, then Tenant may cure such failure or default for the Landlord's account and at Landlord's cost and expense, in which event Landlord shall be relieved of all further obligation to Tenant in connection with the particular default in question except to reimburse Tenant for the cost and expense incurred by Tenant in curing the same. Landlord shall not be required to reimburse Tenant (i) for any curative action which was not required by the circumstances or (ii) for the excess in cost of any curative action taken over and above the action that the circumstances required. Tenant shall be obligated in taking any curative action to do all work properly and in a good and workmanlike manner. In the event Landlord is obligated to reimburse Tenant under this subsection (b) for curative action properly commenced and performed, and fails upon thirty (30) days' notice from Tenant to so reimburse Tenant, then Tenant may withhold such reimbursable amount from the next installment or payment of Gross Rent which shall become due and payable hereunder, notwithstanding any other provision of this Lease to the contrary.



## ARTICLE XVI

### (Bankruptcy)

Section 16.01. Bankruptcy by Tenant. Any adjudication by a Federal Court of competent jurisdiction that Tenant is a bankrupt automatically shall terminate this Lease and all rights of Tenant under this Lease. If this Lease is terminated because of Tenant's bankruptcy, the Landlord shall have the right, in addition to all other remedies to which it may be entitled by law for default, to hold the Tenant liable for rent as such rent accrues, and interest and attorneys' fees as aforesaid.

If (i) a receiver or similar functionary is appointed to take possession of all or substantially all of the assets of the Tenant, or if (ii) the Tenant makes a general assignment for the benefit of creditors, or if (iii) the leasehold estate under this Lease or any portion thereof shall be taken by execution or other process, or if (iv) Tenant should become insolvent, or if (v) a petition for reorganization or rearrangement or other relief is filed by or against the Tenant under the bankruptcy laws or any similar law, and if in these circumstances such appointment, assignment, reorganization or rearrangement or other proceeding continues for a period of ninety (90) days without being dismissed or stayed, then the Landlord shall have the right, at its election, to terminate this Lease, and Landlord shall have the right, in addition to all other remedies to which it may be entitled by law for default to hold Tenant liable for deficiencies in rent and damages as same accrue and interest and attorneys' fees as specified in Section 15.01 above.

Section 16.02. Bankruptcy by Landlord. Any adjudication by a Federal Court of competent jurisdiction that Landlord or any General Partner thereof is a bankrupt, or the occurrence with respect to Landlord or any General Partner thereof of any of the events enumerated in (i) through (v) of the preceding paragraph, shall not constitute an event of default by Landlord pursuant to Section 15.02 hereof, and this Lease shall not terminate by virtue of the occurrence thereof, nor shall any trustee in bankruptcy or other creditor's representative have a right to terminate this Lease or modify its provisions, including the rights and remedies of Tenant set forth in Section 15.03.

## ARTICLE XVII

### (Compliance with Laws)

Section 17.01. Tenant's Compliance with Laws. Except as specifically provided in Section 17.02 with respect to certain actions therein required of Landlord, Tenant will at its own cost

and expense comply with all laws, ordinances, orders, rules and regulations (State, Federal, municipal or promulgated by other agencies or bodies having jurisdiction thereof) relating to the use, condition or occupancy of the Premises, including without limitation any of Tenant's Special Improvements; will install, remove or alter such of Tenant's fixtures, equipment and facilities in the Premises as may be necessary so to comply; will not use the Premises or engage in any activity in the Project which would cause Landlord's fire and extended coverage insurance to be cancelled or the rate therefor to be increased over the rate which would have been charged had such activity not been engaged in by Tenant (or in such event, at Tenant's option, Tenant will pay the amount of any such increase).

Section 17.02. Landlord's Compliance with Laws. Landlord will be responsible for compliance with all present or future laws, ordinances, orders, rules and regulations (State, Federal, municipal or promulgated by other agencies or bodies having jurisdiction) relating to the overall or structural use, design, construction, operation including any installation of direct metering (unless effected at Tenant's request or required because of Tenant's Special Improvements or Tenant's equipment, which compliance in respect thereof, shall be at Tenant's sole cost and expense), or general use of the Project and to such design and construction of the Building (as distinguished from Tenant's special use thereof, Tenant's Special Improvements or matters related to or changes made necessary by Tenant's special use, alterations of or construction in the Premises) and Landlord will, upon the final, non-appealable order of any court determining non-compliance, at its cost make the Project modifications required to effect such compliance. The foregoing shall include, without limitation, capital improvements or modifications required to comply with governmental regulations relating to energy conservation. All expenditures by Landlord hereunder shall be part of the Basic Costs for the year in which such expenditure occurs.

#### ARTICLE XVIII

##### (Assignment and Subletting)

Section 18.01. Assignment and Subletting by Tenant. Except as to Affiliates of Seattle-First National Bank or as otherwise provided in subparagraphs (e) or (f) of this Article XVIII, Tenant shall have no right to sublet the Premises or any part thereof, or to assign this Lease without Landlord's express prior written consent. Any such permitted assignment or subletting to an Affiliate of Seattle-First National Bank, or as permitted under subparagraphs (e) or (f) hereof or otherwise with Landlord's prior written consent shall be only upon compliance with the following conditions:

(a) At the time of any such assignment or subletting, this Lease is in full force and effect and there is no default hereunder on the part of the Tenant;

(b) An original copy of the assignment or sublease, duly executed and acknowledged by the sublessor and sublessee shall be delivered to the Landlord at least thirty (30) business days prior to the effective date of such sublease;

(c) Any such assignment or subletting shall be subject to all the provisions, terms, covenants and conditions of this Lease; and the undersigned Tenant shall continue to be and remain liable hereunder jointly and severally, except in the case of an assignment of this Lease in accordance with subparagraph (f) below;

(d) No sublease, or subleases in the aggregate, to other than Affiliates shall cover more than fifty percent (50%) of the space in the Building leased by Tenant and covered by this Lease;

(e) Tenant shall have the right to sublease portions of the Premises in accordance with this subparagraph (e) without Landlord's prior written consent subject to and upon compliance with the provisions of subparagraphs (a) through (d) above. All space covered by subleases for purposes hereof shall be conclusively deemed (regardless of actual space covered) on a "last-in-first-out" basis so that the last portion of space in the Building leased by Tenant hereunder preceding the date of a sublease shall be deemed the first space sublet, and with respect to all subleases the following shall govern:

(i) The original 720,000 square feet may be sublet only (x) in increments of two floors or more and at annual rental rates not less than \$8.70 multiplied by the Constant Factor per square foot of Net Rentable Area (plus escalations for Basic Costs) or (y) in increments of less than two floors at not less than the then prevailing Market Rate for said space in the Building, in which event any profit on such sublease shall belong to Tenant (and Landlord shall not participate therein);

(ii) In the event Tenant desires to have another party occupy space in the Building but space is not available for lease to such party from Landlord, then Tenant shall have the right to sublet any of the



Premises to such party at any rate (and terms and conditions in addition to those set forth herein) desired by Tenant; however, Tenant shall thereafter be obligated to pay to Landlord with respect to such sublet space the Basic Rent in an amount equal to the greater of (i) the Basic Rental for such space as provided hereinabove or (ii) the Market Rate prevailing when such space was originally leased by Tenant;

(iii) In the event any expansion space covered by this Lease by virtue of Tenant's exercise of its options as set forth in Article XXX hereof is sublet under the terms hereof, the Basic Rental payable under this Lease by Tenant during the periods of (but only for the periods) occupancy of such sublet space by such subtenant shall be the Market Rate prevailing (x) at the Effective Date of this Lease as to such Expansion Space (i.e. Tenant shall not during such periods receive the 20% discount provided for herein as to such sublet space) or (y) at the tenth anniversary of the Effective Date of this Lease as to sublet space if such sublease is in effect after the rental rate adjustment for Expansion Space provided for herein (i.e. an adjustment to then Market Rate less 20% on the tenth anniversary), whichever is applicable. From and after the effective date of any such sublease Tenant shall pay to Landlord as received by Tenant fifty percent (50%) of any profit by Tenant on such sublease (herein being the amount by which the sublease rental rate exceeds the then applicable rate for such sublease space under the terms of this Lease).

(f) Landlord agrees that Tenant may make a complete assignment and transfer of all its right, title and interest hereunder and in the Project to SEAFIRST CORPORATION, the owner of all of the issued and outstanding stock of Seattle-First National Bank, and be released and relieved from and after the date of such assignment and transfer from all liability and obligations thereafter arising under this Lease to be performed provided all of the following conditions are fully and completely complied with:

(i) Seafirst Corporation shall expressly assume all of the terms, covenants and conditions in this Lease, and any other agreements between Landlord and Tenant, to be performed by Tenant, and Landlord shall receive an executed original copy of such assignment and assumption agreement;

(ii) There shall be no uncured default by Tenant in the performance and observance of the terms, covenants and conditions in this Lease, and any other agreements between Landlord and Tenant, to be performed by Tenant;

(iii) The financial condition and credit-worthiness of Seafirst Corporation at the time of assignment shall be reasonably satisfactory to and approved by Landlord and Landlord's Mortgagee for purposes solely of accepting Seafirst Corporation as a substitute "Tenant" hereunder.

Notwithstanding the foregoing provisions regarding permitted assignment or subleasing by Tenant, Tenant shall not assign this Lease or sublet any portion of the Premises until at least 95% of the Building has been initially leased to tenants; and thereafter any assignment or subletting shall be permitted only in accordance with the foregoing provisions of this Section 18.01.

The rights of Tenants under this Section 18.01 are personal to the Tenant named herein and its assignee, but shall not accrue to any sublessee of such named Tenant. No assignee or sublessee shall have any further right of assignment or subletting without Landlord's express prior written consent.

Section 18.02. Transfer of Landlord's Rights. Landlord may assign, convey or otherwise transfer all or any part of Landlord's estate, right, title and interest hereunder and/or in the Building, Land, Premises and Project or any portion thereof without the consent of Tenant. The term "Landlord" as used in this Lease so far as covenants or obligations on the part of the Landlord are concerned shall be limited to mean and include only the owner or owners at the time in question of the Building and in the event of any transfer or transfers of the title thereto, the Landlord herein named (and in case of any subsequent transfer or conveyances the then transferor) shall be automatically freed and relieved from and after the date of such transfer or conveyance of all liability and obligation as respects the performance of any covenants or obligations on the part of the Landlord contained in this Lease thereafter to be performed; provided that any funds in the hands of such Landlord or the then transferor at the time of such transfer, in which the Tenant has an interest, shall be turned over to the transferee and any amount then due and payable to the Tenant by the Landlord or the then transferor under any provision of this Lease, shall be paid to the Tenant; and provided further that upon any such transfer, the transferee shall expressly assume, subject to the limitation of this Section, all of the terms, covenants and conditions in this Lease contained to be performed on the part of the Landlord, including, but not limited to, any obligations of Landlord under Article IV

hereof and under Exhibit D, it being intended that the covenants and obligations contained in this Lease on the part of the Landlord shall, subject as aforesaid, be binding on the Landlord, its successors and assigns, only during and in respect to their respective successive period of ownership except as may be expressly otherwise stated in this Lease.

#### ARTICLE XIX

##### (Landlord's Access and Changes)

Section 19.01. Landlord's Access. Subject to the provisions of Section 7.04, Landlord and its agents shall have the right to enter upon the Premises upon reasonable notice and at reasonable hours (and in emergencies at all times) (i) to examine the Premises, (ii) to show the Premises to prospective purchasers, mortgagees or insurers, (iii) to enter the Premises for the purpose of making repairs, improvements, additions or alterations to the Premises or the Building, to the extent only that Landlord is required or authorized under the other provisions of this Lease to make such repairs, improvements, additions, or alterations. The scheduling of Landlord's entry upon the Premises for the foregoing purposes (except in emergencies) shall be arranged so as not to interfere unreasonably with Tenant's reasonable security measures.

Section 19.02. Landlord's Right to Use Certain Facilities. Landlord shall have the right, from time to time, upon reasonable notice to Tenant and at Landlord's risk and expense, to erect, maintain, repair and use pipes, cables, conduits and wires in, to and through the flues, stacks and pipe chases within the Premises other than EDP Space, or interconnections therewith or with Tenant's electronic data processing operations in the Building, which shall not be subject to access under Section 19.01 or use hereunder by Landlord, to the extent that same may be appropriate to serve other portions of the Building; however, all such work shall be done in such manner and at such times as to avoid undue interference with Tenant's use and enjoyment of the Premises, and Landlord shall promptly repair all damages to the Premises and to any Standard Improvements, Tenant Special Improvements or other property of Tenant resulting from any such work performed or caused to be performed by Landlord.

#### ARTICLE XX

##### (Graphics and Signage)

Section 20.01. Graphics. Tenant shall not install or maintain any graphics or signage for the Premises which shall be visible from the Common Areas (other than Common Areas of a Floor

of which Tenant is the sole occupant) or the General Public Areas except as expressly approved in writing by Landlord from time to time.

#### ARTICLE XXI

##### (Quiet Enjoyment)

Section 21.01. Landlord's Covenant of Quiet Enjoyment. Landlord covenants and agrees, provided Tenant pays all rent and performs the terms and conditions of this Lease, to take all necessary steps to secure to Tenant and to maintain for the benefit of Tenant the quiet and peaceful possession of the Premises, for the Term, without hindrance by Landlord or any other person claiming or to claim title to the Premises, or the Project or any part thereof, by, through or under Landlord.

#### ARTICLE XXII

##### (Non-Waiver)

Section 22.01. Non-Waiver. Failure of either party to declare any default immediately upon occurrence thereof, or delay in taking action in connection therewith, shall not waive such default, but such party shall during the continuance of such default have the right to declare such default at any time and take such action as might be lawful or authorized hereunder, either in law or in equity. Waiver by either party of any right for any default of the other shall not constitute a waiver of any right for either a subsequent default of the same obligation or for any other default.

#### ARTICLE XXIII

##### (Holding Over)

Section 23.01. Holding Over by Tenant. In the event of holding over by Tenant after expiration or termination of this Lease without the written consent of Landlord, Tenant shall pay as liquidated damages two hundred percent (200%) of the Basic Rent then applicable to the space then being occupied by Tenant for the entire holdover period. No holding over by Tenant after the term of this Lease shall operate to extend the Lease; in the event of any unauthorized holding over, Tenant shall indemnify Landlord against all claims for damages by any other lessee to whom Landlord may have leased all or any part of the Premises effective upon the expiration or termination of this Lease. Any holding over with the consent of Landlord in writing shall thereafter constitute this Lease a lease from month to month.



ARTICLE XXIV

(Abandonment)

Section 24.01. Covenant of Tenant Not to Abandon. Tenant covenants and agrees not to abandon the Premises or any part thereof. In the event the Premises are abandoned by Tenant, Landlord shall have the right, but not the obligation, to relet the Premises for the remainder of the Term or for any lesser term; and if the rent received through such reletting does not at least equal the rent provided herein, Tenant shall pay and satisfy any deficiency between the amount of rent herein provided and that received through reletting (after deducting therefrom all expenses incurred in connection with any such reletting, including but not limited to brokerage fees and the cost of renovating, altering and decorating for any or all new tenants or occupants). Nothing herein shall be construed as impairing or denying Landlord's right, in the event of abandonment of the Premises or other breach of the Lease by Tenant, to exercise all the remedies herein provided for defaults by Tenant.

ARTICLE XXV

(Rules and Regulations)

Section 25.01. Tenant's Obligation with Respect to Rules and Regulations. At all times during the term of this Lease or any extension or renewal of this Lease, Tenant, and all of Tenant's agents, employees, representatives, customers and invitees, shall in all respects observe and conform to the Rules and Regulations, a copy of which is attached hereto as Exhibit E. Landlord shall use its best efforts to require the Building Rules and Regulations to be observed by all tenants of the Project and take reasonable action to enforce same.

ARTICLE XXVI

(Landlord's Mortgagee)

Section 26.01. Subordination. Tenant agrees that upon the request of Landlord in writing it will subordinate this Lease and the Tenant's rights and leasehold estate hereunder from time to time to the lien of any Mortgage held by Landlord's Mortgagee provided that Landlord's Mortgagee shall enter into an agreement with Tenant, in recordable form, that in the event of foreclosure or other right asserted under the Mortgage by Landlord's Mortgagee, this Lease and the rights of Tenant to possession of the Premises hereunder shall continue in full force and effect and shall not be terminated or disturbed except in accordance with the provisions of this Lease. Tenant agrees that if requested by Landlord's Mortgagee it will be a party to said agreement and



will agree in substance that if Landlord's Mortgagee or any person claiming under Landlord's Mortgagee shall succeed to the interest of Landlord in this Lease, it will recognize said Mortgagee or person as its Landlord under the terms of this Lease. Tenant further agrees that any such successor to the interest of Landlord shall not be bound by (i) any payment of rent or additional rent for more than one month in advance or (ii) any amendment or modification of this Lease made without the written consent of such trustee or such beneficiary or such successor in interest of which Tenant shall have had notice. Tenant agrees that it will upon the request of Landlord execute, acknowledge and deliver any and all instruments necessary or desirable to give effect to or notice of such subordination.

Section 26.02. Non-Terminability.

(a) If and so long as the estate, right, title and interest of Landlord hereunder shall be assigned or mortgaged as security for the payment of indebtedness for borrowed money, and except as expressly to the contrary set forth and provided in Section 3.06, Section 11.01(b) and Article XIV hereof, this Lease shall not terminate nor shall Tenant have any right to terminate this Lease or to be released, relieved or discharged from any obligations or liabilities hereunder for any reason whatsoever.

(b) Tenant will remain obligated under this Lease in accordance with its terms, and will not take any action to terminate (except in accordance with the provisions hereof), rescind or avoid this Lease for any reason, notwithstanding any bankruptcy, insolvency, reorganization, composition, readjustment, liquidation, dissolution or other proceeding affecting Landlord or any assignee of Landlord, or any action with respect to this Lease which may be taken by any receiver, trustee or liquidator (or other similar official) or by any court. All payments by Tenant of Basic Rent, Variable Rent and other amounts payable by Tenant hereunder shall (except as specifically provided in this Lease) be final and Tenant will not seek to recover any such payment or any part thereof for any reason. Except as expressly to the contrary provided in Section 11.01 of this Lease, Tenant waives all rights now or hereafter conferred by statute or otherwise to quit, terminate or surrender this Lease, or to any abatement, suspension, deferment, diminution or reduction of Basic Rent, Variable Rent or other amounts payable by Tenant hereunder, or for damage, loss, cost or expense suffered by Tenant, on account of any of the reasons referred to in Section 26.02(a) or this Section 26.02(b) or otherwise.



ARTICLE XXVII

(Notices)

Section 27.01. Notices to Landlord or Tenant. Any notice or communication to Landlord or Tenant required or permitted to be given under this Lease shall be effectively given only if in writing, shall be effective on receipt and shall be deposited in United States Registered or Certified Mail, postage prepaid, return receipt requested, addressed as follows:

If to Tenant, to it at the following address:

Seattle-First National Bank  
P. O. Box 3586  
Seattle, Washington 98124  
Attention: Robert E. Walton, P.E.

With a copy to:

Davis, Wright, Todd, Riese & Jones  
4200 Seattle-First National Bank Bldg.  
Seattle, Washington 98154  
Attention: Rex M. Walker

Or if to Landlord, addressed as follows:

Block 24 Seattle, Ltd.  
Suite 2100  
Post Oak Tower  
5051 Westheimer Road  
Houston, Texas 77056  
Attention: Gerald D. Hines

With a copy to:

Baker & Botts  
3000 One Shell Plaza  
Houston, Texas 77002  
Attention: A. B. White, Esquire

And to:

Thomas B. Swift  
Project Manager - Seattle  
Suite 2100 Post Oak Tower  
5051 Westheimer Road  
Houston, Texas 77056.

provided, however, that in lieu of such notice by United States Registered or Certified Mail, then the party delivering the



notice may do so by personal delivery to the addresses above specified. Either party shall have the right to change the address to which notices shall thereafter be sent by giving notice to the other party as aforesaid, but not more than three addresses shall be in effect at any given time for Landlord and Tenant hereunder.

#### ARTICLE XXVIII

##### (Partial Invalidity)

Section 28.01. Severability Clause. If any term, covenant, condition or provision of this Lease, or the application thereof to any person or circumstance, shall ever be held to be invalid or unenforceable, then in each such event the remainder of this Lease or the application of such term, covenant, condition or provision to any other person or any other circumstance (other than such as to which it shall have been invalid or unenforceable) shall not be thereby affected, and each term, covenant, condition and provision hereof shall remain valid and enforceable to the fullest extent permitted by law.

#### ARTICLE XXIX

##### (Arbitration)

Section 29.01. Right of Landlord and Tenant to Submit Disputes to Arbitration. Either Landlord or Tenant may at any time require that any dispute hereunder as to whether Landlord or Tenant is performing its obligations under this Lease, or Tenant has a right to terminate this Lease under Section 11.01(b) or as to any sums which Landlord or Tenant may claim to share under Section 14.02, and such other issues as Landlord and Tenant have agreed to submit to arbitration and none other, be submitted to arbitration. Such arbitration shall be finally determined in the City of Seattle, Washington, by arbitration in accordance with the then prevailing Rules of the American Arbitration Association or its successor for arbitration of commercial disputes and the judgment or the award rendered therein may be entered in any court having jurisdiction thereof, provided, however, that notwithstanding the foregoing, the selection of arbitrators shall not be made in accordance with such Rules, but rather the selection of the arbitrators and the proceedings shall follow the procedures set forth hereinbelow.

In each instance under this Lease where it shall become necessary to resort to arbitration, the party desiring such arbitration shall give notice to that effect to the other party, specifying therein the name and address of the person designated to act as arbitrator on its behalf. Within ten (10) business days after the service of such notice, the other party shall give



notice to the first party specifying the name and address of the person designated to act as arbitrator on its behalf. If the second party fails to notify the first party of the appointment of its arbitrator, as aforesaid, within or by the time above specified, then the appointment of the second arbitrator shall be made in the same manner as hereinafter provided for the appointment of a third arbitrator in a case where the two arbitrators appointed hereunder or the parties are unable to agree upon such appointment. The arbitrators so chosen shall meet within ten (10) business days after the second arbitrator is appointed and if, within ten (10) days after such first meeting, the said two arbitrators shall be unable to agree promptly upon the question in issue, they, themselves, shall appoint a third arbitrator, who shall be a competent and impartial person; and, in the event of their being unable to agree upon such appointment within five (5) business days after the time aforesaid, the third arbitrator shall be selected by the parties themselves if they can agree thereon within a further period of ten (10) business days. If the parties do not so agree, then either party, on behalf of both, may request such appointment by the then Chief Judge of the United States District Court having jurisdiction over the City of Seattle, and the other party shall not raise any question as to such judge's full power and jurisdiction to entertain the application and make the appointment. In the event of the 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 as hereinbefore provided. The decision of the arbitrators so chosen shall, if possible, be given within a period of sixty (60) business days after the appointment of such third arbitrator. The decision in which any two arbitrators so appointed and acting hereunder concur shall in all cases be binding and conclusive upon the parties. Any party found by the arbitrators to have breached this Lease Agreement shall pay the costs and expenses of the other party (including attorneys' fees and expenses), incurred in arbitration. In all other cases, each party shall pay the fee and expenses of its respective arbitrator and both shall share the fee and expenses of the third arbitrator, if any, and the attorneys' fees and expenses of counsel for the respective parties and of witnesses shall be paid by the respective party engaging such counsel or calling such witnesses.

The arbitrators shall have the right to consult experts and competent authorities skilled in the matters under arbitration, but any such consultation shall be made in the presence of both parties with full right on their part to cross-examine. The arbitrators shall render their decision and award in writing with counterpart copies to each party. The arbitrators shall have no power to modify the provisions of this Lease (although the arbitrators shall not be prohibited from considering other written agreements and facts as evidentiary of the intent and purposes of

this lease) and the jurisdiction of the arbitrators is limited accordingly.

Prior to the commencement of the arbitration hearings, each party shall have the right to conduct discovery proceedings in the manner and within the scope provided for in the Federal Rules of Civil Procedure.

Section 29.02. Market Rate Appraisal Procedures. Either Landlord or Tenant may require that any dispute as to the Market Rate that is applicable in particular circumstances hereunder be determined in accordance with the appraisal procedures set forth herein. In each instance under this Lease where it shall become necessary to resort to appraisal, the Market Rate shall be determined by three appraisers, each of whom must have knowledge of the rental real estate market in major metropolitan areas throughout the United States. The appraisers shall be chosen in the manner provided for appointment of arbitrators in Section 29.01 hereof. In determining said Market Rate, each such appraiser is hereby directed to take into consideration the then-current status of the office space rental market in downtown Seattle, Washington, and assume that the area to be leased shall be leased in its then-current condition (or restored condition in the event of casualty or condemnation, or, in the case of Expansion Space or First Refusal Space leased pursuant to Article XXX, the condition in which Landlord shall have agreed to deliver said expansion area to Tenant), and that the area to be leased upon such Market Rate shall be leased to one single tenant. The determination of the Market Rate shall be set forth in a written report of the appraisal. In the event of a disagreement between appraisers as to Market Rate, the opinion of a majority of the appointed appraisers shall control. Each party shall pay the cost of its own appraiser and the cost of the third appraiser and all other costs incurred in connection with the appraisal shall be divided equally between the Landlord and Tenant.

#### ARTICLE XXX

##### (Expansion Options)

Section 30.01. Ten Year Expansion Option. Tenant shall have, and Landlord hereby gives and grants to Tenant, the right at Tenant's option (the "Ten Year Expansion Option") to include under this Lease all space on Floors 35, 36 and 37 of the Building, being approximately 65,316 square feet of Net Rentable Area (the "Ten Year Option Space"). The Ten Year Expansion Option may be exercised as to all or any portion of the Ten Year Option Space. It is recognized that Landlord may originally lease the Ten Year Option Space, or any portion thereof, to tenants other than Seattle-First National Bank. Accordingly, as to any portion of the Ten Year Space as to which Tenant desires to exercise the



Ten Year Expansion Option, such Option shall be exercised as of a date ("Effective Date") determined as follows:

(i) With respect to any portion of the Ten Year Option Space which is not leased to a tenant other than Seattle-First National Bank on a date which is nine (9) years after the Commencement Date of the term of this Lease, the Effective Date shall be ten (10) years after the Commencement Date;

(ii) With respect to any portion of the Ten Year Option Space which is leased to a tenant other than Seattle-First National Bank on a date which is nine (9) years after the Commencement Date of this Lease, the Effective Date shall be the earlier of (x) ten (10) years after the first date on which such space is occupied by a tenant other than Seattle-First National Bank in the case of space which was initially leased for ten (10) years, but in the case of space which was initially leased for less than ten (10) years and as to which such lease was renewed or a subsequent lease was executed, that date (following ten (10) years after initial occupancy) which is the expiration date of any such renewed or subsequent lease, or (y) eleven (11) years following the date of the Commencement Date of the term of this Lease.

Landlord shall give Tenant written notice of the first date on which each portion of the Ten Year Option Space is occupied, within a reasonable time after each such occupancy date, and in any event Landlord will give Tenant Option Notice prior to the Effective Date with respect to each portion of the Ten Year Option Space, specifying the effective date applicable to such portion of the Ten Year Option Space. If Tenant elects to exercise such option with respect to any portion of the Ten Year Option Space, it shall be exercised by giving Landlord written notice thereof on or before the expiration of sixty (60) days from the receipt of such Option Notice.

Landlord shall give Tenant Option Notice as hereinbefore defined and Tenant, if it elects to exercise said option, shall exercise same by notifying Landlord thereof within sixty (60) days after the receipt of such Option Notice. If Tenant does not exercise such option with respect to any portion of Ten Year Option Space when such option is exercisable as herein provided, such space shall no longer be subject to any Expansion Option hereunder, except the First Refusal Expansion Option provided for in Section 30.04 hereof, which shall continue to be applicable.

Section 30.02. Twenty Year Expansion Option. Tenant shall have, and Landlord hereby gives and grants to Tenant, the right,

at Tenant's option (the "Twenty Year Expansion Option") to include under this Lease all space on Floor 1 of the Building not included in the initially leased Premises, being approximately 3,566 square feet of Net Rentable Area, and the space on Floors 38, 39 and 40 of the Building, being approximately 65,316 square feet of Net Rentable Area (the "Twenty Year Option Space"). The Twenty Year Expansion Option may be exercised as to all or any portion of the Twenty Year Option Space.

It is recognized that Landlord may originally lease the Twenty Year Option Space, or any portion thereof, to tenants other than Seattle-First National Bank. Accordingly, as to any portion of the Twenty Year Option Space as to which Tenant desires to exercise the Twenty Year Expansion Option, such Option shall be exercised as of a date ("Effective Date") determined as follows:

(i) With respect to any portion of the Twenty Year Option Space which is not leased to a tenant other than Seattle-First National Bank, on a date which is nineteen (19) years after the Commencement Date of the term of this Lease, the Effective Date shall be twenty (20) years after the Commencement Date of the term of this Lease;

(ii) With respect to any portion of the Twenty Year Option Space which is leased to a tenant other than the Seattle-First National Bank on a date which is nineteen (19) years after the Commencement Date of this Lease, the Effective Date shall be the earlier of (x) twenty (20) years after the first date on which such space is occupied by a tenant other than Seattle-First National Bank, or (y) twenty-one (21) years after the Commencement Date.

Landlord shall give Tenant written notice of the first date on which each portion of the Twenty Year Option Space is occupied, within a reasonable time after each such occupancy date, and in any event Landlord will give Tenant Option Notice at least one year and not more than seventeen (17) months prior to the Effective Date with respect to each portion of the Twenty Year Option Space, specifying the Effective Date applicable to such portion of the Twenty Year Option Space. If Tenant elects to exercise such option with respect to any portion of the Twenty Year Option Space, it shall be exercised by giving Landlord written notice thereof on or before the expiration of sixty (60) days from the receipt of said Option Notice.

Landlord shall give Tenant Option Notice as hereinbefore defined and Tenant, if it elects to exercise said option, shall exercise same by notifying Landlord thereof within sixty (60)

days after the receipt of such Option Notice. If Tenant does not exercise such option with respect to any portion of Twenty Year Option Space when such option is exercisable as herein provided, such space shall no longer be subject to any Expansion Option hereunder, except the First Refusal Expansion Option provided for in Section 30.04 hereof, which shall continue to be applicable.

Section 30.03. Twenty-five Year Expansion Option. Tenant shall have, and Landlord hereby gives and grants to Tenant, the right at Tenant's option (the "Twenty-five Year Expansion Option") to include under this Lease the space on Floors 41 and 42 of the building, being approximately 42,387 square feet of Net Rentable Area (the "Twenty-five Year Option Space"). The Twenty-five Year Expansion Option may be exercised as to all or any portion of the Twenty-five Year Option Space. It is recognized that Landlord may originally lease the Twenty-five Year Option Space, or any portion thereof, to tenants other than Seattle-First National Bank. Accordingly, as to any portion of the Twenty-five Year Space as to which Tenant desires to exercise the Twenty-five Year Expansion Option, such Option shall be exercised as of a date ("Effective Date") shall be twenty-five (25) years after the commencement of the term of this Lease.

Landlord shall give Tenant written notice of the first date on which each portion of the Twenty-five Year Option Space is occupied, within a reasonable time after each such occupancy date, and in any event Landlord will give Tenant written notice (all such notices concerning any expansion options granted in Sections 30.01, 30.02 or 30.03 hereof being hereafter referred to as "Option Notice") Option Notice prior to the Effective Date with respect to each portion of the Twenty-five Year Option Space, specifying the effective date applicable to such portion of the Twenty-five Year Option Space. If Tenant elects to exercise such option with respect to any portion of the Twenty-five Year Option Space, it shall be exercised by giving Landlord written notice thereof on or before the expiration of sixty (60) days from the receipt of such Option Notice.

Landlord shall give Tenant Option Notice as hereinbefore defined and Tenant, if it elects to exercise said option, shall exercise same by notifying Landlord thereof within sixty (60) days after the receipt of such Option Notice. If Tenant does not exercise such option with respect to any portion of Twenty-five Year Option Space when such option is exercisable as herein provided, such space shall no longer be subject to any Expansion Option hereunder, except the First Refusal Expansion Option provided for in Section 30.04 hereof, which shall continue to be applicable.

Notwithstanding any provision in this Section 30.03 to the contrary, the Twenty-five Year Expansion Option provided for



herein shall not apply to any space theretofore included under this Lease by Tenant's exercise of its First Refusal Expansion Option.

Section 30.04. First Refusal Expansion Option. Except as provided hereinbelow, in addition to the Ten Year Expansion Option, the Twenty Year Expansion Option and the Twenty-five Year Expansion Option provided for in Sections 30.01, 30.02 and 30.03, respectively, Tenant shall have, and Landlord hereby gives and grants to Tenant, the right, at Tenant's option (the "First Refusal Expansion Option"), to include under this Lease any space in the Building not covered by this Lease at the time such option is exercised, such option to be exercisable by Tenant as herein-after provided at such time or times as prior leases on such space expire by their terms, and Landlord agrees not to permit extension or renewal of such prior leases until Tenant has rejected exercise of its First Refusal Expansion Option as to such space. Landlord shall give Tenant written notice ("First Refusal Notice") when Landlord has determined that such space will be or has become available for leasing by Tenant pursuant to its First Refusal Expansion Option. In this connection Landlord agrees to give Tenant said First Refusal Notice as soon as it is in a position to do so (but not prior to one (1) year before such space is to become available). Upon receipt of such First Refusal Notice, if Tenant elects to exercise its First Refusal Expansion Option with respect to such space, it shall do so by giving Landlord written notice thereof not later than thirty (30) days after receipt of such First Refusal Notice.

The First Refusal Expansion Option provided herein should not apply as to (i) the top five (5) Floors or 3,566 square feet of Net Rentable Area on Floor 1 of the Building during the first twenty (20) years of the Term of this Lease except in the event the tenant of the space so reserved to Landlord becomes insolvent and vacates the space, or (ii) Floor 2 of the Building not covered by this Lease as of the date hereof.

Section 30.05. Basic Rent Applicable to Expansion Space; Adjustments. Upon the exercise of any Expansion Option pursuant to the terms thereof, the Expansion Space included under this Lease thereby shall be added to the Premises for the remainder of the term hereof, and the Basic Rent, expressed as an annual rate per square foot of Net Rentable Area, shall be determined (and adjusted) as set forth in Section 6.01 hereof; provided, however, that such rate shall be subject to adjustment based upon subleasing (if such occurs) as more fully provided in Section 18.01, hereof.

Section 30.06. Expansion Space on As Is Basis. In the event Tenant exercises any Expansion Option pursuant to the terms thereof, Tenant shall take the Expansion Space added hereto

pursuant to such Option on an "as is basis", if such space has been previously occupied by another tenant. If such space has never been occupied, Tenant shall be entitled to the same Building Standard Improvements as set forth herein for the initial Premises. If Tenant elects to have Landlord finish such previously unoccupied space for Tenant's occupancy, Tenant shall furnish Landlord its Interior Layout for such Expansion Space by sixty (60) days prior to the Effective Date as to such expansion space. Tenant's obligation to pay rent on such space shall commence when Tenant's exercise of its Expansion Option becomes effective. Any disputes between Landlord and Tenant as to the completion of said finishing work, if done by Landlord, shall be determined pursuant to the terms hereof applicable to the initial Premises.

Landlord shall not be liable for failure to give possession of Expansion Space by reason of the holding over or retention of possession of any previous tenant, tenants or occupants of same, nor shall such failure impair the validity of this Lease, nor extend the term hereof, but the rent for such Expansion Space shall be abated until possession is delivered to Tenant. However, Landlord covenants that it will use reasonable diligence to deliver possession of such Expansion Space to Tenant upon the date(s) specified in the First Refusal Notice.

Landlord agrees to use its reasonable best efforts to consolidate contiguous space for Tenant when Tenant exercises any of the Expansion Options set forth in Section 30.01, 30.02, 30.03 or 30.04 hereof.

Section 30.07. Instrument Delineating Expansion Space. Upon the exercise of any Expansion Option pursuant to the terms thereof, Landlord and Tenant shall join in executing and delivering a recordable instrument delineating and describing the Expansion Space added thereby.

#### ARTICLE XXXI

(Miscellaneous)

Section 31.01. Certain Miscellaneous Provisions. Landlord and Tenant further agree as follows:

(a) Section Headings. The Section headings or titles appearing in this Lease are inserted and included solely for convenience and shall never be considered or given any effect in construing this agreement.

(b) Certain Usage. All personal pronouns used in this agreement shall include the other genders whether used in the masculine or feminine or neuter gender, and the singular shall include the plural whenever and as often as may be appropriate.



(c) Binding Effect. The covenants and agreements herein contained shall inure to and be binding upon Landlord, its or their heirs, devisees, legal representatives, successors and assigns, and Tenant, its successors and assigns; and further provided that any party succeeding to or acquiring any part of or interest in the interest of any party "Landlord" hereunder shall automatically take such interest free and clear of, and shall not be liable for, any liability or indebtedness to Tenant of such party "Landlord" which has accrued or arisen under or as provided for in this Lease prior to such acquisition or succession, and the transfer of the Landlord's rights and estate under this Lease shall have the effect stated in Section 18.02 hereof.

(d) Memorandum, Other Certificates, Amendments. Landlord or Tenant shall, each at the request of the other, execute an appropriate Memorandum of this Lease. In each case in form for filing among the Real Property Records of King County, Washington. Within sixty (60) days following the Commencement Date, Landlord and Tenant shall, at the request of either of them, execute an appropriate amendment of this Lease and an appropriate Memorandum thereof, in recordable form as aforesaid, showing the actual location in the Building, and the extent (in terms of Net Rentable Area), of the Premises, and setting forth such other information as either party may reasonably request, respecting the location and extent of the Premises.

(e) Incorporation of Exhibits, Etc. All Exhibits, Schedules and attachments referred to in this Lease are hereby incorporated by reference for all purposes as fully as if set forth at length herein.

(f) No Joint Venture or Agency. Nothing herein shall be construed or deemed to create any relationship of joint venture, partnership, master-servant or principal-agent between Landlord and Tenant. The rights, duties, obligations and liabilities of Landlord and Tenant are separate and not joint or collective, and it is not the intention of the parties hereto to create under any circumstances a joint venture or partnership or the relationship of master-servant or principal-agent, the relationship of the parties hereto being solely and exclusively one of Landlord and Tenant, respectively.

Section 31.02. Applicable Law. This Lease shall be governed by and construed in accordance with the laws of the State of Washington. Landlord and Tenant each hereby consent to jurisdiction in the State of Washington for any matter of dispute arising under this Lease and further agree to venue of any such matter in King County, Washington.

Section 31.03. Entire Agreement. This Lease represents the entire agreement of the parties hereto.





the same as the act and deed of such corporation as general partner of Block 24 Seattle, Ltd., a partnership for the purposes and consideration therein expressed and in the capacity therein set forth.

GIVEN UNDER MY HAND AND SEAL OF OFFICE this 29 day of January, 1979.

Jean Flansburg  
NOTARY PUBLIC in and for Harris  
County, Texas

JEAN FLANSBURG  
Notary Public in and for Harris County, Texas  
My Commission Expires 11-3-79

THE STATE OF TEXAS            )  
  ) ss.  
COUNTY OF HARRIS            )

BEFORE ME, the undersigned authority, on this day personally appeared Gerald D. Hines, general partner of Block 24 Seattle, Ltd., a partnership, known to me to be the person whose name is subscribed to the foregoing instrument, and acknowledged to me that he executed the same for the purposes and consideration therein expressed, in the capacity therein stated and as the act and deed of said partnership.

GIVEN UNDER MY HAND AND SEAL OF OFFICE this 29 day of January, 1979.

Jean Flansburg  
NOTARY PUBLIC in and for Harris  
County, Texas

JEAN FLANSBURG  
Notary Public in and for Harris County, Texas  
My Commission Expires 11-3-79

THE STATE OF WASHINGTON    )  
  ) ss.  
COUNTY OF KING            )

BEFORE ME, the undersigned authority, on this day personally appeared Richard G. Jaehning, Executive Vice-President and Robert E. Walton, Vice-President, respectively, of SEATTLE-FIRST NATIONAL BANK, a national banking association, known to me to be the persons and officers whose names are subscribed to the foregoing instrument, and acknowledged to me that they executed the same as the act and deed of such national banking association for the purposes and consideration therein expressed and in the capacities therein set forth.



GIVEN UNDER MY HAND AND SEAL OF OFFICE this \_\_\_\_ day of  
January, 1979.

[Signature]  
NOTARY PUBLIC in and for the State  
of Washington, residing at \_\_\_\_\_



EXHIBITS

TO LEASE AGREEMENT

DATED AS OF JANUARY 25, 1979,

BETWEEN

BLOCK 24 SEATTLE, LTD. ("LANDLORD")

AND

SEATTLE-FIRST NATIONAL BANK ("TENANT")



EXHIBIT A

Description of Land

Lots 1 to 8 inclusive, Block 24, Addition to the Town of Seattle, as laid out on the claims of C. D. Boren and A. A. Denny and H. L. Yesler (commonly known as C. D. Boren's Addition to the City of Seattle), according to the plat recorded in Volume 1 of Plats, page 25, in King County, Washington.

**EXHIBIT B**

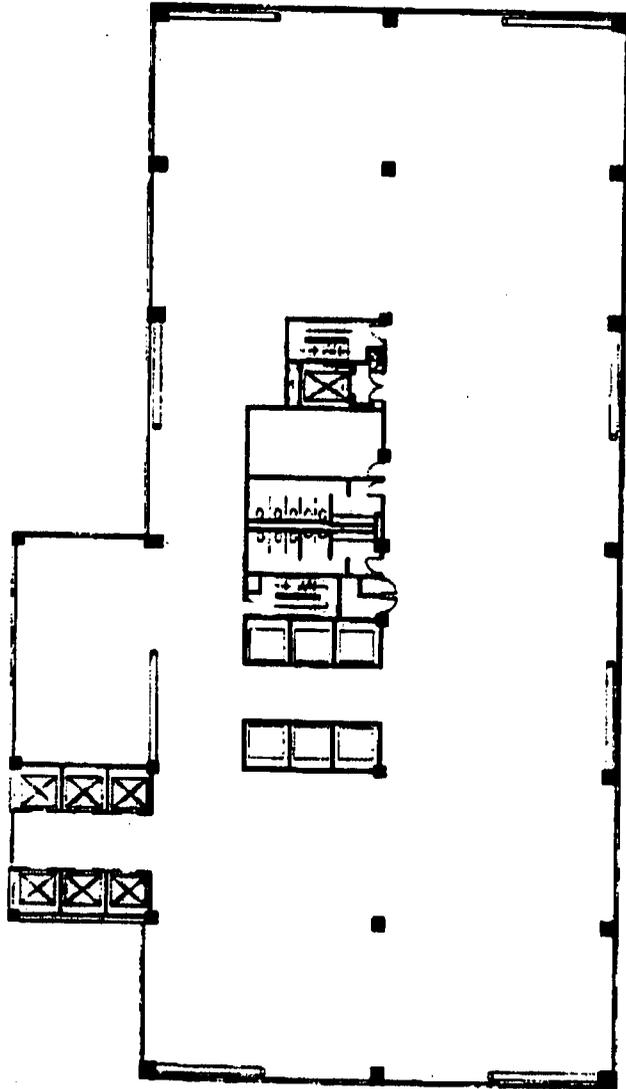
**Floor Plan on Premises and of  
Certain Common Areas**

[See Attached]



# SEAFIRST FIFTH AVENUE PLAZA

3D/INTERNATIONAL  
SKILLING, HELLE, CHRISTIANSEN, ROBERTSON

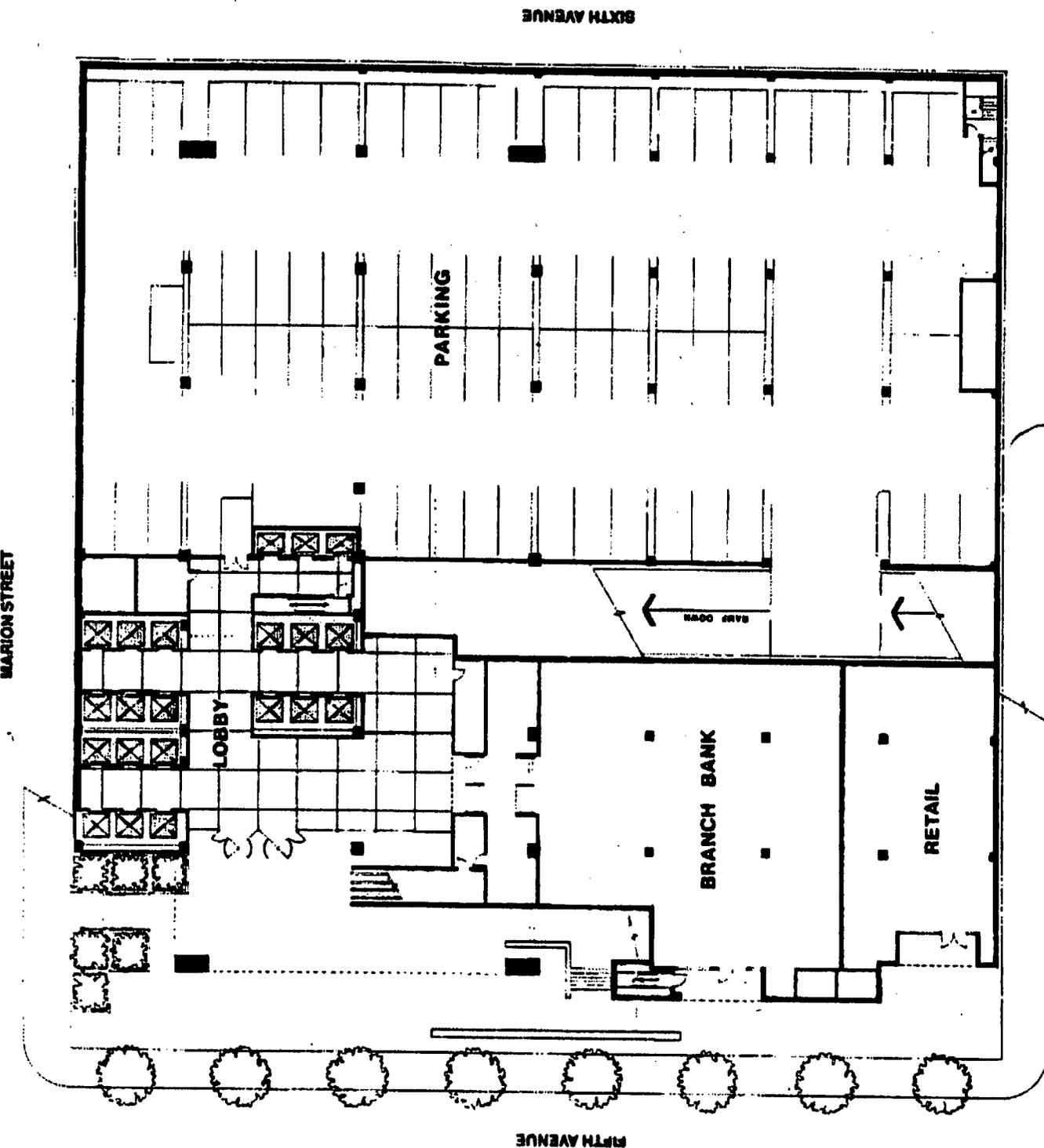


TYPICAL MID RISE FLOOR 19-31



# SEAFIRST FIFTH AVENUE PLAZA

3D/INTERNATIONAL  
SKILLING, HELLE, CHRISTIANSEN, ROBERTSON



LEVEL 1-LOBBY, PARKING



# SEAFIRST FIFTH AVENUE PLAZA

3D/INTERNATIONAL  
SKILLING HELLE CHRISTIANSEN ROBERTSON

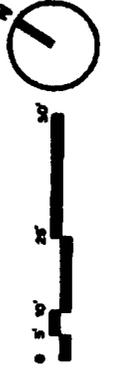
SIXTH AVENUE

FIFTH AVENUE

MARION STREET

COLUMBIA STREET

SERVICE

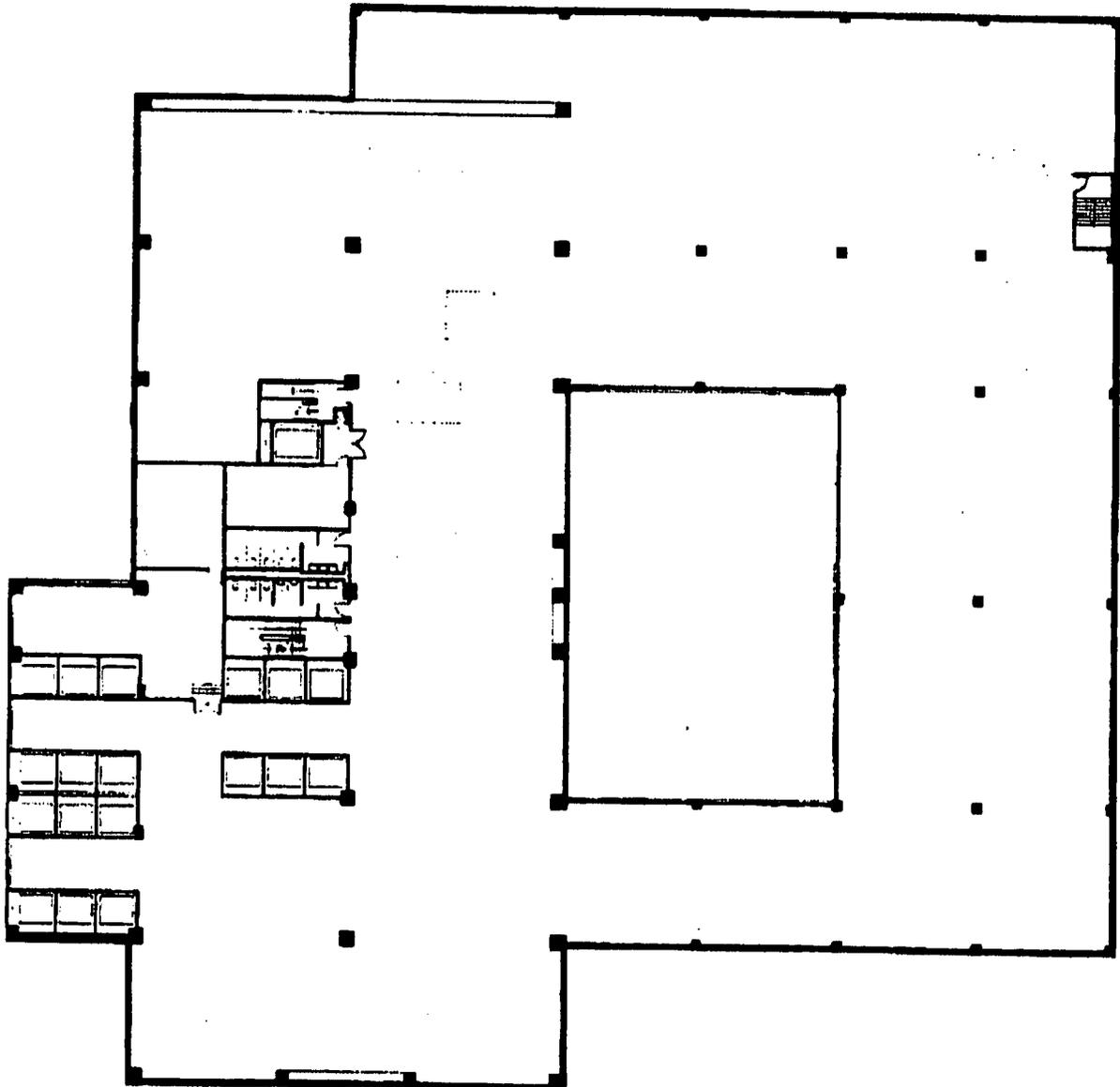


LEVEL 3-SERVICE, STORAGE



# SEAFIRST FIFTH AVENUE PLAZA

3D/INTERNATIONAL  
SKILLING HELLE CHRISTIANSEN ROBERTSON

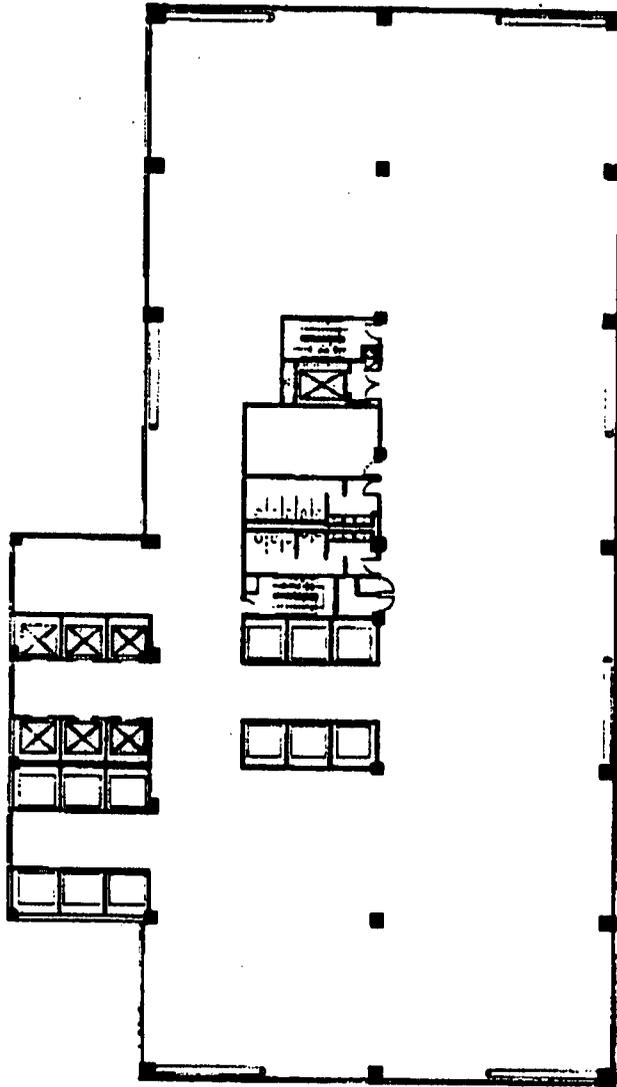


TYPICAL EDP FLOOR 4 + 5



# SEAFIRST FIFTH AVENUE PLAZA

3D/INTERNATIONAL  
SKILLING HELLE CHRISTIANSEN ROBERTSON



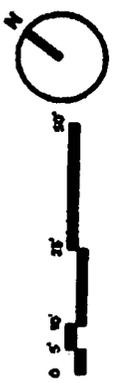
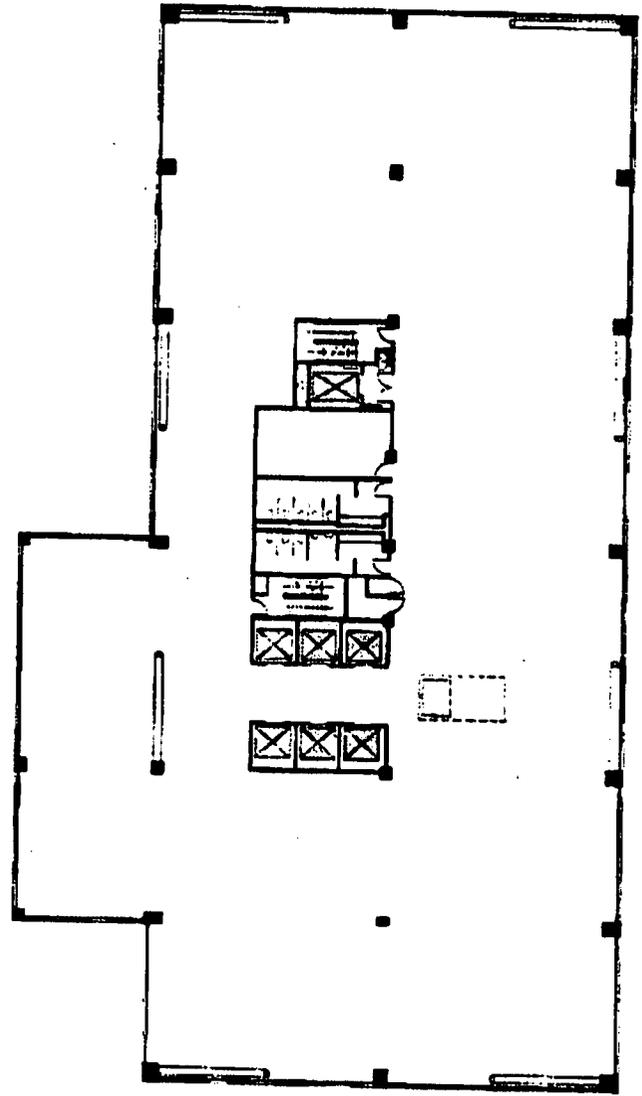
6-19

TYPICAL LOW RISE FLOOR



# SEAFIRST FIFTH AVENUE PLAZA

3D/INTERNATIONAL  
SKILLING, HELLE, CHRISTIANSEN, ROBERTSON



TYPICAL HIGH RISE FLOOR 31-42



## EXHIBIT C

### Schedule of Standard Improvements

The project will include the following leasehold improvements, except for the Ground Floor Space and EDP Space for which Landlord shall be responsible to provide the basic shell exclusive of the improvements listed below (but for which EDP Space Tenant shall receive allowances as provided in the Lease).

#### H.V.A.C.

Building standard heating, ventilating and air conditioning throughout.

#### PARTITIONS

One (1) linear foot of building standard partition per twelve (12) square feet of scheduled Net Rentable Area. All required partitions will be 5/8" gypsum board, painted with eggshell latex, on each side of 2-1/2" metal studs at 24" on center, with an aluminum head track at ceiling line and a 2-1/2" rubber base.

#### CEILINGS

Thick fissured type mineral fiber concealed grid acoustical ceiling throughout. Elevator lobbies and common toilet facilities may have ceilings selected by Landlord.

#### LIGHTING FIXTURES

One (1) 2' x 4' recessed fluorescent lighting fixture with anodized aluminum parabolic shaped louvers, including initial lamping, per seventy-five (75) square feet of illuminated area. Elevator lobbies and common toilet facilities on all office floors shall have lighting as selected by Landlord.

#### DUPLEX ELECTRIC OUTLETS

One (1) duplex wall mounted convenience outlet mounted at standard height with white plastic cover plate for each one hundred twenty (120) square feet of scheduled Net Rentable Area.

#### TELEPHONE OUTLETS

One (1) telephone wall outlet for each two hundred ten (210) square feet of scheduled Net Rentable Area.



FLOOR COVERING

Landlord will provide building standard carpeting. Building standard vinyl asbestos tile will be provided in lieu of carpeting where resilient floor covering is required.

DOORS

One (1) full height, solid core, teak door with an extruded aluminum frame and lever handle latch set hardware per three hundred (300) square feet of scheduled Net Rentable Area.

LIGHT SWITCHES

One (1) single pole light switch, rocker type, mounted at standard height with white plastic cover plate for each three hundred (300) square feet of scheduled Net Rentable Area.

For purposes hereof "scheduled Net Rentable Area" shall refer to the Net Rentable Area described in the Lease less certain on-floor common area deductions, and for purposes of this Exhibit C and allowances under the Lease, scheduled Net Rentable Area for the Floors of the Building shall be as follows:

<u>Floor</u>	<u>Scheduled Net Rentable Area</u>
Level 1	-0-
Level 3	18,761
Level 4	38,394
Level 5	38,395
Level 6	18,709
Level 7	18,734
Level 8	18,734
Level 9	18,734
Level 10	18,734
Level 11	18,734
Level 12	18,734
Level 13	18,734
Level 14	18,734
Level 15	18,734
Level 16	18,734
Level 17	18,734
Level 18	18,734
Level 19	18,734
Level 20	18,396
Level 21	19,227
Level 22	19,227
Level 23	19,227
Level 24	19,227
Level 25	19,227



Level 26	19,227
Level 27	19,227
Level 28	19,227
Level 29	19,227
Level 30	19,227
Level 31	19,227
Level 32	18,896
Level 33	19,755
Level 34	19,755



EXHIBIT D

Schedule of Janitorial and  
Window Cleaning Services

A. OFFICE AREAS

1. Empty, clean and damp dust all waste receptacles and remove waste paper and rubbish from the Premises nightly; wash receptacles as necessary.
2. Empty and clean all ash trays, screen all sand urns nightly and supply and replace sand as necessary.
3. Vacuum all rugs and carpeted areas in offices, lobbies and corridors nightly.
4. Hand dust and wipe clean with damp or treated cloth all office furniture, files, fixtures, panelling, window sills and all other horizontal surfaces nightly; wash window sills when necessary.
5. Damp wipe and polish all glass furniture tops nightly.
6. Remove all finger marks and smudges from all vertical surfaces, including doors, door frames, around light switches, private entrance glass and partitions nightly.
7. Wash clean all water coolers nightly.
8. Sweep all private stairways nightly; vacuum if carpeted.
9. Police all stairwells throughout the entire building daily and keep in clean condition.
10. Damp mop spillage in office and public areas as required.
11. Damp dust all telephones as necessary.

B. WASH ROOMS

1. Mop, rinse and dry floors nightly.
2. Scrub floors as necessary.
3. Clean all mirrors, bright work and enameled surfaces nightly.

4. Wash and disinfect all basins, urinals and bowls nightly, using scouring powder to remove stains and clean undersides of rim of urinals and bowls.

5. Wash both sides of all toilet seats with soap and water or disinfectant nightly.

6. Damp wipe nightly, wash with disinfectant when necessary, all partitions, tile walls and outside surface of all dispensers and receptacles.

7. Empty and sanitize all receptacles and sanitary disposals nightly; thoroughly clean and wash at least once per week.

8. Fill toilet tissue, soap, towel, and sanitary napkin dispensers nightly.

9. Clean flushometers, piping, toilet seat hinges and other metal work nightly.

10. Wash and polish all walls, partitions, tile walls and enamel surfaces from trim to floor monthly.

11. Vacuum all louvers, ventilating grilles and dust light fixtures monthly.

NOTE: It is the intention to keep the wash rooms thoroughly cleaned and not to use a disinfectant to kill odor. If a disinfectant is necessary an odorless product will be used.

C. FLOORS

1. Ceramic tile, marble and terrazzo floors to be swept and buffed nightly and washed or scrubbed as necessary.

2. Vinyl asbestos, asphalt, vinyl, rubber or other composition floors and bases to be swept nightly using dust down preparation; such floors in public areas on multiple-tenancy floors to be waxed and buffed monthly.

3. Tile floors in office areas will be waxed and buffed monthly.

4. All floors stripped and rewaxed as necessary.

5. All carpeted areas and rugs to be vacuum cleaned nightly.



6. Carpet shampooing will be performed at Lessee's request and billed to Lessee.

D. GLASS

1. Clean all perimeter windows quarterly, inside and outside.
2. Clean glass entrance doors and adjacent glass panels nightly.
3. Clean partition glass and interior glass doors quarterly.

E. HIGH DUSTING (Quarterly)

1. Dust and wipe clean all closet shelving when empty and carpet sweep or dry mop all floors in closets if such are empty.
2. Dust all picture frames, charts, graphs and similar wall hangings.
3. Dust clean all vertical surfaces such as walls, partitions, doors, door bucks and other surfaces above shoulder height.
4. Damp dust all ceiling air conditioning diffusers, wall grilles, registers and other ventilating louvers.
5. Dust the exterior surfaces of lighting fixtures, including glass and plastic enclosures.

F. DAY SERVICE

1. At least once, but not more than twice during the day, check men's washrooms for toilet tissue replacement.
2. At least once, but not more than twice during the day, check ladies' washrooms for toilet tissue and sanitary napkin replacements.
3. Supply toilet tissue, soap and towels in men's and ladies' washrooms and sanitary napkins in ladies' washrooms.

G. GENERAL

1. Interior and exterior of metal elevator car and hatch doors (including saddles) serving Premises to be cleaned and treated as necessary.

2. Wipe all interior metal window frames, mullions, and other unpainted interior metal surfaces of the perimeter walls of the building each time the interior of the windows is washed.

3. Wipe down mail chutes and mail depositories nightly; mail chute glass to be kept clean at all times.

4. Keep slopsink rooms in a clean, neat and orderly condition at all times.

5. Wipe clean and polish all metal hardware fixtures and other bright work nightly.

6. Dust and/or wash all directory boards as required, remove fingerprints and smudges nightly.

7. Maintain building lobby, corridors and other public areas in a clean condition.

EXHIBIT E

Rules and Regulations

1. Sidewalks, doorways, vestibules, halls, stairways and other similar areas shall not be obstructed by tenants or used by any tenant for any purpose other than ingress and egress to and from the leased premises and for going from one part of the building to another part of the building.

2. Plumbing fixtures and appliances shall be used only for the purpose for which designated, and no sweepings, rubbish, rags, or other unsuitable material shall be thrown or placed therein. Damage resulting to any such fixtures or appliances from misuse by a tenant shall be paid by him, and Landlord shall not in any case be responsible therefor.

3. No signs, advertisements or notices shall be painted or affixed on or to any windows or doors or other part of the building visible from the exterior or any common area or public areas of the building. No part of the building may be defaced by tenants.

4. Landlord will provide and maintain an alphabetical directory board for all tenants of the Building, in the first floor (main lobby) of the Building, the size, design and location to be as determined by Landlord. No other directory shall be allowed.

5. Except as otherwise provided in a lease between Landlord and a tenant, no tenant shall place any additional lock or locks on any door in its leased area without Landlord's written consent. Two (2) keys to the locks on the doors in each tenant's leased area shall be furnished to each tenant, and the tenants shall not have any duplicate keys made.

6. All tenants will refer all contractors, contractors' representatives and installation technicians tendering any service to them to Landlord for Landlord's supervision, approval and control before the performance of any contractual services. This provision shall apply to all work performed in the building (other than work under contract for installation or maintenance of security equipment or banking equipment), including, but not limited to, installations of telephones, telegraph equipment, electrical devices and attachments, and any and all installations of every nature affecting floors, walls, woodwork, trim, windows, ceilings, equipment and any other physical portion of the building.



EXHIBIT F

Certificate

SEATTLE-FIRST NATIONAL BANK ("Seattle-First" or "Tenant"), a national banking association, acting by and through the undersigned, hereby certifies to \_\_\_\_\_ as follows:

(a) That it is the owner of the Tenant's interest in that certain Lease Agreement dated January 25, 1979 (the "Lease"), between Block 24 Seattle, Ltd., as Landlord, and Seattle-First, as Tenant; and

(b) That the Lease has not been modified or amended and is in full force and effect; and

(c) That the Premises demised by and defined in the Lease have been accepted by Tenant in accordance with the provisions of the Lease; and

(d) That the Term of the Lease commenced as of \_\_\_\_\_; and

(e) That Basic Rent under the Lease has commenced to accrue; and

(f) That Tenant has not and will not make any prepayment of Basic Rent under the Lease more than one (1) month in advance, and that there are no offsets or credits against Rent thereunder; and

(g) That Tenant has no knowledge of any assignment, hypothecation or pledge of the Lease or any rentals thereunder, other than to \_\_\_\_\_; and

(h) That it has no knowledge of any default by Landlord under the Lease; and

(i) That it will notify \_\_\_\_\_ at its offices at \_\_\_\_\_, in the event of a default by the owner of the Landlord's interest under the Lease.

EXECUTED this \_\_\_\_ day of \_\_\_\_\_, 19\_\_.

SEATTLE-FIRST NATIONAL BANK

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



7. With the exception of material regularly moved in connection with banking or data processing operations of tenants, after initial occupancy, movement in or out of the building of furniture or office equipment, or dispatch or receipt by tenants of any bulky material, merchandise or materials which requires use of elevators or stairways, or movement through the building entrances or lobby shall be restricted on weekends and between the hours of 6:00 P.M. and 6:00 A.M. on weekdays. All such movement shall be under the supervision of Landlord and in the manner agreed between the tenant and Landlord by prearrangement before performance. Such prearrangement initiated by a tenant will include determination by Landlord, and subject to his decision and control, as to the method and routing of movement and as to limitations for safety or other concern which may prohibit any article, equipment or any other item from being brought into the building. The tenants are to assume all risks as to the damage to articles moved and injury to persons or public engaged or not engaged in such movement, including equipment, property and personnel of Landlord if damaged or injured as a result of act in connection with carrying out this service for a tenant from time of entering property to completion of work; and Landlord shall not be liable for acts of any persons engaged in, or any damage or loss of any of said property or persons resulting from any act in connection with such service performed for a tenant.

8. Landlord shall have the power to reasonably prescribe the weight and position of safes and other heavy equipment, which shall in all cases, to distribute weight, stand on supporting devices approved by Landlord. All damages done to the building by taking in or putting out any property of a tenant, or done by a tenant's property while in the building, shall be repaired at the expense of such tenant.

9. A tenant shall notify the building manager when safes or other heavy equipment are to be taken in or out of the building, and the moving shall be done under the supervision of the building manager, after written permit from Landlord. Persons employed to move such property must be acceptable to Landlord.

10. Corridor doors, when not in use, shall be kept closed.

11. Each tenant shall cooperate with Landlord's employees in keeping its leased area neat and clean. Except as otherwise provided in a tenant's lease, no tenant shall employ any person for the purpose of such cleaning other than the building's cleaning and maintenance personnel.

12. To insure orderly operation of the building, no ice, mineral or other water, towels, newspapers, etc. shall be delivered to any leased area except by persons appointed or approved by Landlord in writing.

13. Should a Tenant require telegraphic, telephonic, annunciator or other communication service, Landlord will direct the electricians where and how wires are to be introduced and placed and none shall be introduced or placed except as Landlord shall approve, which approval will not be unreasonably withheld; provided, however, the foregoing shall not apply to any cables or connections of any sort relative to electronic data processing operations of a tenant. Electric current shall not be used for space heaters, cooking or heating devices or similar appliances without Landlord's prior written permission.

14. Tenants shall not make or permit any improper noises in the building or otherwise interfere in any way with other tenants or persons having business with them.

15. Nothing shall be swept or thrown into the corridors, halls, elevator shafts or stairways. No birds or animals shall be brought into or kept in, on or about any tenant's area.

16. Except as otherwise provided in a tenant's lease, no machinery of any kind other than customary office or banking equipment shall be operated by any tenant on its leased area without the prior written consent of Landlord, nor shall any tenant use, or keep, in the building any inflammable or explosive fluid or substance, except in connection with duplicating operations and then only in accordance with procedures approved by Landlord.

17. No portion of any tenant's leased area shall at any time be used or occupied as sleeping or lodging quarters.

18. Landlord reserves the right to rescind any of these rules and regulations and to make such other and further rules and regulations as in its judgment shall, from time to time, be needful for the safety, protection, care and cleanliness of the building, the operation thereof, the preservation of good order therein and the protection and comfort of the tenants and their agents, employees and invitees, which rules and regulations, when made and written notice thereof is given to a tenant, shall be binding upon it in like manner as if originally herein prescribed.

19. Landlord will not be responsible for lost or stolen personal property, money or jewelry from tenant's leased area or public areas regardless of whether such loss occurs when area is locked against entry or not.

20. Tenant will not tamper with or attempt to adjust temperature control thermostats in the Premises.

FIRST AMENDMENT  
OF LEASE AGREEMENT  
[Seattle]

This First Amendment of Lease Agreement is made and entered into as of the 10th day of May, 1979, by and between BLOCK 24 SEATTLE, LTD., a limited partnership (hereinafter referred to as "Landlord"), and SEATTLE-FIRST NATIONAL BANK, as Tenant, as follows:

WHEREAS, Landlord and Tenant have heretofore entered into that Lease Agreement dated as of January 25, 1979 (the "Original Lease"), relating to an office development project in Seattle, Washington, and the terms used herein shall have the same meanings as defined in the Original Lease unless the context otherwise requires; and

WHEREAS, Landlord and Tenant have agreed to amend the Original Lease as hereinafter set forth;

NOW, THEREFORE, in consideration of the premises and the agreements hereinafter set forth, the parties hereto agree as follows:

1. The definition of "Constant Factor" is hereby deleted and there is substituted therefor the following:

"Constant Factor shall mean one (1) plus the product of one-half (1/2) multiplied by the percentage change (gain or loss) in the annual Permanent Loan constant relative to a base of 0.0998. For example, if the Permanent Loan constant is 0.1009, then the increase in the constant relative to the base is 1.1% and the Constant Factor is 1.0055 or one-half (1/2) multiplied by the gain (.011) plus one (1). Conversely, if the Permanent Loan constant is 0.0986, then the decrease in the constant is 1.2% and the new Constant Factor is 0.9940 or one-half (1/2) multiplied by the loss (-.012) plus one (1)."

2. Exhibit A attached to the Original Lease containing a description of the Land is deleted and there is substituted therefor Exhibit A attached hereto containing a description of the Land.

3. There is hereby deleted from Section 6.02 of the Original Lease the reference to "Section 3.04 hereof" and there is substituted therefor reference to "Section 3.05 hereof".



4. Section 6.03(b) of the Original Lease is hereby amended by adding thereto the following:

"In the event such measurement shows the actual number of square feet of the Premises to be less than 720,000 square feet, Landlord and Tenant mutually agree to enter into an amendment of this Lease whereby there will be added to the Premises such number of square feet of Net Rentable Area as will increase the actual number of square feet of Net Rentable Area covered hereby to be increased to said 720,000 square feet of Net Rentable Area, with the applicable Basic Rent therefor being as set forth in Section 6.01 hereof.

5. There is hereby added in Section 6.05(e) of the Original Lease after the phrase "(including expansion space)" the word "leased".

6. The indoor and outdoor conditions set forth in Section 7.01(a) of the Original Lease are hereby deleted and there are substituted therefor the following:

Indoor Conditions

Summer	75° db
Winter	72° db

Outdoor Conditions

Summer	90° db	67° wb
Winter	20° db	

7. There is hereby added to the first sentence of Section 11.01(a) after the phrase "rental shall proportionately abate" the words "based on the number of square feet of Net Rentable Area of the Premises that shall be untenable."

8. Section 11.01(a)(3) of the Original Lease is hereby amended to read as follows:

"(3) the Building shall be damaged or destroyed and Landlord and Tenant, with the prior consent and approval of Landlord's Mortgagee, shall mutually agree that it would be economically unsound to rebuild;"

9. The period at the end of Section 11.01(b) of the Original Lease is deleted and there is hereby added to such Section the following:



"; provided that any such notice of termination by Tenant shall not be effective unless and until Tenant also mails (by United States Registered or Certified Mail) a copy thereof to all Landlord's Mortgagees of which Landlord has given Tenant notice."

10. There is hereby added after the first full sentence of Section 11.03 of the Original Lease the following sentence:

"Any such insurance shall be for amounts not less than the amounts required by Landlord's Mortgagee."

11. Section 12.01(e) of the Original Lease is hereby amended by deleting the period at the end thereof and adding thereto the following:

"; and Tenant shall also obtain the approval of Landlord's Mortgagee to any plans and specifications therefor and amendments and modifications thereof."

12. The period at the end of Section 14.01(a) is deleted and there is hereby added to Section 14.01(a) of the Original Lease the following:

"; provided, however, that any such determination by Landlord shall be permitted only after obtaining the prior consent and approval of Landlord's Mortgagee."

13. There is hereby added to Section 15.03 of the Original Lease the following:

"Any notice required to be given under this Section 15.03 shall be given as herein provided with a copy to Landlord's Mortgagee."

14. The last two paragraphs of Section 18.01 of the Original Lease are hereby amended to read as follows:

"Notwithstanding the foregoing provisions regarding permitted assignment or subleasing by Tenant, Tenant shall not assign this Lease or sublet any portion of the Premises except in the case of an assignment to Seafirst Corporation until at least 95% of the Building has been initially leased to tenants; and thereafter any assignment or



subletting shall be permitted only in accordance with the foregoing provisions of this Section 18.01.

"The rights of Tenant under this Section 18.01 are personal to the Tenant named herein (Seattle-First National Bank) and its assignee Seafirst Corporation, but shall not accrue to any sublessee of such named Tenant. Landlord agrees that once an assignment or sublease has been made to an Affiliate or to Seafirst Corporation as above provided, such assignee or sublessee shall have the right to further assign or sublease its interest in this lease to an Affiliate so long as the provisions of Section 18.01 (a), (b), and (c) hereof are satisfied, notwithstanding that such sublease is on terms different than and/or for a term shorter than herein provided for and notwithstanding the fact that the Building is not then 95% leased."

Section 15. There is hereby added to Article XXX of the Original Lease the following:

Section 30.08. Notices to Mortgagee.  
Any Notice required to be given by Tenant under this Article XXX shall be given as herein provided with a copy to Landlord's Mortgagee.

16. There is hereby added to the Original Lease as Section 31.04 the following:

"Section 31.04. No Merger of Title.  
Except upon expiration of the term of this Lease or upon termination of this Lease pursuant to express right to do so set forth herein, there shall be no merger of this Lease nor of the leasehold estate created by this Lease with the fee estate in the Land or any part thereof by reason of the fact that the same person may acquire or own or hold, directly or indirectly, (a) this Lease or the leasehold estate created by this Lease or any interest in this Lease or in any such leasehold estate (including the Building or any other improvement hereafter situated upon the Land), and (b) the fee estate in the Land or any part thereof or any interest in such fee estate (including the Building or any other

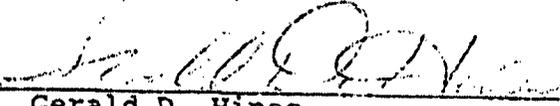
improvement hereafter situated upon the Land), unless and until all persons, including any assignee of Landlord, having any interest in (i) this Lease or the leasehold estate created by this Lease, and (ii) the fee estate in the Land or any part thereof, shall join in a written instrument effecting such merger and shall duly record the same. Without limiting the generality of the foregoing, it is understood and agreed that the lease agreement of even date herewith between Seattle-First National Bank, as Lessor, and the Landlord herein, as Lessee, (herein referred to as the "Lease"), shall not effect any such merger. It is further understood and specifically agreed that the Ground Lease is an independent agreement between such parties and constitutes no part of the consideration for this Lease; no default under this Lease shall constitute an event of default under or with respect to the Ground Lease or any other agreement of the parties hereto, nor shall any default under or with respect to the Ground Lease or any other agreement of the parties hereto constitute a default hereunder, such agreements being separate, independent instruments and agreements."

17. Exhibit F attached to the Original Lease is hereby deleted and there is substituted therefor Exhibit F attached to this Amendment.

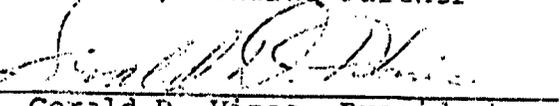
Except as expressly amended hereby, the Original Lease shall remain and continue in full force and effect between Landlord and Tenant.

WITNESS THE EXECUTION of this First Amendment of Lease as of the date and year first above written.

BLOCK 24 SEATTLE, LTD.

TBS By   
Gerald D. Hines  
General Partner

And By: HINES NORTHWEST PROPERTIES  
INC., General Partner

TBS By   
Gerald D. Hines, President

"LANDLORD"







EXHIBIT F

Certificate

SEATTLE-FIRST NATIONAL BANK ("Seattle-First" or "Tenant"), a national banking association, acting by and through the undersigned, hereby certifies to \_\_\_\_\_ as follows:

(a) That it is the owner of the Tenant's interest in that certain Lease Agreement dated January 25, 1979, as amended by First Amendment of Lease Agreement dated April \_\_\_\_, 1979 (the "Lease"), between Block 24 Seattle, Ltd., as Landlord, and Seattle-First, as Tenant; and

(b) That the Lease has not been modified or amended, except as aforesaid, and is in full force and effect; and

(c) That the Premises demised by and defined in the Lease have been accepted by Tenant in accordance with the provisions of the Lease; and

(d) That the Term of the Lease commenced as of \_\_\_\_\_; and

(e) That Tenant began to pay Basic Rent under the Lease on \_\_\_\_\_; and

(f) That Tenant has not and will not make any prepayment of Basic Rent under the Lease more than one (1) month in advance, and that there are no offsets or credits against Rent thereunder; and

(g) That Tenant has no knowledge of any assignment, hypothecation or pledge of the Lease or any rentals thereunder, other than to \_\_\_\_\_; and

(h) That it has no knowledge of any default by Landlord under the Lease or any defenses to the enforcement of the Lease in accordance with its terms; and

(i) That it will notify \_\_\_\_\_ at its offices at \_\_\_\_\_, in the event of a default by the owner of the Landlord's interest under the Lease.

(j) That all allowances and other sums due from Landlord to Tenant under the Lease as of the date hereof have been paid, including the \$50,000 payable under Section 3.01 of the



Lease and the \$400,000 payable under Section 4.03 of the Lease.

EXECUTED this \_\_\_\_\_ day of \_\_\_\_\_, 19\_\_.

SEATTLE-FIRST NATIONAL BANK

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



12/29/86

AGREEMENT REGARDING SPACE LEASE

This Agreement is entered into as of this 31<sup>st</sup> day of December, 1986, by and between WEST BEACH ESTATES ("West Beach"), a Hawaii general partnership, and SEATTLE-FIRST NATIONAL BANK ("Seafirst"), a national banking association.

R E C I T A L S

- A. Seafirst and Block 24 Seattle, Ltd. ("Block 24"), a Texas limited partnership, have previously entered into that certain Ground Lease Agreement, dated as of January 25, 1979, and First Amendment of Ground Lease, dated as of May 10, 1979 (collectively, the "Ground Lease"), and that certain Lease Agreement, dated as of January 25, 1979, and First Amendment of Lease Agreement, dated as of May 10, 1979 (collectively, the "Space Lease"), all of which relate to the property legally described on Exhibit A attached hereto, upon which a 42-story office building has been constructed and is being operated pursuant to said agreements (the "Project").
- B. Seafirst has agreed to sell to West Beach its entire fee interest in the Project and its interest as lessor under the Ground Lease, pursuant to a Purchase Agreement, dated as of December 29, 1986 (the "Purchase Agreement"), including all rights of Seafirst to share in the net cash flow of the Project, as set forth in the Ground Lease.
- C. As a condition to the Purchase Agreement, Seafirst and West Beach have agreed to enter into this Agreement.

NOW, THEREFORE, in consideration of the mutual covenants contained herein, and other good and valuable consideration, the parties agree as follows:

1. Notwithstanding any provision of any agreement between Seafirst and Block 24, including the Space Lease, Seafirst agrees that West Beach, as assignee of the Ground Lease, shall have the right to cure any default of Block 24, or any successor in interest to Block 24, as Landlord under the Space Lease. Seafirst shall provide West Beach with copies of any notices of default given by Seafirst to its landlord pursuant to the terms of the Space Lease and no default on the part of the landlord shall be deemed to exist under the terms of the Space Lease, if, within thirty (30) days after receipt of such notice, West Beach cures any default which by its terms is



12/29/86

reasonably susceptible of being cured by West Beach within said period, or with respect to any other default, West Beach commences in good faith to cure such default within said thirty (30) day period and diligently continues to do so.

2. Any and all agreements between Seafirst and Block 24, or Gerald D. Hines or any affiliates of Block 24 or Gerald D. Hines, which provide for cross-defaulting or cross-termination with any agreements relating to the Project, are no longer in effect to the extent of any such provisions. No agreement is in effect between Seafirst and Block 24 or any other person or entity which provides that the occurrence of any event shall have the effect of terminating the Ground Lease, with the exception of the Underlying Notes and Underlying Deeds of Trust, as defined in the Purchase Agreement.

3. Pursuant to the terms of the Space Lease, Seafirst is entitled to certain discounts in the payment of rent for expansion space or space which is acquired pursuant to rights of first refusal under the terms of Article XXX or Section 6.01 of the Space Lease. Notwithstanding any provision of the Space Lease or any other agreement to the contrary, Seafirst agrees to pay to West Beach fifty percent (50%) of the amount of any difference between the applicable Market Rate for any such expansion or right of first refusal space and the actual rent paid to the landlord under the Space Lease for such space. Market Rate shall be determined in accordance with Section 6.01 of the Space Lease; provided, however, that in determining the Market Rate the parties shall take into account the term of the lease and the frequency of rent escalations. All such payments shall be made to West Beach at the same time as such rent is paid to the landlord under the Space Lease. Documentation setting forth the calculation of the specified Market Rate shall be provided to West Beach with each payment for which an initial calculation or a recalculation has been made.

4. Seafirst has entered into a Second Amendment of Lease Agreement with Block 24 dated as of December 31, 1986 (the "Amendment of Space Lease"), amending the Space Lease and providing, among other things, that Seafirst agrees that it will not sublet any space which comes within the provisions of Section 18.01(e)(i)(x) of the Space Lease without first offering to Block 24 the opportunity to sublet such space upon the same terms and conditions as are then being offered to any proposed subtenant, as more particularly set forth in the Amendment of Space Lease.

5. So long as West Beach is not in default under the terms of the Purchase Agreement and this Agreement, Seafirst agrees that it will not exercise or take any advantage of any rights which it might have under the terms of the Space Lease



12/29/86

to set off any rent due thereunder, in excess of an amount reasonably calculated to provide protection to Seafirst in connection with any material dispute with Block 24, against any amounts owing from Block 24 to Seafirst.

6. In the event Seafirst, or any assignee of Seafirst, shall under any circumstances acquire or hold, directly or indirectly, all or any portion of the interest of the landlord under the Space Lease, there shall be no merger of the Space lease or the leasehold interest created thereby with such landlord's interest.

7. Miscellaneous Provisions.

a. No failure or delay on the part of either party in the exercise of any power, right or privilege hereunder shall operate as a waiver thereof, nor shall any single or partial exercise of any such power, right or privilege preclude any other or further exercise of any such power, right or privilege. All powers, rights and privileges hereunder are cumulative to, and not exclusive of, any powers, rights or privileges otherwise available.

b. Except as otherwise provided herein, any notice herein required or permitted to be given shall be in writing and may be personally served or sent by mail and, if sent by mail, shall be deemed to have been given when deposited in the mail, certified or registered, with postage pre-paid and properly addressed. For the purposes hereof, the addresses of the West Beach and Seafirst (until notice of a change thereof as given as provided in this paragraph) shall be as follows:

Seafirst:                      Seattle-First National Bank  
Bank Properties  
P.O. Box 3586  
Seattle, Washington 98124  
Attention: Mr. Ben Lovejoy

With a copy to:              Mr. Dennis E. McLean  
Davis, Wright & Jones  
2600 Century Square  
1501 Fourth Avenue  
Seattle, Washington 98101

West Beach:                      West Beach Estates  
c/o Horita Corporation  
Kalihi Square Building  
2024 North King Street  
Honolulu, Hawaii 96819  
Attention: Mr. Herbert K. Horita



12/29/86

With a copy to: Mr. Peter Healy  
Gaston Snow & Ely Bartlett  
101 California Street, 40th Floor  
San Francisco, California 94111

c. In case any provision of this Agreement shall be invalid, illegal or unenforceable, such provision shall be severable from the rest of this Agreement and the validity, legality and enforceability of the remaining provisions shall not in any way be affected or impaired thereby.

d. No provision hereof shall be deemed to create any joint venture or partnership between Seafirst and the West Beach.

e. In any action arising out of this Agreement, the losing or defaulting party shall pay to the prevailing party reasonable attorneys' fees, costs and expenses incurred in prosecuting or defending such action.

f. This Agreement shall be binding upon the parties hereto and their respective successors and assigns and shall inure to the benefit of the parties hereto and their respective successors and assigns. West Beach may not assign this Agreement or any of its rights and powers hereunder without Seafirst's prior approval of the reputation and credit-worthiness of the proposed assignee, which approval shall not be unreasonably withheld; provided, however that Seafirst shall have no right of approval of any such assignment except as to the reputation and credit-worthiness of the proposed assignee. In the event of an assignment by Beneficiary, the assignees shall have the same rights and remedies as if originally named herein in place of the West Beach. Seafirst shall have no right to delegate its obligations hereunder without the prior written consent of West Beach.

g. This Agreement and the rights and obligations of the parties hereto shall be governed by and be construed according to the laws of the State of Washington. Both parties consent to jurisdiction and venue in King County Superior Court.

h. Neither party shall disclose the terms of this agreement to third parties without the prior consent of the other party except (i) as reasonably necessary in connection with the proposed or actual sale or financing of the interest of a party, (ii) to the attorneys, accountants or other employees or agents of either party as reasonably necessary in connection with the accomplishment of a valid business purpose, (iii) to attorneys, accountants or other employees or agents or to governmental or regulatory authorities in connection with filing tax returns, audits or in connection with the



12/29/86

fulfillment of any other obligation of either party under applicable laws, rules or regulations, or (iv) as required pursuant to any order of a court or governmental or regulatory body directed to a party.

1. This Agreement may be signed in counterparts by each of the parties hereto.

IN WITNESS WHEREOF, the parties have executed this Agreement as of the day and year first above written.

WEST BEACH ESTATES

SEATTLE-FIRST NATIONAL BANK

By Horita Corporation, a Hawaii corporation, general partner

By [Signature]  
Title SENIOR VICE PRES.

By [Signature]  
Title President

By [Signature]  
Title Vice President

STATE OF HAWAII )  
City & COUNTY OF Honolulu ) ss.

I certify that I know or have satisfactory evidence that Herbert K. Horita signed this instrument, on oath stated that he was authorized to execute the instrument and acknowledged it as the President of Horita Corporation, the general partner of WEST BEACH ESTATES, to be the free and voluntary act of such party for the uses and purposes mentioned in this instrument.

Dated: December 30, 1986

Lydia J. Hannemann  
Notary Public in and for the State of Hawaii, residing at Honolulu, Hawaii

My appointment expires: February 11, 1988



12/29/86

STATE OF WASHINGTON )  
 ) ss.  
COUNTY OF KING )

I certify that I know or have satisfactory evidence that F. Bentley Lovejoy and James Toews signed this instrument, on oath stated that they are authorized to execute the instrument and acknowledged it as the Senior Vice President and Vice President, of SEATTLE-FIRST NATIONAL BANK to be the free and voluntary act of such party for the uses and purposes mentioned in this instrument.

Dated: 12/31/86

Raymond A. Huns  
Notary Public in and for the  
State of Washington, residing  
at Seattle, Washington.

My appointment expires:  
11/25/87



2/29/86

EXHIBIT A

Description of Land

Lots 1 to 8 inclusive, Block 24, Addition to the Town of Seattle, as laid out on the claims of C. D. Boren and A. A. Denny and H. L. Yesler (commonly known as C. D. Boren's Addition to the City of Seattle), according to the plat recorded in Volume 1 of Plats, page 25, in King County, Washington, together with the vacated alley in said Block 24 vacated by Ordinance 107805, being the block bounded by Fifth Avenue, Sixth Avenue, Columbia Street and Marion Street in Seattle, Washington.

65887



SECOND AMENDMENT TO LEASE

This Second Amendment of Lease is made and entered into as of the 31st day of December, 1986, by and between BLOCK 24 SEATTLE, LTD., a Texas limited partnership ("Landlord"), and SEATTLE-FIRST NATIONAL BANK, a national banking association ("Tenant").

RECITALS

A. Landlord and Tenant have heretofore entered the following agreements relating to the office tower project in Seattle, Washington known as the Seafirst Fifth Avenue Plaza Building:

(i) Lease Agreement dated as of January 25, 1979, as amended by the First Amendment of Lease Agreement dated as of May 10, 1979, and by a Letter Agreement dated October 27, 1980 (collectively, the "Lease");

(ii) Ground Lease Agreement dated as of January 25, 1979, as amended by the First Amendment of Ground Lease dated as of May 10, 1979 (collectively, the "Ground Lease"); and

(iii) Development Agreement dated as of January 25, 1979, as amended by the First Amendment of Development Agreement dated as of May 10, 1979, and by the Second Amendment of Development Agreement dated as of June 10, 1979 (collectively, the "Development Agreement").

B. Landlord and Tenant have agreed to terminate the Development Agreement and to further amend and supplement the Lease as hereinafter set forth to incorporate certain terms and agreements from the Development Agreement relating to the Lease (and the terms used herein shall have the same meanings as defined in the Lease unless the context otherwise requires).

NOW, THEREFORE, in consideration of the premises and agreements hereinafter set forth, Landlord and Tenant agree that the Lease shall be and is hereby further amended and supplemented as follows:

1. The following sentence is hereby added to the end of Section 15.02:

Notwithstanding the foregoing, Landlord may be held personally liable for any liability which has been determined by a final,



nonappealable order of a court of competent jurisdiction to be based on fraud or intentional misrepresentation or a wrongful transfer of Landlord's interest under Section 18.02 of this Lease.

2. Subsection 18.01(e)(i) is hereby amended and restated as follows:

(i) The original 720,000 square feet may be sublet only (x) in increments of two floors or more and at annual rental rates not less than Eight and 70/100 Dollars (\$8.70) multiplied by the Constant Factor per square foot of Net Rentable Area (plus escalations for Basic Costs) and subject to the terms and conditions set forth in Section 18.03 or (y) in increments of less than two floors at not less than the then prevailing Market Rate for said space in the Building, in which event any profit on such sublease shall belong to Tenant (and Landlord shall not participate therein);

3. There is hereby added to the Lease a new Section 18.03 as follows:

18.03 Landlord's Right of First Offer. If at any time during the term of this Lease, Tenant desires to sublease portions of the original 720,000 square feet of Net Rentable Area in increments of two (2) floors or more to a single subtenant, then Tenant shall give Landlord written notice of Tenant's intent to sublease ("Tenant's Sublease Notice"). Tenant's Sublease Notice shall describe the approximate premises to be sublet (the "Sublease Premises"), the proposed annual Basic Rent for the Sublease Premises, the proposed term of any sublease for the Sublease Premises (the "Sublease Term"), and the projected commencement date of the Sublease Term (the "Sublease Commencement Date"). Landlord shall then have the right, exercisable within thirty (30) days after receipt of the Tenant's Sublease Notice, to sublease the Sublease Premises on the same terms as set forth in Tenant's Sublease Notice. Landlord shall be

deemed to have elected not to sublease the Sublease Premises hereunder unless Landlord delivers written notice ("Landlord's Sublease Notice") to Tenant obligating Landlord to sublease the Sublease Premises and Landlord's Sublease Notice is received by Tenant within thirty (30) days from the date Tenant's Sublease Notice is received by Landlord, Landlord and Tenant shall enter into a binding sublease agreement on the terms set forth in Tenant's Sublease Notice and on terms reasonably acceptable to the parties within forty-five (45) days from the date Tenant's Sublease Notice is received by Landlord. If Landlord fails to timely exercise such right, then Tenant shall be free to sublease the Sublease Premises on the terms set forth in the Tenant Sublease Notice or on terms providing for annual Basic Rent in an amount not less than specified in the Tenant Sublease Notice and a sublease term that is within one year more or less than the Sublease Term.

Tenant shall deliver the Sublease Premises to Landlord on the Sublease Commencement Date unless otherwise specified by written agreement of the parties. Landlord shall redeliver the Sublease Premises to Tenant on the last day of the Sublease Term.

4. Section 27.01 is hereby amended to provide that the notices to Tenant shall be mailed to it at the following addresses:

Seattle-First National Bank  
P. O. Box 3586  
Seattle, Washington 98124  
Attention: Manager, Bank Properties

With a Copy to:

Davis Wright & Jones  
2600 Century Square  
1501 Fourth Avenue  
Seattle, Washington 98101-1688  
Attention: Dennis E. McLean



5. Article XXX of the Lease is hereby amended and restated as follows:

ARTICLE XXX  
(Expansion Options)

Section 30.01. Ten Year Expansion Option. Tenant shall have, and Landlord hereby gives and grants to Tenant, the right at Tenant's option (the "Ten Year Expansion Option") to include under this Lease all space on Floors 35 and 36 of the Building, being approximately 41,856 square feet of Net Rentable Area (the "Ten Year Option Space"). The Ten Year Expansion Option may be exercised as to all or any portion of the Ten Year Option Space. It is recognized that Landlord may originally lease the Ten Year Option Space, or any portion thereof, to tenants other than Seattle-First National Bank. Accordingly, as to any portion of the Ten Year Option Space as to which Tenant desires to exercise the Ten Year Expansion Option, such option shall be exercised as of a date ("First Effective Date") determined as follows:

(i) With respect to any portion of the Ten Year Option Space which is not leased to a tenant other than Seattle-First National Bank on a date which is nine (9) years after the Commencement Date of the term of this Lease, the First Effective Date shall be ten (10) years after the Commencement Date;

(ii) With respect to any portion of the Ten Year Option Space which is leased to a tenant other than Seattle-First National Bank on a date which is nine (9) years after the Commencement Date of this Lease, the First Effective Date shall be the earlier of (x) ten (10) years after the first date on which such space is occupied by a tenant other than Seattle-First National Bank in the



case of space which was initially leased for ten (10) years, but in the case of space which was initially leased for less than ten (10) years and as to which such lease was renewed or a subsequent lease was executed, that date (following ten (10) years after initial occupancy) which is the expiration date of any such renewed or subsequent lease, or (y) eleven (11) years following the date of the Commencement Date of the term of this Lease.

Landlord shall give Tenant written notice of the first date on which each portion of the Ten Year Option Space is occupied, within a reasonable time after each such occupancy date, and in any event Landlord will give Tenant written Option Notice (all such notices concerning any expansion options granted in Sections 30.01, 30.02, 30.03, or 30.04 hereof being hereafter referred to as "Option Notice") prior to the First Effective Date with respect to each portion of the Ten Year Option Space, specifying the effective date applicable to such portion of the Ten Year Option Space. If Tenant elects to exercise such option with respect to any portion of the Ten Year Option Space, it shall be exercised by giving Landlord written notice thereof on or before the expiration of sixty (60) days from the receipt of such Option Notice.

Landlord shall give Tenant written Option Notice as hereinbefore defined and Tenant, if it elects to exercise said option, shall exercise same by notifying Landlord thereof within sixty (60) days after the receipt of such Option Notice. If Tenant does not exercise such option with respect to any portion of Ten Year Option Space when such option is exercisable as herein provided, such space shall no longer be subject to any Expansion Option hereunder, except the First Refusal Expansion Option provided for in

Section 30.05 hereof, which shall continue to be applicable.

Section 30.02. Fifteen Year Expansion Option. Tenant shall have, and Landlord hereby gives and grants to Tenant, the right at Tenant's option (the "Fifteen Year Expansion Option") to include under this Lease all space on Floors 37 and 38 of the Building, being approximately 41,856 square feet of Net Rentable Area (the "Fifteen Year Option Space"). The Fifteen Year Expansion Option may be exercised as to all or any portion of the Fifteen Year Option Space. It is recognized that Landlord may originally lease the Fifteen Year Option Space, or any portion thereof, to tenants other than Seattle-First National Bank. Accordingly, as to any portion of the Fifteen Year Option Space as to which Tenant desires to exercise the Fifteen Year Expansion Option, such option shall be exercised as of a date ("Second Effective Date") determined as follows:

(i) With respect to any portion of the Fifteen Year Option Space which is not leased to a tenant other than Seattle-First National Bank on a date which is fourteen (14) years after the Commencement Date of the term of this Lease, the Second Effective Date shall be fifteen (15) years after the Commencement Date;

(ii) With respect to any portion of the Fifteen Year Option Space which is leased to a tenant other than Seattle-First National Bank on a date which is fourteen (14) years after the Commencement Date of this Lease, the Second Effective Date shall be the earlier of (x) fifteen (15) years after the first date on which such space is occupied by a tenant other than Seattle-First National Bank in the case of space which was initially leased for fifteen

(15) years, but in the case of space which was initially leased for less than fifteen (15) years and as to which such lease was renewed or a subsequent lease was executed, that date (following fifteen (15) years after initial occupancy) which is the expiration date of any such renewed or subsequent lease, or (y) sixteen (16) years following the date of the Commencement Date of the term of this Lease.

Landlord shall give Tenant written notice of the first date on which each portion of the Fifteen Year Option Space is occupied, within a reasonable time after each such occupancy date, and in any event Landlord will give Tenant written Option Notice at least one (1) year and not more than seventeen (17) months prior to the Second Effective Date with respect to each portion of the Fifteen Year Option Space, specifying the effective date applicable to such portion of the Fifteen Year Option Space. If Tenant elects to exercise such option with respect to any portion of the Fifteen Year Option Space, it shall be exercised by giving Landlord written notice thereof on or before the expiration of sixty (60) days from the receipt of such Option Notice.

Landlord shall give Tenant written Option Notice as hereinbefore defined and Tenant, if it elects to exercise said option, shall exercise same by notifying Landlord thereof within sixty (60) days after the receipt of such Option Notice. If Tenant does not exercise such option with respect to any portion of Fifteen Year Option Space when such option is exercisable as herein provided, such space shall no longer be subject to any Expansion Option hereunder, except the First Refusal Expansion Option provided for in Section 30.05 hereof, which shall continue to be applicable.



Section 30.03. Twenty Year Expansion Option. Tenant shall have, and Landlord hereby gives and grants to Tenant, the right, at Tenant's option (the "Twenty Year Expansion Option") to include under this Lease all space on Floor 1 of the Building not included in the initially leased Premises, being approximately 3,566 square feet of Net Rentable Area, and the space on Floors 39 and 40 of the Building, being approximately 41,796 square feet of Net Rentable Area (the "Twenty Year Option Space"). The Twenty Year Expansion Option may be exercised as to all or any portion of the Twenty Year Option Space.

It is recognized that Landlord may originally lease the Twenty Year Option Space, or any portion thereof, to tenants other than Seattle-First National Bank. Accordingly, as to any portion of the Twenty Year Option Space as to which tenant desires to exercise the Twenty Year Expansion Option, such option shall be exercised as of a date ("Third Effective Date") determined as follows:

(i) With respect to any portion of the Twenty Year Option Space which is not leased to a tenant other than Seattle-First National Bank, on a date which is nineteen (19) years after the Commencement Date of the term of this Lease, the Third Effective Date shall be twenty (20) years after the Commencement Date of the term of this Lease;

(ii) With respect to any portion of the Twenty Year Option Space which is leased to a tenant other than Seattle-First National Bank on a date which is nineteen (19) years after the Commencement Date of this Lease, the Third Effective Date shall be the earlier of (x) twenty (20) years after the first date on which such space is occupied by a tenant



other than Seattle-First National Bank, or (y) twenty-one (21) years after the Commencement Date.

Landlord shall give Tenant written notice of the first date on which each portion of the Twenty Year Option Space is occupied, within a reasonable time after each such occupancy date, and in any event Landlord will give Tenant written Option Notice at least one (1) year and not more than seventeen (17) months prior to the Third Effective Date with respect to each portion of the Twenty Year Option Space, specifying the Third Effective Date applicable to such portion of the Twenty Year Option Space. If Tenant elects to exercise such option with respect to any portion of the Twenty Year Option Space, it shall be exercised by giving Landlord written notice thereof on or before the expiration of sixty (60) days from the receipt of said Option Notice.

Landlord shall give Tenant the written Option Notice as hereinbefore defined and Tenant, if it elects to exercise said option, shall exercise same by notifying Landlord thereof within sixty (60) days after the receipt of such Option Notice. If Tenant does not exercise such option with respect to any portion of Twenty Year Option Space when such option is exercisable as herein provided, such space shall no longer be subject to any Expansion Option hereunder, except the First Refusal Expansion Option provided for in Section 30.05 hereof, which shall continue to be applicable.

Section 30.04. Twenty-five Year Expansion Option. Tenant shall have, and Landlord hereby gives and grants to Tenant, the right at Tenant's option (the "Twenty-five Year Expansion Option") to include under this Lease the space on Floors 41 and 42 of the Building, being approximately 43,387 square feet of Net Rentable Area (the "Twenty-five Year Option Space"). The Twenty-five Year Expansion



Option may be exercised as to all or any portion of the Twenty-five Year Option Space. It is recognized that Landlord may originally lease the Twenty-five Year Option Space, or any portion thereof, to tenants other than Seattle-First National Bank. Accordingly, as to any portion of the Twenty-five Year Option Space as to which Tenant desires to exercise the Twenty-five Year Expansion Option, such option shall be exercised as of a date ("Fourth Effective Date") that shall be twenty-five (25) years after the commencement of the term of this Lease.

Landlord shall give Tenant written notice of the first date on which each portion of the Twenty-five Year Option Space is occupied, within a reasonable time after each such occupancy date, and in any event Landlord will give Tenant written Option Notice prior to the Fourth Effective Date with respect to each portion of the Twenty-five Year Option Space, specifying the effective date applicable to such portion of the Twenty-five Year Option Space. If Tenant elects to exercise such option with respect to any portion of the Twenty-five Year Option Space, it shall be exercised by giving Landlord written notice thereof on or before the expiration of sixty (60) days from the receipt of such Option Notice.

Landlord shall give Tenant written Option Notice as hereinbefore defined and Tenant, if it elects to exercise said option, shall exercise same by notifying Landlord thereof within sixty (60) days after the receipt of such Option Notice. If Tenant does not exercise such option with respect to any portion of Twenty-five Year Option Space when such option is exercisable as herein provided, such space shall no longer be subject to any Expansion Option hereunder, except the First Refusal Expansion Option provided for in Section 30.05 hereof, which shall continue to be applicable.



Notwithstanding any provision in this Section 30.04 to the contrary, the Twenty-five Year Expansion Option provided for herein shall not apply to any space heretofore included under this Lease by tenant's exercise of its First Refusal Expansion Option.

Section 30.05. First Refusal Expansion Option. Except as provided herein below, in addition to the Ten Year Expansion Option, the Fifteen Year Expansion Option, the Twenty Year Expansion Option and the Twenty-five Year Expansion Option provided for in Sections 30.01, 30.02, 30.03, and 30.04, respectively, Tenant shall have, and Landlord hereby gives and grants to Tenant, the right, at Tenant's option (the "First Refusal Expansion Option"), to include under this Lease any space in the Building not covered by this Lease at the time such option is exercised, such option to be exercisable by Tenant as hereinafter provided at such time or times as prior leases on such space expire by their terms, and Landlord agrees not to permit extension or renewal of such prior leases until Tenant has rejected exercise of its First Refusal Expansion Option as to such space. Landlord shall give Tenant written notice ("First Refusal Notice") when Landlord has determined that such space will be or has become available for leasing by Tenant pursuant to its First Refusal Expansion Option. In this connection Landlord agrees to give Tenant said First Refusal Notice as soon as it is in a position to do so (but not prior to one (1) year before such space is to become available). Upon receipt of such First Refusal Notice, if Tenant elects to exercise its First Refusal Expansion Option with respect to such space, it shall do so by giving Landlord written notice thereof not later than thirty (30) days after receipt of such First Refusal Notice.

The First Refusal Expansion Option provided herein should not apply as to (i) the top five (5) floors or 3,566 square feet of Net Rentable Area on Floor 1 of the



Building during the first twenty (20) years of the Term of this Lease except in the event the tenant of the space so reserved to Landlord becomes insolvent and vacates the space, or (ii) Floor 2 of the Building not covered by this Lease as of the date hereof.

Section 30.06. Basic Rent Applicable to Expansion Space; Adjustments. Upon the exercise of any Expansion Option pursuant to the terms thereof, the Expansion Space included under this Lease thereby shall be added to the Premises for the remainder of the term hereof, and the Basic Rent, expressed as an annual rate per square foot of Net Rentable Area, shall be determined (and adjusted) as set forth in Section 6.01 hereof; provided, however, that such rate shall be subject to adjustment based upon subleasing (if such occurs) as more fully provided in Section 18.01, hereof.

Section 30.07. Expansion Space on As Is Basis. In the event Tenant exercises any Expansion Option pursuant to the terms thereof, Tenant shall take the Expansion Space added hereto pursuant to such option on an "as is basis," if such space has been previously occupied by another tenant. If such space has never been occupied, Tenant shall be entitled to the same Building Standard Improvements as set forth herein for the initial Premises. If Tenant elects to have Landlord finish such previously unoccupied space for Tenant's occupancy, Tenant shall furnish Landlord its Interior Layout for such Expansion Space by sixty (60) days prior to the Effective Date as to such expansion space. Tenant's obligation to pay rent on such space shall commence when Tenant's exercise of its Expansion Option becomes effective. Any disputes between Landlord and Tenant as to the completion of said finishing work, if done by Landlord, shall be determined pursuant to the terms hereof applicable to the initial Premises.

Landlord shall not be liable for failure to give possession of Expansion

Space by reason of the holding over or retention of possession of any previous tenant, tenants or occupants of same, nor shall such failure impair the validity of this Lease, nor extend the term hereof, but the rent for such Expansion Space shall be abated until possession is delivered to tenant. However, Landlord covenants that it will use reasonable diligence to deliver possession of such Expansion Space to Tenant upon the date(s) specified in the First Refusal Notice.

Landlord agrees to use its reasonable best efforts to consolidate contiguous space for Tenant when tenant exercises any of the Expansion Options set forth in Sections 30.01, 30.02, 30.03, 30.04, or 30.05 hereof.

Section 30.08. Instrument Delineating Expansion Space. Upon the exercise of any Expansion Option pursuant to the terms thereof, Landlord and Tenant shall join in executing and delivering a recordable instrument delineating and describing the Expansion Space added thereby.

6. There is hereby added to the Lease a new Section 31.05 as follows:

Section 31.05. Building Name. Landlord agrees to use during the term of the Lease, and during any extensions of the Lease, the name "Seafirst Fifth Avenue Plaza" for the Building and in connection with all advertising, promotion and publicity for the Building, in a typeface and style mutually acceptable to both parties. Upon termination of this Lease, Landlord shall immediately cease using the name "Seafirst Fifth Avenue Plaza" for the Building unless Tenant otherwise consents in writing.

7. There is hereby added to the Lease a new Section 31.06 as follows:

Section 31.06. Banking Exclusive. Landlord hereby grants Tenant an exclusive right to operate a branch banking facility



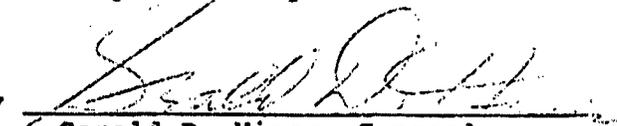
in the Building, and Landlord covenants and agrees not to lease any space in the Building to any other tenant for any similar operation or business, without Tenant's prior written consent.

Except as expressly amended and supplemented hereby, the Lease shall be and shall remain in full force and effect, and all other terms and provisions applicable under the Lease as amended shall apply to this Second Amendment of Lease.

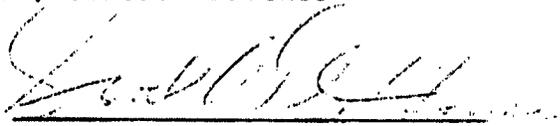
This Second Amendment to Lease may be signed in counterparts by each of the parties hereto.

IN WITNESS WHEREOF, this Second Amendment of Lease has been executed as of the date and year first above written.

**LANDLORD:** BLOCK 24 SEATTLE, LTD., a Texas limited partnership

By   
Gerald D. Hines, General Partner

By HINES NORTHWEST PROPERTIES, INC., General Partner

By   
Gerald D. Hines, President

**TENANT:** SEATTLE-FIRST NATIONAL BANK, a national banking association

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

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



in the Building, and Landlord covenants and agrees not to lease any space in the Building to any other tenant for any similar operation or business, without Tenant's prior written consent.

Except as expressly amended and supplemented hereby, the Lease shall be and shall remain in full force and effect, and all other terms and provisions applicable under the Lease as amended shall apply to this Second Amendment of Lease.

This Second Amendment to Lease may be signed in counterparts by each of the parties hereto.

IN WITNESS WHEREOF, this Second Amendment of Lease has been executed as of the date and year first above written.

LANDLORD: BLOCK 24 SEATTLE, LTD., a Texas limited partnership

By \_\_\_\_\_  
Gerald D. Hines, General Partner

By HINES NORTHWEST PROPERTIES, INC., General Partner

By \_\_\_\_\_  
Gerald D. Hines, President

TENANT: SEATTLE-FIRST NATIONAL BANK, a national banking association

By \_\_\_\_\_  
Its SENIOR VICE PRES.

By \_\_\_\_\_  
Its Vice President

STATE OF Texas )  
COUNTY OF Tarrant ) ss.

On this 21 day of Jan., 1989, before me, a Notary Public in and for the State of Texas, personally appeared GERALD D. HINES, personally known to me (or proved to me on the basis of satisfactory evidence) to be the person who signed this instrument; on oath stated that he was authorized to execute the instrument as general partner of BLOCK 24 SEATTLE, LTD., a Texas limited partnership; acknowledged the said instrument to be his free and voluntary act and deed, as general partner, for the uses and purposes therein mentioned.

IN WITNESS WHEREOF, I have hereunto set my hand and official seal the day and year first above written.



MARIE APPLING  
Notary Public, State of Texas  
My Commission Expires Feb. 29, 1989

Marie Appling  
NOTARY PUBLIC in and for the State  
of Texas, residing at Arlington.  
My appointment expires \_\_\_\_\_

STATE OF Texas )  
COUNTY OF Tarrant ) ss.

On this 21 day of Jan., 1989, before me, a Notary Public in and for the State of Texas, personally appeared GERALD D. HINES, personally known to me (or proved to me on the basis of satisfactory evidence) to be the person who signed the instrument; on oath stated that he was authorized to execute this instrument as the President of HINES NORTHWEST PROPERTIES, INC., the corporation that executed the instrument; acknowledged the said instrument to be the free and voluntary act and deed of said corporation for the uses and purposes therein mentioned; and on oath stated that he was duly elected, qualified, and acting as said officer of the corporation; that said corporation is the general partner of Block 24 Seattle, Ltd., a Texas limited partnership; that said corporation was authorized to execute the said instrument on behalf of said partnership; and that said instrument was the free and voluntary act and deed of said partnership for the uses and purposes therein mentioned.



December 31, 1986

Block 24 Seattle, Ltd.  
c/o Gerald D. Hines Interests  
101 California Street, #4500  
San Francisco, California 94111  
Attn: Mr. Tom Swift

RE: Space Lease Agreement between Block 24 Seattle, Ltd. as Landlord ("Block 24") and Seattle-First National Bank as Tenant ("Seattle-First") dated as of January 25, 1979, as amended by a First Amendment of Lease Agreement dated as of May 10, 1979 and by a Letter Agreement dated October 27, 1980 (collectively, the "Space Lease") regarding the lease of certain space in the Seafirst Fifth Avenue Plaza Building, Seattle, Washington

Gentlemen:

The purpose of this letter agreement is to confirm our agreement clarifying the amount of rent due to Block 24 under the Space Lease. Capitalized terms not otherwise defined herein shall have the meanings set forth in the Space Lease. Seattle-First and Block 24 hereby agree as follows:

1. With respect to the Premises initially leased to Seattle-First on Floor 1 and Floors 3 through 34 of the Building, the Basic Rent payable under Section 6.01(a) of the Space Lease and referenced in Section 6.05(e) of the Space Lease shall be equal to the Net Effective Rental as defined below.

2. The "Net Effective Rental" shall be calculated as follows:

(1) Eight and 70/100 Dollars (\$8.70) (net of Operating Expenses and Impositions, which Seattle-First agrees to pay separately) per square foot of Net Rentable Area of the Premises initially leased under the Space Lease (approximately 720,000 square feet of Net Rentable Area) multiplied by the "Constant Factor" or  
(2) in the case of space initially leased under the Space Lease and sublet pursuant to Section



Mr. Tom Swift  
Page 2

18.01(e)(ii) of the Space Lease, a "Market Rate" hereby stipulated to be Ten Dollars (\$10) (net of Operating Expenses and Impositions, which Seattle-First agrees to pay separately) per square foot of Net Rentable Area for such initially leased Premises. The terms "Operating Expenses" and "Impositions" shall have the meanings set forth in the original Ground Lease Agreement by and between Seattle-First as Lessor and Block 24 as Lessee, dated as of January 25, 1979 (the "Ground Lease").

3. With respect to the Premises initially leased to Seattle-First under the Space Lease, the excess of the Basic Rent payable under Section 6.01(a) of the Space Lease over the Net Effective Rental for such initial Premises shall be refunded or reimbursed to Seattle-First by Block 24 when and as received by Block 24; provided, however, that in no event shall Block 24 be required to reimburse to Seattle-First amounts received by Block 24 upon any subletting by Seattle-First of expansion space, pursuant to Section 6.01(b) or (c) or Section 18.01(e)(iii) of the Space Lease.

4. In the event Seattle-First is required to pay the Basic Rent provided for under Section 6.01(a) of the Space Lease, and does not receive the reimbursements to which it is entitled under Paragraph 4 above, within ten (10) days of notice to Block 24 of such nonreceipt, Block 24 shall be deemed to be in default under this letter agreement and the Space Lease, and Seattle-First shall have all of the remedies set forth in the Space Lease as well as the option of electing to purchase Block 24's total interest in the Project by proceeding with the arbitration procedure set forth in Section 29.01 of the Space Lease, to establish the current fair market value of Block 24's interest in the Project. Any such election shall be promptly exercised by Seattle-First and the value of Block 24's interest in the Project shall be determined by arbitration under the procedure set forth in Section 29.01 of the Space Lease and such arbitration proceedings shall be concluded within sixty (60) days of the election by Seattle-First.

If Block 24 Seattle, Ltd. approves of this clarification of the rental provisions of the Space Lease as described herein, please have the general partners of Block 24 sign and return the enclosed copy of this letter to my attention. We also ask that the new fee owner of the Land, West Beach Estates, a Hawaii general partnership, acknowledge and consent to this clarification. This letter agreement may be executed in



Mr. Tom Swift  
Page 3

counterparts, each of which shall be of equal force and effect with any other but shall together constitute only one agreement.

Very truly yours,

SEATTLE-FIRST NATIONAL BANK

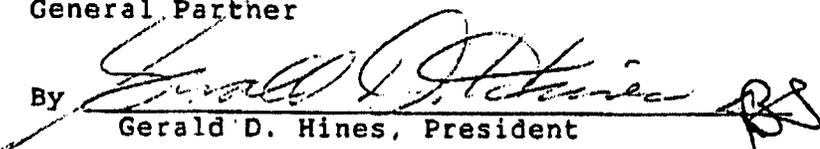
  
By: F. Bentley Lovejoy  
Its: Senior Vice President and  
Manager

The above modifications are  
hereby acknowledged and agreed to:

By: BLOCK 24 SEATTLE, LTD., a Texas  
limited partnership

By   
Gerald D. Hines, General Partner

By: HINES NORTHWEST PROPERTIES, INC.,  
a Texas corporation,  
General Partner

By   
Gerald D. Hines, President

West Beach Estates, a Hawaii general partnership,  
hereby acknowledges receipt of this Letter and  
consents to be bound by the terms hereof should  
it or its successors or assigns ever succeed to  
Block 24's interest under the Space Lease.

WEST BEACH ESTATES,  
a Hawaii General Partnership:

By: HORITA CORPORATION, a Hawaii corporation, its General  
Partner

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



Mr. Tom Swift  
Page 3

counterparts, each of which shall be of equal force and effect with any other but shall together constitute only one agreement.

Very truly yours,

SEATTLE-FIRST NATIONAL BANK

By: F. Bentley Lovejoy  
Its: Senior Vice President and  
Manager

The above modifications are hereby acknowledged and agreed to:

By: BLOCK 24 SEATTLE, LTD., a Texas limited partnership

By \_\_\_\_\_  
Gerald D. Hines, General Partner

By: HINES NORTHWEST PROPERTIES, INC., a Texas corporation, General Partner

By \_\_\_\_\_  
Gerald D. Hines, President

West Beach Estates, a Hawaii general partnership, hereby acknowledges receipt of this Letter and consents to be bound by the terms hereof should it or its successors or assigns ever succeed to Block 24's interest under the Space Lease.

WEST BEACH ESTATES,  
a Hawaii General Partnership:

By: HORITA CORPORATION, a Hawaii corporation, its General Partner

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



### THIRD AMENDMENT TO LEASE AGREEMENT

THIS THIRD AMENDMENT TO LEASE AGREEMENT (this "Third Amendment") is made and entered into as of the 1st day of August, 1994, by and between BLOCK 24 SEATTLE, LTD., a Texas limited partnership ("Landlord"), and SEATTLE-FIRST NATIONAL BANK, a national banking association ("Tenant").

#### RECITALS

A. Landlord and Tenant have heretofore entered into the following lease agreement and amendments relating to the Seafirst Fifth Avenue Plaza in Seattle, Washington:

1) Lease Agreement dated as of January 25, 1979, as amended by the First Amendment of Lease Agreement dated as of May 10, 1979, a Letter Agreement dated October 27, 1980, and by the Second Amendment to Lease dated December 31, 1986 (collectively, the "Lease").

B. Landlord and Tenant have agreed to further amend the Lease as hereinafter set forth to delete the definition of the term "Constant Factor" and all references to the term "Constant Factor" from the Lease.

C. The terms used herein shall have the same meanings as defined in the Lease unless the context otherwise requires.

NOW, THEREFORE, in consideration of the premises and agreements hereinafter set forth, Landlord and Tenant agree that the Lease shall be and is hereby further amended as follows:

1. The definition of "Constant Factor" as set forth in Section 1 of the First Amendment of Lease Agreement and Section 1.01 of the Lease is hereby deleted.

2. Section 6.01(b) of the Lease is hereby amended and restated as follows:

(b) for any expansion space covered by this Lease following the exercise of Tenant's expansion options pursuant to Article XXX hereof and constituting a portion of the Premises, the greater of (i) \$8.75, or (ii) the Market Rate less twenty percent (20%) determined at the Effective Date for such expansion space as provided in Article XXX hereof, and



3. Section 6.01(c) of the Lease is hereby amended and restated as follows:

(c) as to such expansion space only, Basic Rent shall be subject to one (1) adjustment as of the tenth (10th) anniversary of the Effective Date for such expansion space as provided in Article XXX; such adjustment to be to an amount equal to the greater of (i) \$8.75, or (ii) the then current Market Rate less twenty percent (20%).

4. Section 18.01(e)(i) of the Lease is hereby amended and restated as follows:

(i) The original 720,000 square feet may be sublet only (x) in increments of two floors or more and at annual rental rates not less than Eight and 75/100 Dollars (\$8.75) (plus escalations for Basic Costs) and subject to the terms and conditions set forth in Section 18.03 or (y) in increments of less than two floors at not less than the then prevailing Market Rate for said space in the Building, in which event any profit on such sublease shall belong to Tenant (and Landlord shall not participate therein);

5. Section 27.01 is hereby amended to provide that the notices to Tenant shall be mailed to it at the following addresses:

Seattle-First National Bank  
Bank Properties Department  
P.O. Box 3586  
Seattle, Washington 98124  
Attention: Manager

with a copy to:

Davis Wright Tremaine  
2600 Century Square  
1501 Fourth Avenue  
Seattle, Washington 98101-1688  
Attention: Dennis E. McLean

Except as expressly amended by this Third Amendment, the Lease shall remain in full force and effect in accordance with its terms and provisions. As used hereafter, the term "Lease"

shall mean and include the Lease as amended by this Third Amendment.

This Third Amendment to Lease may be signed in counterparts by each of the parties hereto.

LANDLORD:

BLOCK 24 SEATTLE, LTD., a Texas limited partnership

TS By Gerald D. Hines  
Gerald D. Hines, General Partner

DH

By HINES NORTHWEST PROPERTIES INC., General Partner

TS By Gerald D. Hines  
Gerald D. Hines, President

DH

TENANT:

SEATTLE-FIRST NATIONAL BANK, a national banking association

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

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





ACKNOWLEDGEMENT

STATE OF COLORADO     )  
                                  )     ss  
COUNTY OF PITKIN     )

I certify that I know or have satisfactory evidence that GERALD D. HINES is the person who appeared before me, and said person acknowledged that he signed the foregoing instrument, on oath stated that he was authorized to execute the instrument and acknowledged it as the General Partner of BLOCK 24 SEATTLE, LTD., a Texas general partnership, and as President of HINES NORTHWEST PROPERTIES, INC., a Texas corporation, to be the free and voluntary act of such parties for the uses and purposes stated in the foregoing instrument.

Dated this 1 day of <sup>August</sup> ~~July~~, 1994.

Janet Lynn Raczak  
Notary Public in and for  
the State of Colorado  
Residing at 0234 Light Hill Rd  
Snowmass CO 81654

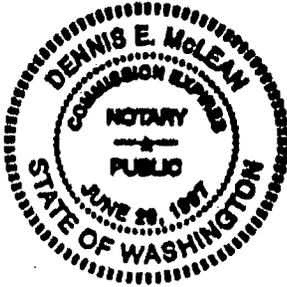
Janet Lynn Raczak  
Name (Printed or Typed):  
My Commission Expires:  
10-5-96



STATE OF WASHINGTON )  
 )  
COUNTY OF KING ) ss.

On this 29<sup>th</sup> day of July, 1994, before me, a Notary Public in and for the State of Washington, personally appeared David Ray and Michelle Spohrer, personally known to me (or proved to me on the basis of satisfactory evidence) to be the persons who executed this instrument, on oath stated that they were authorized to execute the instrument, and acknowledged it as the SVP + Manager and VP + Manager, respectively, of SEATTLE-FIRST NATIONAL BANK to be the free and voluntary act and deed of said national banking association for the uses and purposes mentioned in the instrument.

IN WITNESS WHEREOF, I have hereunto set my hand and official seal the day and year first above written.



Dennis E. McLean  
NOTARY PUBLIC in and for the State  
of Washington, residing at SEATTLE  
My appointment expires 6-29-97  
Print Name Dennis E. McLean

shall mean and include the Lease as amended by this Third Amendment.

This Third Amendment to Lease may be signed in counterparts by each of the parties hereto.

LANDLORD: BLOCK 24 SEATTLE, LTD., a Texas limited partnership

By Gerald D. Hines  
Gerald D. Hines, General Partner

By HINES NORTHWEST PROPERTIES INC., General Partner

By Gerald D. Hines  
Gerald D. Hines, President

TENANT: SEATTLE-FIRST NATIONAL BANK, a national banking association

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

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



**FOURTH AMENDMENT TO LEASE AGREEMENT**

This Fourth Amendment to Lease Agreement (this "Fourth Amendment"), is entered into effective as of the 25th day of September, 1995, by and between SEATTLE-FIRST NATIONAL BANK, a national banking association ("Tenant"), and BLOCK 24 SEATTLE, LTD., a Texas limited partnership ("Landlord"), with reference to the following:

**RECITALS**

A. Landlord and Tenant entered into that certain Lease Agreement dated January 25, 1979 (the "Lease"), for the lease of certain premises in the Building located at 800 Fifth Avenue, Seattle, Washington.

B. The Lease was amended by a First Amendment of Lease Agreement dated May 10, 1979, a Letter Agreement dated October 27, 1980, a Second Amendment to Lease Amendment dated December 31, 1986, and a Third Amendment to Lease Agreement dated August 1, 1994. As used hereinafter, the term "Lease" shall mean and include the Lease as previously amended.

C. Landlord has requested certain modifications to the Lease and Tenant is willing to amend the Lease to incorporate such modified terms, subject to the terms and conditions as set forth below.

NOW, THEREFORE, for good and valuable consideration, the receipt and sufficiency of which are hereby mutually acknowledged, Landlord and Tenant hereby amend the Lease as follows:

**1. Modification of Expansion Rights on Floor 37.**

**1.1 Ackerly Premises; Permission to Extend Term.**  
Ackerly Communications, Inc. ("Ackerly"), is currently leasing from Landlord approximately nine thousand one hundred twenty-nine (9,129) square feet of Net Rentable Area on Floor 37 of the Building (the "Ackerly Premises"), pursuant to a lease agreement dated June 18, 1990 (the "Ackerly Lease"). The Ackerly Premises are located approximately where indicated on the floor plan attached hereto as Exhibit A. The Ackerly Lease was subject to Tenant's Fifteen Year Expansion Option rights under Section 30.02 of the Lease. Tenant hereby confirms its prior waiver of its Fifteen Year Expansion Option with respect to the Ackerly Premises.



**1.2 Tenant's Option if Ackerly Lease Not Extended.** If Ackerly fails to exercise its extension option under Item 1 A 1 of the Addendum to the Ackerly Lease by November 30, 1995, then Landlord shall on December 1, 1995, provide to Tenant an Option Notice under Section 30.02 of the Lease with respect to Floor 37. If Tenant elects to exercise such Expansion Option with respect to any portion of such space on Floor 37, such Expansion Option shall be exercised by Tenant's delivery of written notice to Landlord on or before the expiration of sixty (60) days from the receipt of such Option Notice. If Tenant exercises such Expansion Option, the expansion space shall be made available to Tenant on September 1, 1996, for commencement of construction of tenant improvements therein and the Effective Date with respect to such expansion space shall be the earlier of January 1, 1997, or the date upon which Tenant occupies such expansion space for purposes of doing business therein, notwithstanding anything to the contrary set forth in the Lease.

**1.3 Tenant's Continuing First Refusal Expansion Option on Floor 37.** If Ackerly fails to exercise its extension option under Item 1 A 1 of the Ackerly Lease and Tenant fails to exercise its Expansion Option under Section 1.2 above, nothing in this Fourth Amendment is intended, nor shall be deemed, to waive, relinquish or abrogate Tenant's First Refusal Expansion Option under Section 30.05 of the Lease with respect to the Ackerly Premises or any other space on Floor 37 of the Building, and all such space shall be, and remain, subject to Tenant's rights under Section 30.05.

**2. Modifications to Fifteen Year Expansion Option.** The following modifications are hereby made to the provisions of Section 30.02 of the Lease regarding Tenant's Fifteen Year Expansion Option:

**2.1 Inclusion of Floors 35 and 36.** The term "Fifteen Year Option Space" is modified to mean and include all space on Floors 35, 36, 37 and 38 of the Building, being approximately 83,712 square feet of Net Rentable Area.

**2.2 Deferral of Fifteen Year Expansion Option on Floor 38.** Notwithstanding anything to the contrary set forth in the Lease, Landlord shall provide to Tenant an Option Notice for Tenant's Fifteen Year Expansion Option with respect to Floor 38 no earlier than June 1, 1999, and no later than November 1, 1999. Tenant's Fifteen Year Expansion Option on Floor 38 may be exercised as to all or any portion of Floor 38. If Tenant desires to exercise such Expansion Option with respect to any space on Floor 38, such Expansion Option shall be exercised by Tenant's delivery of written notice to Landlord on or before the expiration of sixty (60) days from the receipt of such Option Notice, such expansion space shall be made available to Tenant on

November 1, 2000, for commencement of construction of tenant improvements therein, and the Second Effective Date with respect to such space shall be the earlier of March 1, 2001, or the date upon which Tenant occupies such expansion space for purposes of doing business therein.

**2.3 Deferral of Fifteen Year Expansion Option on Floors 35, 36 and 37.** Notwithstanding anything to the contrary set forth in the Lease, Landlord shall provide to Tenant an Option Notice for Tenant's Fifteen Year Expansion Option with respect to Floors 35, 36 and 37 (excluding the Ackerly Premises) no earlier than January 16, 1996, and no later than March 16, 1996. Tenant's Fifteen Year Expansion Option on Floors 35, 36 and 37 (excluding the Ackerly Premises) may be exercised as to all or any portion of such Floors. If Tenant desires to exercise such Expansion Option with respect to any space on Floors 35, 36 or 37 (excluding the Ackerly Premises), such Expansion Option shall be exercised by Tenant's delivery of written notice to Landlord on or before the expiration of sixty (60) days from the receipt of such Option Notice, and the Second Effective Date with respect to such space shall be the earlier of one hundred twenty (120) days from the date such expansion space is made available to Tenant for commencement of construction of tenant improvements therein, or the date upon which Tenant occupies such expansion space for purposes of doing business therein.

**3. Special Expansion Option on Floors 35, 36 and 37.** If Tenant does not exercise its Expansion Option with respect to Floors 35, 36 and 37 (excluding the Ackerly Premises) pursuant to Section 2.3 above, then Tenant shall have and is hereby granted the right (the "Special Expansion Option") to include under the Lease all or any portion of Floors 35, 36 and 37 (excluding the Ackerly Premises) of the Building (the "Special Expansion Space"). Landlord shall provide Tenant an Option Notice for Tenant's Special Expansion Option no earlier than June 1, 1998, and no later than August 1, 1998. The Special Expansion Option may be exercised as to all or any portion of the Special Expansion Space. If Tenant desires to exercise such Special Expansion Option with respect to any portion of the Special Expansion Space, such Special Expansion Option shall be exercised by Tenant's delivery of written notice to Landlord on or before the expiration of sixty (60) days from the receipt of such Option Notice, the expansion space shall be made available to Tenant on August 1, 1999, for commencement of construction of tenant improvements therein, and the Effective Date with respect to such expansion space shall be the earlier of December 1, 1999, or the date upon which Tenant occupies such expansion space for purposes of doing business therein.

**4. Defined Terms; Lease Remains in Effect.** Capitalized terms used herein and not otherwise defined in this Fourth

Amendment shall have the meanings as set forth in the Lease. Except to the extent expressly modified by this Amendment, the Lease shall remain in full force and effect in accordance with its terms and provisions. As used hereinafter, following satisfaction of the condition set forth in Section 5 below, the term "Lease" shall mean and include the Lease as it is amended by this Fourth Amendment.

5. **Condition Precedent to Effectiveness.** This Amendment shall not be effective until and unless Landlord's Mortgagee shall have executed and returned to Landlord and Tenant the Consent of Landlord's Mortgage attached hereto as Schedule 1.

IN WITNESS WHEREOF, the parties have caused this Fourth Amendment to be executed by their officers or agents, duly authorized as of the date first above written.

**LANDLORD:**

BLOCK 24 SEATTLE, LTD., a Texas limited partnership

By HINES NORTHWEST PROPERTIES INC., General Partner

For  
By [Signature]  
Its \_\_\_\_\_

**TENANT:**

SEATTLE-FIRST NATIONAL BANK, a national banking association

By [Signature]  
Its San Real Estate Dept

By [Signature]  
Its SVP & Mgr



STATE OF CALIFORNIA )  
COUNTY OF San Joaquin ) SS.

I certify that I know or have satisfactory evidence that James C. Paine Jr. is the person who appeared before me, and said person acknowledged that he signed the foregoing instrument, on oath stated that he was authorized to execute the instrument and acknowledged it as President of HINES NORTHWEST PROPERTIES, INC., a Texas corporation, a general partner of BLOCK 24 SEATTLE, LTD., a Texas limited partnership, to be the free and voluntary act and deed of such limited partnership for the uses and purposes stated in the foregoing instrument.

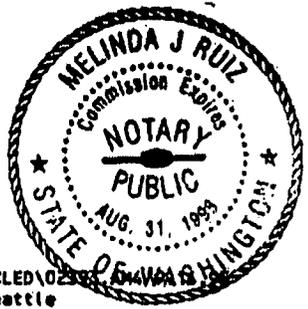
DATED this 25<sup>th</sup> day of September, 1995.

[Signature]  
NOTARY PUBLIC in and for the State of California, residing at 1334 Valley, San Joaquin  
My appointment expires 5/4/98  
Print Name Janna L. Guntor

STATE OF WASHINGTON )  
COUNTY OF KING ) SS.

On this 15<sup>th</sup> day of September, 1995, before me, a Notary Public in and for the State of Washington, personally appeared Peter Stelmach and David Ray, personally known to me (or proved to me on the basis of satisfactory evidence) to be the persons who executed this instrument, on oath stated that they were authorized to execute the instrument, and acknowledged it as the J.R. Real Estate Office and SVP + Manager, respectively, of SEATTLE-FIRST NATIONAL BANK to be the free and voluntary act and deed of said national banking association for the uses and purposes mentioned in the instrument.

IN WITNESS WHEREOF, I have hereunto set my hand and official seal the day and year first above written.

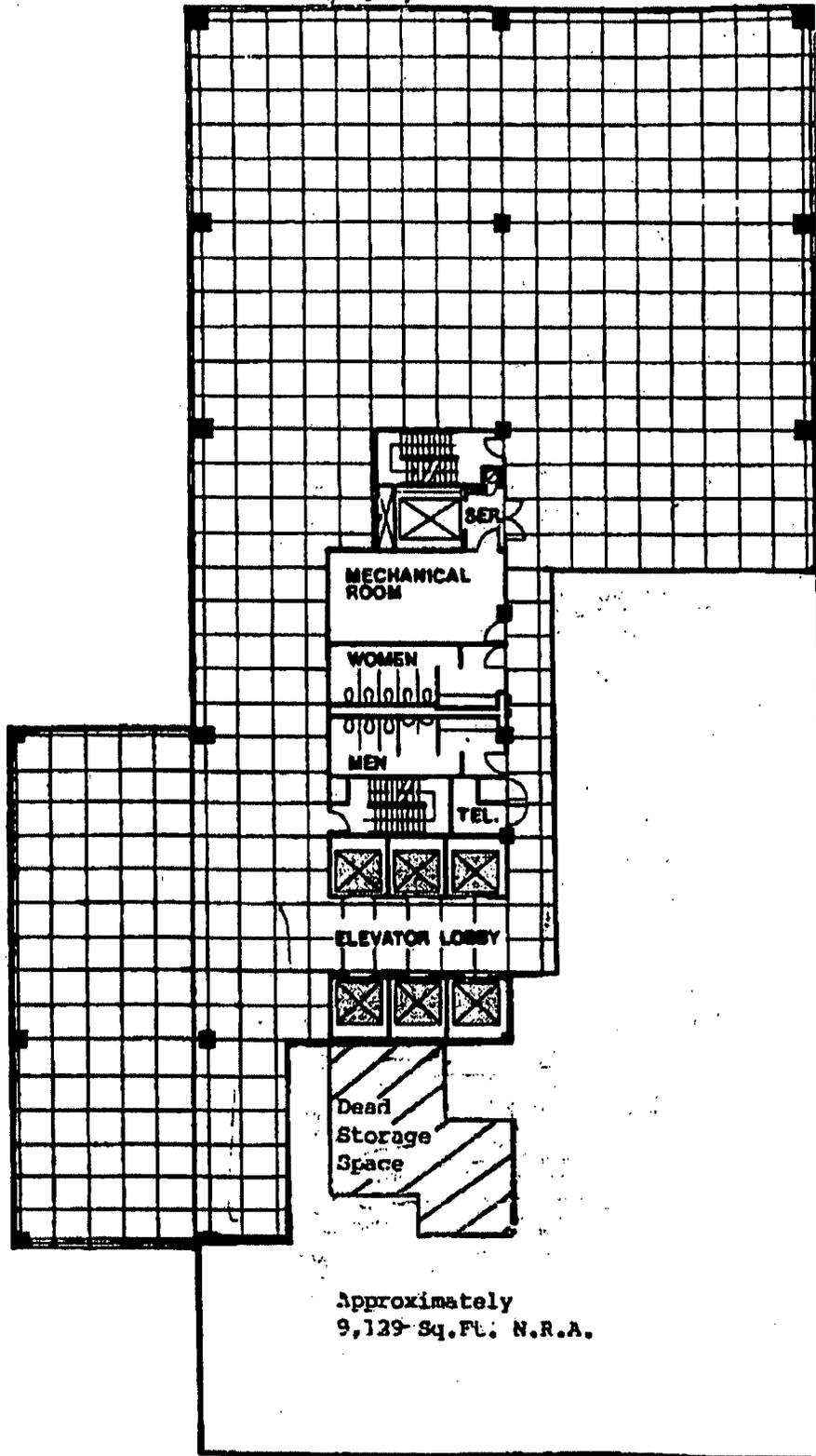


Melinda J. Ruiz  
NOTARY PUBLIC in and for the State of Washington, residing at Federal Way  
My appointment expires 8-31-98  
Print Name MELINDA J. RUIZ

FILED IN  
Seattle



EXHIBIT "A"



Ackerley Communications, Inc.

SEAFIRST FIFTH AVENUE  
PLAZA

FLOOR 37



**SCHEDULE 1**

**CONSENT OF LANDLORD'S MORTGAGEE**

The undersigned hereby acknowledges receipt of and consents to the Fourth Amendment to Lease Agreement by and between BLOCK 24 SEATTLE, LTD., as Landlord, and SEATTLE-FIRST NATIONAL BANK, as Tenant, to which this Consent is attached.

THE PRUDENTIAL INSURANCE COMPANY  
OF AMERICA, a New Jersey  
corporation

By   
Its VICE PRESIDENT

Dated: SEPT. 22, 1995



## FIFTH AMENDMENT TO LEASE AGREEMENT

THIS FIFTH AMENDMENT TO LEASE AGREEMENT (this "Amendment") is made and entered into as of the 1<sup>st</sup> day of August, 1999, by and between BLOCK 24 SEATTLE, LTD., L.P., a Texas limited partnership, formerly known as Block 24 Seattle, LTD. ("Landlord"), and BANK OF AMERICA, N.A., successor to SEATTLE-FIRST NATIONAL BANK, a national banking association ("Tenant").

### RECITALS

A. Landlord and Tenant have entered into the following lease agreement and amendments relating to space in the building known as Seafirst Fifth Avenue Plaza, 800 Fifth Avenue, Seattle, Washington (the "Building"): Lease Agreement dated January 25, 1979, as amended by First Amendment to Lease Agreement dated May 10, 1979, Letter Agreement dated October 27, 1980, Second Amendment to Lease dated December 31, 1986, Third Amendment to Lease Agreement dated August 1, 1994, and Fourth Amendment to Lease Agreement dated September 25, 1995 (collectively, the "Lease").

B. Landlord and Tenant have agreed to further amend the Lease as hereinafter set forth.

C. The terms used herein shall have the meanings given them in the Lease.

### AGREEMENT

NOW, THEREFORE, in consideration of the premises and agreements hereinafter set forth, Landlord and Tenant agree as follows:

1. **Confirmation of Exercise of Special Expansion Option.** Tenant hereby acknowledges and confirms that it has exercised its Special Expansion Option to expand the Premises to include all of Floors 35, 36 and 37 in the Building (the "Special Expansion Space"), consisting of sixty-two thousand, eight hundred twenty-five (62,825) rentable square feet. Landlord hereby acknowledges the timely exercise of the Special Expansion Option by Tenant.

2. **GSA Term.** The Lease by its terms requires Landlord to deliver the Special Expansion Space to Tenant on August 1, 1999. Tenant acknowledges that Landlord is unable to deliver the Special Expansion Space to Tenant on that date because the General Services Administration (the "GSA"), the current lessee of a portion of the Special Expansion Space (the "GSA Space") pursuant to GSA Lease No. GS-10B-05529 and GSA Lease No. GS-10B-06019 (the "GSA Leases"), desired to remain in the GSA Space after August 1, 1999, threatened to condemn or hold over without authorization in the GSA Space in order to be able to do so, and later agreed with Landlord, with Tenant's consent (as confirmed by a letter dated July 29, 1999, from Landlord to Tenant), to extend the terms of the GSA Leases through January 31, 2000. Tenant acknowledges that Landlord has exercised diligence and has used its good faith efforts to timely deliver the Special Expansion Space to Tenant. Tenant hereby consents to and accepts the tenancy of the GSA in the GSA Space from August 1, 1999 through January 31, 2000 (the "GSA



Term"). Tenant also acknowledges that Sandorffy Mattison Shidler Investment Company, the current lessee of another portion of Special Expansion Space (the "Sandorffy Space"), desires to remain in the Sandorffy Space until the expiration of the GSA Term. Tenant hereby consents to and accepts the tenancy of Sandorffy in the Sandorffy Space through the expiration of the GSA Term.

3. **Special Expansion Space Delivery.** Landlord shall deliver the Special Expansion Space to Tenant on February 1, 2000, for construction of Tenant's improvements therein. The Effective Date with respect to the Special Expansion Space shall be the earlier of one hundred twenty (120) days after the date that Landlord delivers the Special Expansion Space to Tenant for construction of Tenant's improvements therein or the date upon which Tenant occupies the Special Expansion Space for purposes of doing business therein. Tenant acknowledges that Landlord cannot guaranty that the GSA Space and Sandorffy Space will be fully vacated at the end of the GSA Term. Landlord shall use reasonable diligence to deliver the GSA Space and Sandorffy Space to Tenant at the end of the GSA Term, but shall not be liable to Tenant for the GSA's or Sandorffy's failure to surrender possession of the GSA Space or Sandorffy Space to Landlord at the end of the GSA Term or for the GSA's or Sandorffy's unauthorized holding over in the GSA Space or Sandorffy Space at the end of the GSA Term.

4. **Agreement Regarding Market Rate.** The Market Rate applicable to the Special Expansion Space shall be Twenty-Six and 28/100 Dollars (\$26.28) per rentable square foot per year, which is based on Thirty-Four Dollars (\$34.00) per rentable square foot per year, the gross rent for office space in the Building, minus Seven and 72/100 Dollars (\$7.72) per rentable square foot per year, the 1999 Estimated Basic Costs for office space in the Building. The Basic Rent for the Special Expansion Space shall be equal to Twenty-One and 02/100 Dollars (\$21.02) per rentable square foot (eighty percent (80%) of the Market Rate) and shall be adjusted on the tenth (10<sup>th</sup>) anniversary of the Effective Date for the Special Expansion Space pursuant to the terms of the Lease.

5. **Division of GSA Rent.** Tenant understands that under the terms of the amendments to the GSA Leases, Landlord will be entitled to collect the following from the GSA as gross rent during the GSA Term: Thirty-Eight and 50/100 Dollars (\$38.50) per usable square foot per year for space leased under GSA Lease No. GS-10B-05529 (covering four thousand, eight hundred forty-four (4,844) usable square feet) and Thirty-Eight and 50/100 Dollars (\$38.50) per rentable square foot per year for space leased under GSA Lease No. GS-10B-06019 (covering fifty four thousand, one hundred seventy-one (54,171) rentable square feet) (the "GSA Rent"). From the GSA Rent received by Landlord for each month of the GSA Term, Landlord shall retain an amount equal to fifty-nine thousand, fifteen (59,015) (the number of rentable and usable square feet contained in the GSA Space) multiplied by one twelfth (1/12) of the annual Basic Rent and Basic Costs applicable to the Special Expansion Space under the Lease (the "Landlord Share"), and Landlord shall pay the remainder to Tenant (the "Tenant Share"). In addition, Landlord shall retain from the Tenant Share an amount equal to all legal fees and costs incurred by Landlord arising from or relating to the GSA's threatened condemnation and holdover and the extension of the GSA Leases, not to exceed Fifty Thousand Dollars (\$50,000) (the "Legal Fees") until the Legal Fees have been fully retained. Landlord shall pay to Tenant the Tenant Share for each calendar month during the GSA Term within fifteen (15) days after Landlord receives the GSA Rent for such calendar month. Tenant acknowledges that rent is paid



in arrears under the GSA Leases. Tenant shall not be entitled to any portion of the rent received by Landlord for the Sandorffy Space.

6. **Release.** Tenant hereby waives and fully releases Landlord and its partners, employees and agents from any and all claims, damages, losses, costs and expenses of any kind or nature that Tenant may now or in the future have, assert, suffer or incur with respect to the GSA's or Sandorffy's failure to timely surrender possession of the GSA Space or Sandorffy Space to Landlord by August 1, 1999 (the "Initial Turnover Date"), the GSA's or Sandorffy's holding over in the GSA Space or Sandorffy Space after the Initial Turnover Date, Landlord's inability to timely deliver possession of the Special Expansion Space to Tenant by the Initial Turnover Date on account of either of the foregoing, and all matters relating thereto.

7. **Building Name and Signage.** Landlord shall permit Tenant to change the name of the Building from Seafirst Fifth Avenue Plaza (the "Old Building Name") to Bank of America Fifth Avenue Plaza (the "New Building Name") for the remainder of the term of the Lease and any extensions thereto. Tenant shall, at its own expense, remove from the Building all signage containing the Old Building Name and install in the Building new signage containing the New Building Name. Such removal and installation shall be done simultaneously, so that the Building has signage at all times, shall be done at such times and by such contractors as Landlord shall approve in writing, and shall be done in a good and workmanlike manner and in accordance with all applicable laws. Before beginning the removal and installation, all of Tenant's contractors shall obtain such insurance as Landlord shall request. Tenant shall, at its expense, repair all damage to the Building and other improvements and property located on the Land that is caused by such removal and installation. Tenant shall not install any signage containing the New Building Name that is visible from the Common Areas (other than the Common Areas of any Floor of which Tenant is the sole occupant) or the General Public Areas without obtaining Landlord's prior written consent to its size, appearance, quality and location. Landlord shall not unreasonably delay or withhold its consent to Tenant signage intended to be located where Tenant signage is located as of the date of this Amendment, but may withhold its consent to any Tenant signage intended to be located where Tenant signage is not located as of the date of this Amendment. From and after the date when signage containing the New Building Name has been installed in the General Public Areas, the New Building Name shall be used in connection with all advertising, promotions and publicity for the Building. All such advertising, promotions and publicity shall be in a typeface and style acceptable to both Landlord and Tenant. Tenant shall reimburse Landlord for all actual costs that Landlord incurs in connection with changing the Old Building Name to the New Building Name, including, without limitation, reasonable costs that Landlord incurs for business cards, stationery and promotional materials and any costs for which Landlord reimburses any other tenant or occupant of the Building in connection with changing the Old Building Name to the New Building Name. Tenant shall make each reimbursement within thirty (30) days after Landlord's demand.

8. **Condition Precedent to Effectiveness.** This Amendment shall not be effective unless and until Landlord's Mortgage shall have executed and returned to Landlord and Tenant the Consent of Landlord's Mortgage attached hereto as Schedule 1.

9. **Lease Ratification.** Except as expressly amended by this Amendment, the Lease is hereby ratified and shall remain in full force and effect in accordance with its terms and





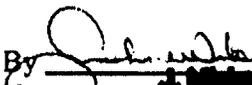


**SCHEDULE 1**

**CONSENT OF LANDLORD'S MORTGAGEE**

The undersigned hereby acknowledges receipt of and consents to the Fifth Amendment to Lease Agreement by and between BLOCK 24 SEATTLE, LTD., L.P., as Landlord, and BANK OF AMERICA, N.A., successor to Seattle-First National Bank, as Tenant, to which this Consent is attached.

THE PRUDENTIAL INSURANCE  
COMPANY OF AMERICA, a New Jersey  
corporation

By   
Name J. Michael Walker  
Title Vice President  
Date 4/12/01

*9/11/01*  
*4310*



## SIXTH AMENDMENT TO LEASE AGREEMENT

This SIXTH AMENDMENT TO LEASE AGREEMENT (this "Amendment") is made and entered into on this 2 day of ~~January~~ December 2005, by and between BLOCK 24 SEATTLE, LTD., L.P. ("Landlord") and BANK OF AMERICA, N.A., a national banking association ("Tenant").

### RECITALS

A. Landlord and Tenant entered into a Lease Agreement dated as of January 25, 1979, (the "Original Lease"), whereby Landlord leased to Tenant certain premises in the Fifth Avenue Plaza building in Seattle, Washington. The Original Lease has been amended by that certain First Amendment of Lease Agreement dated as of May 10, 1979, by that certain Second Amendment to Lease dated December 31, 1986, by that certain Third Amendment to Lease Agreement dated as of August 1, 1994, by that certain Fourth Amendment to Lease Agreement dated as of September 25, 1995 and that certain Fifth Amendment to Lease Agreement dated as of August 1, 1999 (collectively, the "Lease").

B. Tenant has entered into discussions to sublease a portion of the Premises to State of Washington, Office of the Attorney General (the "AG") and has negotiated a sublease with the AG in the form attached hereto as Exhibit A (the "Sublease") covering the portion of its Premises that constitutes the entirety of floors 18, 19, 20, 21, and 22 (the "AG Space"). The AG and Tenant will only enter into the Sublease if Landlord and Tenant enter into this Amendment.

C. Landlord and Tenant desire to amend the Lease to extend the term of the Lease with respect to the AG Space, revise the rent schedule and to make certain other changes as set forth herein.

NOW, THEREFORE, for good and valuable consideration, the receipt and sufficiency of which are mutually acknowledged, the parties hereto agree as follows:

1. **Expansion of AG Space.** The term "AG Space" as used herein may, at Tenant's option, include expansion space subleased to the AG prior to July 1, 2011, under Section 6 of the Sublease, provided that (a) the rights granted in Section 2 below shall only apply to whole floors that are adjacent to the initial AG Space; and (b) if a partial floor is added to the AG Space then (i) the expansion space shall be on a floor that is adjacent to the initial AG Space and the configuration of the space shall be subject to Landlord's prior approval; (ii) Tenant shall obtain Landlord's approval of the plans and specifications for all work to convert the floor from single tenant occupancy to multi-tenant occupancy, and (iii) Tenant, at Tenant's expense, shall complete all such work in accordance with all applicable laws and the plans approved by Landlord.

2. **Extensions.**

(a) **Initial Extension.** The term of the Lease with respect to the AG Space and any whole floor of space added to accommodate a partial floor expansion by the AG is hereby extended for an additional term of thirteen (13) months (the "Extension Term"), commencing on June 1, 2016 (the "Extension Commencement Date"), and continuing through June 30, 2017,



subject to all of the terms and conditions of the Lease, except as expressly provided herein. Tenant shall have no further option to extend the term of the Lease with respect to the AG Space except as provided in this Section 2. Landlord and Tenant acknowledge that the Term of the Lease with respect to the balance of the Premises will terminate on May 31, 2016.

(b) Additional Extension Terms. Landlord grants to Tenant the option to extend the Term of the Lease with respect to the AG Space and any whole floor of space added to accommodate a partial floor expansion by the AG, for two (2) additional consecutive periods of five (5) years each (each of which is also referred to herein as an “Extension Term”) provided that: (i) this Lease is in full force and effect; (ii) at the time of exercise of the extension right or at the time set for commencement of the Extension Term, Tenant is not in default under this Lease beyond any applicable cure period granted under this Lease; (iii) Tenant exercises such right by giving Landlord irrevocable and unequivocal written notice of its election at least twenty-one (21) months prior to the first day of such Extension Term; (iv) the AG Space is occupied by the AG or an assignee or subtenant that Landlord has agreed in writing is entitled to the benefits of this provision; and (v) Subtenant has validly exercised its rights to renew under the Sublease.

(c) Terms Applicable to Extensions Terms. If Tenant timely exercises an option to extend, each Extension Term shall be upon the same terms, covenants and conditions as provided in this Lease, except that (i) Basic Rent during the Extension Term shall be determined pursuant to Section 4 of this Amendment, (ii) Landlord shall not be required to pay any allowance, broker’s commission or other rental concessions or inducements or to make any alterations to the AG Space during the Extension Terms, and (iii) each option so exercised shall be of no further force and effect. If Tenant is in default at the time Tenant exercises an extension option or at any time prior to the first day of such Extension Term, then Landlord shall, in its sole discretion, have the right to cancel the extension option if the default is not cured within the applicable cure period permitted hereunder or under the Sublease, if any. If Tenant does not deliver a timely notice of exercise, then the extension options shall immediately terminate and be of no further force or effect. Tenant may not exercise the second extension option unless it has timely exercised the first extension option.

3. Impact of AG Sublease. The parties agree that until the Extension Commencement Date, 52,051 square feet of the AG Space shall be covered by Section 18.01(e)(i) of the Lease and 52,421 square feet shall be covered under Section 18.01(e)(iii) of the Lease and that from and after the date hereof any additional subleased space (including any expansion space subleased to the AG after July 1, 2007) shall be covered under Section 18.01(e)(i) of the Lease. If expansion space is added to the AG Space on or before July 1, 2007, then the square footage of such space shall also be covered under Section 18.01(e)(i) of the Lease (except that the economic terms shall be the same as for the balance of the initial AG Space). When the current sublease between Tenant and Andersen Bjornstad Kane Jacobs, Inc. (dba ABKJ, Inc.) terminates, the number of square feet covered under Section 18.01(e)(iii) of the Lease shall be increased by the 10,774 square feet of space currently subleased to ABKJ and the square feet covered under Section 18.01(e)(i) of the Lease shall be decreased by the same number of square feet.



4. **Rent Schedule.** The Basic Rent for the AG Space during each Extension Term under Sections 2(a) or 2(b) of this Amendment shall be equal to ninety-five percent (95%) of the then-current Market Rent for the AG Space (stated as an annual rate per square foot using the rentable area determined under Section 5 below), as determined in accordance with the procedures set forth below; provided, however, that in no event shall the sum of Basic Rent and sums due under the Sections 6.05 and 6.06 of the Lease with respect to the AG Space be less than the greater of (a) the total sums that Tenant is entitled to receive from the AG under Section 5 of the Sublease; or (b) the sum of Basic Rent and sums due under the Sections 6.05 and 6.06 of the Lease during the immediately preceding year.

(a) **Definition of Market Rent.** As used herein, the term "Market Rent" shall mean rent obtained for comparable space in comparable Class "A" high-rise office buildings in the Central Business District of Seattle as of the date such determination is made. Comparable space shall mean similar sized space located upon floors approximately the same height from the ground level with similar tenant improvements installed. The determination of Market Rent shall take into consideration: location in the Building or other building, existing tenant improvements, proposed term of lease, extent of service provided or to be provided, the ownership of the comparable space, the time the particular rate under consideration became or is to become effective, and any other relevant terms or conditions.

(b) **Landlord's Determination.** Market Rent as of the first day of each Extension Term shall be determined by Landlord with written notice given to Tenant ("Landlord's Market Rent Notice") not later than one hundred eighty (180) days prior to the first day of such Extension Term. If Landlord fails to give Landlord's Market Rent Notice in a timely manner, Landlord shall not be deemed to have waived its right to require adjustment of Basic Rent, provided, however, that if Landlord fails to timely give Landlord's Market Rent Notice Tenant may provide its determination of Market Rent to Landlord. Tenant, or Landlord in the event that Tenant has provided the determination of Market Rent, may by written notice demand arbitration within thirty (30) days after receipt of the applicable notice, and if no such notice is delivered, the Market Rent shall be established by the applicable determination. Should either party elect to arbitrate and should the arbitration not be concluded prior to the first day of an Extension Term, Tenant shall pay Basic Rent to Landlord in the amount being paid as of the last month of the then-current Term until the arbitration is concluded. If the amount of Market Rent as determined by arbitration is greater than or less than the amount paid by Tenant, then any adjustment required to correct the amount previously paid shall be made by payment by the appropriate party within ten (10) days after such determination of Market Rent.

(c) **Arbitration.** If there is a dispute regarding the amount claimed as Market Rent, the parties shall attempt to agree on Market Rent within thirty (30) days thereafter. If at the expiration of such 30-day period no resolution has occurred, or if a party believes that an impasse has occurred at any time during such 30-day period, then the dispute shall be submitted to arbitration. The award rendered in any such arbitration may be entered in any court having jurisdiction and shall be final and binding between the parties. The arbitration shall be conducted and determined in the City of Seattle, Washington, in accord with the then-prevailing commercial arbitration rules of the American Arbitration Association, or its successor, for arbitration of commercial disputes except that the procedures mandated by said rules shall be modified as follows:

(i) Demand for arbitration shall be in writing and made within thirty (30) days after receipt of the applicable determination of Market Rent. A party's arbitration demand shall specify (a) the name and address of the person to act as the arbitrator on its behalf, and (b) its determination of Market Rent. The arbitrator shall be qualified as a real estate appraiser with at least five (5) years experience appraising first-class commercial office space in the Seattle Central Business District who would qualify as an expert witness over objection to give testimony addressed to the issue in a court of competent jurisdiction. Failure on the part of a party to make a timely and proper demand for arbitration shall constitute a waiver of the right to arbitration. Within ten (10) business days after receipt of a demand for arbitration, the other party shall have the right to give notice in writing to the demanding party of the other party's adjusted determination of Market Rent. Within ten (10) business days following receipt of such notice, if Tenant and Landlord have not agreed upon Market Rent, the demanding party shall notify the other party in writing that it desires to renew its demand for arbitration. Failure to give such notice shall constitute a waiver of the right to arbitration, and Market Rent shall be deemed to be the adjusted determination of Market Rent. Within ten (10) business days after the receipt of a notice renewing the demand for arbitration, notice shall be given to the demanding party, specifying the name and address of the person designated by the other party to act as arbitrator on its behalf who shall be similarly qualified. If such notice is not given within or by the time above specified, then the arbitrator appointed by the demanding party shall be the arbitrator to determine the issue.

(ii) If two (2) arbitrators are chosen, the arbitrators so chosen shall meet within ten (10) business days after the second arbitrator is appointed and, if within ten (10) business days after such first meeting the two arbitrators have not agreed upon a determination of Market Rent, they 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) business 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) business days. If the parties do not so agree, then either party, on behalf of both, may request appointment of such a qualified person by a court of the State of Washington sitting in King County pursuant to RCW 7.04.050. Request for appointment shall be made in writing with a copy given to the other party. Each party agrees that said court shall have the power to make the appointment, provided, however, if the court does not make a determination within ten (10) days of request by either party for the appointment of a third arbitrator, appointment of such third arbitrator shall be made in accordance with the selection procedure of the commercial arbitration rules of the American Arbitration Association or its successor for arbitration of commercial disputes. The three (3) arbitrators shall decide the dispute, if it has not previously been resolved, by following the procedure set forth below.

(iii) The arbitrator selected by each of the parties shall state in writing his or her determination of the Market Rent, supported by the reasons therefore, and shall deliver a copy 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 (2) proposed resolutions most closely approximates his or her determination of Market Rent. The third arbitrator shall have no right to propose a middle ground or any modification of either of the proposed resolutions. The resolution he or she chooses as most closely approximating his or her



determination of Market Rent shall constitute the decision of the arbitrators and shall be final and binding upon the parties.

(iv) If any arbitrator fails, refuses or is unable to act, his or her successor shall be appointed by him, but in the case of the third arbitrator, his or her 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) business 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 fees and costs of its own counsel. The losing party shall pay the fees and costs of the arbitrators and of the expert witnesses (if any) of the prevailing party as well as those of its expert witnesses. For purposes hereof, the losing party shall be that party whose selected arbitrator's statement of Market Rent was not selected by the third arbitrator.

(v) The arbitrators shall have the right to consult experts and competent authorities with factual information or evidence pertaining to a determination of Market Rent, but any such consultation shall be made in the presence of both parties with full right on their part to cross-examine. The arbitrators shall render their decision and award in writing and shall deliver copies to each party. The arbitrators shall have no power to modify the provisions of this Lease.

5. **Measurement of AG Space.** From and after the Extension Commencement Date, the definitions of "Net Rentable Area," "Common Area" and "Vertical Penetrations" set forth in the Lease shall no longer apply. Effective as of the Extension Commencement Date, Landlord may remeasure the Building and the Premises under the then-current BOMA standard (or comparable standard if BOMA does not exist). The parties acknowledge and agree that notwithstanding anything in the Lease to the contrary, as of the date hereof the AG Space contains 107,454 square feet of net rentable area based on the Standard Method For Measuring Floor Area in Office Buildings published by the Building Owners and Managers Association ("BOMA") and approved by American National Standards Institute in 1996 (ANSI Z65.1-1996). Any additional space added to the AG Space shall be added to the number set forth above. Notwithstanding the preceding sentences nothing shall change with regard to the application of the Lease, including, but not limited to, the amount of rent to be paid by Tenant, until the Extension Commencement Date.

6. **Management Fee.** Effective as of <sup>June 1, 2006</sup> ~~the Extension Commencement Date~~, Section 6.05(e) of the Lease is amended to delete the definition of the Management Fee and to replace it with the following, "three percent (3%) of all revenue (excluding such management fee) derived from the Building, including without limitation, all Rent hereunder, all rent and other payments derived from other tenants in the Building, parking revenues and other revenues derived from licenses of any other part of or right in the Building."

7. **Parking.** Effective as of the Extension Commencement Date, Article 8 of the Lease is amended as follows:

(i) In Section 8.01, the first and third sentences shall be deleted and replaced with the following, "Tenant shall purchase parking rights equal to one (1) parking pass

for each one thousand five hundred (1,500) square feet of Net Rentable Area in the Premises which number shall include Tenant's Proportionate Share of any carpool spaces Landlord is required to provide or maintain by any governmental authority."

(ii) Section 8.02 is deleted in its entirety and replaced with the following, "Tenant shall pay the prevailing market rate for parking as established by Landlord from time to time plus any tax or assessment imposed by any governmental authority in connection with such parking privileges."

(iii) Section 8.03 and the first paragraph of Section 8.05 are deleted in their entirety.

**8. Assignment and Subleasing.** Effective as of the Extension Commencement Date, Article XVIII of the Lease is deleted in its entirety and replaced with the following:

Section 18.01. Consent Required. Tenant shall not assign or market for assignment this Lease in whole or in part, sublease or market for sublease all or any part of the Premises or otherwise sell, transfer or hypothecate this Lease or grant any right to use or occupy the Premises to another party (all of such events shall be referred to herein as a "Transfer" and any such assignee, purchaser, subtenant or other transferee shall be a "Transferee" for purposes of this Article) without Landlord's prior written consent which consent shall not be unreasonably withheld, conditioned or delayed. Tenant shall provide Landlord with written notice at least ten (10) days prior to commencing to publicly market any portion of the Premises for purposes of a Transfer. Landlord's approval of Tenant's marketing of any portion of the Premises for the purpose of a Transfer shall not obligate Landlord to approve any Transfer proposed by Tenant. If Tenant intends to enter into a Transfer, Tenant shall give Landlord at least thirty (30) days written notice of such intent. Tenant's notice shall set forth the effective date of such Transfer and shall be accompanied by an exact copy of the proposed agreements between Tenant and the proposed Transferee and appropriate financial information regarding the proposed Transferee. If requested by Landlord, Tenant shall provide Landlord with (a) any additional information or documents reasonably requested by Landlord relating to the proposed Transfer or the Transferee, and (b) an opportunity to meet and interview the proposed Transferee. This Lease may not be transferred by operation of law. All of the following shall constitute Transfers subject to this Article 18: (x) if Tenant is a corporation that is not publicly traded on a national exchange, then any transfer of this Lease by merger, consolidation or liquidation, or any direct, indirect or cumulative change in the ownership of, or power to vote the majority of Tenant's outstanding voting stock, shall constitute a Transfer; (y) if Tenant is a partnership, then a change in general partners in, or voting or decision-making control of, the partnership shall constitute a Transfer; and (z) if Tenant is a limited liability company, then a change in members in, or voting or decision-making control of, the limited liability company shall constitute a Transfer. Any change in ownership of Tenant's parent of the type described in (x), (y) or (z) above shall also constitute a Transfer subject to this Article 18. These provisions shall apply to any single transaction or any series of related or unrelated transactions having the effect described. The terms of this Article shall apply and be binding on all Transferees. For purposes hereof, Tenant shall be considered to be engaged in marketing



if Tenant engages a broker for the specific purpose of subleasing space, identifies any portion of the Premises as available for sublease or assignment on any listing service or website, engages in any discussions of Transfer terms with a prospective transferee or undertakes any reasonably similar activities.

Section 18.02 Landlord's Options. If Tenant proposes a Transfer or proposes to market any portion of the Premises for the purpose of a Transfer then Landlord may elect to (a) terminate this Lease as to the space so affected as of the date so specified by Tenant in its notice under Section 18.01, in which event Tenant shall be relieved of all further obligations hereunder as to such space; (b) permit Tenant to market the space, subject to Landlord's approval of the actual Transfer in which case Landlord shall retain the right to terminate this Lease as to the space so affected as of the date specified by Tenant in its notice under Section 18.01 at any time during Tenant's marketing of the space; (c) permit Tenant to complete a proposed Transfer on the terms set forth in such notice, subject, however, to such reasonable conditions as Landlord may require and to the balance of this Article 18, or (d) deny the request to market the Premises or to enter into a Transfer. Landlord shall have a period of twenty (20) days following any interview and receipt of such additional information as Landlord requests (or thirty (30) days from the date of Tenant's original notice if Landlord does not request additional information or an interview) within which to respond to Tenant's request. If Landlord fails to notify Tenant in writing of such election within said period, Landlord shall be deemed to have waived option (a) above and to have denied consent to the proposed Transfer. In deciding whether to consent to a proposed Transfer, Landlord may consider any reasonable factors that Landlord deems relevant, including but not limited to the following: (i) whether the use of the Premises by the proposed Transferee would be a Permitted Use; (ii) whether the proposed Transferee is of sound financial condition and has sufficient financial resources and business expertise, as reasonably determined by Landlord, to perform under this Lease; (iii) whether the proposed Transferee's use involves the storage, use, treatment or disposal of any Hazardous Materials; (iv) whether the proposed use or the proposed Transferee could cause the violation of any covenant or agreement of Landlord to any third party or sublessee or permit any other tenant to terminate its lease; (v) whether the proposed Transferee leases or occupies any other space in the Building or has negotiated with or contacted Landlord or Landlord's leasing agent or another tenant regarding leasing or subleasing any space in the Building; (vi) whether the terms of the Proposed Transfer are reasonable and comply with the terms of this Lease; and (vii) whether there is other comparable space available for lease directly from Landlord in the Building. Failure by Landlord to approve a proposed Transfer shall not cause a termination of this Lease, and the sole remedy of Tenant shall be an action for injunctive or declaratory relief.

Section 18.03 Minimum Rental; Division of Excess Rent. In any Transfer of this Lease, Tenant shall seek to obtain from the Transferee consideration reflecting the then-current fair market rent for the space subject to such Transfer. Any rent or other consideration realized by Tenant in connection with or as a result of any Transfer in excess of the Basic Rent payable hereunder, after first deducting all reasonable and customary costs actually incurred by Tenant to effect such Transfer (such as tenant improvements, brokerage fees, advertising costs and the like) shall be divided equally



between Landlord and Tenant and Landlord's share shall be paid promptly to Landlord as Rent hereunder after Tenant actually receives such rent or other consideration from the Transferee; provided, however, that Landlord shall be entitled to receive the total rent and other consideration if Tenant is in default of any obligation under this Lease beyond any applicable cure period granted under the this Lease until such default is cured.

Section 18.04 Tenant Not Released. No Transfer by Tenant shall relieve Tenant of any obligation under this Lease. Any Transfer that conflicts with the provisions hereof shall be void at Landlord's option. No consent by Landlord to any Transfer shall constitute a consent to any other Transfer nor shall it constitute a waiver of any of the provisions of this Article 18 as they apply to any such future Transfers. Following any assignment, the obligations for which the Tenant or subsequent transferor remains liable under this Lease shall include, without limitation, any obligations arising in connection with any amendments to this Lease executed by Landlord and the assignee, whether or not such amendments are made with knowledge or consent of the assignor.

Section 18.05 Written Agreement. Any Transfer must be in writing and the Transferee shall assume in writing, for the express benefit of Landlord, all of the obligations of Tenant under this Lease with respect to the space transferred (except that a subtenant shall not be responsible for payment of any rent, operating expenses or other charges beyond that required under its sublease) during the period of the Transfer, provided that no such assumption shall be deemed a novation or other release of the transferor. Tenant shall provide to Landlord true and correct copies of the executed Transfer documents and any amendment thereto during the Term.

Section 18.06 Conditions. Landlord may condition its consent to any proposed Transfer on such conditions as Landlord may reasonably require including, construction of any improvements deemed necessary or appropriate by Landlord by reason of the Transfer. Any improvements, additions, or alterations to the Building that are required by any law, ordinance, rule or regulation, or are deemed necessary or appropriate by Landlord as a result of any Transfer hereunder, shall be installed and provided by Tenant in accordance with the balance of this Lease, without cost or expense to Landlord.

Section 18.07 Expenses. Landlord may hire outside consultants to review the Transfer documents and information. Tenant shall reimburse Landlord for all costs and expenses incurred by Landlord in connection with any request for consent under this Article 18 (even if consent is denied or the request is withdrawn) and such reimbursement shall include the allocated cost of Landlord's or its management company's staff plus all out-of-pocket expenses, including reasonable attorneys' fees, on demand.

Section 18.08 No Restriction on Landlord. Without liability to Tenant, Landlord shall have the right to offer and to lease space in the Building, or in any other property, to any party, including without limitation parties with whom Tenant is negotiating, or with whom Tenant desires to negotiate, a Transfer.

Section 18.09 No Leasehold Financing. Tenant shall not encumber, pledge or mortgage the whole or any part of the Premises or this Lease, 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 may be given or withheld in Landlord's sole discretion.

9. **Notices.** The parties hereby agree that from and after the date hereof notices may be sent by any reputable overnight courier that provides proof of delivery in addition to the delivery methods set out in the Lease and confirm that the following addresses replace the addresses set forth in Section 27.01 of the Lease:

If to Tenant:	Bank of America, N.A. c/o Jones, Lang, LaSalle 1001 Fourth Avenue, Fourth Floor Seattle, Washington 98154 Attention: Corporate Real Estate Services
With a copy to:	Bank of America, N.A. Corporate Real Estate Services 525 North Tryon Street NC1-023-03-03 Charlotte, North Carolina 28255-0001 Attention: Lease Administration
If to Landlord:	c/o Hines Interests 800 Fifth Avenue, Suite 3838 Seattle, WA 98104 Attn: Property Manager
With a copy to:	Hines West Regional Office 101 California Street, Suite 1000 San Francisco, CA 94111-5894 Attn: Vice President of Operations and Executive Vice President
And to:	Davis Wright Tremaine LLP 2600 Century Square 1501 Fourth Avenue Seattle, Washington 98101-1688 Attn: Lisa Peterson

10. **Expansion Options.**

(a) Tenant and Landlord acknowledge that Tenant's expansion rights under Sections 30.01 (Ten Year Expansion Option), 30.02 (Fifteen Year Expansion Option) and 30.03 (Twenty Year Expansion Option) have expired and are of no further force and effect.

(b) Tenant and Landlord further acknowledge that Tenant waived its expansion rights under Section 30.04 (Twenty-Five Year Expansion Option).



(c) Section 30.05 of the Lease is hereby amended to delete the second and third sentences of the first paragraph thereof and to replace them with the following:

Tenant shall notify Landlord by February 1st of each calendar year if Tenant is interested in exercising its First Refusal Expansion Option during the next twelve (12) months of the Lease Term (a "Notice of Interest"). Each Notice of Interest shall specify the approximate number of square feet that Tenant is interested in leasing. If Tenant does not provide a Notice of Interest during any calendar year it shall be deemed to have waived its rights under Section 30.05 of the Lease for the next twelve (12) months of the Lease Term. If Tenant provides a Notice of Interest, then within thirty (30) days thereafter the Landlord shall notify Tenant in writing identifying any space in the Building that it reasonably believes may become available for Lease during the following twelve (12) months (the "First Refusal Notice"), provided that Landlord shall not be required to notify Tenant of any available space that is ten percent (10%) larger or smaller than the square footage specified in Tenant's Notice of Interest. Tenant shall have thirty (30) days after delivery of the First Refusal Notice to notify Landlord in writing if it elects to exercise its First Refusal Expansion Option and which, if any, of the identified spaces Tenant will lease. In addition, Landlord shall give Tenant a First Refusal Notice as soon as Landlord determines that space that was not included in a prior First Refusal Notice will be or has become available for leasing by Tenant (but in no event more than one (1) year before such space is to become available) or when Landlord commences negotiations with a third party (including the present occupant of such space) to lease such space.

(d) Effective as of the Extension Commencement Date, Section 30.05 of the Lease shall be deleted in its entirety and shall be of no further force and effect.

11. **Signage; Building Name.** Effective as of the earlier of (a) the Extension Commencement Date, or (b) the date on which Tenant ceases to lease and occupy at least three hundred sixty thousand (360,000) square feet of space in the Building, Landlord may, at Landlord's option, after ninety (90) days advance written notice to Tenant, cease using the name Bank of American Fifth Avenue Plaza unless the parties mutually agree otherwise in writing and thereafter Landlord may use any name Landlord chooses for the Building, provided, however, that Landlord shall not change the name of the Building to the name of another banking institution (including state chartered banks, credit unions and national banks) unless Tenant ceases to lease and occupy at least one hundred eighty thousand (180,000) square feet in the Building.

12. **Tenant Exclusive.** Effective as of the Extension Commencement Date, Section 31.06 of the Lease shall be of no further force and effect.



13. **Exhibits.** Exhibit C (Schedule of Building Standard Improvements), Exhibit D (Schedule of Janitorial and Window Cleaning Services), and Exhibit E (Rules and Regulations) to the Lease are hereby deleted in their entirety and replaced with the Exhibits attached hereto and incorporated into the Lease by this reference and Landlord may change each of such exhibits from time to time to reflect Landlord's then-current policies and procedures.

14. **Broker's Commission.** Tenant represents and warrants to Landlord that it has had no dealing with any other broker or agent in connection with this Amendment other than Jones Lang LaSalle and Tenant shall indemnify, defend and hold Landlord harmless from and against any and all liabilities for any commissions or other compensation or charges claimed by any broker or agent (including Jones Lang LaSalle) based on dealings with Tenant.

15. **Conflict.** Capitalized terms used herein and not otherwise defined shall have the meanings given in the Lease. If there is any conflict between the terms, conditions and provisions of this Amendment and the terms and conditions of the Lease, the terms, conditions and provisions of this Amendment shall prevail.

16. **No Further Amendment.** Except as expressly modified by this Amendment, all terms, covenants and provisions of the Lease shall remain unmodified and in full force and effect and are hereby expressly ratified and confirmed. Tenant acknowledges and confirms that Landlord is not currently in default of any of its obligations under this Lease and that Tenant is not entitled to any offset, deduction or other sum due from Landlord under the Lease, including any improvements, allowances, or commissions pursuant to any prior amendment.

17. **Entire Agreement.** This Amendment reflects the entire agreement of the parties with respect to amending the terms of the Lease and this Amendment supersedes any and all correspondence and oral agreements between the parties hereto regarding the amendment of the Lease, which are prior in time to this Amendment. With respect to the subject matter hereof, neither party will be bound by any understanding, agreement, promise, representation or stipulation, express or implied, not specified herein.

18. **Counterparts.** This Amendment may be executed in counterparts, each of which will be deemed to be an original, but all of which together will constitute one and the same document.



In witness whereof, the parties hereto have executed this Amendment as of the date first above written.

LANDLORD:

TENANT:

BLOCK 24 SEATTLE, LTD., L.P.

BANK OF AMERICA, N.A.

By: Hines Northwest Properties, Inc.,  
its General Partner

By: *[Signature]*  
Name: \_\_\_\_\_  
Title: **DAVID STUYVENBERG**

*CAS  
W/B  
MK*

By: *[Signature]*  
Name: JAMES C. QUINN, JR.  
Title: VICE-PRESIDENT

**Senior Vice President**  
*11/21/05*

*EX*

List of Exhibits

Exhibit A – Form of Sublease

Exhibit B – Intentionally omitted

Exhibit C – Replacement to Schedule of Building Standard Improvements

Exhibit D – Replacement to Janitorial Specifications

Exhibit E – Replacement to Rules and Regulations

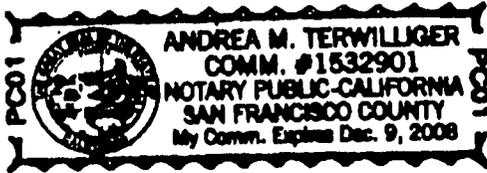


**CALIFORNIA ALL-PURPOSE ACKNOWLEDGMENT**

State of California }  
County of San Francisco } s.s.

On Dec. 8, 2005, before me, the undersigned Notary Public, personally appeared James C. Blie, Jr.

personally known to me  
 ~~proved to me on the basis of satisfactory evidence~~



to be the person(s) whose name(s) is/are subscribed to the within instrument and acknowledged to me he/~~she/they~~ executed the same in his/~~her/their~~ authorized capacity(ies), and that by his/~~her/their~~ signature(s) on the instrument the person(s), or the entity upon behalf of which the person(s), or the entity upon behalf of which the person(s) acted, executed the instrument.

WITNESS my hand and official seal.

Andrea M. Terwilliger  
Signature of Notary Public

STATE OF CALIFORNIA )  
 ) ss.  
COUNTY OF SAN FRANCISCO )

On this \_\_\_\_\_ day of \_\_\_\_\_, 2005, before me, a Notary Public in and for the State of California, personally appeared \_\_\_\_\_, personally known to me (or proved to me on the basis of satisfactory evidence) to be the person who executed this instrument, on oath stated that s/he was authorized to execute the instrument, and acknowledged it as the \_\_\_\_\_ of HINES NORTHWEST PROPERTIES, INC., the general partner of BLOCK 24 SEATTLE, LTD. L.P., to be the free and voluntary act and deed of said limited partnership for the uses and purposes mentioned in the instrument.

IN WITNESS WHEREOF, I have hereunto set my hand and official seal the day and year first above written.

\_\_\_\_\_  
NOTARY PUBLIC in and for the State of  
California, residing at \_\_\_\_\_  
My appointment expires \_\_\_\_\_  
Print Name \_\_\_\_\_

STATE OF WASHINGTON )  
 ) ss.  
COUNTY OF KING )

On this 21 day of November 2005, before me, a Notary Public in and for the State of Washington, personally appeared David Stuyvenberg, personally known to me (or proved to me on the basis of satisfactory evidence) to be the person who executed this instrument, on oath stated that \_\_\_\_\_ was authorized to execute the instrument, and acknowledged it as the \_\_\_\_\_ of BANK OF AMERICA N.A., to be the free and voluntary act and deed of said entity for the uses and purposes mentioned in the instrument.

IN WITNESS WHEREOF, I have hereunto set my hand and official seal the day and year first above written.



Delia Arellano  
\_\_\_\_\_  
NOTARY PUBLIC in and for the State of  
Washington, residing at NA  
My appointment expires May 9, 2009  
Print Name Delia Arellano



**EXHIBIT A**

Form of Sublease.



## EXHIBIT C

### Work Letter Agreement

This WORK LETTER AGREEMENT ("Agreement") is being entered into as of \_\_\_\_\_, 2007 between BANK OF AMERICA, N. A., a national banking association, ("Sublandlord"), and the CITY OF SEATTLE, DEPARTMENT OF TRANSPORTATION, a first class municipal corporation of the State of Washington, ("Subtenant"), in connection with the execution of the Sublease between Sublandlord and Subtenant of even date herewith (the "Sublease") for the Subleased Premises at Bank of America Fifth Avenue Plaza, 800 Fifth Avenue, Seattle, WA 98104, as described in the Sublease.

This Agreement is attached to and forms a part of the Sublease. Sublandlord and Subtenant hereby agree as follows:

#### 1. General.

**1.1 Purpose.** The purpose of this Agreement is to set forth how Initial Alterations as referenced in the Sublease are to be constructed, who shall undertake the construction of Initial Alterations, and who will pay for construction of Initial Alterations and how and when such payment shall be made.

**1.2 Performance.** Initial Alterations shall be constructed by Sublandlord pursuant to this Agreement. Sublandlord shall provide the Initial Tenant Improvement Allowance per the Sublease and pursuant to paragraph 12 hereof, and Sections 1.11 and 6 of the Sublease and Article XII of the Master Lease.

**1.3 Sublandlord's Representative.** Sublandlord hereby appoints Donna Dethlefs, ("Sublandlord's Representative") to act as Sublandlord's Representative in all matters covered by this Agreement, and appoints an emergency alternate as set forth below. Sublandlord's Representative's contact information is as follows:

#### **Sublandlord's Representative:**

Donna Dethlefs  
1001 4th Avenue, Suite 400, Seattle, WA 98154  
(206) 358-5591 Fax #: (206) 358-0575  
[donna.dethlefs@am.jll.com](mailto:donna.dethlefs@am.jll.com)

#### **Sublandlord's Emergency Alternative Representative:**

Cindy Smith  
1001 4th Avenue, Suite 400, Seattle, WA 98154  
(206) 358-6645 Fax #: (206) 358-0175  
[cindy.smith@am.jll.com](mailto:cindy.smith@am.jll.com)

**1.4 Subtenant's Representative.** Subtenant hereby appoints Don McDermott to act as Subtenant's Representative in all matters covered by this Agreement, and



appoints an emergency alternate as set forth below. Subtenant's Representatives' contact information is as follows:

**Subtenant's Representative:**

Don McDermott  
P.O. Box 94689  
Seattle, WA 98124-4689  
(206) 615-0999  
[don.mcdermott@seattle.gov](mailto:don.mcdermott@seattle.gov)

**Subtenant's Emergency Alternative Representative:**

Barbara Brannan  
P.O. Box 94689  
Seattle, WA 98124-4689  
(206) 684-0414  
[barbara.brannan@seattle.gov](mailto:barbara.brannan@seattle.gov)

2. **Base Building.** Subtenant has inspected and accepts the shell, base building and the existing improvements in the Subleased Premises in their "as is" condition, subject to the terms and conditions of the Sublease.

3. **Approvals.**

3.1 **Approvals of Initial Alterations.** The approvals shall be subject to the requirements of the Sublease and the Master Lease, and in particular, Article 6 of the Sublease and Article XII of the Master Lease. The term "Master Landlord" and "Landlord" are used interchangeably herein. Except as specifically stated otherwise in this Work Letter Agreement, approvals of initial alterations shall follow the procedures below.

3.1.1 **Approval of Submittal.** Sublandlord shall approve or deny all matters pursuant to this Work Letter Agreement in writing within ten (10) business days of the date Subtenant makes such written request for approval.

3.1.2 **Re-Submittal and Approval.** Subtenant shall have up to five (5) business days to resubmit a request for approval in the event the original request was denied by Sublandlord and Sublandlord shall have up to five (5) business days to approve or deny such resubmittal.

3.2 **Approval Items.** Matters requiring mutual approvals shall include the following:

- a. Building Permits (if required)
- b. Architect



- c. Preliminary Space Plan
- d. Architectural and Engineering Final Plans and Specifications
- e. Substantial Revisions to Architectural, Engineering Plans and Specifications
- f. Any change order that results in a modification of the price of the Initial Alterations

**3.3 Deemed Approval:** Approval shall only be deemed to have occurred if Approval is given in writing to the party seeking approval within the time period allowed for said approval as stated herein. If Sublandlord fails to give approval or denial in writing (with a written explanation of any reason for a denial of such approval) within fifteen (15) days after Subtenant submits its written request for approval then Sublandlord's approval shall be deemed denied.

**3.4 Denial of Approval.** Sublandlord's denial of approval of any matter pursuant to this Work Letter Agreement shall be solely for reasonable and material reasons including (i) adverse effect on the building structure; (ii) possible damage to the building systems; (iii) non-compliance with applicable laws and codes; (iv) effect on the exterior appearance of the building, (v) unreasonable interference with the normal and customary business operations of the other tenants in the building, or (vi) the use of non-Building standard materials or layout requiring restoration at Sublease termination, unless Subtenant assumes such restoration responsibility.

**3.5 Time is of the Essence.** Sublandlord and Subtenant hereby acknowledge that time is of the essence in the granting of necessary approvals and that each shall be liable to the other for damages incurred due to the failure of either party to perform in a timely manner as stated in the above paragraphs except where the delay is caused by conditions completely out of the control of either party and each party agrees that it shall provide a written response to the other party immediately upon determining that the other party has not acted in a timely manner. Sublandlord and Subtenant hereby agree that no approval shall be unreasonably withheld.

**4. Sublandlord's Review Responsibilities.** Subtenant agrees and understands that (a) the review of all plans pursuant to this Agreement by Sublandlord is solely to protect the interests of the Sublandlord in the Premises and (b) Sublandlord shall not be the guarantor of, nor responsible for, the correctness or accuracy of any such plans or compliance of such plans with applicable laws or with the Master Lease.

**5. Subtenant's Plans.**

**5.1 Architect and Space Planner.** Sublandlord shall employ an architect and/or space planner selected by Subtenant and reasonably approved by Sublandlord. Sublandlord's approval shall be deemed given, if Sublandlord does not deny approval of the architect and/or space planner within five (5) business days of written notification. If Sublandlord



denies approval of the architect and/or space planner, Subtenant shall have five (5) business days from the date of denial to resubmit the name of an architect and/or space planner.

Sublandlord shall have five (5) business days from receipt of the resubmitted notification to approve or deny, which approval shall not be unreasonably withheld.

**5.2 Plan Review.** The architect shall prepare and submit to the Sublandlord, plans, specifications and drawings describing the Initial Alterations to the Subleased Premises. Subtenant and the architect shall be solely responsible for compliance of the leasehold improvements with the Master Lease and all applicable legal requirements, including without limitation building and fire codes.

**5.3 Preliminary Space Plan.** The architect shall prepare and submit to Sublandlord for Sublandlord's approval, a layout of the Subleased Premises ("Preliminary Space Plan") (attached as Exhibit A to the Sublease), showing all demising walls, corridors, entrances, exits, doors, interior partitions, and the locations of, as applicable, all offices, conference rooms, computer rooms, mini-service kitchens, reception area, library, file rooms and work areas. Sublandlord shall provide final written approval no later than five (5) business days after the receipt of the Preliminary Space Plan. The final approved space plan is hereinafter referred to as the "Final Space Plan".

**5.4 Preliminary Drawings and Final Drawings.** From the Final Space Plan, the architect shall prepare and submit to Sublandlord for Sublandlord's approval all one-eighth-inch (1/8) scale architectural, mechanical and electrical working drawings together with specifications necessary to complete all of the Initial Alterations (collectively the "Preliminary Drawings"). If Sublandlord objects to the Preliminary Drawings pursuant to paragraphs 3.4 and 4 hereof, Subtenant shall revise and re-submit Preliminary Drawings for Sublandlord's approval pursuant to Article XII of the Master Lease. The final approved drawings are hereinafter referred to as the "Final Drawings".

**6. Construction of Initial Alterations.** Sublandlord shall cause the Initial Alterations to be constructed in substantial accordance with (a) the Final Drawings, (b) the Master Lease, and (c) all applicable legal and building code requirements, in a good and workmanlike manner, and lien free.

**6.1 Permits.** In connection with Initial Alterations, Sublandlord shall, at Subtenant's cost and expense (subject to Sublandlord providing the Initial Tenant Improvement Allowance) file all drawings, plans and specifications, pay all fees and obtain all permits and applications from any authorities having jurisdiction; and Subtenant shall promptly obtain a permanent certificate of occupancy and all other approvals required of Subtenant to use and occupy the Premises and to open for business to the public prior to the partial or full occupancy of the Premises. A copy of the signed-off permits, certificates of occupancy and as-built drawings shall be provided to the Landlord.

**6.2 Approval.** Pursuant to paragraphs 3.1 to 3.5, Sublandlord shall submit to Subtenant for Subtenant's approval, a list of contractors and/or subcontractors who will construct the Initial Alterations, to be deemed Sublandlord's Contractor. Sublandlord or Sublandlord's contractors and subcontractors shall be required to obtain from the building



management, permission for transporting materials on service elevators and/or using any area outside the Subleased Premises for storage, handling or moving materials and equipment or for parking any vehicles. In addition, Sublandlord and its contractors and subcontractors shall comply with the Landlord's building guidelines applicable to construction of Initial Alterations.

**7. Waiver of Certain Remedies.**

**7.1 Offsets.** No sum payable to Subtenant as the result of any breach or default by Sublandlord under this Agreement shall be deducted from or offset against any rent or other sums payable under the Sublease, unless Sublandlord, in Sublandlord's discretion, consents thereto. In the event of a breach or default by Sublandlord, Subtenant shall have rights, recourse and remedies governed by the State of Washington in which the property is located.

**7.2 Consequential Damages.** Sublandlord shall not be liable for consequential damages arising out of any breach or default under this Agreement, including, without limitation, loss of use or income from the building or the Premises or any equipment or facilities therein, delay or impact damages, whether incurred by Subtenant or any person claiming through or under Subtenant. Subtenant reserves its right to pursue remedies for such breach or default to the full extent of Washington State law.

**8. Assignment.** This Agreement and Subtenant's rights hereunder shall not be assigned by Subtenant except to a permitted assignee of all of Subtenant's rights under the Sublease and any other purported assignment by Subtenant shall be null and void and of no force and effect. If Subtenant properly assigns Subtenant's rights hereunder, the assignee shall execute, acknowledge and deliver to Sublandlord an agreement in form and substance satisfactory to Sublandlord whereby the assignee shall assume the obligations of this Agreement on the part of Subtenant to be performed. Sublandlord shall not unreasonably withhold approval of such assignment.

**9. Notices.** Any notice, or other communication shall be in writing and shall be given in the manner required by the notice provisions of the Sublease, unless otherwise stipulated herein, with a copy delivered to Sublandlord's Representatives or Subtenant's Representatives (as applicable) at their respective addresses as set forth herein.

**10. Conflicts and Conformity With Sublease.** Any rights and obligations of Sublandlord and Subtenant relative to any matter not stated in this Agreement shall be governed by the Sublease. If there be any conflict between this Agreement and the Sublease, the provisions of this Agreement shall prevail. As used herein, all capitalized terms not defined herein shall have the same meaning as defined in the Sublease.

**11. Allowance/Payment for Initial Tenant Improvements.**

**11.1 Allowance.** As agreed in the Sublease and herein, all Initial Alteration costs shall be the Subtenant's responsibility, including building permit fees, architectural and engineering expenses and other expenses relating to construction of Initial Alterations to the extent that such costs exceed the Initial Tenant Improvement Allowance. However, Sublandlord shall provide an Initial Tenant Improvement Allowance as agreed to in Section 1.11 "Tenant Improvements and Allowances" of the Sublease. Subtenant understands



that if the cost of the Initial Alterations, including without limitation any changes in Initial Alterations, exceeds the Initial Tenant Improvement Allowance, then Subtenant shall be solely responsible for all such costs in excess of the Initial Tenant Improvement Allowance, provided however, Subtenant will not be responsible for any excess costs incurred as a result of (i) change orders that were not approved by Subtenant, or (ii) construction delay caused by Sublandlord.

**11.2 Payment.** Following the substantial completion of the Initial Alterations, Sublandlord shall provide Subtenant with copies of all invoices related to the Initial Alterations and, after the total cost thereof is determined, will invoice Subtenant for any costs in excess of the Initial Tenant Improvement Allowance. Subtenant shall pay such excess to Sublandlord within thirty (30) days of receipt of such invoice.

**12. Conformity with Master Lease.** Sublandlord hereby agrees to use its best efforts to facilitate the coordination with Master Landlord on any issues where the Master Lease stipulates terms and conditions which affect Subtenant's ability to complete Initial Alterations.

Executed to be effective as of the date first above written.

**SUBLANDLORD**

Bank of America, N.A.,  
a national banking association

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

Name: \_\_\_\_\_

Title: \_\_\_\_\_

**SUBTENANT**

City of Seattle,  
a first class municipal corporation of the State  
of Washington

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

Name: Brenda Bauer

Title: Fleets & Facilities Department  
Director

## **EXHIBIT D**

### **Transferable Personal Property**

- Breakroom furniture: (12) tables and (31) stack chairs
- Office furniture: (4) sets of oak desks/credenzas
- Conference room furniture: (1) conference table and (13) chairs
- Cubicles: (32) Steelcase cubicle set-ups (panels and desks)
- File cabinets: (42) Steelcase 2-drawer lateral and vertical cabinets
- Task chairs: (38) Criterion chairs
- Work tables: (4)
- Refrigerators: (2)



**FISCAL NOTE FOR NON-CAPITAL PROJECTS**

<b>Department:</b>	<b>Contact Person/Phone:</b>	<b>DOF Analyst/Phone:</b>
FFD	Barbara Brannan/684-0414	Ellen Schroer/733-9841
SDOT	Bryant Enge/684-5350	Cameron Keyes/684-8048

**Legislation Title:**

AN ORDINANCE amending the 2007 Fleets and Facilities Department adopted Budget; authorizing the Fleets and Facilities Department Director, on behalf of the Seattle Department of Transportation, to execute a sublease agreement with Bank of America, N.A. for office space in the Bank of America Fifth Avenue Plaza; increasing the Fleets and Facilities Department's appropriations in the 2007 budget; all by a three-fourths vote of the City Council.

**Summary of the Legislation:** This legislation authorizes the Fleets and Facilities Department (FFD) to sublease office space in the Bank of America Fifth Avenue Plaza on behalf of the Seattle Department of Transportation (SDOT). Legislation is required, because the amount of subleased space and length of term exceed FFD's statutory authority for leasing under Seattle Municipal Code 3.18.240. FFD's current statutory authority is for leases up to 5,000 square feet and for periods of less than five years. The proposed sublease is for 21,290 square feet and for a term of nearly nine years (through May, 2016).

- **Background:** In November, 2006, Seattle voters passed the Bridging the Gap funding package for new transportation projects. The additional transportation work requires SDOT to hire additional employees in 2007. City-owned buildings are fully occupied and will remain so during the duration of the levy projects. Therefore, SDOT plans to move its Resource Management and Administration Division into subleased office space in the Bank of America Fifth Avenue Plaza building at 800 Fifth Avenue, located across the street from Seattle Municipal Tower. The building is connected to the Tower by the Bank of America tunnel. The Resource Management and Administration Division intends to move into the new subleased space in July 2007.

Block 24 Seattle, a limited partnership, is the master landlord and owner of the Fifth Avenue Plaza building and leases the majority of space in the building to Bank of America. The Bank is lessening its presence in the building, and space is currently available for sublease. This situation enabled FFD to negotiate a rental rate of \$25 per square foot per year, which is at or below market rate. According to January market studies, the market rate is currently between \$25 and \$35 per square foot per year for comparable downtown Seattle buildings. Throughout the term of the sublease agreement,



Bank of America will continue as the lessee under its current lease agreement with the landlord for the space subleased by FFD.

FFD and SDOT evaluated proposals from the 901 Fifth Avenue Building (Bank of Cal), Pacific Building, and Columbia Center, before selecting the Bank of America Fifth Avenue Plaza as the best site option for SDOT. The selected site provides better location, rental rate and floor plan operational efficiency than its competitors.

**This legislation has financial implications.**

***Appropriations:***

Fund Name and Number	Department	Budget Control Level*	2007 Appropriation	2008 Anticipated Appropriation
FFD Operating Fund 50300	FFD	A3000	\$266,125	\$585,475
<b>TOTAL</b>			<b>\$266,125</b>	<b>\$585,475</b>

***Notes:***

The table below identifies appropriations required for 2007 and 2008. Charges for space rent begin mid-year 2007, and the required appropriation for 2007 is **\$266,125** (six months' rental at \$25 per square foot). 2008 appropriation includes an additional \$1 per square foot (effective July 1, 2008) for annual rent adjustment, plus an additional \$2 per square foot to cover potential increases in operating expenses, such as taxes, insurance and/or maintenance costs. Total 2008 appropriation is **\$585,475**.

SDOT has sufficient funds in the 2007 Adopted Budget for these expenditures.

Year	Square Feet	Rental Rate Jan - Jun	Total Rent Jan - Jun	Rental Rate Jul - Dec	Total Rent Jul - Dec	Operating Expense Adjustment (\$2 per SF) Jan - Dec	Total Appropriation
2007	21,290	None	\$0	\$25.00	\$266,125	\$0	<b>\$266,125</b>
2008	21,290	\$25.00	\$266,125	\$26.00	\$276,770	\$42,580	<b>\$585,475</b>

**Anticipated Revenue/Reimbursement: Resulting From This Legislation:**

None



**Total Regular Positions Created Or Abrogated Through This Legislation, Including FTE Impact:**

None.

**Spending/Cash Flow:**

SDOT space rental costs include an FFD 3% administrative charge, which results in SDOT's total annual lease amount slightly exceeding FFD's appropriation authority.

Fund Name and Number	Department	Budget Control Level*	2007 Expenditures	2008 Anticipated Expenditures
Transportation Operating Subfund 10310	SDOT	18001 Department Management	\$274,109	\$601,762
<b>TOTAL</b>			<b>\$274,109</b>	<b>\$601,762</b>

The table below is an estimate of total 2007 and 2008 SDOT expense.

Year	Square Feet	Rental Rate Jan - Jun	Total Rent Jan - Jun	Rental Rate Jul - Dec	Total Rent Jul - Dec	Operating Expense Adjustment (\$2 per SF) Jan - Dec	FFD Admin Cost (3% x Rent)	Total Expense
2007	21,290	None	\$0	\$25.00	\$266,125	\$0	\$7,984	\$274,109
2008	21,290	\$25.00	\$266,125	\$26.00	\$276,770	\$42,580	\$16,287	\$601,762

- **What is the financial cost of not implementing the legislation?**  
 SDOT's current office space is fully occupied and cannot accommodate the additional employees needed to implement Bridging the Gap levy projects. Alternate sites with comparable and suitable office space in the downtown financial-government district have market rates that could be as high as \$10 per square foot per year more than the selected site. The level of additional cost for another site could potentially range from modest to up to \$212,000 per year.
- **What are the possible alternatives to the legislation that could achieve the same or similar objectives?**  
 None.
- **Is the legislation subject to public hearing requirements:**  
 No.

**Other Issues** (including long-term implications of the legislation):



STATE OF WASHINGTON - KING COUNTY

--SS.

209569  
CITY OF SEATTLE, CLERKS OFFICE

No. TITLE ONLY

Affidavit of Publication

The undersigned, on oath states that he is an authorized representative of The Daily Journal of Commerce, a daily newspaper, which newspaper is a legal newspaper of general circulation and it is now and has been for more than six months prior to the date of publication hereinafter referred to, published in the English language continuously as a daily newspaper in Seattle, King County, Washington, and it is now and during all of said time was printed in an office maintained at the aforesaid place of publication of this newspaper. The Daily Journal of Commerce was on the 12<sup>th</sup> day of June, 1941, approved as a legal newspaper by the Superior Court of King County.

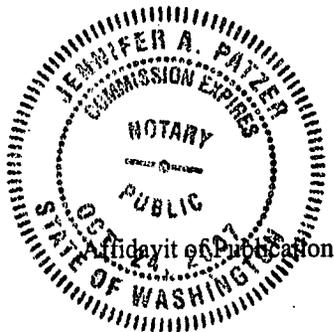
The notice in the exact form annexed, was published in regular issues of The Daily Journal of Commerce, which was regularly distributed to its subscribers during the below stated period. The annexed notice, a

CT:122365-122368

was published on

04/04/07

The amount of the fee charged for the foregoing publication is the sum of \$ 69.75, which amount has been paid in full.



*[Handwritten signature]*

Subscribed and sworn to before me on

04/04/07

*[Handwritten signature]*

Notary public for the State of Washington,  
residing in Seattle

State of Washington, King County

**City of Seattle**

**TITLE ONLY PUBLICATION**

The full text of the following ordinance, as passed by the City Council on March 26, 2007, and published here by title only, will be mailed upon request, or can be accessed electronically at <http://clerk.ci.seattlewa.us/>. For further information, contact the Seattle City Clerk at 684-8544.

**ORDINANCE NO. 122366**

AN ORDINANCE relating to the Seattle Department of Parks and Recreation, authorizing the Superintendent to enter into a Lease Agreement with Schaber & Associates, Inc. for the purpose of providing indoor management of the Leach and Larwood Moorage facilities.

**ORDINANCE NO. 122366**

AN ORDINANCE relating to the Seattle Fire Chiefs Association (IAFF Local 2898) authorizing execution of a collective bargaining agreement, effective January 1, 2006 through December 31, 2007, and a Memorandum of Understanding, effective January 1, 2008 through December 31, 2008, by and between the City of Seattle and the Seattle Fire Chiefs Association (IAFF Local 2898) and ratifying and confirming prior acts.

**ORDINANCE NO. 122367**

AN ORDINANCE amending the 2007 Fleet and Facilities Department adopted Budget, authorizing the Fleet and Facilities Department Director, on behalf of the Seattle Department of Transportation, to execute a sublease agreement with Bank of America N.A. for office space in the Bank of America Fifth Avenue Plaza, increasing the Fleet and Facilities Department's appropriations in the 2007 budget bill by a three-fourths vote of the City Council.

**ORDINANCE NO. 122368**

AN ORDINANCE appropriating money to pay certain audited claims and ordering the payment thereof.

Publication ordered by JUDITH PEBBIN, City Clerk.

Date of publication in the Seattle Daily Journal of Commerce: April 4, 2007.

City of Seattle, WA 98101 (2007-001)