

Ordinance No. 122875

Council Bill No. 116409

AN ORDINANCE authorizing the Fleets and Facilities Department Director to execute a lease agreement with 900 Fourth Avenue Property LLC, a Washington limited liability company, for office space at 901 Fifth Avenue in Seattle.

Related Legislation File:

Date Introduced and Referred: <u>12-1-08</u>	To: (committee): <u>Finance & Budget</u>
Date Re-referred:	To: (committee):
Date Re-referred:	To: (committee):
Date of Final Action: <u>12-8-08</u>	Date Presented to Mayor: <u>12-9-08</u>
Date Signed by Mayor: <u>12-11-08</u>	Date Returned to City Clerk: <u>12-15-08</u>
Published by Title Only <input checked="" type="checkbox"/>	Date Vetoed by Mayor:
Published in Full Text <u>2</u>	Date Passed Over Veto:
Date Veto Published:	Date Returned Without Signature:

The City of Seattle – Legislative Department

Council Bill/Ordinance sponsored by: [Signature]

Committee Action:

Date	Recommendation	Vote
<u>12/04/08</u>	<u>PASS (AMENDED)</u>	<u>-JG, SC, NL</u>

This file is complete and ready for presentation to Full Council.

Full Council Action:

Date	Decision	Vote
<u>12-8-08</u>	<u>Passed</u>	<u>9-0</u>

Law Department



City of Seattle

Gregory J. Nickels, Mayor

Office of the Mayor

November 18, 2008

Honorable Richard Conlin
President
Seattle City Council
City Hall, 2nd Floor

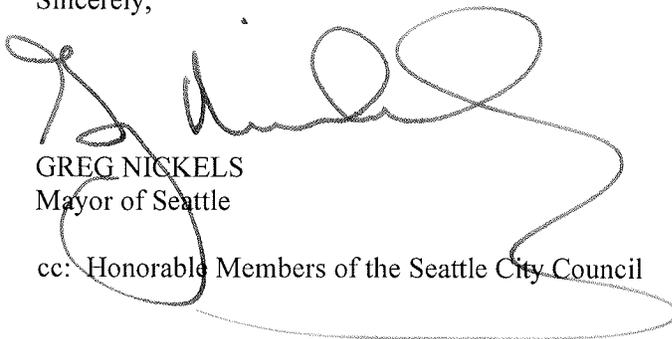
Dear Council President Conlin:

I am pleased to transmit the attached proposed Council Bill authorizing the Fleets and Facilities Department (FFD) to execute a lease agreement with 900 Fourth Avenue LLC to provide Seattle City Light (SCL) with approximately 22,392 rentable square feet of office space at 901 Fifth Avenue in downtown Seattle. The lease is for an eight and one-half year term, and the first-year rental rate for this office space is consistent with the market at \$32.00 per square foot, fully serviced.

Current SCL occupancy in the Seattle Municipal Tower (SMT) is close to maximum density per SCL floor, according to City space planning standards. Additional staffing is planned for conservation and asset management functions, and suitable space alternatives within City-owned buildings are not available for the foreseeable future. Legislation is required because the amount of leased space exceeds FFD's statutory authority for leasing.

The additional space made available through this legislation will enable SCL to maintain a productive work environment, facilitating the successful delivery of services to SCL customers. Thank you for your consideration of this legislation. Should you have any questions, please contact Dave Goss at 233-5069 or Kyle Joyce at 684-7154.

Sincerely,



GREG NICKELS
Mayor of Seattle

cc: Honorable Members of the Seattle City Council

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

Tel: (206) 684-4000, TDD: (206) 615-0476 Fax: (206) 684-5360, Email: mayors.office@seattle.gov

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ORDINANCE 122875

1
2 AN ORDINANCE authorizing the Fleets and Facilities Department Director to execute a lease
3 agreement with 900 Fourth Avenue Property LLC, a Washington limited liability
4 company, for office space at 901 Fifth Avenue in Seattle.

5 WHEREAS, the Seattle Fleets and Facilities Department anticipates a continuing need for office
6 space for Seattle City Light for a minimum of five years; and

7 WHEREAS, Seattle City Light's need for office space cannot be accommodated within City-
8 owned buildings for the foreseeable future; and

9 WHEREAS, the property at 901 Fifth Avenue in Seattle meets Seattle City Light's operational
10 requirements and is more cost effective than other alternative locations; and

11 WHEREAS, it is standard City practice for the Fleets and Facilities Department to procure leased
12 office space on behalf of Seattle City Light, pay rent to the landlord for such leased space,
13 and subsequently receive reimbursement from Seattle City Light; and

14 WHEREAS, City Council approval of the lease is required under Seattle Municipal Code
15 3.18.200 and 3.18.240, because the total office space leased in one calendar year exceeds
16 5,000 square feet and the lease term exceeds sixty calendar months; NOW,
17 THEREFORE,

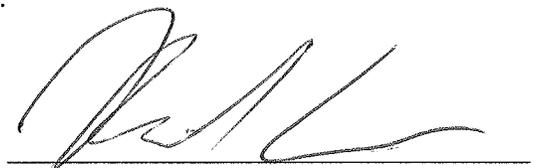
18 **BE IT ORDAINED BY THE CITY OF SEATTLE AS FOLLOWS:**

19 Section 1. As requested by the Fleets and Facilities Director and recommended by the
20 Mayor, said Director or her designee is hereby authorized to execute, for and on the behalf of the
21 City of Seattle, a lease agreement with 900 Fourth Avenue Property LLC, substantially in the
22 form of Exhibit "1" attached hereto, and providing for City of Seattle's tenancy and occupancy of
23 a portion of the real property located at 901 Fifth Avenue in Seattle.

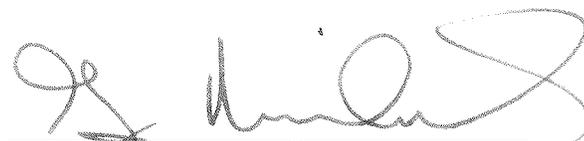
24 Section 2. The rental payments contemplated by the terms of the lease agreement
25 authorized in Section 1 hereof shall be charged to the appropriate expenditure allowance or
26 allowances in the budget of the Fleets and Facilities Department.
27
28

1 Section 3. This ordinance shall take effect and be in force thirty (30) days from and after
2 its approval by the Mayor, but if not approved and returned by the Mayor within ten (10) days
3 after presentation, it shall take effect as provided by Municipal Code Section 1.04.020.

4 Passed by the City Council the 8th day of December, 2008, and
5 signed by me in open session in authentication of its passage this
6 8th day of December, 2008.

7
8
9
10 
11 _____
12 President _____ of the City Council

13 Approved by me this 11th day of December, 2008.

14 
15 _____
16 Gregory J. Nickels, Mayor

17 Filed by me this 15th day of December, 2008.

18
19 
20 _____
21 Acting City Clerk

22 (Seal)

23 [Exhibit 1: Lease Agreement]

LEASE

**900 FOURTH AVENUE PROPERTY LLC,
a Delaware limited liability company,**

Landlord,

and

**CITY OF SEATTLE,
a municipal corporation of the State of Washington,**

Tenant



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EXHIBIT A – FLOOR PLAN DEPICTING THE PREMISES

EXHIBIT A-1 – SITE PLAN

EXHIBIT A-2 – LEGAL DESCRIPTION

EXHIBIT B – INITIAL ALTERATIONS

EXHIBIT C – COMMENCEMENT DATE MEMORANDUM

EXHIBIT D – RULES AND REGULATIONS

EXHIBIT E – EARLY POSSESSION AGREEMENT

EXHIBIT F – OUTLINE AND LOCATION OF 19TH FLOOR EXPANSION SPACE

EXHIBIT F-1 – OUTLINE AND LOCATION OF ADDITIONAL EXPANSION SPACE

EXHIBIT G – OUTLINE AND LOCATION OF TEMPORARY SPACE

EXHIBIT H – FORM OF TENANT ESTOPPEL CERTIFICATE

EXHIBIT I – DEPICTION OF RESERVED PARKING

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**GROSS (BY) OFFICE LEASE
REFERENCE PAGES**

BUILDING: 901 Fifth Avenue
Seattle, Washington 98164

LANDLORD: **900 FOURTH AVENUE PROPERTY LLC,
a Delaware limited liability company**

LANDLORD'S ADDRESS: c/o RREEF Management Company
701 Pike Street, Suite 925
Seattle, Washington 98101

WIRE INSTRUCTIONS AND/OR ADDRESS FOR RENT PAYMENT: KW Portfolio XI Manager, LLC
Dept # 2109
PO Box 39000
San Francisco, CA 94139

LEASE REFERENCE DATE: _____, 2008

TENANT: **THE CITY OF SEATTLE,
a municipal corporation of the State of Washington**

TENANT'S NOTICE ADDRESS:

(a) As of beginning of Term: The Premises

(b) Prior to beginning of Term (if different): For Personal or Overnight Delivery:

700 5th Avenue, Suite 5200
Seattle, WA 98124-4689
Attn: Jason Phillips

For Mailing:
P.O. Box 94689
Seattle, WA 98124-4689
Attn: Jason Phillips

PREMISES ADDRESS: 901 Fifth Avenue, Suite 1800
Seattle, Washington 98164

PREMISES RENTABLE AREA: Approximately **22,392** rentable square feet, which is comprised of (i) the entire eighteenth (18th) floor totaling approximately 16,983 rentable square feet, commonly known as Suite 1800, and (ii) approximately 5,409 rentable square feet of the nineteenth (19th) floor, commonly known as Suite 1930. Suite 1800 and Suite 1930 shall be collectively referred to herein as the "Premises" (for outline of Premises, see Exhibit A).

SCHEDULED COMMENCEMENT DATE February 1, 2009

TERM OF LEASE: Approximately eight (8) years and six (6) months beginning on the Commencement Date and ending on the Termination Date. The period from the Commencement Date to the last day of the same month is the "Commencement Month."

TERMINATION DATE:

The last day of the one hundred and second (102nd) full calendar month after (if the Commencement Month is not a full calendar month), or from and including (if the Commencement Month is a full calendar month), the Commencement Month, which is estimated to be July 31, 2017.

ANNUAL RENT and MONTHLY INSTALLMENT OF RENT(Article 3):

Period		Rentable Square Footage	Annual Rent Per Square Foot	Annual Rent	Monthly Installment of Rent
from	through				
Month 1	Month 12	22,392	\$32.00	\$716,544.00	\$59,712.00*
Month 13	Month 24	22,392	\$32.96	\$738,040.32	\$61,503.36
Month 25	Month 36	22,392	\$33.95	\$760,208.40	\$63,350.70
Month 37	Month 48	22,392	\$34.97	\$783,048.24	\$65,254.02
Month 49	Month 60	22,392	\$36.02	\$806,559.84	\$67,213.32
Month 61	Month 72	22,392	\$37.10	\$830,743.20	\$69,228.60
Month 73	Month 84	22,392	\$38.21	\$855,598.32	\$71,299.86
Month 85	Month 96	22,392	\$39.36	\$881,349.12	\$73,445.76
Month 97	Month 102	22,392	\$40.54	\$907,771.68	\$75,647.64

*Monthly Installment of Rent for the first six (6) calendar months of the initial Term is subject to abatement pursuant to Section 3.3 of the Lease.

BASE YEAR (EXPENSES): 2009

BASE YEAR (TAXES): 2009

TENANT'S PROPORTIONATE SHARE: 4.30%

SECURITY DEPOSIT: None

ASSIGNMENT/SUBLETTING FEE: \$2,000.00

AFTER-HOURS HVAC COST \$50.00 per hour, subject to change at any time upon prior written notice, and subject to the terms of Section 13.2 of this Lease.

PARKING: Tenant shall be entitled to 1 parking pass per 1,700 rentable square feet of the Premises. As of the date of this Lease, Tenant shall be entitled to fourteen (14) monthly parking passes at Landlord's standard market rate. (See Article on Parking)

REAL ESTATE BROKER: Daniel Flinn, Dan Foster and Jamy Anderson of Flinn Ferguson, representing Tenant, and Stuart Williams, Jeff Durrell and Tony Ford at Pacific Real Estate Partners, Inc., representing Landlord.

TENANT'S SIC CODE: [TENANT TO PROVIDE]

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BUILDING BUSINESS HOURS:

Monday through Friday, 8:00 a.m. – 6:00 p.m., and
Saturday 9:00 a.m. – 1:00 p.m., holidays excepted

AMORTIZATION RATE:

11%

The Reference Pages information is incorporated into and made a part of the Lease. In the event of any conflict between any Reference Pages information and the Lease, the Lease shall control. The Lease includes Exhibits A through G, all of which are made a part of the Lease.

IN WITNESS WHEREOF, Landlord and Tenant have entered into the Lease as of the Lease Reference Date set forth above.

LANDLORD:

TENANT:

**900 FOURTH AVENUE PROPERTY LLC,
a Delaware limited liability company**

**THE CITY OF SEATTLE,
a municipal corporation of the State of Washington**

By: RREEF Management Company, a Delaware
corporation, its Authorized Agent

By: _____

By: _____

Name: Michael G. Benoit

Name: _____

Title: Vice President, District Manager

Title: _____

Dated: _____

Dated: _____

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LEASE

By this Lease Landlord leases to Tenant and Tenant leases from Landlord the Premises in the Building as set forth and described on the Reference Pages. The Premises are depicted on the floor plan attached hereto as Exhibit A, and the Building is depicted on the site plan attached hereto as Exhibit A-1. The Reference Pages, including all terms defined thereon, are incorporated as part of this Lease.

1. USE AND RESTRICTIONS ON USE.

1.1 The Premises are to be used solely for general office purposes to perform administrative services for Tenant, and not for any retail operations or other business or governmental purpose of Tenant that may require or permit direct services to visitors, customers, invitees or licensees, including by way of example only, the payment of bills on-site, delivery of food stamps or provision of case intake or management services, counseling or advising (the "Permitted Use"). Tenant shall not do or permit anything to be done in or about the Premises which will in any way obstruct or interfere with the rights of other tenants or occupants of the Building or injure, annoy, or disturb them, or allow the Premises to be used for any improper, immoral, unlawful, or objectionable purpose, or commit any waste. Tenant shall not do, permit or suffer in, on, or about the Premises the sale of any alcoholic liquor without the written consent of Landlord first obtained. Tenant shall comply with all federal, state and city laws, codes, ordinances, rules and regulations (collectively, "Regulations") applicable to the use of the Premises and its occupancy and shall promptly comply with all governmental orders and directions for the correction, prevention and abatement of any violations in the Building or appurtenant land, caused or permitted by, or resulting from the specific use by, Tenant, or in or upon, or in connection with, the Premises, all at Tenant's sole expense. Landlord, at its expense (subject to Article 4), shall cause the Base Building (defined below) and the common areas of the Building to comply with all Regulations (including the Americans with Disabilities Act ("ADA")) in effect (and as interpreted and enforced) as of the Commencement Date to the extent that (i) such compliance is necessary for Tenant to use the Premises for general office use in a normal and customary manner and for Tenant's employees and visitors to have reasonably safe access to and from the Premises, or (ii) Landlord's failure to cause such compliance would impose liability upon Tenant under Regulations; provided, however, that Landlord shall not be required to cause such compliance to the extent non-compliance (1) is triggered by any matter that is Tenant's responsibility under this Article 1 or Article 6 or any other provision hereof, (2) arises under any provision of the ADA other than Title III thereof, or (3) requires Landlord to install new or additional mechanical, electrical, plumbing or fire/life safety systems, unless such improvement is required on a Building-wide basis by applicable Law and without reference to the specific nature of Tenant's use of and business in the Premises (other than general office use). Notwithstanding the foregoing, Landlord may contest any alleged violation in good faith, including by applying for and obtaining a waiver or deferment of compliance, asserting any defense allowed by Regulations, and appealing any order or judgment to the extent permitted by Regulations; provided, however, that, after exhausting any rights to contest or appeal, Landlord shall perform any work necessary to comply with any final order or judgment. The "Base Building" shall include the structural portions of the Building, the base Building electrical, heating, ventilation and air conditioning systems, and the public restrooms, elevators and exit stairwells. The judgment of any court of competent jurisdiction or the admission of Tenant in any judicial action, regardless of whether Landlord is a party thereto, that Tenant has violated (or that, because of any alterations, additions or improvements or use of the Premises other than general office use, a change to the Base Building or common areas has become required under) any of such applicable Regulations shall be conclusive of that fact as between Landlord and Tenant. Tenant shall not do or permit anything to be done on or about the Premises or bring or keep anything into the Premises which will in any way increase the rate of, invalidate or prevent the procuring of any insurance protecting against loss or damage to the Building or any of its contents by fire or other casualty or against liability for damage to property or injury to persons in or about the Building or any part thereof.

1.2 Tenant shall not, and shall not direct, suffer or permit any of its agents, contractors, employees, licensees or invitees (collectively, the "Tenant Entities" or individually, a "Tenant Entity") to at any time handle, use, manufacture, store or dispose of in or about the Premises or the Building any (collectively, "Hazardous Materials") flammables, explosives, radioactive materials, hazardous wastes or materials, toxic wastes or materials, or other similar substances, petroleum products or derivatives or any substance subject to regulation by or under any federal, state and local laws and ordinances relating to the protection of the environment or the keeping, use or disposition of environmentally hazardous materials, substances, or wastes, presently in effect or hereafter adopted, all amendments to any of them, and all rules and regulations issued pursuant to any of such laws or ordinances (collectively "Environmental Laws"), nor shall Tenant suffer or permit any Hazardous Materials to be used in any manner not fully in compliance with all Environmental Laws, in the Premises or the Building and appurtenant land or allow the environment to become contaminated with any Hazardous Materials. Notwithstanding the foregoing, Tenant may handle, store, use or dispose of products containing small quantities of Hazardous Materials (such as aerosol cans containing insecticides, toner for copiers, paints, paint remover and the like) to the extent customary and necessary for the use of the Premises for general office purposes; provided that Tenant shall always handle, store, use, and dispose of any such Hazardous Materials in a safe and lawful manner and never allow such Hazardous



Materials to contaminate the Premises, Building and appurtenant land or the environment. Tenant shall protect, defend, indemnify and hold each and all of the Landlord Entities (as defined in Article 31) harmless from and against any and all loss, claims, liability or costs (including court costs and attorney's fees) incurred by reason of any actual or asserted failure of Tenant to fully comply with all applicable Environmental Laws, or the presence, handling, use or disposition in or from the Premises of any Hazardous Materials by Tenant or any Tenant Entity (even though permissible under all applicable Environmental Laws or the provisions of this Lease), or by reason of any actual or asserted failure of Tenant to keep, observe, or perform any provision of this Section 1.2. Landlord hereby notifies Tenant that Landlord knows or has reasonable cause to believe that a release of Hazardous Materials has come to be located at, on or beneath the property on which the Building lies. As of the date hereof, to Landlord's actual knowledge, except with respect to the presence of asbestos at the Building, as described in that certain environmental report, prepared by ATC Environmental Inc., as of February 1997 (the "Environmental Report"), Landlord has not received written notice from any governmental agencies that the Building is in violation of any Environmental Laws. For purposes of this Section, "Landlord's actual knowledge" shall be deemed to mean and limited to the current actual knowledge of Tim Pitts, Property Manager, and Alex Bennett, Asset Manager, for the Building, at the time of execution of this Lease and not any implied, imputed, or constructive knowledge of said individual or of Landlord or any parties related to or comprising Landlord and without any independent investigation or inquiry having been made or any implied duty to investigate or make any inquiries; it being understood and agreed that such individual shall have no personal liability in any manner whatsoever hereunder or otherwise related to the transactions contemplated hereby. Tenant shall not be liable for any cost or expense related to removal, cleaning, abatement or remediation of Hazardous Materials existing in the Premises prior to the date Landlord grants access to the Premises to Tenant, except to the extent that any of the foregoing results directly or indirectly from any act or omission by Tenant or any Tenant Entity causing the presence of such Hazardous Materials, or any Hazardous Materials is disturbed, distributed or exacerbated by Tenant or any Tenant Entity (which disturbance, distribution or exacerbation results in claims against or liability to Landlord or any other party), provided further that, for purposes of this Section 1.2, Tenant, not Landlord, shall have the burden to prove with reasonable and unequivocal documentation that such Hazardous Materials were in fact preexisting in the Premises prior to the date Landlord granted access to the Premises to Tenant. Notwithstanding the foregoing, any Hazardous Materials located at the Premises and identified on the Environmental Report described above shall be considered preexisting at the Premises prior to the date Landlord granted access to the Premises to Tenant.

1.3 Tenant and the Tenant Entities will be entitled to the non-exclusive use of the common areas of the Building as they exist from time to time during the Term, including the parking facilities, subject to Landlord's rules and regulations regarding such use. However, in no event will Tenant or the Tenant Entities park more vehicles in the parking facilities than Tenant's Proportionate Share of the total parking spaces available for common use. Subject to any rights given to Tenant in Article 30, below, the foregoing shall not be deemed to provide Tenant with an exclusive right to any parking spaces or any guaranty of the availability of any particular parking spaces or any specific number of parking spaces.

2. TERM.

2.1 The Term of this Lease shall begin on the date ("Commencement Date") that Landlord shall tender possession of the Premises to Tenant, and shall terminate on the date as shown on the Reference Pages as the Termination Date based on the actual Commencement Date ("Termination Date"), unless sooner terminated by the provisions of this Lease. Landlord shall tender possession of the Premises with all the work, if any, to be performed by Landlord pursuant to Exhibit B to this Lease substantially completed, subject to any Tenant Delays (defined below). Tenant shall deliver a punch list of items not completed within thirty (30) days after Landlord tenders possession of the Premises and Landlord agrees to proceed with due diligence to perform its obligations regarding such items. Tenant shall, at Landlord's request, execute and deliver a memorandum agreement provided by Landlord in the form of Exhibit C attached hereto, setting forth the actual Commencement Date, Termination Date and, if necessary, a revised rent schedule. Should Tenant fail to do so within thirty (30) days after Landlord's request, the information set forth in such memorandum provided by Landlord shall be conclusively presumed to be agreed and correct.

2.2 Tenant agrees that in the event of the inability of Landlord to deliver possession of the Premises on the Scheduled Commencement Date set forth on the Reference Pages for any reason, Landlord shall not be liable for any damage resulting from such inability, but except to the extent such delay is the result of a Tenant Delay, Tenant shall not be liable for any rent until the time when Landlord delivers possession of the Premises to Tenant. No such failure to give possession on the Scheduled Commencement Date shall affect the other obligations of Tenant under this Lease, except that the actual Commencement Date shall be postponed until the date that Landlord delivers possession of the Premises to Tenant, except to the extent that such delay is arising from or related to the acts or omissions of Tenant or any Tenant Entities, including, without limitation as a result of: (a) Tenant's failure to agree to plans and specifications and/or construction cost estimates or bids; (b) Tenant's request for materials, finishes or installations other than Landlord's standard except those, if any, that Landlord shall have expressly agreed to furnish without extension of time agreed by Landlord; (c) Tenant's change in any plans or specifications; or, (d) performance or completion by a party employed by Tenant (each of the foregoing, a "Tenant

Delay"). If any delay is the result of a Tenant Delay, the Commencement Date and the payment of rent under this Lease shall be accelerated by the number of days of such Tenant Delay.

2.3 Subject to the terms of this Section 2.3 and provided that this Lease and the Early Possession Agreement (as defined below) have been fully executed by all parties and Tenant has delivered all prepaid rental, the Security Deposit, and insurance certificates required hereunder, Landlord grants Tenant the right to enter the Premises, at Tenant's sole risk, as of the date that is eight (8) weeks prior to Landlord's reasonable estimate of the Commencement Date, solely for the purpose of installing telecommunications and data cabling, equipment, furnishings and other personalty. Such possession prior to the Commencement Date shall be subject to all of the terms and conditions of this Lease, except that Tenant shall not be required to pay Monthly Installment of Rent or Tenant's Proportionate Share of Expenses and Taxes with respect to the period of time prior to the Commencement Date during which Tenant occupies the Premises solely for such purposes. However, Tenant shall be liable for any utilities or special services provided to Tenant during such period. Notwithstanding the foregoing, if Tenant takes possession of the Premises before the Commencement Date for any purpose other than as expressly provided in this Section, such possession shall be subject to the terms and conditions of this Lease and Tenant shall pay Monthly Installment of Rent, Tenant's Proportionate Share of Expenses and Taxes, and any other charges payable hereunder to Landlord for each day of possession before the Commencement Date. Said early possession shall not advance the Termination Date. Landlord may withdraw such permission to enter the Premises prior to the Commencement Date at any time that Landlord reasonably determines that such entry by Tenant is causing a dangerous situation for Landlord, Tenant or their respective contractors or employees, or if Landlord reasonably determines that such entry by Tenant is hampering or otherwise preventing Landlord from proceeding with the completion of the Initial Alterations described in Exhibit B at the earliest possible date. As a condition to any early entry by Tenant pursuant to this Section 2.3, Tenant shall execute and deliver to Landlord an early possession agreement (the "Early Possession Agreement") in the form attached hereto as Exhibit E, provided by Landlord, setting forth the actual date for early possession and the date for the commencement of payment of Monthly Installment of Rent.

3. RENT.

3.1 Tenant agrees to pay to Landlord the Annual Rent in effect from time to time by paying the Monthly Installment of Rent then in effect on or before the first day of each full calendar month during the Term, except that the seventh (7th) full month's rent (subject to the Abated Rent set forth in Section 3.3 below) shall be paid within thirty (30) days following the execution of this Lease. The Monthly Installment of Rent in effect at any time shall be one-twelfth (1/12) of the Annual Rent in effect at such time. Rent for any period during the Term which is less than a full month shall be a prorated portion of the Monthly Installment of Rent based upon the number of days in such month. Said rent shall be paid to Landlord, without deduction or offset and without notice or demand, at the Rent Payment Address, as set forth on the Reference Pages, or to such other person or at such other place as Landlord may from time to time designate in writing. If an Event of Default occurs, Landlord may require by notice to Tenant that all subsequent rent payments be made by an automatic payment from Tenant's bank account to Landlord's account, without cost to Landlord. Tenant must implement such automatic payment system prior to the next scheduled rent payment or within ten (10) days after Landlord's notice, whichever is later. Unless specified in this Lease to the contrary, all amounts and sums payable by Tenant to Landlord pursuant to this Lease shall be deemed additional rent.

3.2 Tenant recognizes that late payment of any rent or other sum due under this Lease will result in administrative expense to Landlord, the extent of which additional expense is extremely difficult and economically impractical to ascertain. Tenant therefore agrees that if rent or any other sum is not paid when due and payable pursuant to this Lease, a late charge shall be imposed in the amount of One Thousand Dollars (\$1,000.00) and such charge shall increase by an amount of Five Hundred Dollars (\$500.00) for each subsequent late payment. The amount of the late charge to be paid by Tenant shall be reassessed and added to Tenant's obligation for each successive month until paid. The provisions of this Section 3.2 in no way relieve Tenant of the obligation to pay rent or other payments on or before the date on which they are due, nor do the terms of this Section 3.2 in any way affect Landlord's remedies pursuant to Article 19 of this Lease in the event said rent or other payment is unpaid after date due.

3.3 Notwithstanding anything in this Lease to the contrary, so long as Tenant is not in default under this Lease, Tenant shall be entitled to an abatement of Monthly Installment of Rent with respect to the Premises, as originally described in this Lease, in the amount of \$64,000.00 per month for the first six (6) full calendar months of the initial Term. The maximum total amount of Monthly Installment of Rent abated with respect to the Premises in accordance with the foregoing shall equal \$384,000.00 (the "Abated Monthly Installment of Rent"). If Tenant defaults under this Lease at any time during the Term and fails to cure such default within any applicable cure period under this Lease, then all Abated Monthly Installment of Rent shall immediately become due and payable. Only Monthly Installment of Rent shall be abated pursuant to this Section, as more particularly described herein, and all other rent and other costs and charges specified in this Lease shall remain as due and payable pursuant to the provisions of this Lease.



4. RENT ADJUSTMENTS.

4.1 For the purpose of this Article 4, the following terms are defined as follows:

4.1.1 **Lease Year:** Each fiscal year (as determined by Landlord from time to time) falling partly or wholly within the Term.

4.1.2 **Expenses:** All costs of operation, maintenance, repair, replacement and management of the Building (including the amount of any credits which Landlord may grant to particular tenants of the Building in lieu of providing any standard services or paying any standard costs described in this Section 4.1.2 for similar tenants), as determined in accordance with generally accepted accounting principles, including the following costs by way of illustration, but not limitation: water and sewer charges; insurance charges of or relating to all insurance policies and endorsements deemed by Landlord to be reasonably necessary or desirable and relating in any manner to the protection, preservation, or operation of the Building or any part thereof; utility costs, including, but not limited to, the cost of heat, light, power, steam, gas; waste disposal; the cost of janitorial services; the cost of security and alarm services (including any central station signaling system); costs of cleaning, repairing, replacing and maintaining the common areas, including parking and landscaping, window cleaning costs; labor costs; costs and expenses of managing the Building including management and/or administrative fees (provided that such management fees for the Building (expressed as a percentage of gross receipts for the Building and the project in which the Building is located) shall not exceed three and a half percent (3.5%) of gross receipts; air conditioning maintenance costs; elevator maintenance fees and supplies; material costs; equipment costs including the cost of maintenance, repair and service agreements and rental and leasing costs; purchase costs of equipment; current rental and leasing costs of items which would be capital items if purchased; tool costs; licenses, permits and inspection fees; wages and salaries; employee benefits and payroll taxes; accounting and legal fees; any sales, use or service taxes incurred in connection therewith. Landlord agrees to act in a commercially reasonable manner in incurring Expenses, taking into consideration the class and the quality of the Building. In addition, Landlord shall be entitled to recover, as additional rent (which, along with any other capital expenditures constituting Expenses, Landlord may either include in Expenses or cause to be billed to Tenant along with Expenses and Taxes but as a separate item), Tenant's Proportionate Share of: an allocable portion of the cost of capital improvement items which are reasonably calculated to reduce operating expenses; but the costs described in this sentence shall be amortized over the reasonable life of such expenditures in accordance with such reasonable life and amortization schedules as shall be determined by Landlord in accordance with generally accepted accounting principles, without interest.

Expenses shall not include: (i) depreciation or amortization of the Building or equipment in the Building except as provided herein; (ii) loan principal payments of mortgage and other non-operating debts of Landlord; (iii) costs of alterations of tenants' premises; (iv) interest expenses on long-term borrowings; (v) costs incurred by Landlord in connection with the correction of defects in the design and original construction of the Building; (vi) any payments under a ground lease or master lease relating to the Building; (vii) the cost of any item reimbursable by insurance or condemnation insurance proceeds that are actually received by Landlord or which would be reimbursable from insurance had Landlord maintained the insurance required under this Lease; (viii) costs, including permit, license and inspection costs, incurred with respect to the installation of improvements made exclusively for other tenants or other occupants in the Building or incurred in renovating or otherwise improving, decorating, painting or redecorating space exclusively for other tenants or other occupants of the Building; (ix) marketing, advertising and promotional expenditures, or costs in connection with leasing space in the Building, including leasing commissions, real estate brokerage commissions and attorneys' fees in connection with the negotiation and preparation of letters, letters of intent, deal memos, leases, subleases and/or assignments, space planning costs and other costs and expenses incurred in connection with the lease, sublease and/or assignment negotiations and transaction with present or prospective tenants or other occupants of the Building, as well as rental abatement and construction allowances granted to specific tenants; (x) exclusive events or parties for a specific tenant or occupant or only for future occupants, excluding costs for general tenant events and tenant newsletters, and the costs of signs (other than any Building directory) in or on the Building identifying the owner of the Building (but not identifying Tenant) or other tenants' signs; (xi) the cost or expense of any services or benefits provided generally to other tenants in the Building and not provided or available to Tenant; (xii) attorney's fees and other expenses incurred in connection with negotiations or disputes with prospective tenants or tenants or other occupants of the Building or pertaining to the validity of Landlord's title to the Building; (xiii) sums paid to subsidiaries or other affiliates of Landlord for services on or to the Building and/or Premises, but only to the extent that the costs of such services exceed the competitive cost for such services rendered by unaffiliated third persons or entities of similar skill, competence and experience; (xiv) costs incurred in connection with the sale, financing or refinancing of the Building, including attorneys' fees, environmental investigations or reports associated with such sale, financing or refinancing of the Building, points, fees and other lender costs and closing costs on debts; (xv) Landlord's general overhead expenses not related to the operation of the Building (including organizational expenses associated with the creation and operation of the entity which constitutes Landlord, including partnership accounting and legal matters); (xvi) the wages of any employee for services not related directly to the management, maintenance, operation and repair of the Building, and executive salaries for

personnel above the level of vice president; provided that if any employee performs services in connection with the Building and other buildings, costs associated with such employee may be proportionately included in Expenses based on the percentage of time such employee spends in connection with the operation, maintenance and management of the Building; (xvii) any expenses for which Landlord has received actual reimbursement (other than through Expenses) or for which Landlord receives a credit refund or discount, provided that if Landlord receives the same in connection with any costs or expenditures previously included in Expenses for a calendar year, Landlord shall issue a credit to Tenant for any overpayment for such previous calendar year by a reduction in current year Expenses due from Tenant or a reimbursement, at Landlord's option; (xviii) electric power or other utility costs for which any tenant directly contracts with the local public service company; (xix) any fines, penalties or interest resulting from the gross negligence or willful misconduct of the Landlord or its agents, contractors, or employees; (xx) penalties, interest and fines incurred by Landlord as a result and to the extent of a violation by Landlord of any applicable Regulations or in connection with Landlord's failure to comply with conditions, covenants and restrictions applicable to the Building; (xxi) fines, interest and penalties incurred due to the late payment of Taxes, insurance or Expenses; (xxii) costs which are covered by and to the extent actually reimbursed to Landlord under any contractor, manufacturer or supplier warranty; (xxiii) any cost or expense related to removal, cleaning, abatement or remediation of asbestos and Hazardous Materials in or about the Building, including, without limitation, Hazardous Materials in the ground water or soil, except to the extent such removal, cleaning, abatement or remediation relates to the general repair and maintenance of the Building, the preparation and administration of the O&M plan for the Building or any related asbestos awareness programs, provided that the abatement of asbestos shall not be considered to be general repair and maintenance of the Building; (xxiv) costs arising from Landlord's charitable or political contributions; (xxv) costs for sculpture, paintings or other objects of art or the insuring, repair or maintenance thereof; (xxvi) costs incurred in removing and storing the property of former tenants or occupants of the Building; (xxvii) the cost of installing, operating and maintaining any observatory, broadcasting facilities, luncheon club, museum, athletic or recreational club, child care facility or other similar specialty facilities operated for-profit at the Building, except the cost of installing showers at the Building for all tenants' use; (xxviii) the cost of furnishing and installing non-Building standard replacement bulbs and ballasts in tenant spaces; (xxix) reserves of any kind, including but not limited to replacement reserves and reserves for bad debts or lost rent (except the actual costs of performing any deferred maintenance shall be included as an Expense); (xxx) costs incurred by Landlord in connection with rooftop communications equipment of Landlord or other persons in, on or about the Building; (xxxi) any costs expressly excluded from Expenses or Taxes elsewhere in this Lease; (xxxii) except as specifically provided in Section 4.1.2, any capital improvement costs; (xxxiii) any costs, fees, dues, contributions or similar expenses for industry associations (except BOMA) or similar organizations; (xxxiv) any costs associated with the purchase or rental of furniture, fixtures or equipment for any management, security, engineering or other offices for the Building, for Landlord's offices or for the common areas of the Building, other than rentals in connection with Landlord's customary practices for the operation, maintenance and repair of the Building; (xxxv) the cost of operating any commercial concession which is operated by Landlord in the Building, including, without limitation, any compensation paid to clerks, attendants or other person operating such commercial concessions on behalf of Landlord, but only to the extent revenues from any such commercial concessions exceed such costs and compensation; and (xxxvi) entertainment and travel expenses of Landlord, its employees, agents, partners and affiliates.

Notwithstanding the foregoing, for purposes of computing Tenant's Proportionate Share of Expenses, the Controllable Expenses (hereinafter defined) shall not increase by more than five percent (5%) per calendar year on a compounding and cumulative basis over the course of the Term. In other words, Controllable Expenses for the second Lease Year of the Term shall not exceed one hundred five percent (105%) of the Controllable Expenses for the first Lease Year of the Term. Controllable Expenses for the third Lease Year of the Term shall not exceed one hundred five percent (105%) of the limit on Controllable Expenses for the second Lease Year of the Term, etc. By way of illustration, if Controllable Expenses were \$10.00 per rentable square foot for the first Lease Year of the Term, then Controllable Expenses for the second Lease Year shall not exceed \$10.50 per rentable square foot, and Controllable Expenses for the third Lease Year of the term shall not exceed \$11.03 per rentable square foot (whether or not actual Controllable Expenses were less than, equaled or exceeded the limit on Controllable Expenses in the prior year). "Controllable Expenses" shall mean all Expenses exclusive of the cost of insurance, utilities, taxes, capital improvements and the cost of snow removal, refuse removal, and lawn maintenance.

4.1.3 **Taxes:** Real estate taxes and any other taxes, charges and assessments which are levied with respect to the Building or the land appurtenant to the Building, or with respect to any improvements, fixtures and equipment or other property of Landlord, real or personal, located in the Building and used in connection with the operation of the Building and said land, any payments to any ground lessor in reimbursement of tax payments made by such lessor; and all reasonable fees, expenses and costs incurred by Landlord in investigating, protesting, contesting or in any way seeking to reduce or avoid increase in any assessments, levies or the tax rate pertaining to any Taxes to be paid by Landlord in any Lease Year. Taxes shall not include any corporate franchise, or estate, inheritance or net income tax, or tax imposed upon any transfer by Landlord of its interest in this Lease or the Building or any taxes to be paid by Tenant pursuant to Article 28.



4.2 If in any Lease Year, (a) Expenses paid or incurred shall exceed Expenses paid or incurred in the Base Year, subject to the limitations set forth in Section 4.1.2 (Expenses) and/or (b) Taxes paid or incurred by Landlord in any Lease Year shall exceed the amount of such Taxes which became due and payable in the Base Year (Taxes), Tenant shall pay as additional rent for such Lease Year Tenant's Proportionate Share of such excess.

4.3 The annual determination of Expenses shall be made by Landlord and shall be binding upon Landlord and Tenant, subject to the provisions of this Section 4.3. During the Term, Tenant may review, at Tenant's sole cost and expense, the books and records supporting such determination in an office of Landlord, or Landlord's agent, located in Seattle, Washington, during normal business hours, upon giving Landlord five (5) days advance written notice within ninety (90) days after receipt of such determination, but in no event more often than once in any one (1) year period, and provided that if Tenant utilizes an independent accountant to perform such review it shall be one of national standing which is reasonably acceptable to Landlord and is not compensated on a contingency basis. Landlord hereby represents that its books and records, and the results of any review by Tenant of the same, are confidential and proprietary to Landlord. As used in this section, "Confidential Information" means Landlord's books and records and the results of any review by Tenant of Landlord's books and records. If Tenant reviews Landlord's Confidential Information supporting the annual determination of Expenses, Tenant and Tenant's accountants or auditors shall not disclose Landlord's Confidential Information, subject to Tenant's obligations under the Washington State Public Disclosure Act, RCW 42.56. In the event that Tenant receives a public disclosure request that encompasses Landlord's Confidential Information, Tenant will immediately notify Landlord as to which records Tenant believes are subject to disclosure, and Tenant and Tenant's accountants or auditors will not disclose any Confidential Information in Tenant's possession for a period of fifteen (15) business days following the date of the notice in order to permit Landlord to pursue a protective order. If Tenant fails to object to Landlord's determination of Expenses within one hundred twenty (120) days after receipt of Landlord's statement (which statement shall contain detail sufficient to reasonably support such determination), or if any such objection fails to state with specificity the reason for the objection, Tenant shall be deemed to have approved such determination and shall have no further right to object to or contest such determination. In the event that during all or any portion of any Lease Year or Base Year, the Building is not fully rented and occupied Landlord shall make an appropriate adjustment in occupancy-related Expenses for such year for the purpose of avoiding distortion of the amount of such Expenses to be attributed to Tenant by reason of variation in total occupancy of the Building, by employing consistent and sound accounting and management principles to determine Expenses that would have been paid or incurred by Landlord had the Building been at least ninety-five percent (95%) rented and occupied, and the amount so determined shall be deemed to have been Expenses for such Lease Year.

4.4 Prior to the actual determination thereof for a Lease Year, Landlord may from time to time estimate Tenant's liability for Expenses and/or Taxes under Section 4.2, Article 6 and Article 28 for the Lease Year or portion thereof. Landlord will give Tenant written notification of the amount of such estimate and Tenant agrees that it will pay, by increase of its Monthly Installments of Rent due in such Lease Year, additional rent in the amount of such estimate. Any such increased rate of Monthly Installments of Rent pursuant to this Section 4.4 shall remain in effect until further written notification to Tenant pursuant hereto.

4.5 When the above mentioned actual determination of Tenant's liability for Expenses and/or Taxes is made for any Lease Year and when Tenant is so notified in writing, then:

4.5.1 If the total additional rent Tenant actually paid pursuant to Section 4.3 on account of Expenses and/or Taxes for the Lease Year is less than Tenant's liability for Expenses and/or Taxes, then Tenant shall pay such deficiency to Landlord as additional rent in one lump sum within thirty (30) days of receipt of Landlord's bill therefor; and

4.5.2 If the total additional rent Tenant actually paid pursuant to Section 4.3 on account of Expenses and/or Taxes for the Lease Year is more than Tenant's liability for Expenses and/or Taxes, then Landlord shall credit the difference against the then next due payments to be made by Tenant under this Article 4, or, if this Lease has terminated, refund the difference in cash within thirty (30) days of the date Landlord has completed its determination of Expenses. Tenant shall not be entitled to a credit by reason of actual Expenses and/or Taxes in any Lease Year being less than Expenses and/or Taxes in the Base Year (Expenses and/or Taxes).

4.6 If the Commencement Date is other than January 1 or if the Termination Date is other than December 31, Tenant's liability for Expenses and Taxes for the Lease Year in which said Date occurs shall be prorated based upon a three hundred sixty-five (365) day year.

5. SECURITY DEPOSIT. [INTENTIONALLY OMITTED]

6. ALTERATIONS.

6.1 Except for those, if any, specifically provided for in Exhibit B to this Lease, Tenant shall not make or suffer to be made any alterations, additions, or improvements, including, but not limited to, the attachment of any fixtures or equipment in, on, or to the Premises or any part thereof or the making of any improvements as required by Article 7, without the prior written consent of Landlord. When applying for such consent, Tenant shall, if requested by Landlord, furnish complete plans and specifications for such alterations, additions and improvements. Landlord's consent shall not be unreasonably withheld, conditioned or delayed with respect to alterations which (a) are not structural in nature, (b) are not visible from the exterior of the Building, (c) do not affect or require modification of the Building's electrical, mechanical, plumbing, HVAC or other systems, and (d) in aggregate do not cost more than \$5.00 per rentable square foot of that portion of the Premises affected by the alterations in question. Notwithstanding the foregoing, Tenant shall have the right to perform, with two (2) weeks' prior written notice to Landlord, but without Landlord's consent, any alteration, addition, or improvement that satisfies all of the following criteria (a "Cosmetic Alteration"): (i) is of a cosmetic nature such as painting, wallpapering, hanging pictures and installing carpeting; (ii) is not visible from the exterior of the Premises or Building; (iii) will not affect the systems or structure of the Building; (iv) costs less than \$25,000.00 in the aggregate during any consecutive twelve (12) month period of the Term of this Lease; and (v) does not require work to be performed inside the walls or above the ceiling of the Premises. Notwithstanding the foregoing, the dollar amount set forth in (iv) above is personal to Tenant, and any assignee or sublessee shall only have the right to perform, with prior notice but without Landlord's consent, a Cosmetic Alteration that costs less than \$5,000.00 in the aggregate during any consecutive twelve (12) month period of the Term of this Lease, provided further that such assignee or sublessee must also comply with conditions (i)-(iii) and (v) above, with respect to such Cosmetic Alteration. The performance of Cosmetic Alterations shall be subject to all the other provisions of this Article 6.

6.2 In the event Landlord consents to the making of any such alteration, addition or improvement by Tenant, the same shall be made by using either Landlord's contractor or a contractor reasonably approved by Landlord, in either event at Tenant's sole cost and expense. If Tenant shall employ any contractor other than Landlord's contractor and such other contractor or any subcontractor of such other contractor shall employ any non-union labor or supplier, Tenant shall be responsible for and hold Landlord harmless from any and all delays, damages and extra costs suffered by Landlord as a result of any dispute with any labor unions concerning the wage, hours, terms or conditions of the employment of any such labor. In the event an alteration by Tenant exceeds One Hundred Thousand Dollars (\$100,000.00), Landlord may charge Tenant a construction management fee of two percent (2%) of the cost of such work to cover its overhead as it relates to such proposed work, plus third-party costs actually incurred by Landlord in connection with the proposed work and the design thereof, with all such amounts being due ten (10) business days after Landlord's demand.

6.3 All alterations, additions or improvements proposed by Tenant shall be constructed in accordance with all Regulations, using Building standard materials where applicable, and Tenant shall, prior to construction, provide the additional insurance required under Article 11 in such case (including for Cosmetic Alterations), and also all such assurances to Landlord as Landlord shall reasonably require to assure payment of the costs thereof, including but not limited to, notices of non-responsibility, waivers of lien, surety company performance bonds and funded construction escrows and to protect Landlord and the Building and appurtenant land against any loss from any mechanic's, materialmen's or other liens. Tenant shall pay in addition to any sums due pursuant to Article 4, any increase in real estate taxes attributable directly to any such alteration, addition or improvement for so long, during the Term, as such increase is ascertainable; at Landlord's election said sums shall be paid in the same way as sums due under Article 4.

6.4 Notwithstanding anything to the contrary contained herein, so long as Tenant's written request for consent for a proposed alteration or improvements contains the following statement in large, bold and capped font "**PURSUANT TO ARTICLE 6 OF THE LEASE, IF LANDLORD CONSENTS TO THE SUBJECT ALTERATION, LANDLORD SHALL NOTIFY TENANT IN WRITING WHETHER OR NOT LANDLORD WILL REQUIRE SUCH ALTERATION TO BE REMOVED AT THE EXPIRATION OR EARLIER TERMINATION OF THE LEASE.**", at the time Landlord gives its consent for any alterations or improvements, if it so does, Tenant shall also be notified whether or not Landlord will require that such alterations or improvements be removed upon the expiration or earlier termination of this Lease. Notwithstanding anything to the contrary contained in this Lease, at the expiration or earlier termination of this Lease and otherwise in accordance with Article 26 hereof, Tenant shall be required to remove all alterations or improvements made to the Premises, except for (a) any such alterations or improvements which Landlord expressly indicates or is deemed to have indicated shall not be required to be removed from the Premises by Tenant, and (b) the Initial Alterations made in accordance with Exhibit B attached hereto, which Initial Alterations Landlord hereby agrees Tenant shall not be required to remove at the expiration or earlier termination of this Lease, provided that the Initial Alterations, and the Plans (as defined in Exhibit B) for the same, are substantially in compliance with the plans prepared by Burgess Design dated August 8, 2008, and reviewed by Landlord as of the Lease Reference Date set forth above, provided, however, notwithstanding the foregoing, with respect to the Initial Alterations, Tenant shall be required to remove at the expiration or earlier termination of this Lease all telephone,



data and computer cabling, security systems, any other systems installed exclusively for Tenant's use, non-Building standard fixtures, and furniture, equipment and other personal property, from the Premises. If Tenant's written notice strictly complies with the foregoing and if Landlord fails to so notify Tenant whether Tenant shall be required to remove the subject alterations or improvements at the expiration or earlier termination of this Lease, it shall be assumed that Landlord shall require the removal of the subject alterations or improvements. Tenant may also submit a similar written request to Landlord inquiring as to whether or not Landlord will require Tenant to remove a particular Cosmetic Alteration at the expiration of earlier termination of this Lease.

7. REPAIR.

7.1 Landlord shall have no obligation to alter, remodel, improve, repair, decorate or paint the Premises, except as specified in Exhibit B if attached to this Lease and except that Landlord shall repair and maintain the structural portions of the Building and the basic plumbing, air conditioning, heating and electrical systems installed or furnished by Landlord for the Building that serve the Premises. By taking possession of the Premises, Tenant accepts them as being in good order, condition and repair and in the condition in which Landlord is obligated to deliver them, except as set forth in the punch list to be delivered pursuant to Section 2.1. It is hereby understood and agreed that no representations respecting the condition of the Premises or the Building have been made by Landlord to Tenant, except as specifically set forth in this Lease.

7.2 Tenant shall, at all times during the Term, keep the Premises in good condition and repair excepting damage by fire, or other casualty, and in compliance with all applicable governmental laws, ordinances and regulations, promptly complying with all governmental orders and directives for the correction, prevention and abatement of any violations or nuisances in or upon, or connected with, the Premises, all at Tenant's sole expense.

7.3 Landlord shall not be liable for any failure to make any repairs or to perform any maintenance unless such failure shall persist for an unreasonable time after written notice of the need of such repairs or maintenance is given to Landlord by Tenant.

7.4 Except as provided in Article 22, there shall be no abatement of rent and no liability of Landlord by reason of any injury to or interference with Tenant's business arising from the making of any repairs, alterations or improvements in or to any portion of the Building or the Premises or to fixtures, appurtenances and equipment in the Building. Except to the extent, if any, prohibited by law, Tenant waives the right to make repairs at Landlord's expense under any law, statute or ordinance now or hereafter in effect.

8. **LIENS.** Tenant shall keep the Premises, the Building and appurtenant land and Tenant's leasehold interest in the Premises free from any liens arising out of any services, work or materials performed, furnished, or contracted for by Tenant, or obligations incurred by Tenant. In the event that Tenant fails, within ten (10) days following the imposition of any such lien, to either cause the same to be released of record or provide Landlord with insurance against the same issued by a major title insurance company or such other protection against the same as Landlord shall accept (such failure to constitute an Event of Default), Landlord shall have the right to cause the same to be released by such means as it shall deem proper, including payment of the claim giving rise to such lien. All such sums paid by Landlord and all expenses incurred by it in connection therewith shall be payable to it by Tenant within five (5) business days of Landlord's demand.

9. ASSIGNMENT AND SUBLETTING.

9.1 Tenant shall not have the right to assign or pledge this Lease or to sublet the whole or any part of the Premises whether voluntarily or by operation of law, or permit the use or occupancy of the Premises by anyone other than Tenant, and shall not make, suffer or permit such assignment, subleasing or occupancy without the prior written consent of Landlord, such consent not to be unreasonably withheld, and said restrictions shall be binding upon any and all assignees of this Lease and subtenants of the Premises. In the event Tenant desires to seek a sublet, or permit such occupancy of, the Premises, or any portion thereof, or seek an assignment of this Lease, Tenant shall give written notice of its intent to do so prior to beginning its search for a subtenant or assignee. Further, once Tenant has agreed to terms with a prospective subtenant or assignee, Tenant shall give written notice thereof to Landlord at least forty-five (45) days but no more than one hundred twenty (120) days prior to the proposed commencement date of such subletting or assignment, which notice shall set forth the name of the proposed subtenant or assignee, the relevant terms of any sublease or assignment and copies of financial reports and other relevant financial information of the proposed subtenant or assignee.

9.2 Notwithstanding any assignment or subletting, permitted or otherwise, Tenant shall at all times remain directly, primarily and fully responsible and liable for the payment of the rent specified in this Lease and for compliance with all of its other obligations under the terms, provisions and covenants of this Lease. Upon the occurrence of an Event of

Default, if the Premises or any part of them are then assigned or sublet, Landlord, in addition to any other remedies provided in this Lease or provided by law, may, at its option, collect directly from such assignee or subtenant all rents due and becoming due to Tenant under such assignment or sublease and apply such rent against any sums due to Landlord from Tenant under this Lease, and no such collection shall be construed to constitute a novation or release of Tenant from the further performance of Tenant's obligations under this Lease.

9.3 In addition to Landlord's right to approve of any subtenant or assignee, Landlord shall have the option, when Landlord's consent is required in accordance with this Article 9, in its sole discretion, in the event of any proposed subletting of at least one (1) full floor comprising the Premises for more than seventy-five percent (75%) of the then-remaining Term or an assignment of this Lease, to terminate this Lease, or in the case of a proposed subletting of less than the entire Premises, to recapture the portion of the Premises to be sublet, as of the date the subletting or assignment is to be effective. The option shall be exercised, if at all, by Landlord giving Tenant written notice within ten (10) business days following Landlord's receipt of Tenant's written notice as required above, provided that such 10-business day period shall be extended by any time necessary for Landlord to review, negotiate (as Landlord determines necessary in its sole discretion) and approve any brokerage commission agreement that Tenant is entering into with respect to such proposed subletting or assignment and which Tenant provides to Landlord for such review and approval at the same time as the written notice required from Tenant above (unless, at the time of such written notice from Tenant, Tenant has already entered into the brokerage commission agreement whereby Landlord should have previously reviewed, negotiated and approved the same, and if not, then Landlord shall not be responsible for any commission due and owing thereunder, as further set forth in this Section 9.3, below). However, if Tenant notifies Landlord, within five (5) days after receipt of Landlord's termination notice, that Tenant is rescinding its proposed assignment or sublease, the termination notice shall be void and this Lease shall continue in full force and effect. If this Lease shall be terminated with respect to the entire Premises pursuant to this Section, the Term of this Lease shall end on the date stated in Tenant's notice as the effective date of the sublease or assignment as if that date had been originally fixed in this Lease for the expiration of the Term. If Landlord recaptures under this Section only a portion of the Premises, the rent to be paid from time to time during the unexpired Term shall abate proportionately based on the proportion by which the approximate square footage of the remaining portion of the Premises shall be less than that of the Premises as of the date immediately prior to such recapture. Provided that Landlord receives from Tenant a copy of any brokerage commission agreement that Tenant seeks to enter with respect to any proposed subletting or assignment, and is given the opportunity to review and negotiate (as Landlord determines necessary in its sole discretion), and approves the same, prior to Tenant executing such brokerage commission agreement, if Landlord recaptures the Premises pursuant to this Section 9.3, then Landlord shall, at Landlord's own cost and expense, discharge any outstanding commission which may be due and owing under such brokerage commission agreement as a result of Landlord's recapture and rental of the Premises to the proposed tenant or any other tenant. Any commission owing as a result of a proposed assignment or subletting by Tenant (where there is no recapture and rental of the Premises by Landlord, instead of Tenant) shall be and remain Tenant's responsibility. In the event Landlord is not given notice, the opportunity to review and negotiate, and/or does not approve of the brokerage commission agreement prior to Tenant entering into the same, Tenant shall remain solely responsible for any commission owing thereunder whether or not Landlord recaptures.

9.4 In the event that Tenant sells, sublets, assigns or transfers this Lease, Tenant shall pay to Landlord as additional rent an amount equal to fifty percent (50%) of any Increased Rent (as defined below), less the Costs Component (as defined below), when and as such Increased Rent is received by Tenant. As used in this Section, "Increased Rent" shall mean the excess of (a) all rent and other consideration which Tenant is entitled to receive by reason of any sale, sublease, assignment or other transfer of this Lease, over (b) the rent otherwise payable by Tenant under this Lease at such time. For purposes of the foregoing, any consideration received by Tenant in form other than cash shall be valued at its fair market value as determined by Landlord in good faith. The "Costs Component" is that amount which, if paid monthly, would fully amortize on a straight-line basis, over the entire period for which Tenant is to receive Increased Rent, the reasonable costs incurred by Tenant for leasing commissions and tenant improvements in connection with such sublease, assignment or other transfer.

9.5 Notwithstanding any other provision hereof, it shall be considered reasonable for Landlord to withhold its consent to any assignment of this Lease or sublease of any portion of the Premises if at the time of either Tenant's notice of the proposed assignment or sublease or the proposed commencement date thereof, there shall exist any uncured default of Tenant or matter which will become a default of Tenant with passage of time unless cured, or if the proposed assignee or sublessee is an entity: (a) with which Landlord is already in negotiation; (b) is already an occupant of the Building unless Landlord is unable to provide the amount of space required by such occupant; (c) is a governmental agency; (d) is incompatible with the character of occupancy of the Building; (e) with which the payment for the sublease or assignment is determined in whole or in part based upon its net income or profits; or (f) would subject the Premises to a use which would: (i) involve increased personnel or wear upon the Building beyond ordinary office use; (ii) violate any exclusive right granted to another tenant of the Building; (iii) require any addition to or modification of the Premises or the Building in order to comply with building code or other governmental requirements; or, (iv) involve a violation of Section 1.2. Tenant expressly



agrees that for the purposes of any statutory or other requirement of reasonableness on the part of Landlord, Landlord's refusal to consent to any assignment or sublease for any of the reasons described in this Section 9.5, shall be conclusively deemed to be reasonable.

9.6 Upon any request to assign or sublet, Tenant will pay to Landlord the Assignment/Subletting Fee plus, on demand, a sum equal to all of Landlord's costs, including reasonable attorney's fees, incurred in investigating and considering any proposed or purported assignment or pledge of this Lease or sublease of any of the Premises, regardless of whether Landlord shall consent to, refuse consent, or determine that Landlord's consent is not required for, such assignment, pledge or sublease. Any purported sale, assignment, mortgage, transfer of this Lease or subletting which does not comply with the provisions of this Article 9 shall be void.

9.7 If Tenant is a corporation, limited liability company, partnership or trust, any transfer or transfers of or change or changes within any twelve (12) month period in the number of the outstanding voting shares of the corporation or limited liability company, the general partnership interests in the partnership or the identity of the persons or entities controlling the activities of such partnership or trust resulting in the persons or entities owning or controlling a majority of such shares, partnership interests or activities of such partnership or trust at the beginning of such period no longer having such ownership or control shall be regarded as equivalent to an assignment of this Lease to the persons or entities acquiring such ownership or control and shall be subject to all the provisions of this Article 9 to the same extent and for all intents and purposes as though such an assignment.

10. **INDEMNIFICATION.** None of the Landlord Entities shall be liable and Tenant hereby waives all claims against them for any damage to any property or any injury to any person in or about the Premises or the Building by or from any cause whatsoever (including without limiting the foregoing, rain or water leakage of any character from the roof, windows, walls, basement, pipes, plumbing works or appliances, the Building not being in good condition or repair, gas, fire, oil, electricity or theft), except to the extent caused by or arising from the gross negligence or willful misconduct of Landlord or its agents, employees or contractors. Tenant shall protect, indemnify and hold the Landlord Entities harmless from and against any and all loss, claims, liability or costs (including court costs and attorney's fees) incurred by reason of (a) any damage to any property (including but not limited to property of any Landlord Entity) or any injury (including but not limited to death) to any person occurring in, on or about the Premises or the Building to the extent that such injury or damage shall be caused by or arise from any actual or alleged act, neglect, fault, or omission by or of Tenant or any Tenant Entity to meet any standards imposed by any duty with respect to the injury or damage; (b) the conduct or management of any work or thing whatsoever done by the Tenant in or about the Premises or from transactions of the Tenant concerning the Premises; (c) Tenant's actual or asserted failure to comply with any and all Regulations applicable to the condition or use of the Premises or its occupancy; or (d) any breach or default on the part of Tenant in the performance of any covenant or agreement on the part of the Tenant to be performed pursuant to this Lease. The provisions of this Article shall survive the termination of this Lease with respect to any claims or liability accruing prior to such termination.

11. **INSURANCE.**

11.1 Tenant shall keep in force throughout the Term the following insurance or equivalent coverage under a self-insured program: (a) a Commercial General Liability (CGL) insurance policy or policies to protect against any liability to the public or to any invitee of Tenant or a Landlord Entity incidental to the use of or resulting from any accident occurring in or upon the Premises with a limit of not less than \$1,000,000 per occurrence and not less than \$2,000,000 in the annual aggregate, or such larger limit as Tenant and Landlord may prudently and reasonably agree upon from time to time, covering bodily injury and property damage liability and \$1,000,000 products/completed operations aggregate; (b) Business Auto Liability covering owned, non-owned and hired vehicles with a limit of not less than \$1,000,000 per accident; (c) Worker's Compensation insurance with limits as required by statute with Employers Liability and limits of \$500,000 each accident, \$500,000 disease policy limit, \$500,000 disease--each employee for employers with employees in states other than Washington. For employers with employees solely in the State of Washington, evidence of coverage in the state worker's compensation program. Stop Gap coverage is required either through the state program or as part of the employer's general liability coverage; and, (d) All Risk or Special Form coverage protecting Tenant and Landlord Entities against loss of or damage to Tenant's alterations, additions, improvements, carpeting, floor coverings, panelings, decorations, fixtures, inventory and other business personal property situated in or about the Premises to the full replacement value of the property so insured.

11.2 The aforesaid insurance and/or self-insurance shall (a) be provided at Tenant's expense; (b) name the Landlord Entities as loss payees under Property insurance — Special Form; (c) with respect to Property insurance only, be issued by an insurance company with a minimum Best's rating of "A-VII" during the Term; (d) provide that said insurance shall not be canceled unless thirty (30) days prior written notice, except ten (10) days for non-payment of premium, shall

have been given to Landlord; and, (e) a certificate of Property insurance on ACORD Form 28 or equivalent shall be delivered to Landlord by Tenant by the Commencement Date and at least thirty (30) days prior to each renewal of said insurance.

11.3 Whenever Tenant shall undertake any alterations, additions or improvements in, to or about the Premises, including Cosmetic Alterations ("Work"), it shall require its contractors to maintain the aforesaid CGL and Business Automobile liability insurance protection extended to and include injuries to persons and damage to property arising in connection with such Work, without limitation including liability under any applicable structural work act, and such other insurance as Tenant and Landlord may mutually agree upon; and certificates evidencing such insurance must be delivered to Landlord by Tenant's contractors prior to the commencement of any such Work.

11.4 Self-insurance is permitted as to any of the coverages described in subsection 11.1 to the extent permitted by law, as long as the conditions of this Paragraph 11.4 are met. Coverage through self-insurance means that Tenant would be responsible for any amount it elects to self-insure as though it were the insurer under the applicable policy specified above and Tenant shall pay any amounts due in lieu of insurance proceeds because of self-insurance, which amounts shall be treated as insurance proceeds for all purposes under this Lease. However, Landlord understands and agrees that (a) the mechanism within this Lease for Tenant's protection of Landlord Entities for claims against them for damage to property or injury to persons in or about the Premises or the Building is Tenant's indemnification of Landlord Entities expressed in Section 10 (Indemnification) and in other provisions of this Lease, and (b) under Tenant's public entity self-insurance program, Landlord cannot tender third party claims brought against Landlord Entities to Tenant to Tenant's self-insurance program, but this fact does not limit Tenant's indemnification obligations under this Lease or the availability of the self-insurance proceeds to meet such obligations.

11.4.1 Self-insurance with respect to liability insurance is permitted only so long as Tenant has (a) a program of self-insurance that provides reserves equivalent to Five Million Dollars (\$5,000,000), and (b) assets of no less than Thirty Million Dollars (\$30,000,000) available to satisfy ongoing obligations as reflected in the City's Comprehensive Annual Financial Report (CAFR).

11.4.2 Self-insurance is permitted as to worker's compensation insurance provided that Tenant is a "qualified self-insured" in the state in which the Building is located.

11.4.3 A self-insurance letter certifying continuous coverage that complies with the requirements herein shall be delivered to Landlord by Tenant by the Commencement Date and at least thirty (30) days prior to each renewal of said insurance.

11.4.4 This Paragraph 11.4 is personal to the Tenant, City of Seattle, a municipal corporation, and shall not apply to any assignee of said Tenant's interest in this Lease nor to any subtenant.

12. **WAIVER OF SUBROGATION.** So long as their respective insurers so permit, Tenant and Landlord hereby mutually waive their respective rights of recovery against each other for any loss insured by fire, extended coverage, All Risks or other insurance now or hereafter existing for the benefit of the respective party but only to the extent of the net insurance proceeds payable under such policies. Each party shall obtain any special endorsements required by their insurer to evidence compliance with the aforementioned waiver.

13. **SERVICES AND UTILITIES.**

13.1 Provided Tenant shall not be in default under this Lease, and subject to the other provisions of this Lease, Landlord agrees to furnish to the Premises during Building Business Hours (specified on the Reference Pages) on generally recognized business days (but exclusive in any event of Sundays and national and local legal holidays), the following services and utilities subject to the rules and regulations of the Building prescribed from time to time: (a) water suitable for normal office use of the Premises; (b) heat and air conditioning required in Landlord's commercially reasonable judgment (and otherwise consistent with other comparable buildings in the downtown office rental area of Seattle, Washington) for the intended use and occupation of the Premises during Building Business Hours; (c) cleaning and janitorial service; (d) elevator service by nonattended automatic elevators, if applicable; and, (e) equipment to bring to the Premises electricity for lighting, convenience outlets and other normal office use. To the extent that Tenant is not billed directly by a public utility, Tenant shall pay, within five (5) days of Landlord's demand, for all electricity used by Tenant in the Premises. The charge shall be at the rates charged for such services by the local public utility. Alternatively, Landlord may elect to include electricity costs in Expenses. In the absence of Landlord's gross negligence or willful misconduct, Landlord shall not be liable for, and Tenant shall not be entitled to, any abatement or reduction of rental by reason of Landlord's failure to furnish any of the foregoing, unless such failure shall persist for an unreasonable time after written notice of such failure is given to Landlord



by Tenant and provided further that Landlord shall not be liable when such failure is caused by accident, breakage, repairs, labor disputes of any character, energy usage restrictions or by any other cause, similar or dissimilar, beyond the reasonable control of Landlord. Landlord shall use reasonable efforts to remedy any interruption in the furnishing of services and utilities.

13.2 Should Tenant require any additional work or service, as described above, including services furnished outside Building Business Hours specified above, Landlord may, on terms to be agreed, upon reasonable advance notice by Tenant, furnish such additional service and Tenant agrees to pay Landlord such charges as may be agreed upon, including any tax imposed thereon, but in no event at a charge greater than Landlord's actual out-of-pocket cost plus overhead for such additional service and, where appropriate, a reasonable allowance for depreciation of any systems being used to provide such service. The current charge for after-hours HVAC service, which is subject to change at any time, is specified on the Reference Pages; provided, however, that Tenant shall not pay for the first forty (40) hours of after-hours HVAC service used by Tenant in each year of the Term (as such Term may be extended hereunder).

13.3 Wherever heat-generating machines or equipment are used by Tenant in the Premises which affect the temperature otherwise maintained by the air conditioning system or Tenant allows occupancy of the Premises by more persons than the heating and air conditioning system is designed to accommodate, in either event whether with or without Landlord's approval, Landlord reserves the right to install supplementary heating and/or air conditioning units in or for the benefit of the Premises and the cost thereof, including the cost of installation and the cost of operations and maintenance, shall be paid by Tenant to Landlord within ten (10) business days of Landlord's demand.

13.4 Tenant will not, without the written consent of Landlord, use any apparatus or device in the Premises, including but not limited to, electronic data processing machines and machines using current in excess of 2000 watts and/or 20 amps or 120 volts, which will in any way increase the amount of electricity or water usually furnished or supplied for use of the Premises for normal office use, nor connect with electric current, except through existing electrical outlets in the Premises, or water pipes, any apparatus or device for the purposes of using electrical current or water. If Tenant shall require water or electric current in excess of that usually furnished or supplied for use of the Premises as normal office use, Tenant shall procure the prior written consent of Landlord for the use thereof, which Landlord may refuse, and if Landlord does consent, Landlord may cause a water meter or electric current meter to be installed so as to measure the amount of such excess water and electric current. The cost of any such meters shall be paid for by Tenant. Tenant agrees to pay to Landlord within ten (10) business days of Landlord's demand, the cost of all such excess water and electric current consumed (as shown by said meters, if any, or, if none, as reasonably estimated by Landlord) at the rates charged for such services by the local public utility or agency, as the case may be, furnishing the same, plus any additional expense incurred in keeping account of the water and electric current so consumed.

13.5 Tenant will not, without the written consent of Landlord, contract with a utility provider to service the Premises with any utility, including, but not limited to, telecommunications, electricity, water, sewer or gas, which is not previously providing such service to other tenants in the Building. Subject to Landlord's reasonable rules and regulations and the provisions of Articles 6 and 26, Tenant shall be entitled to the use of wiring ("Communications Wiring") from the existing telecommunications nexus in the Building to the Premises, sufficient for normal general office use of the Premises. Tenant shall not install any additional Communications Wiring, nor remove any Communications Wiring, without in each instance obtaining the prior written consent of Landlord, which consent may be withheld in Landlord's sole and absolute discretion. Landlord's shall in no event be liable for disruption in any service obtained by Tenant pursuant to this paragraph.

14. **HOLDING OVER.** Tenant shall pay Landlord for each day Tenant retains possession of the Premises or part of them after termination of this Lease by lapse of time or otherwise at the rate ("Holdover Rate") which shall be equal to the amount of hundred fifty percent (150%) of the amount of the Annual Rent for the last period prior to the date of such termination plus Tenant's Proportionate Share of Expenses and Taxes under Article 4, prorated on a daily basis, and if Tenant retains possession of the Premises or part thereof as described above beyond ninety (90) days after expiration or other termination of this Lease, then Tenant shall also pay all damages sustained by Landlord by reason of such retention. If Landlord gives notice to Tenant of Landlord's election to such effect, such holding over shall constitute renewal of this Lease for a period from month to month at the Holdover Rate, but if the Landlord does not so elect, no such renewal shall result notwithstanding acceptance by Landlord of any sums due hereunder after such termination; and instead, a tenancy at sufferance at the Holdover Rate shall be deemed to have been created. In any event, no provision of this Article 14 shall be deemed to waive Landlord's right of reentry or any other right under this Lease or at law.

15. **SUBORDINATION.** Without the necessity of any additional document being executed by Tenant for the purpose of effecting a subordination, this Lease shall be subject and subordinate at all times to ground or underlying leases and to the lien of any mortgages or deeds of trust now or hereafter placed on, against or affecting the Building, Landlord's interest or estate in the Building, or any ground or underlying lease; provided, however, that if the lessor, mortgagee, trustee, or holder

of any such mortgage or deed of trust elects to have Tenant's interest in this Lease be superior to any such instrument, then, by notice to Tenant, this Lease shall be deemed superior, whether this Lease was executed before or after said instrument. Notwithstanding the foregoing, Tenant covenants and agrees to execute and return within ten (10) business days of Landlord's request such further instruments evidencing such subordination or superiority of this Lease as may be required by Landlord. Notwithstanding the foregoing, upon written request by Tenant, Landlord will use reasonable efforts to obtain a non-disturbance, subordination and attornment agreement from Landlord's then current mortgagee on such mortgagee's then current standard form of agreement. "Reasonable efforts" of Landlord shall not require Landlord to incur any cost, expense or liability to obtain such agreement, it being agreed that Tenant shall be responsible for any fee or review costs charged by the mortgagee. Upon request of Landlord, Tenant will execute the mortgagee's form of non-disturbance, subordination and attornment agreement and return the same to Landlord for execution by the mortgagee. Landlord's failure to obtain a non-disturbance, subordination and attornment agreement for Tenant shall have no effect on the rights, obligations and liabilities of Landlord and Tenant or be considered to be a default by Landlord hereunder.

16. **RULES AND REGULATIONS.** Tenant shall faithfully observe and comply with all the rules and regulations as set forth in Exhibit D to this Lease and all reasonable and non-discriminatory modifications of and additions to them from time to time put into effect by Landlord. Landlord shall not be responsible to Tenant for the non-performance by any other tenant or occupant of the Building of any such rules and regulations.

17. **REENTRY BY LANDLORD.**

17.1 Landlord reserves and shall at all times have the right to re-enter the Premises to inspect the same, to supply janitor service and any other service to be provided by Landlord to Tenant under this Lease, to show said Premises to prospective purchasers, mortgagees or tenants, and to alter, improve or repair the Premises and any portion of the Building, without abatement of rent, and may for that purpose erect, use and maintain scaffolding, pipes, conduits and other necessary structures and open any wall, ceiling or floor in and through the Building and Premises where reasonably required by the character of the work to be performed, provided entrance to the Premises shall not be blocked thereby, and further provided that the business of Tenant shall not be interfered with unreasonably. Notwithstanding the foregoing, except (i) to the extent requested by Tenant, (ii) in connection with scheduled maintenance and janitorial programs, and/or (iii) in the event of an emergency, Landlord shall provide to Tenant reasonable prior notice (either written or oral) before Landlord enters the Premises to perform any repairs therein. Landlord shall have the right at any time to change the arrangement and/or locations of entrances, or passageways, doors and doorways, and corridors, windows, elevators, stairs, toilets or other public parts of the Building and to change the name, number or designation by which the Building is commonly known. In the event that Landlord damages any portion of any wall or wall covering, ceiling, or floor or floor covering within the Premises, Landlord shall repair or replace the damaged portion to match the original as nearly as commercially reasonable but shall not be required to repair or replace more than the portion actually damaged. Tenant hereby waives any claim for damages for any injury or inconvenience to or interference with Tenant's business, any loss of occupancy or quiet enjoyment of the Premises, and any other loss occasioned by any action of Landlord authorized by this Article 17.

17.2 For each of the aforesaid purposes, Landlord shall at all times have and retain a key with which to unlock all of the doors in the Premises, excluding Tenant's vaults and safes or special security areas (designated in advance), and Landlord shall have the right to use any and all means which Landlord may deem proper to open said doors in an emergency to obtain entry to any portion of the Premises. As to any portion to which access cannot be had by means of a key or keys in Landlord's possession, in the event of emergency (after Landlord has, in its reasonable discretion, attempted to contact Tenant to obtain keys if time permits), Landlord is authorized to gain access by such means as Landlord shall elect and the cost of repairing any damage occurring in doing so shall be borne by Tenant and paid to Landlord within ten (10) business days of Landlord's demand.

18. **DEFAULT.**

18.1 Except as otherwise provided in Article 20, the following events shall be deemed to be Events of Default under this Lease:

18.1.1 Tenant shall fail to pay when due any sum of money becoming due to be paid to Landlord under this Lease, whether such sum be any installment of the rent reserved by this Lease, any other amount treated as additional rent under this Lease, or any other payment or reimbursement to Landlord required by this Lease, whether or not treated as additional rent under this Lease, and such failure shall continue for a period of five (5) days after written notice that such payment was not made when due, but if any such notice shall be given two (2) times during the twelve (12) month period commencing with the date of the first (1st) such notice, the third (3rd) failure to pay within five (5) business days after due any additional sum of money becoming due to be paid to Landlord under this Lease during such twelve (12) month period shall



be an Event of Default, without notice. The notice required pursuant to this Section 18.1 shall replace rather than supplement any statutory notice required under applicable Regulations.

18.1.2 Tenant shall fail to comply with any term, provision or covenant of this Lease which is not provided for in another Section of this Article and shall not cure such failure within twenty (20) days (forthwith, if the failure involves a hazardous condition) after written notice of such failure to Tenant provided, however, that such failure shall not be an event of default if such failure could not reasonably be cured during such twenty (20) day period, Tenant has commenced the cure within such twenty (20) day period and thereafter is diligently pursuing such cure to completion, but the total aggregate cure period shall not exceed ninety (90) days.

18.1.3 Tenant shall fail to vacate the Premises immediately upon termination of this Lease, by lapse of time or otherwise, or upon termination of Tenant's right to possession only.

18.1.4 Tenant shall become insolvent, admit in writing its inability to pay its debts generally as they become due, file a petition in bankruptcy or a petition to take advantage of any insolvency statute, make an assignment for the benefit of creditors, make a transfer in fraud of creditors, apply for or consent to the appointment of a receiver of itself or of the whole or any substantial part of its property, or file a petition or answer seeking reorganization or arrangement under the federal bankruptcy laws, as now in effect or hereafter amended, or any other applicable law or statute of the United States or any state thereof.

18.1.5 A court of competent jurisdiction shall enter an order, judgment or decree adjudicating Tenant bankrupt, or appointing a receiver of Tenant, or of the whole or any substantial part of its property, without the consent of Tenant, or approving a petition filed against Tenant seeking reorganization or arrangement of Tenant under the bankruptcy laws of the United States, as now in effect or hereafter amended, or any state thereof, and such order, judgment or decree shall not be vacated or set aside or stayed within sixty (60) days from the date of entry thereof.

19. REMEDIES.

19.1 Except as otherwise provided in Article 20, upon the occurrence of any of the Events of Default described or referred to in Article 18, Landlord shall have the option to pursue any one or more of the following remedies without any notice or demand whatsoever, concurrently or consecutively and not alternatively:

19.1.1 Landlord may, at its election, terminate this Lease or terminate Tenant's right to possession only, without terminating the Lease.

19.1.2 Upon any termination of this Lease, whether by lapse of time or otherwise, or upon any termination of Tenant's right to possession without termination of the Lease, Tenant shall surrender possession and vacate the Premises immediately, and deliver possession thereof to Landlord, and Tenant hereby grants to Landlord full and free license to enter into and upon the Premises in such event and to repossess Landlord of the Premises as of Landlord's former estate and to expel or remove Tenant and any others who may be occupying or be within the Premises and to remove Tenant's signs and other evidence of tenancy and all other property of Tenant therefrom without being deemed in any manner guilty of trespass, eviction or forcible entry or detainer, and without incurring any liability for any damage resulting therefrom, Tenant waiving any right to claim damages for such re-entry and expulsion, and without relinquishing Landlord's right to rent or any other right given to Landlord under this Lease or by operation of law.

19.1.3 Upon any termination of this Lease, whether by lapse of time or otherwise, Landlord shall be entitled to recover as damages, all rent, including any amounts treated as additional rent under this Lease, and other sums due and payable by Tenant on the date of termination, plus as liquidated damages and not as a penalty, an amount equal to the sum of: (a) an amount equal to the then present value of the rent reserved in this Lease for the residue of the stated Term of this Lease including any amounts treated as additional rent under this Lease and all other sums provided in this Lease to be paid by Tenant, minus the fair rental value of the Premises for such residue; (b) the value of the time and expense necessary to obtain a replacement tenant or tenants, and the estimated expenses described in Section 19.1.4 relating to recovery of the Premises, preparation for reletting and for reletting itself; and (c) the cost of performing any other covenants which would have otherwise been performed by Tenant. No provision in this Section shall be construed to reduce or eliminate Landlord's obligation to mitigate damages.

19.1.4 Upon any termination of Tenant's right to possession only without termination of the Lease:

19.1.4.1 Neither such termination of Tenant's right to possession nor Landlord's taking and holding possession thereof as provided in Section 19.1.2 shall terminate the Lease or release Tenant, in whole or in part, from any obligation, including Tenant's obligation to pay the rent, including any amounts treated as additional rent, under this Lease for the full Term, and if Landlord so elects Tenant shall continue to pay to Landlord the entire amount of the rent as and when it becomes due, including any amounts treated as additional rent under this Lease, for the remainder of the Term plus any other sums provided in this Lease to be paid by Tenant for the remainder of the Term.

19.1.4.2 Landlord shall use commercially reasonable efforts to relet the Premises or portions thereof to the extent required by applicable law. Landlord and Tenant agree that nevertheless Landlord shall at most be required to use only the same efforts Landlord then uses to lease premises in the Building generally and that in any case that Landlord shall not be required to give any preference or priority to the showing or leasing of the Premises or portions thereof over any other space that Landlord may be leasing or have available and may place a suitable prospective tenant in any such other space regardless of when such other space becomes available and that Landlord shall have the right to relet the Premises for a greater or lesser term than that remaining under this Lease, the right to relet only a portion of the Premises, or a portion of the Premises or the entire Premises as a part of a larger area, and the right to change the character or use of the Premises. In connection with or in preparation for any reletting, Landlord may, but shall not be required to, make repairs, alterations and additions in or to the Premises and redecorate the same to the extent Landlord deems necessary or desirable, and Tenant shall pay the cost thereof, together with Landlord's expenses of reletting, including, without limitation, any commission incurred by Landlord, within ten (10) business days of Landlord's demand. Landlord shall not be required to observe any instruction given by Tenant about any reletting or accept any tenant offered by Tenant unless such offered tenant has a credit-worthiness acceptable to Landlord and leases the entire Premises upon terms and conditions including a rate of rent (after giving effect to all expenditures by Landlord for tenant improvements, broker's commissions and other leasing costs) all no less favorable to Landlord than as called for in this Lease, nor shall Landlord be required to make or permit any assignment or sublease for more than the current term or which Landlord would not be required to permit under the provisions of Article 9.

19.1.4.3 Until such time as Landlord shall elect to terminate the Lease and shall thereupon be entitled to recover the amounts specified in such case in Section 19.1.3, Tenant shall pay to Landlord upon demand the full amount of all rent, including any amounts treated as additional rent under this Lease and other sums reserved in this Lease for the remaining Term, together with the costs of repairs, alterations, additions, redecorating and Landlord's expenses of reletting and the collection of the rent accruing therefrom (including reasonable attorney's fees and broker's commissions), as the same shall then be due or become due from time to time, less only such consideration as Landlord may have received from any reletting of the Premises; and Tenant agrees that Landlord may file suits from time to time to recover any sums falling due under this Article 19 as they become due. Any proceeds of reletting by Landlord in excess of the amount then owed by Tenant to Landlord from time to time shall be credited against Tenant's future obligations under this Lease but shall not otherwise be refunded to Tenant or inure to Tenant's benefit.

19.2 Upon the occurrence of an Event of Default, Landlord may (but shall not be obligated to) cure such default at Tenant's sole expense. Without limiting the generality of the foregoing, Landlord may, at Landlord's option, enter into and upon the Premises if Landlord determines in its sole discretion that Tenant is not acting within a commercially reasonable time to maintain, repair or replace anything for which Tenant is responsible under this Lease or to otherwise effect compliance with its obligations under this Lease and correct the same, without being deemed in any manner guilty of trespass, eviction or forcible entry and detainer and without incurring any liability for any damage or interruption of Tenant's business resulting therefrom and Tenant agrees to reimburse Landlord within ten (10) business days of Landlord's demand as additional rent, for any expenses which Landlord may incur in thus effecting compliance with Tenant's obligations under this Lease, plus interest from the date of expenditure by Landlord at the Wall Street Journal prime rate.

19.3 Tenant understands and agrees that in entering into this Lease, Landlord is relying upon receipt of all the Annual Rent and Monthly Installments of Rent to become due with respect to all the Premises originally leased hereunder over the full initial Term of this Lease for amortization, including interest at the Amortization Rate. For purposes hereof, the "Concession Amount" shall be defined as the aggregate of all amounts forgone or expended by Landlord as free rent under the lease, under Exhibit B hereof for construction allowances (excluding therefrom any amounts expended by Landlord for Initial Alterations (if any), as defined in Exhibit B), and for brokers' commissions payable by reason of this Lease. Accordingly, Tenant agrees that if this Lease or Tenant's right to possession of the Premises leased hereunder shall be terminated as of any date ("Default Termination Date") prior to the expiration of the full initial Term hereof by reason of a default of Tenant, there shall be due and owing to Landlord as of the day prior to the Default Termination Date, as rent in addition to all other amounts owed by Tenant as of such Date, the amount ("Unamortized Amount") of the Concession Amount determined as set forth below; provided, however, that in the event that such amounts are recovered by Landlord pursuant to any other provision of this Article 19, Landlord agrees that it shall not attempt to recover such amounts pursuant to this Paragraph 19.3. For the purposes hereof, the Unamortized Amount shall be determined in the same manner as the



remaining principal balance of a mortgage with interest at the Amortization Rate payable in level payments over the same length of time as from the effectuation of the Concession concerned to the end of the full initial Term of this Lease would be determined. The foregoing provisions shall also apply to and upon any reduction of space in the Premises, as though such reduction were a termination for Tenant's default, except that (a) the Unamortized Amount shall be reduced by any amounts paid by Tenant to Landlord to effectuate such reduction and (b) the manner of application shall be that the Unamortized Amount shall first be determined as though for a full termination as of the effective date of the elimination of the portion, but then the amount so determined shall be multiplied by the fraction of which the numerator is the rentable square footage of the eliminated portion and the denominator is the rentable square footage of the Premises originally leased hereunder; and the amount thus obtained shall be the Unamortized Amount.

19.4 If, on account of any breach or default by Tenant in Tenant's obligations under the terms and conditions of this Lease, it shall become necessary or appropriate for Landlord to employ or consult with an attorney or collection agency concerning or to enforce or defend any of Landlord's rights or remedies arising under this Lease or to collect any sums due from Tenant, Tenant agrees to pay all costs and fees so incurred by Landlord, including, without limitation, reasonable attorneys' fees and costs. Tenant hereby specifically also waives notice and demand for payment of rent or other obligations, except for those notices specifically required pursuant to the terms of this Lease.

19.5 Pursuit of any of the foregoing remedies shall not preclude pursuit of any of the other remedies provided in this Lease or any other remedies provided by law (all such remedies being cumulative), nor shall pursuit of any remedy provided in this Lease constitute a forfeiture or waiver of any rent due to Landlord under this Lease or of any damages accruing to Landlord by reason of the violation of any of the terms, provisions and covenants contained in this Lease.

19.6 No act or thing done by Landlord or its agents during the Term shall be deemed a termination of this Lease or an acceptance of the surrender of the Premises, and no agreement to terminate this Lease or accept a surrender of said Premises shall be valid, unless in writing signed by Landlord. No waiver by Landlord of any violation or breach of any of the terms, provisions and covenants contained in this Lease shall be deemed or construed to constitute a waiver of any other violation or breach of any of the terms, provisions and covenants contained in this Lease. Landlord's acceptance of the payment of rental or other payments after the occurrence of an Event of Default shall not be construed as a waiver of such Default, unless Landlord so notifies Tenant in writing. Forbearance by Landlord in enforcing one or more of the remedies provided in this Lease upon an Event of Default shall not be deemed or construed to constitute a waiver of such Event of Default or of Landlord's right to enforce any such remedies with respect to such Event of Default or any subsequent Event of Default.

19.7 Intentionally Omitted.

19.8 Any and all property which may be removed from the Premises by Landlord pursuant to the authority of this Lease or of law, to which Tenant is or may be entitled, may be handled, removed and/or stored, as the case may be, by or at the direction of Landlord but at the risk, cost and expense of Tenant, and Landlord shall in no event be responsible for the value, preservation or safekeeping thereof. Tenant shall pay to Landlord, upon demand, any and all expenses incurred in such removal and all storage charges against such property so long as the same shall be in Landlord's possession or under Landlord's control. Any such property of Tenant not retaken by Tenant from storage within thirty (30) days after removal from the Premises shall, at Landlord's option, be deemed conveyed by Tenant to Landlord under this Lease as by a bill of sale without further payment or credit by Landlord to Tenant.

19.9 If more than two (2) Events of Default occur, which are not timely cured pursuant to the cure periods set forth in Article 18, above, or as may otherwise be set forth in this Lease, during the Term or any renewal thereof, at Landlord's option in its sole discretion, Tenant's renewal options, expansion options, purchase options and rights of first offer and/or refusal, if any are provided for in this Lease, shall be null and void.

20. **TENANT'S BANKRUPTCY OR INSOLVENCY.**

20.1 If at any time and for so long as Tenant shall be subjected to the provisions of the United States Bankruptcy Code or other law of the United States or any state thereof for the protection of debtors as in effect at such time (each a "Debtor's Law"):

20.1.1 Tenant, Tenant as debtor-in-possession, and any trustee or receiver of Tenant's assets (each a "Tenant's Representative") shall have no greater right to assume or assign this Lease or any interest in this Lease, or to sublease any of the Premises than accorded to Tenant in Article 9, except to the extent Landlord shall be required to permit such assumption, assignment or sublease by the provisions of such Debtor's Law. Without limitation of the generality of the

foregoing, any right of any Tenant's Representative to assume or assign this Lease or to sublease any of the Premises shall be subject to the conditions that:

20.1.1.1 Such Debtor's Law shall provide to Tenant's Representative a right of assumption of this Lease which Tenant's Representative shall have timely exercised and Tenant's Representative shall have fully cured any default of Tenant under this Lease.

20.1.1.2 Tenant's Representative or the proposed assignee, as the case shall be, shall have deposited with Landlord as security for the timely payment of rent an amount equal to the larger of: (a) three (3) months' rent and other monetary charges accruing under this Lease; and (b) any sum specified in Article 5; and shall have provided Landlord with adequate other assurance of the future performance of the obligations of the Tenant under this Lease. Without limitation, such assurances shall include, at least, in the case of assumption of this Lease, demonstration to the satisfaction of the Landlord that Tenant's Representative has and will continue to have sufficient unencumbered assets after the payment of all secured obligations and administrative expenses to assure Landlord that Tenant's Representative will have sufficient funds to fulfill the obligations of Tenant under this Lease; and, in the case of assignment, submission of current financial statements of the proposed assignee, audited by an independent certified public accountant reasonably acceptable to Landlord and showing a net worth and working capital in amounts determined by Landlord to be sufficient to assure the future performance by such assignee of all of the Tenant's obligations under this Lease.

20.1.1.3 The assumption or any contemplated assignment of this Lease or subleasing any part of the Premises, as shall be the case, will not breach any provision in any other lease, mortgage, financing agreement or other agreement by which Landlord is bound.

20.1.1.4 Landlord shall have, or would have had absent the Debtor's Law, no right under Article 9 to refuse consent to the proposed assignment or sublease by reason of the identity or nature of the proposed assignee or sublessee or the proposed use of the Premises concerned.

21. **QUIET ENJOYMENT.** Landlord represents and warrants that it has full right and authority to enter into this Lease and that Tenant, while paying the rental and performing its other covenants and agreements contained in this Lease, shall peaceably and quietly have, hold and enjoy the Premises for the Term without hindrance or molestation from Landlord subject to the terms and provisions of this Lease. Landlord shall not be liable for any interference or disturbance by other tenants or third persons, nor shall Tenant be released from any of the obligations of this Lease because of such interference or disturbance. Notwithstanding the foregoing, Landlord shall use commercially reasonable efforts to end or minimize unreasonable interference or disturbance of Tenant's use of the Premises for the conduct of Tenant's business by other tenants or third persons after Tenant has requested Landlord to do so in writing. "Commercially reasonable efforts" of Landlord shall not include payment of money, commencing or participating in any litigation or other similar proceeding or incurring liability.

22. **CASUALTY.**

22.1 In the event the Premises or the Building are damaged by fire or other cause and in Landlord's reasonable estimation such damage can be materially restored within one hundred eighty (180) days following the commencement of restoration, Landlord shall forthwith repair the same and this Lease shall remain in full force and effect, except that Tenant shall be entitled to a proportionate abatement in rent from the date of such damage. Such abatement of rent shall be made pro rata in accordance with the extent to which the damage and the making of such repairs shall interfere with the use and occupancy by Tenant of the Premises from time to time. Within forty-five (45) days from the date of such damage, Landlord shall notify Tenant, in writing, of Landlord's reasonable estimation of the length of time within which material restoration can be made, and Landlord's determination shall be binding on Tenant. For purposes of this Lease, the Building or Premises shall be deemed "materially restored" if they are in such condition as would not prevent or materially interfere with Tenant's use of the Premises for the purpose for which it was being used immediately before such damage.

22.2 If such repairs cannot, in Landlord's reasonable estimation, be made within one hundred eighty (180) days following the commencement of restoration, Landlord and Tenant shall each have the option of giving the other, at any time within thirty (30) days after Landlord's notice of estimated restoration time, notice terminating this Lease as of the date of such damage. In the event of the giving of such notice, this Lease shall expire and all interest of the Tenant in the Premises shall terminate as of the date of such damage as if such date had been originally fixed in this Lease for the expiration of the Term. In the event that neither Landlord nor Tenant exercises its option to terminate this Lease, then Landlord shall repair or restore such damage, this Lease continuing in full force and effect, and the rent hereunder shall be proportionately abated as provided in Section 22.1.



22.3 Landlord shall not be required to repair or replace any damage or loss by or from fire or other cause to any panelings, decorations, partitions, additions, railings, ceilings, floor coverings, office fixtures or any other property or improvements installed on the Premises by, or belonging to, Tenant. Any insurance which may be carried by Landlord or Tenant against loss or damage to the Building or Premises shall be for the sole benefit of the party carrying such insurance and under its sole control.

22.4 In the event that Landlord should fail to complete such repairs and material restoration within sixty (60) days after the date estimated by Landlord therefor as extended by this Section 22.4, Tenant may at its option and as its sole remedy terminate this Lease by delivering written notice to Landlord, within fifteen (15) days after the expiration of said period of time, whereupon this Lease shall end on the date of such notice or such later date fixed in such notice as if the date of such notice was the date originally fixed in this Lease for the expiration of the Term; provided, however, that if construction is delayed because of changes, deletions or additions in construction requested by Tenant, strikes, lockouts, casualties, Acts of God, war, material or labor shortages, government regulation or control or other causes beyond the reasonable control of Landlord, the period for restoration, repair or rebuilding shall be extended for the amount of time Landlord is so delayed.

22.5 Notwithstanding anything to the contrary contained in this Article: (a) Landlord shall not have any obligation whatsoever to repair, reconstruct, or restore the Premises when the damages resulting from any casualty covered by the provisions of this Article 22 occur during the last twelve (12) months of the Term or any extension thereof, provided that Tenant has not previously exercised its right to any available Renewal Option (as defined below) in accordance with this Lease that would extend the Term, but if Landlord determines not to repair such damages Landlord shall notify Tenant and if such damages shall render any material portion of the Premises untenantable Tenant shall have the right to terminate this Lease by notice to Landlord within fifteen (15) days after receipt of Landlord's notice; and (b) in the event the holder of any indebtedness secured by a mortgage or deed of trust covering the Premises or Building requires that any insurance proceeds be applied to such indebtedness, then Landlord shall have the right to terminate this Lease by delivering written notice of termination to Tenant within fifteen (15) days after such requirement is made by any such holder, whereupon this Lease shall end on the date of such damage as if the date of such damage were the date originally fixed in this Lease for the expiration of the Term.

22.6 In the event of any damage or destruction to the Building or Premises by any peril covered by the provisions of this Article 22, it shall be Tenant's responsibility to properly secure the Premises and upon notice from Landlord to remove forthwith, at its sole cost and expense, such portion of all of the property belonging to Tenant or its licensees from such portion or all of the Building or Premises as Landlord shall request.

23. **EMINENT DOMAIN.** If all or any substantial part of the Premises shall be taken or appropriated by any public or quasi-public authority under the power of eminent domain, or conveyance in lieu of such appropriation, either party to this Lease shall have the right, at its option, of giving the other, at any time within thirty (30) days after such taking, notice terminating this Lease, except that Tenant may only terminate this Lease by reason of taking or appropriation, if such taking or appropriation shall be so substantial as to materially interfere with Tenant's use and occupancy of the Premises. If neither party to this Lease shall so elect to terminate this Lease, the rental thereafter to be paid shall be adjusted on a fair and equitable basis under the circumstances. In addition to the rights of Landlord above, if any substantial part of the Building shall be taken or appropriated by any public or quasi-public authority under the power of eminent domain or conveyance in lieu thereof, and regardless of whether the Premises or any part thereof are so taken or appropriated, Landlord shall have the right, at its sole option, to terminate this Lease. Landlord shall be entitled to any and all income, rent, award, or any interest whatsoever in or upon any such sum, which may be paid or made in connection with any such public or quasi-public use or purpose, and Tenant hereby assigns to Landlord any interest it may have in or claim to all or any part of such sums, other than any separate award which may be made with respect to Tenant's trade fixtures and moving expenses; Tenant shall make no claim for the value of any unexpired Term.

24. **SALE BY LANDLORD.** In event of a sale or conveyance by Landlord of the Building, the same shall operate to release Landlord from any future liability upon any of the covenants or conditions, expressed or implied, contained in this Lease in favor of Tenant, and in such event Tenant agrees to look solely to the responsibility of the successor in interest of Landlord in and to this Lease. Except as set forth in this Article 24, this Lease shall not be affected by any such sale and Tenant agrees to attorn to the purchaser or assignee. If any security has been given by Tenant to secure the faithful performance of any of the covenants of this Lease, Landlord may transfer or deliver said security, as such, to Landlord's successor in interest and thereupon Landlord shall be discharged from any further liability with regard to said security.

25. **ESTOPPEL CERTIFICATES.** Within ten (10) business days following any written request which Landlord may make from time to time, Tenant shall execute and deliver to Landlord or mortgagee or prospective mortgagee a sworn statement substantially in the form of Tenant Estoppel Certificate attached hereto as Exhibit H. Landlord and Tenant intend

that any statement delivered pursuant to this Article 25 may be relied upon by any mortgagee, beneficiary or purchaser. Tenant irrevocably agrees that if Tenant fails to execute and deliver such certificate within such ten (10) business day period, the same shall constitute a default under this Lease; provided, however, that Landlord may provide to Tenant a second written request with respect to such estoppel certificate. If Tenant fails to execute and deliver such certificate within a five (5) business day period following the date of Landlord's second written request therefor, Landlord or Landlord's beneficiary or agent may rely upon, for whatever purposes, such certificate as prepared on Tenant's behalf, and that such certificate shall be fully binding on Tenant.

26. SURRENDER OF PREMISES.

26.1 Tenant and Landlord shall meet for two (2) joint inspections of the Premises at a time reasonably and mutually acceptable to both Landlord and Tenant, the first to occur at least thirty (30) days (but no more than sixty (60) days) before the last day of the Term, and the second to occur not later than forty-eight (48) hours after Tenant has vacated the Premises. In the event of Tenant's failure to agree to schedule such joint inspections and/or participate in either such inspection, Landlord's inspection at or after Tenant's vacating the Premises shall be conclusively deemed correct for purposes of determining Tenant's responsibility for repairs and restoration.

26.2 All alterations, additions, and improvements in, on, or to the Premises made or installed by or for Tenant, including, without limitation, carpeting (collectively, "Alterations"), shall be and remain the property of Tenant during the Term. Upon the expiration or sooner termination of the Term, all Alterations shall become a part of the realty and shall belong to Landlord without compensation, and title shall pass to Landlord under this Lease as by a bill of sale. At the end of the Term or any renewal of the Term or other sooner termination of this Lease, Tenant will peaceably deliver up to Landlord possession of the Premises, together with all Alterations by whomsoever made, in the same conditions received or first installed, broom clean and free of all debris, excepting only ordinary wear and tear and damage by fire or other casualty. Notwithstanding the foregoing, subject to the terms of Section 6.4 above (i.e., Tenant shall not be required to remove those Alterations which Landlord has informed Tenant they shall not be required to be removed), if Landlord elects by notice given to Tenant at least ten (10) days prior to expiration of the Term, Tenant shall, at Tenant's sole cost, remove any Alterations, including carpeting, so designated by Landlord's notice, and repair any damage caused by such removal. Tenant must, at Tenant's sole cost, remove upon termination of this Lease, any and all of Tenant's furniture, furnishings, equipment, movable partitions of less than full height from floor to ceiling and other trade fixtures and personal property, as well as all data/telecommunications cabling and wiring installed by or on behalf of Tenant, whether inside walls, under any raised floor or above any ceiling (collectively, "Personalty"). Personalty not so removed shall be deemed abandoned by the Tenant and title to the same shall thereupon pass to Landlord under this Lease as by a bill of sale, but Tenant shall remain responsible for the reasonable costs of removal and disposal of such Personalty, as well as any damage caused by such removal.

26.3 All obligations of Tenant under this Lease not fully performed as of the expiration or earlier termination of the Term shall survive the expiration or earlier termination of the Term. Upon the expiration or earlier termination of the Term, Tenant shall pay to Landlord, within ten (10) business days of Landlord's written request, the amount, as reasonably estimated by Landlord, necessary to repair and restore the Premises as provided in this Lease and/or to discharge Tenant's obligation for unpaid amounts due or to become due to Landlord. All such amounts shall be used and held by Landlord for payment of such obligations of Tenant, with Tenant being liable for any additional costs upon demand by Landlord, or with any excess to be returned to Tenant after all such obligations have been determined and satisfied.

27. **NOTICES.** Any notice or document required or permitted to be delivered under this Lease shall be addressed to the intended recipient, by fully prepaid registered or certified United States Mail return receipt requested, or by reputable independent contract delivery service furnishing a written record of attempted or actual delivery, and shall be deemed to be delivered when tendered for delivery to the addressee at its address set forth on the Reference Pages, or at such other address as it has then last specified by written notice delivered in accordance with this Article 27, or if to Tenant at either its aforesaid address or its last known registered office or home of a general partner or individual owner, whether or not actually accepted or received by the addressee. Any such notice or document may also be personally delivered if a receipt is signed by and received from, the individual, if any, named in Tenant's Notice Address.

28. **TAXES PAYABLE BY TENANT.** In addition to rent and other charges to be paid by Tenant under this Lease, Tenant shall reimburse to Landlord, upon demand, any and all taxes payable by Landlord (other than net income taxes) whether or not now customary or within the contemplation of the parties to this Lease: (a) upon, allocable to, or measured by or on the gross or net rent payable under this Lease (other than Landlord's income and business taxes), including without limitation any gross income tax or excise tax levied by the State, any political subdivision thereof, or the Federal Government with respect to the receipt of such rent (provided the foregoing is not intended to make payable by Tenant Landlord's standard net income taxes, which are excluded from Tenant's liability for Taxes pursuant to Section 4.1.3 above); (b) upon or with respect to the possession, leasing, operation, management, maintenance, alteration, repair, use or occupancy of the



Premises or any portion thereof, including any sales, use or service tax imposed as a result thereof; (c) upon or measured by the Tenant's gross receipts or payroll or the value of Tenant's equipment, furniture, fixtures and other personal property of Tenant or leasehold improvements, alterations or additions located in the Premises; or (d) upon this transaction or any document to which Tenant is a party creating or transferring any interest of Tenant in this Lease or the Premises. In addition to the foregoing, Tenant agrees to pay, before delinquency, any and all taxes levied or assessed against Tenant and which become payable during the term hereof upon Tenant's equipment, furniture, fixtures and other personal property of Tenant located in the Premises.

29. **RELOCATION OF TENANT. [INTENTIONALLY OMITTED]**

30. **PARKING.**

30.1 During the Term of this Lease, subject to the provisions of this Article 30, Tenant shall have the right to lease from Landlord and Landlord agrees to lease to Tenant, the number and type of parking passes as set forth on the Reference Page of this Lease. This right to park in the Building's parking facilities (the "Parking Facility") shall be on an unreserved, nonexclusive, first come, first served basis, for passenger-size automobiles and is subject to the following terms and conditions:

30.1.1 Tenant shall pay to Landlord, or Landlord's designated parking operator, the Building's prevailing monthly parking charges, without deduction or offset, on the first day of each month during the Term of this Lease. Landlord will notify Tenant upon not less than thirty (30) days' notice of any increases in the monthly parking charges prior to billing Tenant any increases. No deductions from the monthly charge shall be made for days on which the Parking Facility is not used by Tenant.

30.1.2 Tenant shall at all times abide by and shall cause each of Tenant's employees, agents, customers, visitors, invitees, licensees, contractors, assignees and subtenants (collectively, "Tenant's Parties") to abide by any rules and regulations ("Rules") for use of the Parking Facility that Landlord or Landlord's garage operator reasonably establishes from time to time, and otherwise agrees to use the Parking Facility in a safe and lawful manner. Landlord reserves the right to adopt, modify and enforce the Rules governing the use of the Parking Facility from time to time including any key-card, sticker or other identification or entrance system and hours of operation. Landlord may refuse to permit any person who violates such Rules to park in the Parking Facility, and any violation of the Rules shall subject the car to removal from the Parking Facility.

30.1.3 Landlord shall endeavor to provide to Tenant two (2) reserved tandem parking spaces in the location shown on Exhibit I attached hereto (the "Reserved Spaces") for city staff cars only, which staff cars Tenant shall designate to Landlord by license number (the "Reserved Vehicles"). The Reserved Spaces shall be included in the number of parking passes to which Tenant is entitled hereunder. The Reserved Vehicles may only be parked in the Reserved Spaces and if the Reserved Vehicles are ever found parked in any other location in the Parking Facility, then Tenant's right to the Reserved Spaces as set forth herein shall immediately terminate without further notice by Landlord. Except as specified to the contrary above, the parking spaces hereunder shall be provided on a non-designated "first-come, first-served" basis. Landlord reserves the right to assign specific spaces, and to reserve spaces for visitors, small cars, disabled persons or for other tenants or guests, and Tenant shall not park and shall not allow Tenant's Parties to park in any such assigned or reserved spaces. Tenant may validate visitor parking by such method as Landlord may approve, at the validation rate from time to time generally applicable to visitor parking. Tenant acknowledges that the Parking Facility may be closed entirely or in part in order to make repairs or perform maintenance services, or to alter, modify, re-stripe or renovate the Parking Facility, or if required by casualty, strike, condemnation, act of God, governmental law or requirement or other reason beyond the operator's reasonable control.

30.1.4 Tenant acknowledges that to the fullest extent permitted by law, Landlord shall have no liability for any damage to property or other items located in the parking areas of the Building (including without limitation, any loss or damage to tenant's automobile or the contents thereof due to theft, vandalism or accident), nor for any personal injuries or death arising out of the use of the Parking Facility by Tenant or any Tenant's Parties, provided, however, that the foregoing shall not be deemed a waiver by Tenant of any losses or damages incurred by Tenant arising directly from Landlord's gross negligence or willful misconduct. Without limiting the foregoing, if Landlord arranges for the parking areas to be operated by an independent contractor not affiliated with Landlord, Tenant acknowledges that Landlord shall have no liability for claims arising through acts or omissions of such independent contractor. Tenant and Tenant's Parties each hereby voluntarily releases, discharges, waives and relinquishes any and all actions or causes of action for personal injury or property damage occurring to Tenant or any of Tenant's Parties arising as a result of parking in the Parking Facility, or any activities incidental thereto, wherever or however the same may occur, and further agrees that Tenant will not prosecute any claim for personal

injury or property damage against Landlord or any of its officers, agents, servants or employees for any said causes of action and in all events, Tenant agrees to look first to its insurance carrier and to require that Tenant's Parties look first to their respective insurance carriers for payment of any losses sustained in connection with any use of the Parking Facility. Tenant hereby waives on behalf of its insurance carriers all rights of subrogation against Landlord or any Landlord Entities.

30.1.5 Tenant's right to park as described in this Article and this Lease is exclusive to Tenant and shall not pass to any assignee or sublessee without the express written consent of Landlord. Such consent is at the sole discretion of the Landlord.

30.1.6 In the event any surcharge or regulatory fee is at any time imposed by any governmental authority with reference to parking, Tenant shall (commencing after two (2) weeks' notice to Tenant) pay, per parking pass, such surcharge or regulatory fee to Landlord in advance on the first day of each calendar month concurrently with the month installment of rent due under this Lease. Landlord will enforce any surcharge or fee in an equitable manner amongst the Building tenants.

30.2 If Tenant violates any of the terms and conditions of this Article, the operator of the Parking Facility shall have the right to remove from the Parking Facility any vehicles hereunder which shall have been involved or shall have been owned or driven by parties involved in causing such violation, without liability therefor whatsoever. In addition, Landlord shall have the right to cancel Tenant's right to use the Parking Facility pursuant to this Article upon ten (10) days' written notice, unless within such ten (10) day period, Tenant cures such default. Such cancellation right shall be cumulative and in addition to any other rights or remedies available to Landlord at law or equity, or provided under this Lease.

31. **DEFINED TERMS AND HEADINGS.** The Article headings shown in this Lease are for convenience of reference and shall in no way define, increase, limit or describe the scope or intent of any provision of this Lease. Any indemnification or insurance of Landlord shall apply to and inure to the benefit of all the following "Landlord Entities", being Landlord, Landlord's investment manager, property manager, and the trustees, boards of directors, officers, general partners, beneficiaries, stockholders, employees and agents of each of them. Any option granted to Landlord shall also include or be exercisable by Landlord's trustee, beneficiary, agents and employees, as the case may be. In any case where this Lease is signed by more than one person, the obligations under this Lease shall be joint and several. The terms "Tenant" and "Landlord" or any pronoun used in place thereof shall indicate and include the masculine or feminine, the singular or plural number, individuals, firms or corporations, and their and each of their respective successors, executors, administrators and permitted assigns, according to the context hereof. The term "rentable area" shall mean the rentable area of the Premises or the Building as calculated by the Landlord on the basis of the plans and specifications of the Building including a proportionate share of any common areas. Tenant hereby accepts and agrees to be bound by the figures for the rentable square footage of the Premises and Tenant's Proportionate Share shown on the Reference Pages; however, Landlord may adjust either or both figures if there is manifest error, addition or subtraction to the Building or any business park or complex of which the Building is a part, remeasurement or other circumstance reasonably justifying adjustment. The term "Building" refers to the structure in which the Premises are located and the common areas (parking lots, sidewalks, landscaping, etc.) appurtenant thereto. If the Building is part of a larger complex of structures, the term "Building" may include the entire complex, where appropriate (such as shared Expenses or Taxes) and subject to Landlord's reasonable discretion.

32. **TENANT'S AUTHORITY.**

32.1 If Tenant signs as a corporation, partnership, trust or other legal entity each of the persons executing this Lease on behalf of Tenant represents and warrants that Tenant has been and is qualified to do business in the state in which the Building is located, that the entity has full right and authority to enter into this Lease, and that all persons signing on behalf of the entity were authorized to do so by appropriate actions. Tenant agrees to deliver to Landlord, simultaneously with the delivery of this Lease, a corporate resolution, proof of due authorization by partners, opinion of counsel or other appropriate documentation reasonably acceptable to Landlord evidencing the due authorization of Tenant to enter into this Lease.

32.2 Tenant hereby represents and warrants that neither Tenant, nor any persons or entities holding any legal or beneficial interest whatsoever in Tenant, are (a) the target of any sanctions program that is established by Executive Order of the President or published by the Office of Foreign Assets Control, U.S. Department of the Treasury ("OFAC"); (b) designated by the President or OFAC pursuant to the Trading with the Enemy Act, 50 U.S.C. App. § 5, the International Emergency Economic Powers Act, 50 U.S.C. §§ 1701-06, the Patriot Act, Public Law 107-56, Executive Order 13224 (September 23, 2001) or any Executive Order of the President issued pursuant to such statutes; or (c) named on the following list that is published by OFAC: "List of Specially Designated Nationals and Blocked Persons." If the foregoing representation



is untrue at any time during the Term, an Event of Default will be deemed to have occurred, without the necessity of notice to Tenant.”

33. **FINANCIAL STATEMENTS AND CREDIT REPORTS.** At Landlord’s request, Tenant shall deliver to Landlord a copy, certified by an officer of Tenant as being a true and correct copy, of Tenant’s most recent audited financial statement, or, if unaudited, certified by Tenant’s chief financial officer as being true, complete and correct in all material respects. Tenant hereby authorizes Landlord to obtain one or more credit reports on Tenant at any time, and shall execute such further authorizations as Landlord may reasonably require in order to obtain a credit report.

34. **COMMISSIONS.** Each of the parties represents and warrants to the other that it has not dealt with any broker or finder in connection with this Lease, except as described on the Reference Pages.

35. **TIME AND APPLICABLE LAW.** Time is of the essence of this Lease and all of its provisions. This Lease shall in all respects be governed by the laws of the state in which the Building is located.

36. **SUCCESSORS AND ASSIGNS.** Subject to the provisions of Article 9, the terms, covenants and conditions contained in this Lease shall be binding upon and inure to the benefit of the heirs, successors, executors, administrators and assigns of the parties to this Lease.

37. **ENTIRE AGREEMENT.** This Lease, together with its exhibits, contains all agreements of the parties to this Lease and supersedes any previous negotiations. There have been no representations made by the Landlord or any of its representatives or understandings made between the parties other than those set forth in this Lease and its exhibits. This Lease may not be modified except by a written instrument duly executed by the parties to this Lease.

38. **EXAMINATION NOT OPTION.** Submission of this Lease shall not be deemed to be a reservation of the Premises. Landlord shall not be bound by this Lease until it has received a copy of this Lease duly executed by Tenant and has delivered to Tenant a copy of this Lease duly executed by Landlord, and until such delivery Landlord reserves the right to exhibit and lease the Premises to other prospective tenants. Notwithstanding anything contained in this Lease to the contrary, Landlord may withhold delivery of possession of the Premises from Tenant until such time as Tenant has paid to Landlord any security deposit required by Article 5, the first month’s rent as set forth in Article 3 and any sum owed pursuant to this Lease.

39. **RECORDATION.** Tenant shall not record or register this Lease or a short form memorandum hereof without the prior written consent of Landlord, and then shall pay all charges and taxes incident such recording or registration.

40. **EXPANSION OPTION.**

40.1 Provided that this Lease has been fully executed by the parties hereto and Tenant has delivered to Landlord all prepaid rental required hereunder, Tenant shall have the option (the “Expansion Option”) to lease all or a portion of the remainder of the space located on the 19th floor of the Building containing approximately 9,000 square feet of rentable area as shown on Exhibit F to this Lease (the “19th Floor Expansion Space”). Tenant’s Expansion Option may be exercised by Tenant more than once with respect to portions of the 19th Floor Expansion Space only, provided that all of the conditions of this Article 40 are met with respect to each such exercise by Tenant. In the event that Tenant exercises its Expansion Option in accordance with this Article as to the entire remainder of the 19th Floor Expansion Space, then Tenant’s Expansion Option shall also apply to either (a) all or a portion of the space containing approximately 17,000 rentable square feet located on the 17th floor of the Building or (b) all or a portion of the approximately 17,000 rentable square feet of space located on the 20th Floor of the Building, as such spaces are shown on Exhibit F-1 to this Lease (each, an “Additional Expansion Space”), provided that Landlord shall determine, in its sole discretion, whether the Expansion Option as to any Additional Expansion Space applies to the space located on the 17th floor of the Building or to the space located on the 20th floor of the Building. Notwithstanding the foregoing, Tenant shall have no Expansion Option with respect to any of the Additional Expansion Space if Tenant fails to exercise the Expansion Option as to the entire 19th Floor Expansion Space. The 19th Floor Expansion Space and the Additional Expansion Space, if any, as to which Tenant exercises its Expansion Option pursuant to this Section are sometimes hereinafter referred to as the “Expansion Space”.

40.2 Notwithstanding anything to the contrary set forth herein, Tenant may only exercise its Expansion Option pursuant to this Article 40 if: (i) Landlord receives a binding written notice (the “Expansion Notice”) from Tenant of the exercise of its Expansion Option on the terms and conditions set forth in this Article 40 no later than June 1, 2009 (the “Expansion Option Period”), which Expansion Notice as to the 19th Floor Expansion Space shall identify the portion of the 19th Floor Expansion Space Tenant desires to lease pursuant to this Section; (ii) the commencement date of the term for such

Expansion Space, including the commencement of Annual Rent and Tenant's Proportionate Share of Taxes and Expenses (subject to Sections 40.3 and 40.4, below) for such Expansion Space, shall be no later than four (4) months after the later date of Tenant's delivery of its Expansion Notice; (iii) Tenant is not in default under this Lease beyond any applicable cure periods at the time that Landlord receives the Expansion Notice; (iv) no part of the Premises is sublet at the time Landlord receives the Expansion Notice; (v) this Lease has not been assigned prior to the date that Landlord receives the Expansion Notice; (vi) the Expansion Space is intended for the exclusive use of Tenant only during the Term; (vii) Tenant has not vacated or abandoned the Premises at the time Landlord receives the Expansion Notice; (viii) in the event Tenant exercises the Expansion Option only as to a portion of the 19th Floor Expansion Space, such portion shall be not less than 3,000 rentable square feet, and the remaining portion of the 19th Floor Expansion Space as to which Tenant does not exercise the Expansion Option shall be in a marketable configuration, as determined by Landlord in Landlord's sole discretion. In the event that the Expansion Option applies to the Additional Expansion Space pursuant to Section 40.1 above, upon receipt of Tenant's Expansion Notice, Landlord shall notify Tenant of the floor on which the potential Additional Expansion Space as to which the Expansion Option shall apply is located ("Landlord's Notice"). Tenant shall, within five (5) business days after receipt of Landlord's Notice, deliver to Landlord an Expansion Notice notifying Landlord of Tenant's exercise of its Expansion Option of such Additional Expansion Space, which Expansion Notice shall identify the portion of Additional Expansion Space Tenant desires to lease pursuant to this Lease, provided that in the event that Tenant exercises its Expansion Option as to only a portion of the Additional Expansion Space described in Landlord's Notice, if such Additional Expansion Space described in Landlord's Notice is located on the 17th floor, such portion exercised by Tenant shall be no less than fifty percent (50%) of the entire Additional Expansion Space described in Landlord's Notice, and if such Additional Expansion Space described in Landlord's Notice is located on the 20th floor, such portion exercised by Tenant shall be no less than twenty-five percent (25%) of the entire Additional Expansion Space described in Landlord's Notice, and the remaining portion of the subject Additional Expansion Space as to which Tenant does not exercise the Expansion Option shall be in a marketable configuration, as determined by Landlord in Landlord's sole discretion. In the event Tenant fails to deliver an Expansion Notice for such Additional Expansion Space within such five (5) business day period, Tenant's Expansion Option as to the Additional Expansion Space shall be deemed to be null and void and Tenant shall have no further rights to lease any Additional Expansion Space hereunder.

40.3 The initial Annual Rent rate per rentable square foot for the subject Expansion Space shall be the same as the Annual Rent rate per rentable square foot for the initial Premises on the date the term for the Expansion Space commences. The Annual Rent rate for the subject Expansion Space shall increase at such times and in such amount as the Annual Rent rate for the initial Premises, it being the intent of Landlord and Tenant that the Annual Rent rate per rentable square foot for the Expansion Space shall always be the same as the Annual Rent rate per rentable square foot for the initial Premises. Monthly Installment of Rent attributable to the Expansion Space shall be payable in monthly installments in accordance with the terms and conditions of Article 3 of this Lease. If Tenant exercises its Expansion Option during the Expansion Option Period, Tenant shall be entitled to an abatement of Monthly Installment of Rent with respect to such Expansion Space on a prorated straight-line basis for the then-remaining Term, as determined by Landlord, in proportion to the abatement of Monthly Installment of Rent applicable to the initial Premises.

40.4 Tenant shall pay additional rent (including without limitation, Tenant's Proportionate Share of Taxes and Expenses) for the Expansion Space on the same terms and conditions set forth in Article 4 of this Lease, including the same Base Year that is applicable to the initial Premises, and Tenant's Proportionate Share shall increase appropriately to account for the addition of the Expansion Space.

40.5 The Expansion Space (including improvements and personalty, if any) shall be accepted by Tenant in its "as-built" condition and configuration existing on the earlier of the date Tenant takes possession of the Expansion Space or as of the date the term for the Expansion Space commences. In addition, Tenant shall be entitled to an Improvement Allowance with respect to the Expansion Space, as described in Section 40.8 below.

40.6 The term for the subject Expansion Space shall commence on the date Landlord delivers possession of the Expansion Space to Tenant, and shall end, unless sooner terminated pursuant to the terms of this Lease, on the Termination Date of this Lease, it being the intention of the parties hereto that the term for the Expansion Space and the Term for the initial Premises shall be coterminous. If Landlord is delayed delivering possession of the subject Expansion Space due to the holdover or unlawful possession of such space by any party, Landlord shall use reasonable efforts to obtain possession of the space, and the commencement of the term for the Expansion Space shall be postponed until the date Landlord delivers possession of the Expansion Space to Tenant free from occupancy by any party.

40.7 The Expansion Space shall be considered a part of the Premises, subject to all the terms and conditions of this Lease, except that no allowances, credits, abatements or other concessions (if any) set forth in this Lease for the initial Premises shall apply to the Expansion Space, except as may be specifically provided otherwise in this Article 40.



40.8 Tenant shall be entitled to receive an improvement allowance (the "Improvement Allowance") in accordance with the terms and conditions set forth below, with respect to the Expansion Space:

40.8.1 The Improvement Allowance per square foot of rentable area in the Expansion Space leased by Tenant shall be in an amount determined by multiplying \$0.5392 by the number of full calendar months remaining in the Term on the commencement date for the Expansion Space. For example, if there are one hundred (100) full calendar months remaining in the Term on the commencement date of the Expansion Space, Tenant shall be entitled to receive an Improvement Allowance of \$53.92 per square foot of rentable area of Expansion Space ($\$0.5392 \times 100 = \53.92). Such Improvement Allowance shall be applied toward the hard costs of performing the initial improvements in the Expansion Space (the "Expansion Improvements").

40.8.2 The Improvement Allowance shall be disbursed during construction of the Expansion Improvements (but no more often than once every thirty (30) days) upon receipt by Landlord of necessary waivers of mechanics liens from the general contractor and the subcontractors, percentage completion certificates from Tenant, the general contractor and Tenant's architect, a sworn contractor's affidavit from the general contractor, a request to disburse from Tenant containing an approval by Tenant of the work done, and such other documents as Landlord may reasonably request. Landlord shall disburse the Improvement Allowance funds within thirty (30) days of receipt of the documentation described above, subject to ten percent (10%) retention, to the order of the general contractor or, at Landlord's election, to the joint order of the general contractor and all included subcontractors. If the cost of the Expansion Improvements exceeds the Improvement Allowance, then the Improvement Allowance will be disbursed in the proportion that the Improvement Allowance bears to the total cost of the Expansion Improvements. Upon completion of the Expansion Improvements, and prior to final disbursement of the Improvement Allowance, Tenant shall furnish Landlord with: (a) general contractor and architectural completion affidavits, (b) full and final waivers of lien, (c) receipted bills covering all labor and materials expended and used, (d) as-built plans of the Expansion Improvements, (e) the certification of Tenant and its architect that the Expansion Improvements have been installed in a good and workmanlike manner in accordance with the approved plans and in accordance with applicable codes and ordinances, and (vi) such other documents as Landlord may reasonably request to evidence the proper completion and payment of the Expansion Improvements.

40.8.3 Notwithstanding anything herein to the contrary, Landlord shall not be obligated to disburse any portion of the Improvement Allowance during the continuance of an uncured default under this Lease, and Landlord's obligation to disburse shall only resume when and if such default is cured. The Improvement Allowance may only be used for the cost of labor, material, permits and contractors fees for the Expansion Improvements to the Expansion Space. In no event shall more than \$10.00 per rentable square foot of the Improvement Allowance for the Expansion Space be used for (i) any soft costs, including the cost of preparing plans, drawings and specifications, or (ii) the purchase of equipment, furniture or other items of personal property of Tenant, for the Expansion Improvements. Any Improvement Allowance remaining after the date which is seven (7) months following the commencement of the term for the Expansion Space shall accrue to Landlord and Tenant shall have no claim in connection therewith.

40.9 If Tenant is entitled to and properly exercises the Expansion Option, Landlord shall prepare an amendment (the "Expansion Amendment") to reflect the commencement date of the term for the Expansion Space and the changes in Monthly Installment of Rent, rentable square footage of the Premises, Tenant's Proportionate Share and other appropriate terms. A copy of the Expansion Amendment shall be sent to Tenant within a reasonable time after Landlord's receipt of the Expansion Notice, and Tenant shall execute and return the Expansion Amendment to Landlord within ten (10) business days thereafter, provided, however, that the parties agree to negotiate any other appropriate terms of the Expansion Amendment in good faith and in a commercially reasonable manner. An otherwise valid exercise of the Expansion Option shall be fully effective whether or not the Expansion Amendment is executed.

41. **RIGHT OF FIRST OFFER.**

41.1 Commencing upon the expiration of the Expansion Option Period, Tenant shall have the one time right of first offer (the "Right of First Offer") with respect to any portion of the 19th Floor Expansion Space and the Additional Expansion Space as to which Tenant does not exercise its Expansion Option pursuant to Article 40 above (each such space, a "Potential Offering Space"). Tenant's Right of First Offer shall be exercised as follows: at any time after Landlord has determined that any Potential Offering Space has become Available (defined below), but prior to leasing such Potential Offering Space to a party other than any existing tenant thereof, Landlord shall advise Tenant (the "Advice") of the terms under which Landlord is prepared to lease such Potential Offering Space (an "Offering Space") to Tenant, which terms shall reflect the Prevailing Market (hereinafter defined) rate for such Offering Space as reasonably determined by Landlord. For purposes hereof, a Potential Offering Space shall be deemed to become "Available" as follows: (a) if such Potential Offering Space is not under lease to a third party as of the date of mutual execution and delivery of this Lease, such Potential Offering Space shall be deemed to first become Available when Landlord has located a prospective tenant that may be interested in

leasing such Potential Offering Space; and (b) thereafter, or if such Potential Offering Space is under lease to a third party as of the date of mutual execution and delivery of this Lease, such Potential Offering Space shall be deemed to become Available when Landlord has determined that the third-party tenant of such Potential Offering Space will not extend or renew the term of its lease, or enter into a new lease, for such Potential Offering Space. Tenant may lease any Offering Space in its entirety only, under such terms, by delivering written notice of exercise to Landlord (the "Notice of Exercise") within eighteen (18) business days after the date of the Advice, except that Tenant shall have no such Right of First Offer and Landlord need not provide Tenant with an Advice with respect to any Potential Offering Space, if:

41.1.1 Tenant is in default under this Lease beyond any applicable cure periods at the time that Landlord would otherwise deliver the Advice; or

41.1.2 the Premises, or any portion thereof, is sublet at the time Landlord would otherwise deliver the Advice; or

41.1.3 this Lease has been assigned prior to the date Landlord would otherwise deliver the Advice; or

41.1.4 Tenant is not occupying the Premises on the date Landlord would otherwise deliver the Advice; or

41.1.5 the existing tenant in the subject Offer Space is interested in extending or renewing its lease for such Offer Space or entering into a new lease for such Offer Space; or

41.1.6 such Potential Offering Space is not intended for the exclusive use of Tenant during the Term.

41.2 The term for the Offering Space shall be for the duration of the Term and shall commence, including the commencement of Annual Rent and Tenant's Proportionate Share of Taxes and Expenses, no later than four (4) months after the date of Tenant's delivery of its Notice of Exercise, and thereupon such Offering Space shall be considered a part of the Premises, provided that all of the terms stated in the Advice shall govern Tenant's leasing of the Offering Space and only to the extent that they do not conflict with the Advice, the terms and conditions of this Lease shall apply to the Offering Space.

41.3 Tenant shall pay Monthly Installment of Rent, Tenant's Proportionate Share of Expenses and Taxes, and all other rent and changes for the Offering Space in accordance with the terms and conditions of the Advice, which terms and conditions shall reflect the Prevailing Market rate for the Offering Space as determined in Landlord's reasonable judgment.

41.4 The Offering Space (including improvements and personalty, if any) shall be accepted by Tenant in its condition and as-built configuration existing on the earlier of the date Tenant takes possession of the Offering Space or as of the date the term for such Offering Space commences, unless the Advice specifies any work to be performed by Landlord in the Offering Space, in which case Landlord shall perform such work in the Offering Space. If Landlord is delayed delivering possession of the Offering Space due to the holdover or unlawful possession of such space by any party, Landlord shall use reasonable efforts to obtain possession of the space, and the commencement of the term for the Offering Space shall be postponed until the date Landlord delivers possession of the Offering Space to Tenant free from occupancy by any party.

41.5 The rights of Tenant hereunder with respect to any Potential Offering Space in any particular instance in which such Potential Offering Space becomes Available shall terminate on the earlier to occur of: (i) the last day of the thirty-sixth (36th) full calendar month of the initial Term; (ii) Tenant's failure to exercise its Right of First Offer with respect to such Potential Offering Space within the eighteen (18) business day period provided in Section 41.1 above; and (iii) the date Landlord would have provided Tenant an Advice for such Potential Offering Space if Tenant had not been in violation of one or more of the conditions set forth in Section 41.1 above. In addition, if Landlord provides Tenant with an Advice for any Offering Space that contains expansion rights (whether such rights are described as an expansion option, right of first refusal, right of first offer or otherwise) with respect to any other Potential Offering Space (such other Potential Offering Space subject to such expansion rights is referred to herein as an "Encumbered Potential Offering Space") and Tenant does not exercise its Right of First Offer to lease such Offering Space pursuant to the Advice, Tenant's Right of First Offer with respect to the Encumbered Potential Offering Space shall be subject and subordinate to all such expansion rights contained in the Advice.

41.6 If Tenant exercises its Right of First Offer, Landlord shall prepare an amendment (the "Offering Amendment") adding the Offering Space to the Premises on the terms set forth in the Advice and reflecting the changes in the Monthly Installment of Rent, rentable square footage of the Premises, Tenant's Proportionate Share and other appropriate terms. A copy of the Offering Amendment shall be sent to Tenant within a reasonable time after Landlord's receipt of the Notice of Exercise executed by Tenant, and Tenant shall execute and return the Offering Amendment to Landlord within ten



(10) business days thereafter, but an otherwise valid exercise of the Right of First Offer shall be fully effective whether or not the Offering Amendment is executed.

41.7 For purposes of this Right of First Offer provision, "Prevailing Market" shall mean the annual rental rate per square foot for space comparable to the Offering Space in the Building and office buildings comparable to the Building in the same Class "A" office rental market in downtown Seattle, Washington, under leases and renewal and expansion amendments being entered into at or about the time that Prevailing Market is being determined, giving appropriate consideration to tenant concessions, brokerage commissions, tenant improvement allowances, existing improvements in the space in question, and the method of allocating operating expenses and taxes. Notwithstanding the foregoing, space leased under any of the following circumstances shall not be considered to be comparable for purposes hereof: (a) this Lease term is for less than this Lease term of the Offering Space, (b) the space is encumbered by the option rights of another tenant, or (c) the space has a lack of windows and/or an awkward or unusual shape or configuration. The foregoing is not intended to be an exclusive list of space that will not be considered to be comparable.

42. **TENANT'S ABILITY TO TIE INTO THE BUILDING GENERATOR.**

42.1 Commencing on the Commencement Date (the "Generator Effective Date") and throughout the remainder of the initial Term (subject to Section 42.6 below), Tenant shall have the non-exclusive right to connect to the Landlord's generator (the "Generator") located in the basement of the Building, solely for the purpose of providing the following amount of emergency electrical capacity to the Premises: 2 watts per rentable square foot for up to 3,000 square feet of the Premises for no more than two (2) hours during any 48-hour period of such emergency access (the "Emergency Back-up Power"). All work required to install the cables and tie into the Generator shall be performed by contractors approved by Landlord, at Tenant's sole cost and expense. The manner in which any cables are run to and from the Generator to the Premises and the manner in which such cables are connected to the Generator shall be subject to Landlord's approval.

42.2 Tenant's access to the Generator shall be further limited to such times, rules and regulations as Landlord may reasonably impose. Tenant shall be solely responsible for obtaining all necessary governmental and regulatory approvals, if any, required in order for Tenant to connect to the Generator. Landlord shall provide the Emergency Back-up Power to Tenant without charge. Tenant shall be responsible for the cost of repairing any damage to the Generator caused by Tenant's use thereof or as a result of Tenant connecting to the Generator. All such costs shall be deemed rent under this Lease and shall be payable within ten (10) business days of Landlord's written demand.

42.3 Tenant hereby agrees that Tenant's connection to the Generator, its use of the Generator and the availability of the Emergency Back-up Power is at Tenant's sole risk, and Tenant hereby agrees that Landlord and the Landlord Entities shall not be liable for, and Tenant hereby waives, all claims for loss or damage to Tenant's business or damage to person or property sustained by Tenant or any person claiming by, through or under Tenant, including any Tenant Entities, resulting from Tenant's use of the Generator or connection to same, the failure of the Generator to operate properly, or the interruption or cessation of any electrical service (including the failure to provide the Emergency Back-up Power) from the Generator. Tenant acknowledges that other tenants in the Building may connect to the Generator and that Landlord does not represent or warrant that such other connections will not interfere with Tenant's use thereof.

42.4 Tenant hereby agrees to indemnify, defend and hold Landlord and all Landlord Entities harmless from all liability, losses, claims, penalties, and expenses, including, without limitation, reasonable attorney's fees, resulting from or arising out of the connection to, or use or operation of, the Generator by Tenant or any Tenant Entities.

42.5 Landlord may revoke Tenant's right to connect to and use the Generator as granted herein if Landlord determines, in its sole discretion, that (a) Tenant's use of the Generator is imposing undue stress on the Generator or such use is exceeding the capacity of the Generator, or (b) Tenant is failing to perform its obligations with respect to the Generator, as described in this generator provision of this Lease, in a timely manner. Such revocation shall be by written notice and, upon receipt of such notice, Tenant shall have thirty (30) days in which to disconnect and remove any cables servicing the Premises from the Generator. If Tenant fails to timely disconnect such cables, Landlord may do so and charge Tenant for the cost thereof, which sum shall be paid as additional Rent under this Lease.

42.6 Tenant's connection to and use of the Generator shall be for Tenant's use at the Premises only. Tenant shall have no right to sublet or assign Tenant's rights with respect to the Generator.

43. **OPTIONS TO RENEW.** Provided this Lease is in full force and effect and Tenant is not in default under any of the other terms and conditions of this Lease at the time of notification or commencement, Tenant shall have two consecutive options to renew (each, a "Renewal Option") this Lease for a term of five (5) years (each, a "Renewal Term"), for the portion

of the Premises being leased by Tenant as of the date the applicable Renewal Term is to commence, on the same terms and conditions set forth in this Lease, except as modified by the terms, covenants and conditions as set forth below:

43.1 If Tenant elects to exercise the applicable Renewal Option, then Tenant shall provide Landlord with written notice no earlier than the date which is four hundred fifty (450) days prior to the expiration of the then current Term of this Lease but no later than the date which is three hundred sixty (360) days prior to the expiration of the then current Term of this Lease. If Tenant fails to provide such notice, Tenant shall have no further or additional right to extend or renew the Term of this Lease.

43.2 The Annual Rent and Monthly Installment of Rent in effect at the expiration of the then current Term of this Lease shall be adjusted to reflect the Prevailing Market (defined below) rate as of the date the applicable Renewal Term is to commence, taking into account the specific provisions of this Lease which will remain constant. Landlord shall advise Tenant of the new Annual Rent and Monthly Installment of Rent for the Premises no later than thirty (30) days after receipt of Tenant's written request therefor. Said request shall be made no earlier than thirty (30) days prior to the first date on which Tenant may exercise the applicable Renewal Option under this Article 43. Said notification of the new Minimum Monthly Rent may include a provision for its escalation to provide for a change in fair market rental between the time of notification and the commencement of the applicable Renewal Term.

43.3 The Renewal Options are not transferable; the parties hereto acknowledge and agree that they intend that the aforesaid options to renew this Lease shall be "personal" to Tenant as set forth above and that in no event will any assignee or sublessee have any rights to exercise the aforesaid options to renew.

43.4 If Tenant fails to validly exercise the first Renewal Option, Tenant shall have no further right to extend the term of this Lease. In addition, if both Renewal Options are validly exercised or if Tenant fails to validly exercise the second Renewal Option, Tenant shall have no further right to extend the term of this Lease.

43.5 For purposes of this Renewal Option, "Prevailing Market" shall mean the arms length fair market annual rental rate per rentable square foot under renewal leases and amendments entered into on or about the date on which the Prevailing Market is being determined hereunder for space comparable to the Premises in the Building and office buildings comparable to the Building in the same Class "A" office rental market in downtown Seattle, Washington as of the date the Renewal Term is to commence, taking into account the specific provisions of this Lease which will remain constant. The determination of Prevailing Market shall take into account any material economic differences between the terms of this Lease and any comparison lease or amendment, such as rent abatements, construction costs and other concessions and the manner, if any, in which the landlord under any such lease is reimbursed for operating expenses and taxes. The determination of Prevailing Market shall also take into consideration any reasonably anticipated changes in the Prevailing Market rate from the time such Prevailing Market rate is being determined and the time such Prevailing Market rate will become effective under this Lease.

44. TEMPORARY SPACE.

44.1 During the period beginning on the later of the full and final execution of this Lease by Landlord and Tenant, delivery of all prepaid rental, required under this Lease, delivery of all initial certificates of insurance required by this Lease (which certificates of insurance shall specifically cover both the Temporary Space during the Temporary Space Term, as hereinafter defined, and the Premises), and ending five (5) business days after the Commencement Date of this Lease (such period being referred to herein as the "Temporary Space Term"), Landlord shall allow Tenant to use approximately _____ rentable square feet of space known as Suite No. 810 located on the 8th floor of the Building as shown on Exhibit G of this Lease (the "Temporary Space") for general office use only by Seattle City Light (pursuant to Sections 1.1 and 9.8 above). During the Temporary Space Term, the Temporary Space shall be deemed the "Premises" for purposes of Article 10 (Indemnification) of this Lease. Such Temporary Space shall be accepted by Tenant in its "as-is" condition and configuration, it being agreed that Landlord shall be under no obligation to perform any work in the Temporary Space or to incur any costs in connection with Tenant's move in, move out or occupancy of the Temporary Space. Tenant acknowledges that it shall be entitled to use and occupy the Temporary Space at its sole cost, expense and risk. Tenant shall not construct any improvements or make any alterations of any type to the Temporary Space without the prior written consent of Landlord. All costs in connection with making the Temporary Space ready for occupancy by Tenant shall be the sole responsibility of Tenant.

44.2 The Temporary Space shall be subject to all the terms and conditions of this Lease except as expressly modified herein and except that (a) Tenant shall not be entitled to receive any allowances, abatement or other financial concession in connection with the Temporary Space which was granted with respect to the Premises unless such concessions



are expressly provided for herein with respect to the Temporary Space, (b) the Temporary Space shall not be subject to any renewal or expansion rights of Tenant under this Lease, (c) Tenant shall not be required to pay Monthly Installment of Rent for the Temporary Space during the Temporary Space Term, and (d) Tenant shall not be required to pay Tenant's Proportionate Share of Expenses and Taxes for the Temporary Space during the Temporary Space Term.

44.3 Upon termination of the Temporary Space Term, Tenant shall vacate the Temporary Space and deliver the same to Landlord in the same condition that the Temporary Space was delivered to Tenant, ordinary wear and tear excepted. At the expiration or earlier termination of the Temporary Space Term, Tenant shall remove all debris, all items of Tenant's personalty, and any trade fixtures of Tenant from the Temporary Space. Tenant shall be fully liable for all damage Tenant or Tenant's agents, employees, contractors, or subcontractors cause to the Temporary Space. Tenant shall have no right to hold over or otherwise occupy the Temporary Space at any time following the expiration or earlier termination of the Temporary Space Term, and in the event of such holdover, Landlord shall immediately be entitled to institute dispossessory proceedings to recover possession of the Temporary Space, without first providing notice thereof to Tenant. In the event of holding over by Tenant after expiration or termination of the Temporary Space Term without the written authorization of Landlord, Tenant shall pay, for such holding over, \$24,440.00, plus one hundred fifty percent (150%) of Tenant's Proportionate Share of Expenses and Taxes and all other rent and charges due with respect to the Temporary Space for each month or partial month of holdover, plus all consequential damages that Landlord incurs as a result of the Tenant's holdover. During any such holdover, Tenant's occupancy of the Temporary Space shall be deemed that of a tenant at sufferance, and in no event, either during the Temporary Space Term or during any holdover by Tenant, shall Tenant be determined to be a tenant-at-will under applicable law. While Tenant is occupying the Temporary Space, Landlord and Landlord's authorized agents shall be entitled to enter the Temporary Space, upon reasonable notice, to display the Temporary Space to prospective tenants and for any other purposes permitted pursuant to Article 17 of this Lease.

45. **SIGNAGE.** Landlord shall provide and install, at Landlord's sole cost and expense, the initial signage for Tenant in the Building directory and at the entry to the Premises. Such signage shall consist of Building standard materials and shall comply with current Building specifications. At Landlord's option, upon the expiration or earlier termination of this Lease, Tenant shall, at Tenant's sole cost and expense, remove any such signage and repair any damage to the Building caused by such signage.

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46. **LIMITATION OF LANDLORD'S LIABILITY.** Redress for any claim against Landlord under this Lease shall be limited to and enforceable only against and to the extent of Landlord's interest in the Building in which the Premises is located. The obligations of Landlord under this Lease are not intended to be and shall not be personally binding on, nor shall any resort be had to the private properties of, any of its or its investment manager's trustees, directors, officers, partners, beneficiaries, members, stockholders, employees, or agents, and in no case shall Landlord be liable to Tenant hereunder for any lost profits, damage to business, or any form of special, indirect or consequential damages.

IN WITNESS WHEREOF, Landlord and Tenant have executed this Lease as of the Lease Reference Date set forth in the Reference Pages of this Lease.

LANDLORD:

**900 FOURTH AVENUE PROPERTY LLC,
a Delaware limited liability company**

By: RREEF Management Company, a Delaware corporation, its Authorized Agent

By: _____

Name: Michael G. Benoit

Title: Vice President, District Manager

Dated: _____

TENANT:

**THE CITY OF SEATTLE,
a municipal corporation of the State of Washington**

By: _____

Name: _____

Title: _____

Dated: _____



CORPORATE ACKNOWLEDGMENT

STATE OF WASHINGTON)
)
COUNTY OF KING) SS

On this _____ day of _____, 20__ before me, the undersigned, a Notary Public in and for the State of WASHINGTON personally appeared MICHAEL G. BENOIT, to be known or shown through satisfactory evidence to be the VICE PRESIDENT, DISTRICT MANAGER of RREEF MANAGEMENT COMPANY, a Delaware corporation, and acknowledged to me that he executed the same on behalf of said corporation freely and voluntarily for the uses and purposes therein mentioned.

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

Notary Public in and for the
State of _____
residing in _____
My commission expires: _____

ACKNOWLEDGEMENT

STATE OF)
)
COUNTY OF) SS.

On this day of _____, 20__, before me, the undersigned, a Notary Public in and for the State of _____), personally appeared _____ and _____, to be known to be the _____ and _____ of _____, a municipal corporation, and acknowledged to me that they executed the same of behalf of said corporation freely and voluntarily for the uses and purposes therein mentioned.

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

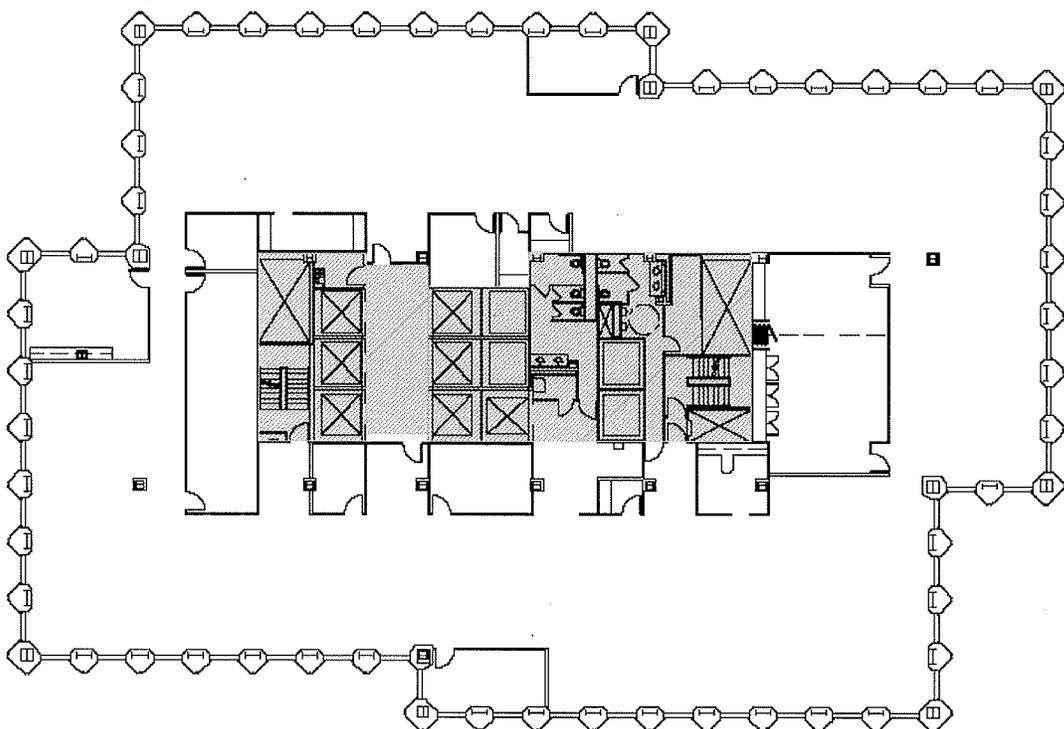
Notary Public in and for the
State of _____,
residing at _____



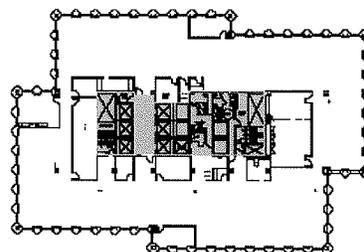
EXHIBIT A – FLOOR PLAN DEPICTING THE PREMISES

attached to and made a part of the Lease bearing the
Lease Reference Date of _____, 2008 between
**900 FOURTH AVENUE PROPERTY LLC, a Delaware limited liability company, as Landlord and
THE CITY OF SEATTLE, a municipal corporation of the State of Washington, as Tenant**

Exhibit A is intended only to show the general layout of the Premises as of the beginning of the Term of the Lease. It does not in any way supersede any of Landlord's rights set forth in Article 17 of the Lease with respect to arrangements and/or locations of public parts of the Building and changes in such arrangements and/or locations. It is not to be scaled; any measurements or distances shown should be taken as approximate.

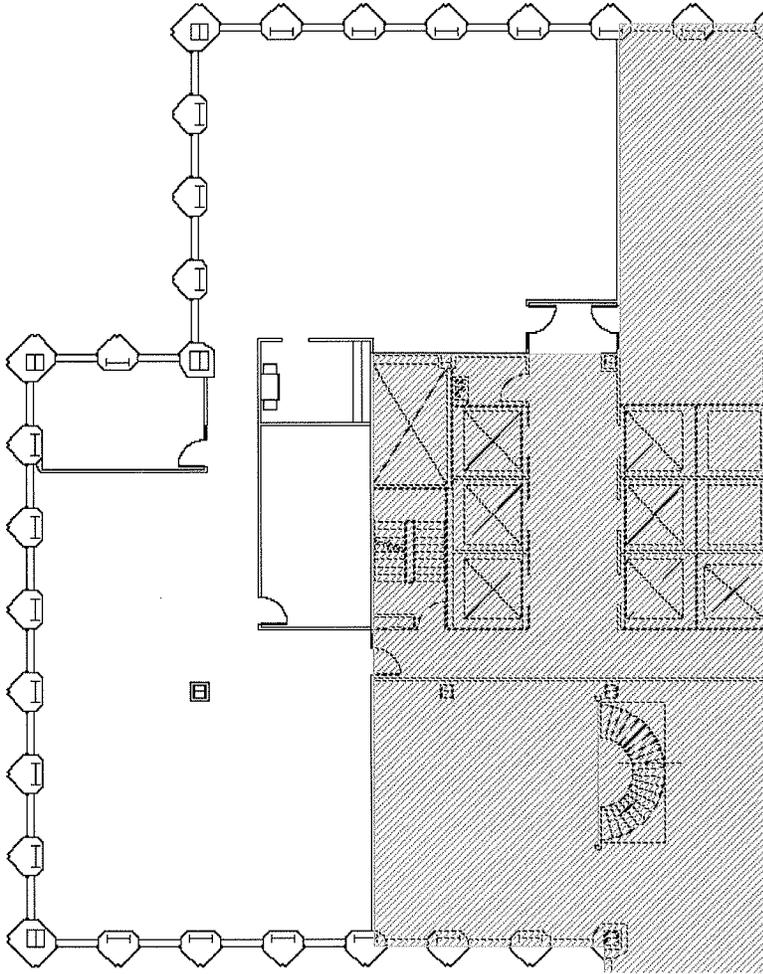


901 5th Avenue Seattle, WA
18th Floor

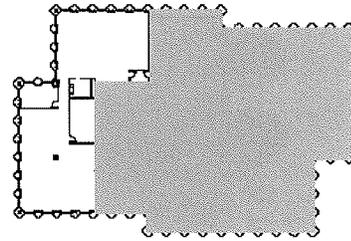


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Initials



901 5th Avenue Seattle, WA
19th Floor



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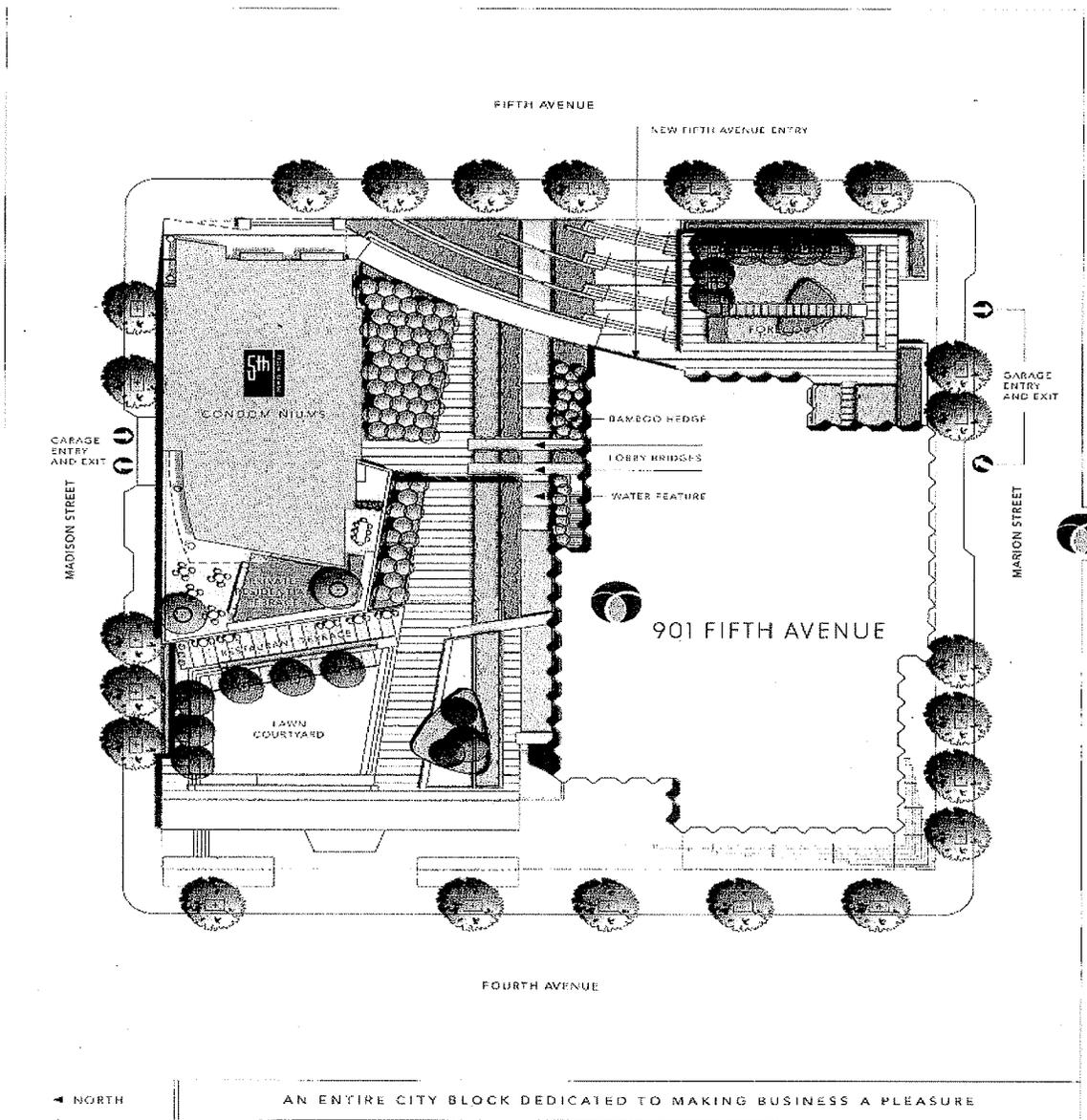
Initials



EXHIBIT A-1 – SITE PLAN

attached to and made a part of the Lease bearing the
 Lease Reference Date of _____, 2008 between
**900 FOURTH AVENUE PROPERTY LLC, a Delaware limited liability company, as Landlord and
 THE CITY OF SEATTLE, a municipal corporation of the State of Washington, as Tenant**

Exhibit A-1 is intended only to show the general location of the Building and/or the project of which the Building is a part as of the beginning of the Term of the Lease. It does not in any way supersede any of Landlord's rights set forth in Article 17 of the Lease with respect to arrangements and/or locations of public parts of the Building and changes in such arrangements and/or locations. It is not to be scaled; any measurements or distances shown should be taken as approximate.



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EXHIBIT A-2 – LEGAL DESCRIPTION

**attached to and made a part of the Lease bearing the
Lease Reference Date of _____, 2008 between
900 FOURTH AVENUE PROPERTY LLC, a Delaware limited liability company, as Landlord and
THE CITY OF SEATTLE, a municipal corporation of the State of Washington, as Tenant**

That certain building located at 900 Fourth Avenue, Seattle, King County, Washington and situated on a portion of Block 22,
C.D. Boren's Addition to the City of Seattle, in King County, Washington, including the vacated alley therein.

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EXHIBIT B – INITIAL ALTERATIONS

**attached to and made a part of the Lease bearing the
Lease Reference Date of _____, 2008 between
900 FOURTH AVENUE PROPERTY LLC, a Delaware limited liability company, as Landlord and
THE CITY OF SEATTLE, a municipal corporation of the State of Washington, as Tenant**

1. This Exhibit B shall set forth the obligations of Landlord and Tenant with respect to the improvements to be performed in the Premises for Tenant's use. All improvements described in this Exhibit B to be constructed in and upon the Premises by Landlord are hereinafter referred to as the "Initial Alterations." It is agreed that construction of the Initial Alterations will be completed at Landlord's sole cost and expense (subject to the Maximum Amount and further subject to the terms of Section 5 below), using Building standard methods, materials, and finishes. Notwithstanding the foregoing, Landlord and Tenant acknowledge that Plans (hereinafter defined) for the Initial Alterations have not yet been prepared and, therefore, it is impossible to determine the exact cost of the Initial Alterations at this time. Accordingly, Landlord and Tenant agree that, provided Tenant is not in default under the Lease, Landlord's obligation to pay for the cost of Initial Alterations (inclusive of the cost of preparing Plans (subject to the limitations set forth in Section 2 below), obtaining permits, and other related costs) shall be limited to \$1,320,000.00 (i.e., \$55.00 per rentable square foot of the Premises) (the "Maximum Amount") and that Tenant shall be responsible for the cost of Initial Alterations, plus any applicable state sales or use tax, if any, to the extent that it exceeds the Maximum Amount. Landlord shall enter into a direct contract for the Initial Alterations with a general contractor selected by Landlord. Landlord shall obtain bids for the Initial Alterations from at least three (3) general contractors and shall enter into a direct contract for the Initial Alterations with a general contractor selected by Tenant and reasonably acceptable to Landlord. Any general contractor selected to perform the Initial Alterations shall be qualified (with good references), bonded, licensed in the state in which the Initial Alterations are being performed, and carry the insurance required by Landlord, all as reasonably determined by Landlord. Landlord shall not be required to select the contractor that presents the lowest bid. Landlord's designated electrical contractor, HVAC contractor and life safety contractor shall be permitted to bid on the electrical, HVAC and life safety portions of the Initial Alterations (respectively). In addition, Landlord shall have the right to select and/or approve of any subcontractors used in connection with the Initial Alterations. Landlord shall be entitled to deduct from the Maximum Amount a construction management fee for Landlord's oversight of the Initial Alterations in an amount equal to five percent (5%) of the total cost of the Initial Alterations; provided, however, such construction management fee shall not exceed \$55,000.00.
2. Tenant shall be solely responsible for the timely preparation and submission to Landlord of the final architectural, electrical and mechanical construction drawings, plans and specifications (called "Plans") necessary to construct the Initial Alterations, which plans shall be subject to approval by Landlord and Landlord's architect and engineers and shall comply with their requirements to avoid aesthetic or other conflicts with the design and function of the balance of the Building, and which plans shall be in accordance with the Building Standard Specifications/Work Letter (dated August 8, 2008) and Space Plans (dated August 8, 2008 and revised as of August 20, 2008) prepared by Burgess Design and previously approved by Landlord. Tenant shall be responsible for all elements of the design of the Plans (including, without limitation, compliance with law, functionality of design, the structural integrity of the design, the configuration of the Premises and the placement of Tenant's furniture, appliances and equipment), and Landlord's approval of the Plans shall in no event relieve Tenant of the responsibility for such design. If requested by Tenant, Landlord's architect will prepare the Plans necessary for such construction at Tenant's cost. Whether or not the layout and Plans are prepared with the help (in whole or in part) of Landlord's architect, Tenant agrees to remain solely responsible for the timely preparation and submission of the Plans and for all elements of the design of such Plans and for all costs related thereto, subject to the Space Planning Allowance (as defined hereinbelow). Tenant has assured itself by direct communication with the architect and engineers (Landlord's or its own, as the case may be) that the final approved Plans can be delivered to Landlord on or before February 1, 2009 (the "Plans Due Date"), provided that Tenant promptly furnishes complete information concerning its requirements to said architect and engineers as and when requested by them. Tenant covenants and agrees to cause said final, approved Plans to be delivered to Landlord on or before said Plans Due Date and to devote such time as may be necessary in consultation with said architect and engineers to enable them to complete and submit the Plans within the required time limit. Time is of the essence in respect of preparation and submission of Plans by Tenant. If the Plans are not fully completed and approved by the Plans Due Date, Tenant shall be responsible for one day of Tenant Delay (as defined in the Lease to which this Work Letter is attached) for each day during the period beginning on the day following the Plans Due Date and ending on the date completed Plans are approved. (The word "architect" as used in this Exhibit B shall include an interior designer or space planner.) Provided Tenant is not in default under the Lease, Tenant shall be entitled to apply up to \$3,600.00 (i.e., fifteen cents (\$0.15) per rentable square foot of the

Premises) of the Maximum Amount (the "Space Planning Allowance") toward preparation of the initial space plan for the Initial Alterations in the Premises and one (1) revision thereto (the "Space Planning Costs"). Landlord shall apply the Space Planning Allowance, or applicable portion thereof, to the Space Planning Costs and any Space Planning Costs in excess of the Space Planning Allowance shall constitute Excess Costs payable by Tenant pursuant to Section 4, below.

3. If Landlord's estimate and/or the actual cost of the Initial Alterations shall exceed the Maximum Amount, Landlord, prior to commencing any construction of Initial Alterations, shall submit to Tenant a written estimate setting forth the anticipated cost of the Initial Alterations, including but not limited to labor and materials, contractor's fees and permit fees. Within three (3) business days thereafter, Tenant shall either notify Landlord in writing of its approval of the cost estimate, or specify its objections thereto and any desired changes to the proposed Initial Alterations. If Tenant notifies Landlord of such objections and desired changes, Tenant shall work with Landlord to reach a mutually acceptable alternative cost estimate.
4. If Landlord's estimate and/or the actual cost of construction shall exceed the Maximum Amount (such amounts exceeding the Maximum Amount being herein referred to as the "Excess Costs"), Tenant shall pay to Landlord such Excess Costs, plus any applicable state sales or use tax thereon, upon demand. The statements of costs submitted to Landlord by Landlord's contractors shall be conclusive for purposes of determining the actual cost of the items described therein. The amounts payable by Tenant hereunder constitute rent payable pursuant to the Lease, and the failure to timely pay same constitutes an event of default under the Lease.
5. If Tenant shall request any change, addition or alteration in any of the Plans after approval by Landlord, Landlord shall have such revisions to the drawings prepared, and Tenant shall reimburse Landlord for the cost thereof, plus any applicable state sales or use tax thereon, upon demand to the extent that the cost of performing such revisions cause the cost of Initial Alterations to exceed the Maximum Amount. Promptly upon completion of the revisions, Landlord shall notify Tenant in writing of the increased cost, if any, which will be chargeable to Tenant by reason of such change, addition or deletion. Tenant, within one business day, shall notify Landlord in writing whether it desires to proceed with such change, addition or deletion. In the absence of such written authorization, Landlord shall have the option to continue work on the Premises disregarding the requested change, addition or alteration, or Landlord may elect to discontinue work on the Premises until it receives notice of Tenant's decision, in which event Tenant shall be responsible for any Tenant Delay in completion of the Premises resulting therefrom. If such revisions result in a higher estimate of the cost of construction and/or higher actual construction costs which exceed the Maximum Amount, such increased estimate or costs shall be deemed Excess Costs pursuant to Section 4 hereof and Tenant shall pay such Excess Costs, plus any applicable state sales or use tax thereon, upon demand.
6. Following approval of the Plans and the payment by Tenant of the required portion of the Excess Costs, if any, Landlord shall cause the Initial Alterations to be constructed substantially in accordance with the approved Plans. Landlord shall notify Tenant of substantial completion of the Initial Alterations.
7. Any portion of the Maximum Amount which exceeds the cost of the Initial Alterations or is otherwise remaining after August 1, 2009 shall accrue to the sole benefit of Landlord, it being agreed that Tenant shall not be entitled to any credit, offset, abatement or payment with respect thereto. Notwithstanding the foregoing, if the cost of the Initial Alterations is less than the Maximum Amount, Tenant, provided it is not in default under the Lease, shall be entitled to apply up to \$240,000.00 (i.e., \$10.00 per rentable square foot of the initial Premises) of such unused Maximum Amount toward the cost of "soft cost items", including, without limitation, design fees, consulting fees, moving from its existing location into the Premises, including, without limitation, the cost of telephone, data and computer cabling, reprinting stationery on hand, moving and installation of Tenant's security systems, furniture, equipment and other personal property into the Premises, and the cost of space improvements performed in the Premises not otherwise included in the Initial Alterations ("Relocation Costs"). Such portion of the unused Maximum Amount which Tenant is entitled to apply toward its Relocation Costs is referred to herein as the "Relocation Allowance". Any unused portion of the Maximum Amount that is in excess of the Relocation Allowance shall accrue to the sole benefit of Landlord, it being understood and agreed that Tenant shall not be entitled to receive any credit or abatement in connection therewith. Landlord shall disburse the Relocation Allowance, or applicable portion thereof, to Tenant within forty-five (45) days after the later to occur of (i) receipt of paid invoices from Tenant with respect to Tenant's actual Relocation Costs, and (ii) the Commencement Date. However, in no event shall Landlord have any obligation to disburse any portion of the Relocation Allowance after August 1, 2009, provided that Tenant may apply any portion of the Relocation Allowance which exceeds the cost of the Relocation Costs against the second and subsequent installments of Monthly Installment of Rent due under the Lease.



8. Landlord and Tenant agree to cooperate with each other in order to enable the Initial Alterations to be performed in a timely manner and with as little inconvenience to the operation of Tenant's business as is reasonably possible. Notwithstanding anything herein to the contrary, any delay in the completion of the Initial Alterations or inconvenience suffered by Tenant during the performance of the Initial Alterations shall not subject Landlord to any liability for any loss or damage resulting therefrom or entitle Tenant to any credit, abatement or adjustment of Rent or other sums payable under the Lease.

9. If (a) the cost of the Initial Alterations exceeds the Maximum Amount, (b) Tenant has used the entire Maximum Amount as provided herein, and (c) Tenant is not in default under the Lease, Tenant shall be entitled to request an additional allowance of up to \$600,000.00 (i.e., \$25.00 per rentable square foot of the Premises) (the "Additional Allowance") from Landlord in order to finance the Excess Costs during the initial Term. Landlord shall disburse the Additional Allowance on Tenant's behalf to pay for the Excess Costs of the Initial Alterations subject to and in accordance with the provisions applicable to the disbursement of the Maximum Amount described in this Exhibit B. In no event shall Tenant be entitled to any disbursement of the Additional Allowance after August 1, 2009. Any Additional Allowance paid to or on behalf of Tenant hereunder shall be repaid to Landlord as additional rent in equal monthly installments throughout the remainder of the initial Term, commencing on the first day of the first full calendar month following the date the Additional Allowance is disbursed to Tenant, at an interest rate equal to ten percent (10%) per annum. If Tenant is in default under the Lease after the expiration of applicable cure periods, the entire unpaid balance of the Additional Allowance paid to or on behalf of Tenant shall become immediately due and payable and, except to the extent required by applicable law, shall not be subject to mitigation or reduction in connection with a reletting of the Premises by Landlord. Upon request of Landlord, Tenant shall execute an amendment to the Lease or other appropriate agreement, prepared by Landlord, evidencing the amount of the Additional Allowance requested by Tenant and the repayment schedule relating to Tenant's repayment of the Additional Allowance, as described herein.

10. This Exhibit B shall not be deemed applicable to any additional space added to the Premises at any time or from time to time, whether by any options under the Lease or otherwise, or to any portion of the original Premises or any additions to the Premises in the event of a renewal or extension of the original Term of the Lease, whether by any options under the Lease or otherwise, unless expressly so provided in the Lease or any amendment or supplement to the Lease.

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EXHIBIT C – COMMENCEMENT DATE MEMORANDUM

attached to and made a part of the Lease bearing the Lease Reference Date of _____, 2008 between 900 FOURTH AVENUE PROPERTY LLC, a Delaware limited liability company, as Landlord and THE CITY OF SEATTLE, a municipal corporation of the State of Washington, as Tenant

COMMENCEMENT DATE MEMORANDUM

THIS MEMORANDUM, made as of _____, 20____, by and between 900 FOURTH AVENUE PROPERTY LLC, a Delaware limited liability company (“Landlord”) and THE CITY OF SEATTLE, a municipal corporation of the State of Washington (“Tenant”).

Recitals:

- A. Landlord and Tenant are parties to that certain Lease, dated for reference _____, 2008 (the “Lease”) for certain premises (the “Premises”) consisting of approximately 22,392 square feet at the building located at 901 Fifth Avenue, Seattle, Washington.
- B. Tenant is in possession of the Premises and the Term of the Lease has commenced.
- C. Landlord and Tenant desire to enter into this Memorandum confirming the Commencement Date, the Termination Date and other matters under the Lease.

NOW, THEREFORE, Landlord and Tenant agree as follows:

- 1. The actual Commencement Date is _____.
- 2. The actual Termination Date is _____.
- 3. The schedule of the Annual Rent and the Monthly Installment of Rent set forth on the Reference Pages is deleted in its entirety, and the following is substituted therefor:

Sample Only

[insert rent schedule]

- 4. Capitalized terms not defined herein shall have the same meaning as set forth in the Lease.

IN WITNESS WHEREOF, the parties hereto have caused this Agreement to be executed as of the date and year first above written.

LANDLORD:

**900 FOURTH AVENUE PROPERTY LLC,
a Delaware limited liability company**

By: RREEF Management Company, a Delaware corporation, its Authorized Agent

By: DO NOT SIGN

Name: _____

Title: _____

Dated: _____

TENANT:

**THE CITY OF SEATTLE,
a municipal corporation of the State of Washington**

By: DO NOT SIGN

Name: _____

Title: _____

Dated: _____

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EXHIBIT D – RULES AND REGULATIONS

**attached to and made a part of the Lease bearing the
Lease Reference Date of _____, 2008 between
900 FOURTH AVENUE PROPERTY LLC, a Delaware limited liability company, as Landlord and
THE CITY OF SEATTLE, a municipal corporation of the State of Washington, as Tenant**

1. No sign, placard, picture, advertisement, name or notice shall be installed or displayed on any part of the outside or inside of the Building without the prior written consent of the Landlord. Landlord shall have the right to remove, at Tenant's expense and without notice, any sign installed or displayed in violation of this rule. All approved signs or lettering on doors and walls shall be printed, painted, affixed or inscribed at Tenant's expense by a vendor designated or approved by Landlord. In addition, Landlord reserves the right to change from time to time the format of the signs or lettering and to require previously approved signs or lettering to be appropriately altered, at Landlord's sole cost and expense.
2. If Landlord objects in writing to any curtains, blinds, shades or screens attached to or hung in or used in connection with any window or door of the Premises, Tenant shall immediately discontinue such use. No awning shall be permitted on any part of the Premises. Tenant shall not place anything or allow anything to be placed against or near any glass partitions or doors or windows which may appear unsightly, in the opinion of Landlord, from outside the Premises.
3. Tenant shall not obstruct any sidewalks, halls, passages, exits, entrances, elevators, or stairways of the Building. No tenant and no employee or invitee of any tenant shall go upon the roof of the Building.
4. Any directory of the Building, if provided, will be exclusively for the display of the name and location of tenants only and Landlord reserves the right to exclude any other names. Landlord reserves the right to charge for Tenant's directory listing, provided that Landlord shall not charge for Tenant's first directory listing only, but any changes thereafter shall be at Tenant's sole cost and expense.
5. All cleaning and janitorial services for the Building and the Premises shall be provided exclusively through Landlord. Tenant shall not cause any unnecessary labor by carelessness or indifference to the good order and cleanliness of the Premises. Landlord shall not in any way be responsible to any Tenant for any loss of property on the Premises, however occurring, or for any damage to any Tenant's property by the janitor or any other employee or any other person.
6. The toilet rooms, toilets, urinals, wash bowls and other apparatus shall not be used for any purpose other than that for which they were constructed. No foreign substance of any kind whatsoever shall be thrown into any of them, and the expense of any breakage, stoppage or damage resulting from the violation of this rule shall be borne by the Tenant who, or whose employees or invitees, shall have caused it.
7. Tenant shall store all its trash and garbage within its Premises. Tenant shall not place in any trash box or receptacle any material which cannot be disposed of in the ordinary and customary manner of trash and garbage disposal. All garbage and refuse disposal shall be made in accordance with directions issued from time to time by Landlord. Tenant will comply with any and all recycling procedures designated by Landlord.
8. Landlord will furnish Tenant two (2) keys free of charge to each door in the Premises that has a passage way lock. Landlord may charge Tenant a reasonable amount for any additional keys, and Tenant shall not make or have made additional keys on its own. In addition, Landlord shall provide Tenant with one (1) key card for Building and/or elevator access per 240 rentable square feet of the Premises, at no cost to Tenant. As of the date of this Lease, Tenant shall be entitled to one hundred (100) key cards. Tenant shall not alter any lock or install a new or additional lock or bolt on any door of its Premises. Tenant, upon the termination of its tenancy, shall deliver to Landlord the keys of all doors and all key cards that have been furnished to Tenant, and in the event of loss of any keys or key cards so furnished, shall pay Landlord therefor.
9. If Tenant requires telephone, data, burglar alarm or similar service, the cost of purchasing, installing and maintaining such service shall be borne solely by Tenant. No boring or cutting for wires will be allowed without the prior written consent of Landlord.
10. No equipment, materials, furniture, packages, bulk supplies, merchandise or other property will be received in the Building or carried in the elevators except between such hours and in such elevators as may be designated by Landlord. The persons employed to move such equipment or materials in or out of the Building must be acceptable to Landlord.

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11. Tenant shall not place a load upon any floor which exceeds the load per square foot which such floor was designed to carry and which is allowed by law. Heavy objects shall stand on such platforms as determined by Landlord to be necessary to properly distribute the weight. Business machines and mechanical equipment belonging to Tenant which cause noise or vibration that may be transmitted to the structure of the Building or to any space in the Building to such a degree as to be objectionable to Landlord or to any tenants shall be placed and maintained by Tenant, at Tenant's expense, on vibration eliminators or other devices sufficient to eliminate the noise or vibration. Landlord will not be responsible for loss of or damage to any such equipment or other property from any cause, and all damage done to the Building by maintaining or moving such equipment or other property shall be repaired at the expense of Tenant.

12. Landlord shall in all cases retain the right to control and prevent access to the Building of all persons whose presence in the judgment of Landlord would be prejudicial to the safety, character, reputation or interests of the Building and its tenants, provided that nothing contained in this rule shall be construed to prevent such access to persons with whom any tenant normally deals in the ordinary course of its business, unless such persons are engaged in illegal activities. Landlord reserves the right to exclude from the Building between the hours of 6 p.m. and 7 a.m. the following day, or such other hours as may be established from time to time by Landlord, and on Sundays and legal holidays, any person unless that person is known to the person or employee in charge of the Building and has a pass or is properly identified. Tenant shall be responsible for all persons for whom it requests passes and shall be liable to Landlord for all acts of such persons. Landlord shall not be liable for damages for any error with regard to the admission to or exclusion from the Building of any person.

13. Tenant shall not use any method of heating or air conditioning other than that supplied or approved in writing by Landlord.

14. Tenant shall not waste electricity, water or air conditioning. Tenant shall keep corridor doors closed. Tenant shall close and lock the doors of its Premises and entirely shut off all water faucets or other water apparatus and electricity, gas or air outlets before Tenant and its employees leave the Premises. Tenant shall be responsible for any damage or injuries sustained by other tenants or occupants of the Building or by Landlord for noncompliance with this rule.

15. Tenant shall not install any radio or television antenna, satellite dish, loudspeaker or other device on the roof or exterior walls of the Building without Landlord's prior written consent, which consent may be withheld in Landlord's sole discretion, and which consent may in any event be conditioned upon Tenant's execution of Landlord's standard form of license agreement. Tenant shall be responsible for any interference caused by such installation.

16. Tenant shall not mark, drive nails, screw or drill into the partitions, woodwork, plaster, or drywall (except for pictures, tackboards and similar office uses) or in any way deface the Premises. Tenant shall not cut or bore holes for wires. Tenant shall not affix any floor covering to the floor of the Premises in any manner except as approved by Landlord. Tenant shall repair any damage resulting from noncompliance with this rule.

17. Tenant shall not install, maintain or operate upon the Premises any vending machine without Landlord's prior written consent, except that Tenant may install food and drink vending machines solely for the convenience of its employees.

18. No cooking shall be done or permitted by any tenant on the Premises, except that Underwriters' Laboratory approved microwave ovens or equipment for brewing coffee, tea, hot chocolate and similar beverages shall be permitted provided that such equipment and use is in accordance with all applicable Regulations.

19. Tenant shall not use in any space or in the public halls of the Building any hand trucks except those equipped with the rubber tires and side guards or such other material-handling equipment as Landlord may approve. Tenant shall not bring any other vehicles of any kind into the Building.

20. Tenant shall not permit any motor vehicles to be washed or mechanical work or maintenance of motor vehicles to be performed in any parking lot.

21. Tenant shall not use the name of the Building or any photograph or likeness of the Building in connection with or in promoting or advertising Tenant's business, except that Tenant may include the Building name in Tenant's address. Landlord shall have the right, exercisable without notice and without liability to any tenant, to change the name and address of the Building.

22. Tenant requests for services must be submitted to the Building office by an authorized individual. Employees of Landlord shall not perform any work or do anything outside of their regular duties unless under special instruction from

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Landlord, and no employee of Landlord will admit any person (Tenant or otherwise) to any office without specific instructions from Landlord.

23. Tenant shall not permit smoking or carrying of lighted cigarettes or cigars other than in areas designated by Landlord as smoking areas.

24. Canvassing, soliciting, distribution of handbills or any other written material in the Building is prohibited and each tenant shall cooperate to prevent the same. No tenant shall solicit business from other tenants or permit the sale of any good or merchandise in the Building without the written consent of Landlord.

25. Tenant shall not permit any animals other than service animals, e.g. seeing-eye dogs, to be brought or kept in or about the Premises or any common area of the Building.

26. These Rules and Regulations are in addition to, and shall not be construed to in any way modify or amend, in whole or in part, the terms, covenants, agreements and conditions of any lease of any premises in the Building. Landlord may waive any one or more of these Rules and Regulations for the benefit of any particular tenant or tenants, but no such waiver by Landlord shall be construed as a waiver of such Rules and Regulations in favor of any other tenant or tenants, nor prevent Landlord from thereafter enforcing any such Rules and Regulations against any or all of the tenants of the Building.

27. Landlord reserves the right to make such other and reasonable rules and regulations as in its judgment may from time to time be needed for safety and security, for care and cleanliness of the Building, and for the preservation of good order in and about the Building. Tenant agrees to abide by all such rules and regulations herein stated and any additional rules and regulations which are adopted. Tenant shall be responsible for the observance of all of the foregoing rules by Tenant's employees, agents, clients, customers, invitees and guests.

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EXHIBIT E – EARLY POSSESSION AGREEMENT

attached to and made a part of the Lease bearing the
Lease Reference Date of _____, 2008 between
**900 FOURTH AVENUE PROPERTY LLC, a Delaware limited liability company, as Landlord and
THE CITY OF SEATTLE, a municipal corporation of the State of Washington, as Tenant**

EARLY POSSESSION AGREEMENT

Reference is made to that Lease dated _____, 2008, between **900 FOURTH AVENUE PROPERTY LLC, a Delaware limited liability company** (“Landlord”) and **THE CITY OF SEATTLE, a municipal corporation of the State of Washington** (“Tenant”), for the premises located at 901 Fifth Avenue, Seattle, Washington.

It is hereby agreed that, notwithstanding anything to the contrary contained in the Lease but subject to the terms of Section 2.3 of the Lease, Tenant may occupy the Premises on _____. The first Monthly Installment of Rent is due on _____.

Landlord and Tenant agree that all the terms and conditions of the above referenced Lease are in full force and effect as of the date of Tenant's possession of the Premises prior to the Commencement Date pursuant to Section 2.3 other than the payment of rent.

LANDLORD:

**900 FOURTH AVENUE PROPERTY LLC,
a Delaware limited liability company**

By: RREEF Management Company, a
Delaware corporation, its Authorized Agent

By: _____

Name: DO NOT SIGN

Title: _____

Dated: _____

TENANT:

**THE CITY OF SEATTLE,
a municipal corporation of the State of Washington**

By: _____

Name: DO NOT SIGN

Title: _____

Dated: _____

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Initials



EXHIBIT F – OUTLINE AND LOCATION OF 19TH FLOOR EXPANSION SPACE

attached to and made a part of the Lease bearing the
Lease Reference Date of _____, 2008 between
**900 FOURTH AVENUE PROPERTY LLC, a Delaware limited liability company, as Landlord and
THE CITY OF SEATTLE, a municipal corporation of the State of Washington, as Tenant**

Exhibit F is intended only to show the general layout of the 19th Floor Expansion Space as of the beginning of the Term of the Lease. It does not in any way supersede any of Landlord's rights set forth in Article 17 of the Lease with respect to arrangements and/or locations of public parts of the Building and changes in such arrangements and/or locations. It is not to be scaled; any measurements or distances shown should be taken as approximate.

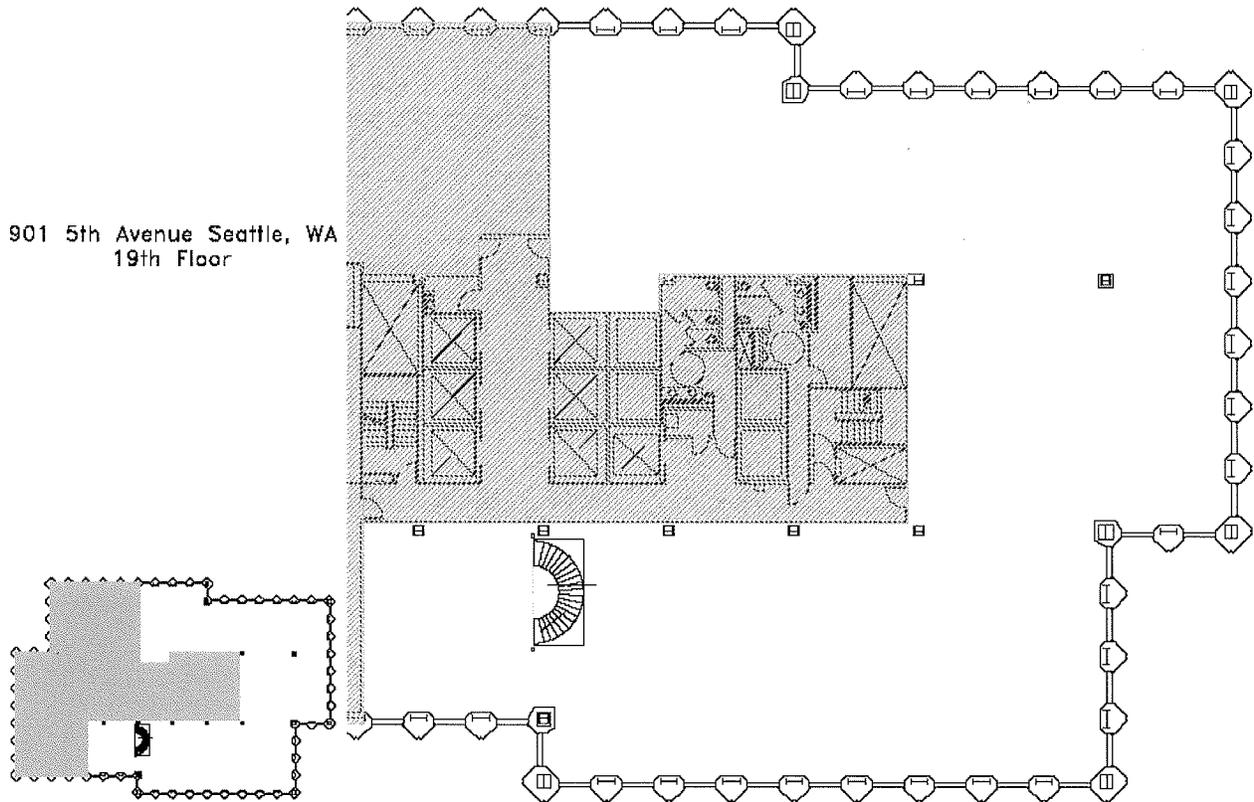
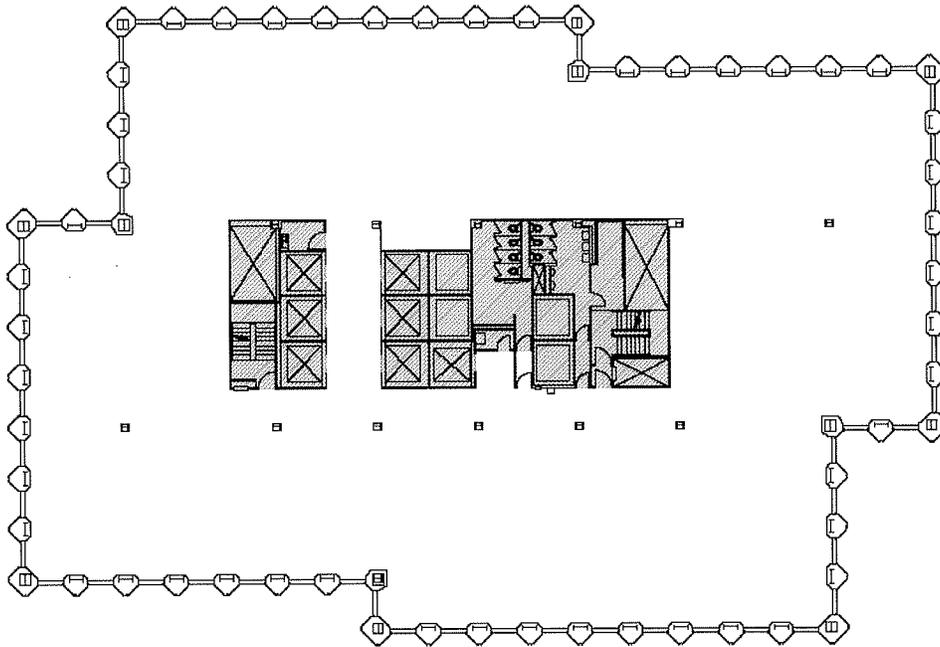


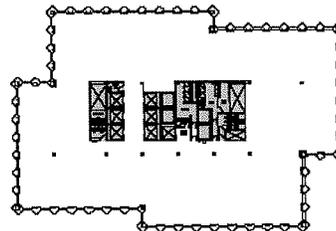
EXHIBIT F-1 – OUTLINE AND LOCATION OF ADDITIONAL EXPANSION SPACE

attached to and made a part of the Lease bearing the
Lease Reference Date of _____, 2008 between
**900 FOURTH AVENUE PROPERTY LLC, a Delaware limited liability company, as Landlord and
THE CITY OF SEATTLE, a municipal corporation of the State of Washington, as Tenant**

Exhibit F-1 is intended only to show the general layout of the Additional Expansion Space as of the beginning of the Term of the Lease. It does not in any way supersede any of Landlord's rights set forth in Article 17 of the Lease with respect to arrangements and/or locations of public parts of the Building and changes in such arrangements and/or locations. It is not to be scaled; any measurements or distances shown should be taken as approximate.



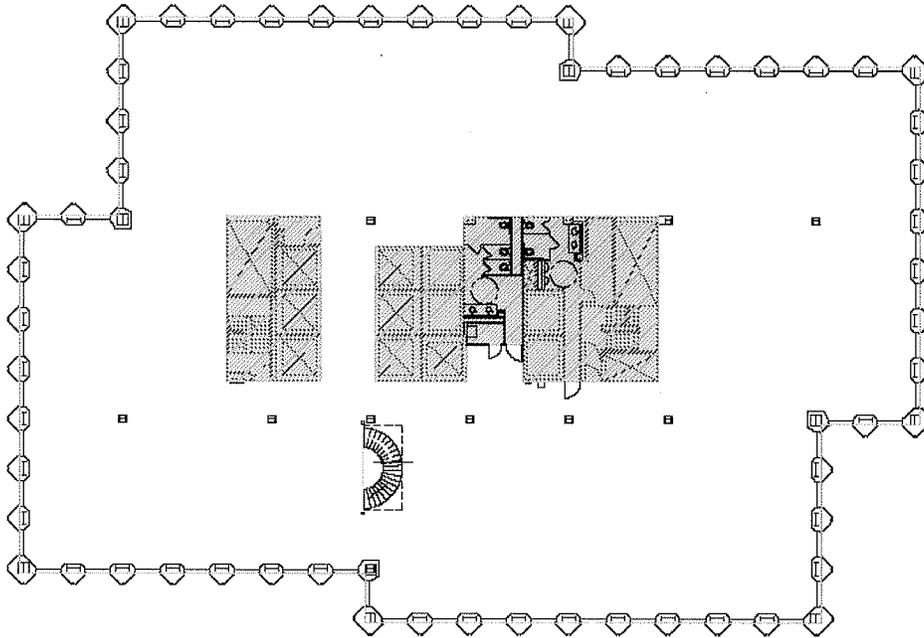
901 5th Avenue Seattle, WA
17th Floor



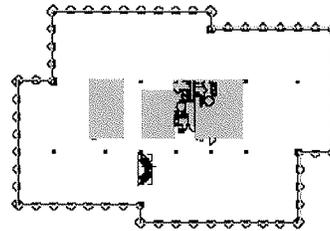
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Initials





901 5th Avenue Seattle, WA
20th Floor



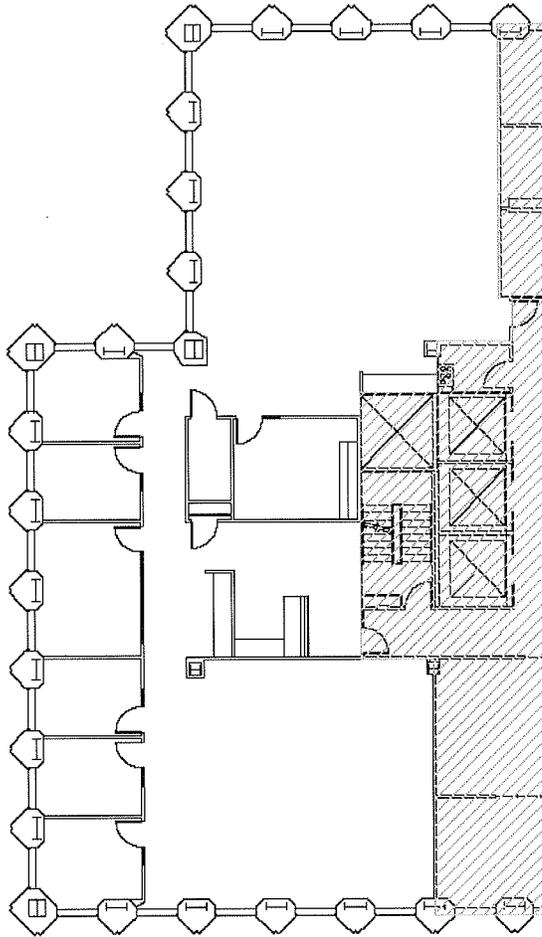
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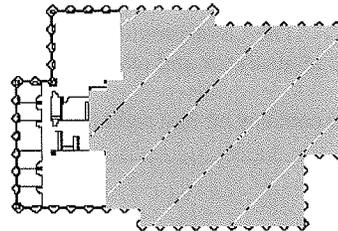
EXHIBIT G – OUTLINE AND LOCATION OF TEMPORARY SPACE

attached to and made a part of the Lease bearing the
Lease Reference Date of _____, 2008 between
900 FOURTH AVENUE PROPERTY LLC, a Delaware limited liability company, as Landlord and
THE CITY OF SEATTLE, a municipal corporation of the State of Washington, as Tenant

Exhibit G is intended only to show the general layout of the Temporary Space as of the beginning of the Term of the Lease. It does not in any way supersede any of Landlord's rights set forth in Article 17 of the Lease with respect to arrangements and/or locations of public parts of the Building and changes in such arrangements and/or locations. It is not to be scaled; any measurements or distances shown should be taken as approximate.



901 5th Avenue Seattle, WA
8th Floor
SUITE 810



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EXHIBIT H – FORM OF TENANT ESTOPPEL CERTIFICATE

attached to and made a part of the Lease bearing the
Lease Reference Date of _____, 2008 between
900 FOURTH AVENUE PROPERTY LLC, a Delaware limited liability company, as Landlord and
THE CITY OF SEATTLE, a municipal corporation of the State of Washington, as Tenant

To:

Re: Suite:
Tenant:

To Whom It May Concern:

You are hereby advised that the undersigned is the Tenant and present occupant of a portion of those certain premises comprising real property and improvements thereon known as _____, in the City of _____, State of _____ (the "Premises"). The undersigned hereby warrants:

1. The Premises are leased under the provisions of a lease agreement dated _____, 20____. The lease agreement is valid and in existence as executed, except as amended by document(s) dated _____, copy(ies) of which is (are) attached hereto, which contain all of the understandings and agreements between Landlord and Tenant (herein collectively referred to as the "Lease"). Tenant's leased Premises occupy _____ square feet.
2. The commencement date of the term of the Lease is _____, 20____, and the expiration date is _____, 20____; and the undersigned's obligation to pay rent has commenced.
3. The Lease provides for an option to renew the Lease term as follows: _____
_____ at a rental rate of \$ _____.
4. The Lease provides for rent payable as follows:
 - (a) Current minimum fixed monthly rent: \$ _____ with future escalations as follows:
 - (b) No rent has been paid by Tenant in advance under the Lease except for the minimum monthly rent that became due for the current month. The minimum monthly rent has been paid through _____, 20____.
 - (c) The Lease provides for the Tenant to pay ____% of any increase in property operating expenses including but not limited to insurance and real property taxes in excess of the 19__ base year operating expenses of \$ _____.
5. The Lease contains no first right of refusal, option to expand, option to terminate, or exclusive business rights, except as follows: _____
6. The Lease contains no option to purchase or preferential right to purchase all or any part of the Premises or all or any part of the building or project of which the Premises are a part.
7. Landlord is holding a security deposit of \$ _____.
8. The undersigned is not in default under the Lease and is current in the payment of any taxes, utilities, common area maintenance payments, or other charges required to be paid by the undersigned.
9. The improvements and space required to be furnished according to the Lease have been duly delivered by the Landlord and accepted by the Tenant. Landlord's obligations to pay for tenant improvements, if any, have been satisfied.

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10. The undersigned has no set-offs against the Landlord, nor does the undersigned assert any claim against the Landlord for any failure of performance of any of the terms of said Lease, and there are no defaults by the Landlord, including, without limitation, defaults relating to the design, condition and tenant uses of the building of which the Premises are a part.
11. The undersigned has not entered into any sublease, assignment or any other agreement transferring any of its interest in the Lease or the Premises except as follows: _____
12. Tenant has not generated, used, stored, spilled, disposed of or released any hazardous substances at, on or in the Premises. "Hazardous Substances" means any flammable, explosive, toxic, carcinogenic, mutagenic, or corrosive substance or waste, including volatile petroleum products and derivatives. To the best of Tenant's knowledge, no asbestos or polychlorinated biphenyl ("PCB") is located at, on or in the Premises. "Hazardous Substances" shall not include those materials which are technically within the definition set forth above but which are contained in pre-packaged office supplies, cleaning materials or personal grooming items or other items which are sold for consumer or commercial use and typically used in other similar buildings or space.

The undersigned makes this statement for your benefit and protection with the understanding that you (and any assignee of your right to purchase the Property) intend to rely upon this statement in connection with your intended purchase of the above described Property from Landlord. The undersigned agrees that it will, upon receipt of written notice from Landlord, commence to pay all rents to you (or your assignee) or to any agent acting on behalf of you (or your assignee).

Dated: _____, 20__.

"TENANT"

(Signature)

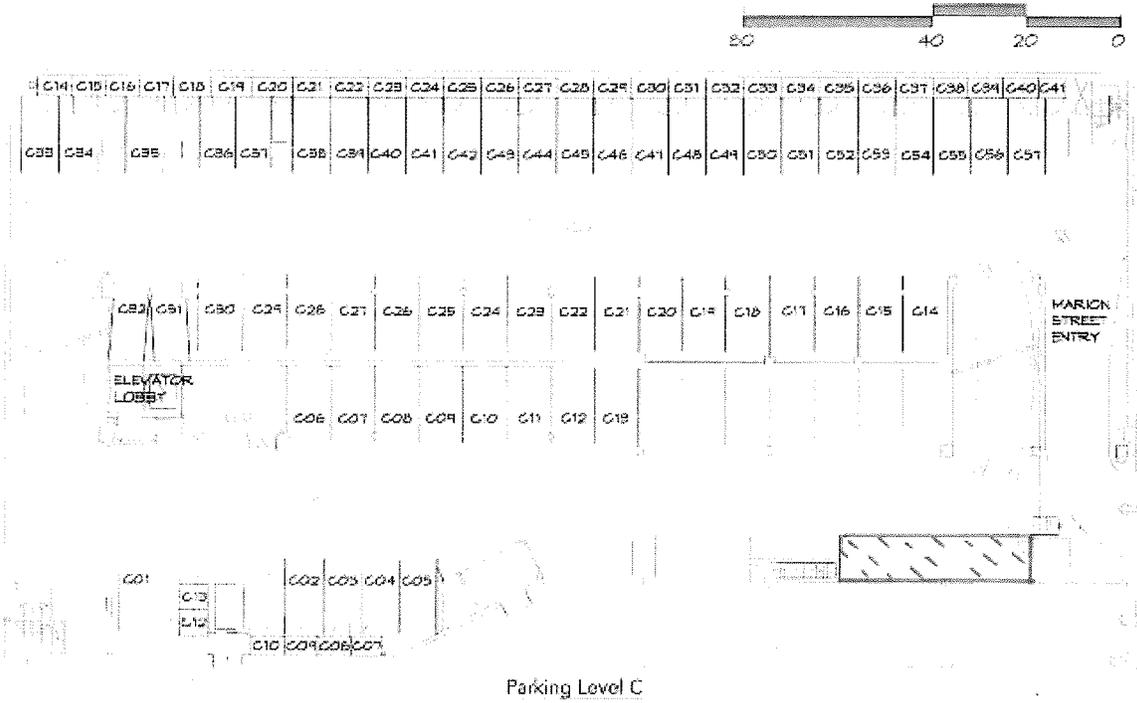
(Title)

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EXHIBIT I – DEPICTION OF RESERVED PARKING

attached to and made a part of the Lease bearing the
 Lease Reference Date of _____, 2008 between
900 FOURTH AVENUE PROPERTY LLC, a Delaware limited liability company, as Landlord and
THE CITY OF SEATTLE, a municipal corporation of the State of Washington, as Tenant



Parking and Storage Plans
 Fifth & Madison

Parking Level C

October 3, 2007
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Initials

FISCAL NOTE FOR NON-CAPITAL PROJECTS

Department:	Contact Person/Phone:	DOF Analyst/Phone:
FFD	Kyle Joyce / 4-7154	Kathryn Ewing / 3-9580

Legislation Title:

AN ORDINANCE authorizing the Fleets and Facilities Department Director to execute a lease agreement with 900 Fourth Avenue Property LLC, a Washington limited liability company, for office space at 901 Fifth Avenue in Seattle.

• **Summary of the Legislation:**

This legislation authorizes the Fleets and Facilities Department (FFD) to execute a lease agreement with 900 Fourth Avenue Property LLC to provide 22,392 rentable square feet of office space at 901 Fifth Avenue in Seattle for a term of eight (8) years and six (6) months. The lease requires legislation because the amount of office space exceeds FFD statutory authority (5,000 square feet) for leasing under Seattle Municipal Code 3.18.240.

• **Background:**

Current SCL occupancy in the Seattle Municipal Tower is close to maximum density per SCL floor, according to City space planning standards. SCL has virtually no space available for approximately 49 additional positions included in the SCL 2009-2010 Proposed Budget. Suitable space alternatives within City-owned buildings will not be available for the foreseeable future.

The lease rate for this space is \$32.00 per square foot, fully serviced, and includes a tenant improvement allowance of \$55.00 per square foot. In addition to the 22,392 rentable square feet initially leased, the lease also provides the City with the flexibility to lease up to an additional approximately 26,000 square feet, at the same lease rate and tenant improvement allowance as the space initially leased under this legislation.

X This legislation has financial implications.

Appropriations:

Fund Name and Number	Department	Budget Control Level*	2008 Appropriation	2009 Anticipated Appropriation
NA	NA	NA	NA	NA
TOTAL				

Notes: SCL has included the total new lease rental cost (below) in the SCL 2009-2010 Proposed Budget. The rental cost is not included in the FFD 2009-2010 Proposed Budget, and FFD will



submit a budget supplemental request for equivalent pass-through budget authority sufficient to permit lease payments to the landlord.

Calculation of Lease Costs (Rent+Overhead (OH)+Operating Expenses) for SCL office space at 901 Fifth Avenue.

Table 1: Rent Payments for SCL office in 2009 and 2010 covered by this legislation.

Cost	2009	2010	
	March - Dec 2009	Jan - Feb 2010	March - Dec 2010
Rent/month	\$59,712.00	\$59,712.00	\$61,503.36
Rent/year	\$238,848.00*	\$119,424.00	\$615,033.60
FFD OH 3%	\$7,165.44	\$3,582.72	\$18,451.01
Annual Rent + OH	\$246,013.44	\$123,006.72	\$633,484.61
Annual Op Exp	\$0.00	TBD	TBD
Total	\$246,013.44	\$123,006.72	\$633,484.61
Total 2009+2010			\$1,002,504.77

* Four months in the year: Assumes lease commencement date of March 1, 2009 and rent is abated for first six months of the lease.

Anticipated Revenue/Reimbursement: Resulting From This Legislation:

Fund Name and Number	Department	Revenue Source	2008 Revenue	2009 Revenue
NA	NA	NA	NA	NA
TOTAL	NA	NA	NA	NA

Total Regular Positions Created, Modified, Or Abrogated Through This Legislation, Including FTE Impact:

None.

Spending/Cash Flow:

Fund Name & #	Department	Budget Control Level*	2008 Expenditures	2009 Anticipated Expenditures
NA	NA	NA	NA	NA
TOTAL	NA	NA	NA	NA

• **What is the financial cost of not implementing the legislation?**

Failure to implement this legislation could cause SCL occupancy to exceed City space planning standards on SCL occupied floors at Seattle Municipal Tower. In addition, a later renewed property search for space to ease that situation could result in higher lease rates for less desirable space.



- **What are the possible alternatives to the legislation that could achieve the same or similar objectives?**

All available office space within close proximity to SMT has been examined, and the next best alternative is space in the Bank of America Fifth Avenue Plaza. This location meets SCL space and location requirements, but the space requires more tenant improvement work than the space at 901 Fifth Avenue, and the lease would provide a less favorable tenant improvement allowance (at only \$45.00 per square foot). The lease authorized by this legislation provides the most favorable combination of lease rate, layout and location for the City.

- **Is the legislation subject to public hearing requirements:**

No.

- **Other Issues** (*including long-term implications of the legislation*):

None.

Please list attachments to the fiscal note below:

Map showing the location of the space to be leased.

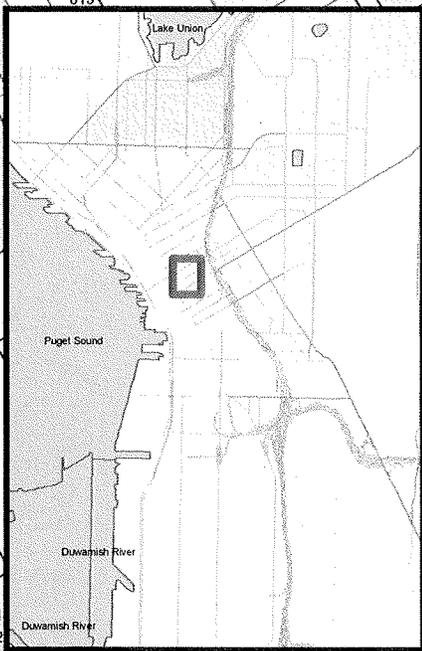




City of Seattle

Map Exhibit

901 5th Avenue



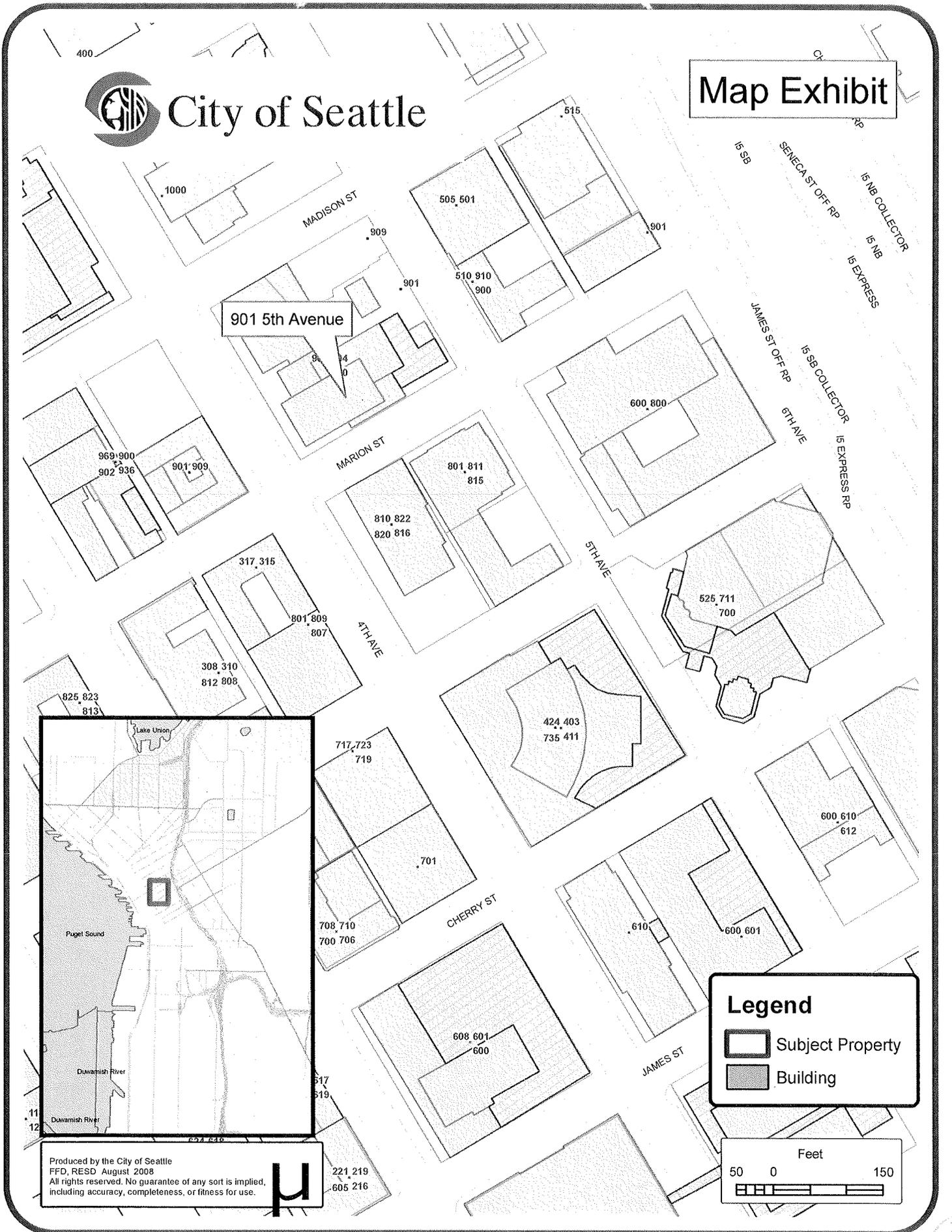
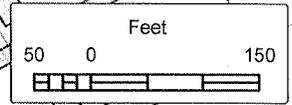
Produced by the City of Seattle
FFD, RESD August 2008
All rights reserved. No guarantee of any sort is implied,
including accuracy, completeness, or fitness for use.



221 219
605 216

Legend

- Subject Property
- Building



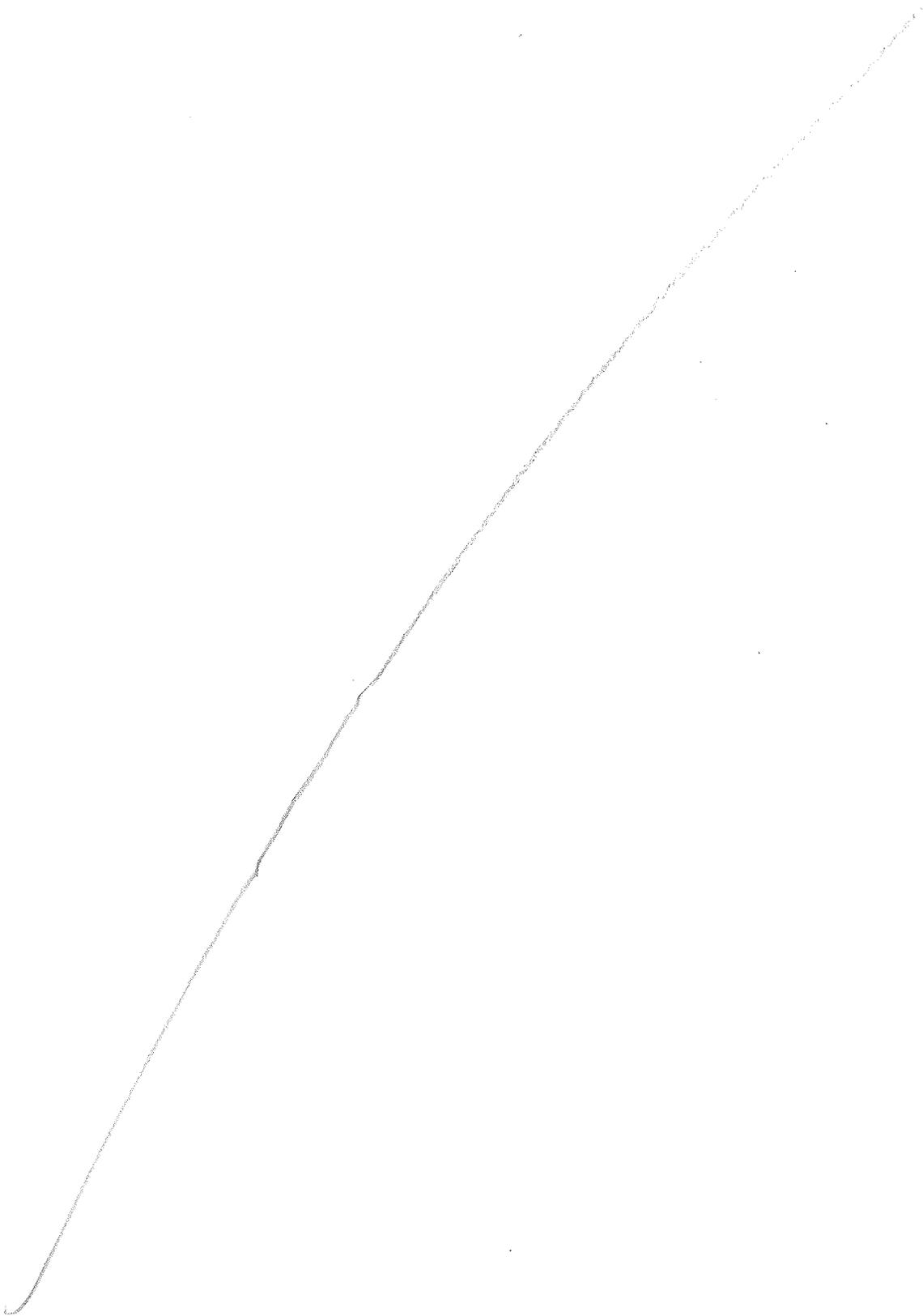
NOTE:

The attached Lease Agreement is still in

DRAFT stage.

Law Department is in the process of review.





LEASE

**900 FOURTH AVENUE PROPERTY LLC,
a Delaware limited liability company,**

Landlord,

and

**CITY OF SEATTLE,
a municipal corporation of the State of Washington,**

Tenant

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EXHIBIT A – FLOOR PLAN DEPICTING THE PREMISES

EXHIBIT A-1 – SITE PLAN

EXHIBIT A-2 – LEGAL DESCRIPTION

EXHIBIT B – INITIAL ALTERATIONS

EXHIBIT C – COMMENCEMENT DATE MEMORANDUM

EXHIBIT D – RULES AND REGULATIONS

EXHIBIT E – EARLY POSSESSION AGREEMENT

EXHIBIT F – OUTLINE AND LOCATION OF 19TH FLOOR EXPANSION SPACE

EXHIBIT F-1 – OUTLINE AND LOCATION OF ADDITIONAL EXPANSION SPACE

EXHIBIT G – OUTLINE AND LOCATION OF TEMPORARY SPACE

EXHIBIT H – FORM OF TENANT ESTOPPEL CERTIFICATE

EXHIBIT I – DEPICTION OF RESERVED PARKING

[REMAINDER OF PAGE INTENTIONALLY LEFT BLANK]

**GROSS (BY) OFFICE LEASE
REFERENCE PAGES**

BUILDING: 901 Fifth Avenue
Seattle, Washington 98164

LANDLORD: **900 FOURTH AVENUE PROPERTY LLC,**
a Delaware limited liability company

LANDLORD'S ADDRESS: c/o RREEF Management Company
701 Pike Street, Suite 925
Seattle, Washington 98101

**WIRE INSTRUCTIONS AND/OR ADDRESS FOR RENT
PAYMENT:** KW Portfolio XI Manager, LLC
Dept # 2109
PO Box 39000
San Francisco, CA 94139

LEASE REFERENCE DATE: November 4, 2008

TENANT: **THE CITY OF SEATTLE,**
a municipal corporation of the State of Washington

TENANT'S NOTICE ADDRESS:

(a) As of beginning of Term: The Premises

(b) Prior to beginning of Term (if different): For Personal or Overnight Delivery:

700 5th Avenue, Suite 5200
Seattle, WA 98124-4689
Attn: Jason Phillips

For Mailing:
P.O. Box 94689
Seattle, WA 98124-4689
Attn: Jason Phillips

PREMISES ADDRESS: 901 Fifth Avenue, Suite 1800
Seattle, Washington 98164

PREMISES RENTABLE AREA: Approximately **22,392** rentable square feet, which is
comprised of (i) the entire eighteenth (18th) floor totaling
approximately 16,983 rentable square feet, commonly known
as Suite 1800, and (ii) approximately 5,409 rentable square
feet of the nineteenth (19th) floor, commonly known as Suite
1930. Suite 1800 and Suite 1930 shall be collectively
referred to herein as the "Premises" (for outline of Premises,
see Exhibit A).

SCHEDULED COMMENCEMENT DATE February 1, 2009

TERM OF LEASE: Approximately eight (8) years and six (6) months beginning
on the Commencement Date and ending on the Termination
Date. The period from the Commencement Date to the last
day of the same month is the "Commencement Month."

TERMINATION DATE:

The last day of the one hundred and second (102nd) full calendar month after (if the Commencement Month is not a full calendar month), or from and including (if the Commencement Month is a full calendar month), the Commencement Month, which is estimated to be July 31, 2017.

ANNUAL RENT and MONTHLY INSTALLMENT OF RENT(Article 3):

Period		Rentable Square Footage	Annual Rent Per Square Foot	Annual Rent	Monthly Installment of Rent
from	through				
Month 1	Month 12	22,392	\$32.00	\$716,544.00	\$59,712.00*
Month 13	Month 24	22,392	\$32.96	\$738,040.32	\$61,503.36
Month 25	Month 36	22,392	\$33.95	\$760,208.40	\$63,350.70
Month 37	Month 48	22,392	\$34.97	\$783,048.24	\$65,254.02
Month 49	Month 60	22,392	\$36.02	\$806,559.84	\$67,213.32
Month 61	Month 72	22,392	\$37.10	\$830,743.20	\$69,228.60
Month 73	Month 84	22,392	\$38.21	\$855,598.32	\$71,299.86
Month 85	Month 96	22,392	\$39.36	\$881,349.12	\$73,445.76
Month 97	Month 102	22,392	\$40.54	\$907,771.68	\$75,647.64

*Monthly Installment of Rent for the first six (6) calendar months of the initial Term is subject to abatement pursuant to Section 3.3 of the Lease.

BASE YEAR (EXPENSES): 2009

BASE YEAR (TAXES): 2009

TENANT'S PROPORTIONATE SHARE: 4.30%

SECURITY DEPOSIT: None

ASSIGNMENT/SUBLETTING FEE: \$2,000.00

AFTER-HOURS HVAC COST \$50.00 per hour, subject to change at any time upon prior written notice, and subject to the terms of Section 13.2 of this Lease.

PARKING: Tenant shall be entitled to 1 parking pass per 1,700 rentable square feet of the Premises. As of the date of this Lease, Tenant shall be entitled to fourteen (14) monthly parking passes at Landlord's standard market rate. (See Article on Parking)

REAL ESTATE BROKER: Daniel Flinn, Dan Foster and Jamy Anderson of Flinn Ferguson, representing Tenant, and Stuart Williams, Jeff Durrell and Tony Ford at Pacific Real Estate Partners, Inc., representing Landlord.

TENANT'S SIC CODE: [TENANT TO PROVIDE]

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BUILDING BUSINESS HOURS:

Monday through Friday, 8:00 a.m. – 6:00 p.m., and
Saturday 9:00 a.m. – 1:00 p.m., holidays excepted

AMORTIZATION RATE:

11%

The Reference Pages information is incorporated into and made a part of the Lease. In the event of any conflict between any Reference Pages information and the Lease, the Lease shall control. The Lease includes Exhibits A through G, all of which are made a part of the Lease.

IN WITNESS WHEREOF, Landlord and Tenant have entered into the Lease as of the Lease Reference Date set forth above.

LANDLORD:

TENANT:

**900 FOURTH AVENUE PROPERTY LLC,
a Delaware limited liability company**

**THE CITY OF SEATTLE,
a municipal corporation of the State of Washington**

By: RREEF Management Company, a Delaware
corporation, its Authorized Agent

By: _____

By: _____

Name: Michael G. Benoit

Name: _____

Title: Vice President, District Manager

Title: _____

Dated: _____

Dated: _____

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LEASE

By this Lease Landlord leases to Tenant and Tenant leases from Landlord the Premises in the Building as set forth and described on the Reference Pages. The Premises are depicted on the floor plan attached hereto as Exhibit A, and the Building is depicted on the site plan attached hereto as Exhibit A-1. The Reference Pages, including all terms defined thereon, are incorporated as part of this Lease.

1. USE AND RESTRICTIONS ON USE.

1.1 The Premises are to be used solely for general office purposes to perform administrative services for Tenant, and not for any retail operations or other business or governmental purpose of Tenant that may require or permit direct services to visitors, customers, invitees or licensees, including by way of example only, the payment of bills on-site, delivery of food stamps or provision of case intake or management services, counseling or advising (the "Permitted Use"). Tenant shall not do or permit anything to be done in or about the Premises which will in any way obstruct or interfere with the rights of other tenants or occupants of the Building or injure, annoy, or disturb them, or allow the Premises to be used for any improper, immoral, unlawful, or objectionable purpose, or commit any waste. Tenant shall not do, permit or suffer in, on, or about the Premises the sale of any alcoholic liquor without the written consent of Landlord first obtained. Tenant shall comply with all federal, state and city laws, codes, ordinances, rules and regulations (collectively, "Regulations") applicable to the use of the Premises and its occupancy and shall promptly comply with all governmental orders and directions for the correction, prevention and abatement of any violations in the Building or appurtenant land, caused or permitted by, or resulting from the specific use by, Tenant, or in or upon, or in connection with, the Premises, all at Tenant's sole expense. Landlord, at its expense (subject to Article 4), shall cause the Base Building (defined below) and the common areas of the Building to comply with all Regulations (including the Americans with Disabilities Act ("ADA")) in effect (and as interpreted and enforced) as of the Commencement Date to the extent that (i) such compliance is necessary for Tenant to use the Premises for general office use in a normal and customary manner and for Tenant's employees and visitors to have reasonably safe access to and from the Premises, or (ii) Landlord's failure to cause such compliance would impose liability upon Tenant under Regulations; provided, however, that Landlord shall not be required to cause such compliance to the extent non-compliance (1) is triggered by any matter that is Tenant's responsibility under this Article 1 or Article 6 or any other provision hereof, (2) arises under any provision of the ADA other than Title III thereof, or (3) requires Landlord to install new or additional mechanical, electrical, plumbing or fire/life safety systems, unless such improvement is required on a Building-wide basis by applicable Law and without reference to the specific nature of Tenant's use of and business in the Premises (other than general office use). Notwithstanding the foregoing, Landlord may contest any alleged violation in good faith, including by applying for and obtaining a waiver or deferment of compliance, asserting any defense allowed by Regulations, and appealing any order or judgment to the extent permitted by Regulations; provided, however, that, after exhausting any rights to contest or appeal, Landlord shall perform any work necessary to comply with any final order or judgment. The "Base Building" shall include the structural portions of the Building, the base Building electrical, heating, ventilation and air conditioning systems, and the public restrooms, elevators and exit stairwells. The judgment of any court of competent jurisdiction or the admission of Tenant in any judicial action, regardless of whether Landlord is a party thereto, that Tenant has violated (or that, because of any alterations, additions or improvements or use of the Premises other than general office use, a change to the Base Building or common areas has become required under) any of such applicable Regulations shall be conclusive of that fact as between Landlord and Tenant. Tenant shall not do or permit anything to be done on or about the Premises or bring or keep anything into the Premises which will in any way increase the rate of, invalidate or prevent the procuring of any insurance protecting against loss or damage to the Building or any of its contents by fire or other casualty, or against liability for damage to property or injury to persons in or about the Building or any part thereof.

1.2 Tenant shall not, and shall not direct, suffer or permit any of its agents, contractors, employees, licensees or invitees (collectively, the "Tenant Entities" or individually, a "Tenant Entity") to at any time handle, use, manufacture, store or dispose of in or about the Premises or the Building any (collectively, "Hazardous Materials") flammables, explosives, radioactive materials, hazardous wastes or materials, toxic wastes or materials, or other similar substances, petroleum products or derivatives or any substance subject to regulation by or under any federal, state and local laws and ordinances relating to the protection of the environment or the keeping, use or disposition of environmentally hazardous materials, substances, or wastes, presently in effect or hereafter adopted, all amendments to any of them, and all rules and regulations issued pursuant to any of such laws or ordinances (collectively "Environmental Laws"), nor shall Tenant suffer or permit any Hazardous Materials to be used in any manner not fully in compliance with all Environmental Laws, in the Premises or the Building and appurtenant land or allow the environment to become contaminated with any Hazardous Materials. Notwithstanding the foregoing, Tenant may handle, store, use or dispose of products containing small quantities of Hazardous Materials (such as aerosol cans containing insecticides, toner for copiers, paints, paint remover and the like) to the extent customary and necessary for the use of the Premises for general office purposes; provided that Tenant shall always handle, store, use, and dispose of any such Hazardous Materials in a safe and lawful manner and never allow such Hazardous

Materials to contaminate the Premises, Building and appurtenant land or the environment. Tenant shall protect, defend, indemnify and hold each and all of the Landlord Entities (as defined in Article 31) harmless from and against any and all loss, claims, liability or costs (including court costs and attorney's fees) incurred by reason of any actual or asserted failure of Tenant to fully comply with all applicable Environmental Laws, or the presence, handling, use or disposition in or from the Premises of any Hazardous Materials by Tenant or any Tenant Entity (even though permissible under all applicable Environmental Laws or the provisions of this Lease), or by reason of any actual or asserted failure of Tenant to keep, observe, or perform any provision of this Section 1.2. Landlord hereby notifies Tenant that Landlord knows or has reasonable cause to believe that a release of Hazardous Materials has come to be located at, on or beneath the property on which the Building lies. As of the date hereof, to Landlord's actual knowledge, except with respect to the presence of asbestos at the Building, as described in that certain environmental report, prepared by ATC Environmental Inc., as of February 1997 (the "Environmental Report"), Landlord has not received written notice from any governmental agencies that the Building is in violation of any Environmental Laws. For purposes of this Section, "Landlord's actual knowledge" shall be deemed to mean and limited to the current actual knowledge of Tim Pitts, Property Manager, and Alex Bennett, Asset Manager, for the Building, at the time of execution of this Lease and not any implied, imputed, or constructive knowledge of said individual or of Landlord or any parties related to or comprising Landlord and without any independent investigation or inquiry having been made or any implied duty to investigate or make any inquiries; it being understood and agreed that such individual shall have no personal liability in any manner whatsoever hereunder or otherwise related to the transactions contemplated hereby. Tenant shall not be liable for any cost or expense related to removal, cleaning, abatement or remediation of Hazardous Materials existing in the Premises prior to the date Landlord grants access to the Premises to Tenant, except to the extent that any of the foregoing results directly or indirectly from any act or omission by Tenant or any Tenant Entity causing the presence of such Hazardous Materials, or any Hazardous Materials is disturbed, distributed or exacerbated by Tenant or any Tenant Entity (which disturbance, distribution or exacerbation results in claims against or liability to Landlord or any other party), provided further that, for purposes of this Section 1.2, Tenant, not Landlord, shall have the burden to prove with reasonable and unequivocal documentation that such Hazardous Materials were in fact preexisting in the Premises prior to the date Landlord granted access to the Premises to Tenant. Notwithstanding the foregoing, any Hazardous Materials located at the Premises and identified on the Environmental Report described above shall be considered preexisting at the Premises prior to the date Landlord granted access to the Premises to Tenant.

1.3 Tenant and the Tenant Entities will be entitled to the non-exclusive use of the common areas of the Building as they exist from time to time during the Term, including the parking facilities, subject to Landlord's rules and regulations regarding such use. However, in no event will Tenant or the Tenant Entities park more vehicles in the parking facilities than Tenant's Proportionate Share of the total parking spaces available for common use. Subject to any rights given to Tenant in Article 30, below, the foregoing shall not be deemed to provide Tenant with an exclusive right to any parking spaces or any guaranty of the availability of any particular parking spaces or any specific number of parking spaces.

2. TERM.

2.1 The Term of this Lease shall begin on the date ("Commencement Date") that Landlord shall tender possession of the Premises to Tenant, and shall terminate on the date as shown on the Reference Pages as the Termination Date based on the actual Commencement Date ("Termination Date"), unless sooner terminated by the provisions of this Lease. Landlord shall tender possession of the Premises with all the work, if any, to be performed by Landlord pursuant to Exhibit B to this Lease substantially completed, subject to any Tenant Delays (defined below). Tenant shall deliver a punch list of items not completed within thirty (30) days after Landlord tenders possession of the Premises and Landlord agrees to proceed with due diligence to perform its obligations regarding such items. Tenant shall, at Landlord's request, execute and deliver a memorandum agreement provided by Landlord in the form of Exhibit C attached hereto, setting forth the actual Commencement Date, Termination Date and, if necessary, a revised rent schedule. Should Tenant fail to do so within thirty (30) days after Landlord's request, the information set forth in such memorandum provided by Landlord shall be conclusively presumed to be agreed and correct.

2.2 Tenant agrees that in the event of the inability of Landlord to deliver possession of the Premises on the Scheduled Commencement Date set forth on the Reference Pages for any reason, Landlord shall not be liable for any damage resulting from such inability, but except to the extent such delay is the result of a Tenant Delay, Tenant shall not be liable for any rent until the time when Landlord delivers possession of the Premises to Tenant. No such failure to give possession on the Scheduled Commencement Date shall affect the other obligations of Tenant under this Lease, except that the actual Commencement Date shall be postponed until the date that Landlord delivers possession of the Premises to Tenant, except to the extent that such delay is arising from or related to the acts or omissions of Tenant or any Tenant Entities, including, without limitation as a result of: (a) Tenant's failure to agree to plans and specifications and/or construction cost estimates or bids; (b) Tenant's request for materials, finishes or installations other than Landlord's standard except those, if any, that Landlord shall have expressly agreed to furnish without extension of time agreed by Landlord; (c) Tenant's change in any plans or specifications; or, (d) performance or completion by a party employed by Tenant (each of the foregoing, a "Tenant

Delay”). If any delay is the result of a Tenant Delay, the Commencement Date and the payment of rent under this Lease shall be accelerated by the number of days of such Tenant Delay.

2.3 Subject to the terms of this Section 2.3 and provided that this Lease and the Early Possession Agreement (as defined below) have been fully executed by all parties and Tenant has delivered all prepaid rental, the Security Deposit, and insurance certificates required hereunder, Landlord grants Tenant the right to enter the Premises, at Tenant’s sole risk, as of the date that is eight (8) weeks prior to Landlord’s reasonable estimate of the Commencement Date, solely for the purpose of installing telecommunications and data cabling, equipment, furnishings and other personalty. Such possession prior to the Commencement Date shall be subject to all of the terms and conditions of this Lease, except that Tenant shall not be required to pay Monthly Installment of Rent or Tenant’s Proportionate Share of Expenses and Taxes with respect to the period of time prior to the Commencement Date during which Tenant occupies the Premises solely for such purposes. However, Tenant shall be liable for any utilities or special services provided to Tenant during such period. Notwithstanding the foregoing, if Tenant takes possession of the Premises before the Commencement Date for any purpose other than as expressly provided in this Section, such possession shall be subject to the terms and conditions of this Lease and Tenant shall pay Monthly Installment of Rent, Tenant’s Proportionate Share of Expenses and Taxes, and any other charges payable hereunder to Landlord for each day of possession before the Commencement Date. Said early possession shall not advance the Termination Date. Landlord may withdraw such permission to enter the Premises prior to the Commencement Date at any time that Landlord reasonably determines that such entry by Tenant is causing a dangerous situation for Landlord, Tenant or their respective contractors or employees, or if Landlord reasonably determines that such entry by Tenant is hampering or otherwise preventing Landlord from proceeding with the completion of the Initial Alterations described in Exhibit B at the earliest possible date. As a condition to any early entry by Tenant pursuant to this Section 2.3, Tenant shall execute and deliver to Landlord an early possession agreement (the “Early Possession Agreement”) in the form attached hereto as Exhibit E, provided by Landlord, setting forth the actual date for early possession and the date for the commencement of payment of Monthly Installment of Rent.

3. RENT.

3.1 Tenant agrees to pay to Landlord the Annual Rent in effect from time to time by paying the Monthly Installment of Rent then in effect on or before the first day of each full calendar month during the Term, except that the seventh (7th) full month’s rent (subject to the Abated Rent set forth in Section 3.3 below) shall be paid within thirty (30) days following the execution of this Lease. The Monthly Installment of Rent in effect at any time shall be one-twelfth (1/12) of the Annual Rent in effect at such time. Rent for any period during the Term which is less than a full month shall be a prorated portion of the Monthly Installment of Rent based upon the number of days in such month. Said rent shall be paid to Landlord, without deduction or offset and without notice or demand, at the Rent Payment Address, as set forth on the Reference Pages, or to such other person or at such other place as Landlord may from time to time designate in writing. If an Event of Default occurs, Landlord may require by notice to Tenant that all subsequent rent payments be made by an automatic payment from Tenant’s bank account to Landlord’s account, without cost to Landlord. Tenant must implement such automatic payment system prior to the next scheduled rent payment or within ten (10) days after Landlord’s notice, whichever is later. Unless specified in this Lease to the contrary, all amounts and sums payable by Tenant to Landlord pursuant to this Lease shall be deemed additional rent.

3.2 Tenant recognizes that late payment of any rent or other sum due under this Lease will result in administrative expense to Landlord, the extent of which additional expense is extremely difficult and economically impractical to ascertain. Tenant therefore agrees that if rent or any other sum is not paid when due and payable pursuant to this Lease, a late charge shall be imposed in the amount of One Thousand Dollars (\$1,000.00) and such charge shall increase by an amount of Five Hundred Dollars (\$500.00) for each subsequent late payment. The amount of the late charge to be paid by Tenant shall be reassessed and added to Tenant’s obligation for each successive month until paid. The provisions of this Section 3.2 in no way relieve Tenant of the obligation to pay rent or other payments on or before the date on which they are due, nor do the terms of this Section 3.2 in any way affect Landlord’s remedies pursuant to Article 19 of this Lease in the event said rent or other payment is unpaid after date due.

3.3 Notwithstanding anything in this Lease to the contrary, so long as Tenant is not in default under this Lease, Tenant shall be entitled to an abatement of Monthly Installment of Rent with respect to the Premises, as originally described in this Lease, in the amount of \$64,000.00 per month for the first six (6) full calendar months of the initial Term. The maximum total amount of Monthly Installment of Rent abated with respect to the Premises in accordance with the foregoing shall equal \$384,000.00 (the “Abated Monthly Installment of Rent”). If Tenant defaults under this Lease at any time during the Term and fails to cure such default within any applicable cure period under this Lease, then all Abated Monthly Installment of Rent shall immediately become due and payable. Only Monthly Installment of Rent shall be abated pursuant to this Section, as more particularly described herein, and all other rent and other costs and charges specified in this Lease shall remain as due and payable pursuant to the provisions of this Lease.

4. RENT ADJUSTMENTS.

4.1 For the purpose of this Article 4, the following terms are defined as follows:

4.1.1 **Lease Year:** Each fiscal year (as determined by Landlord from time to time) falling partly or wholly within the Term.

4.1.2 **Expenses:** All costs of operation, maintenance, repair, replacement and management of the Building (including the amount of any credits which Landlord may grant to particular tenants of the Building in lieu of providing any standard services or paying any standard costs described in this Section 4.1.2 for similar tenants), as determined in accordance with generally accepted accounting principles, including the following costs by way of illustration, but not limitation: water and sewer charges; insurance charges of or relating to all insurance policies and endorsements deemed by Landlord to be reasonably necessary or desirable and relating in any manner to the protection, preservation, or operation of the Building or any part thereof; utility costs, including, but not limited to, the cost of heat, light, power, steam, gas; waste disposal; the cost of janitorial services; the cost of security and alarm services (including any central station signaling system); costs of cleaning, repairing, replacing and maintaining the common areas, including parking and landscaping, window cleaning costs; labor costs; costs and expenses of managing the Building including management and/or administrative fees (provided that such management fees for the Building (expressed as a percentage of gross receipts for the Building and the project in which the Building is located) shall not exceed three and a half percent (3.5%) of gross receipts; air conditioning maintenance costs; elevator maintenance fees and supplies; material costs; equipment costs including the cost of maintenance, repair and service agreements and rental and leasing costs; purchase costs of equipment; current rental and leasing costs of items which would be capital items if purchased; tool costs; licenses, permits and inspection fees; wages and salaries; employee benefits and payroll taxes; accounting and legal fees; any sales, use or service taxes incurred in connection therewith. Landlord agrees to act in a commercially reasonable manner in incurring Expenses, taking into consideration the class and the quality of the Building. In addition, Landlord shall be entitled to recover, as additional rent (which, along with any other capital expenditures constituting Expenses, Landlord may either include in Expenses or cause to be billed to Tenant along with Expenses and Taxes but as a separate item), Tenant's Proportionate Share of: an allocable portion of the cost of capital improvement items which are reasonably calculated to reduce operating expenses; but the costs described in this sentence shall be amortized over the reasonable life of such expenditures in accordance with such reasonable life and amortization schedules as shall be determined by Landlord in accordance with generally accepted accounting principles, without interest.

Expenses shall not include: (i) depreciation or amortization of the Building or equipment in the Building except as provided herein; (ii) loan principal payments of mortgage and other non-operating debts of Landlord; (iii) costs of alterations of tenants' premises; (iv) interest expenses on long-term borrowings; (v) costs incurred by Landlord in connection with the correction of defects in the design and original construction of the Building; (vi) any payments under a ground lease or master lease relating to the Building; (vii) the cost of any item reimbursable by insurance or condemnation insurance proceeds that are actually received by Landlord or which would be reimbursable from insurance had Landlord maintained the insurance required under this Lease; (viii) costs, including permit, license and inspection costs, incurred with respect to the installation of improvements made exclusively for other tenants or other occupants in the Building or incurred in renovating or otherwise improving, decorating, painting or redecorating space exclusively for other tenants or other occupants of the Building; (ix) marketing, advertising and promotional expenditures, or costs in connection with leasing space in the Building, including leasing commissions, real estate brokerage commissions and attorneys' fees in connection with the negotiation and preparation of letters, letters of intent, deal memos, leases, subleases and/or assignments, space planning costs and other costs and expenses incurred in connection with the lease, sublease and/or assignment negotiations and transaction with present or prospective tenants or other occupants of the Building, as well as rental abatement and construction allowances granted to specific tenants; (x) exclusive events or parties for a specific tenant or occupant or only for future occupants, excluding costs for general tenant events and tenant newsletters, and the costs of signs (other than any Building directory) in or on the Building identifying the owner of the Building (but not identifying Tenant) or other tenants' signs; (xi) the cost or expense of any services or benefits provided generally to other tenants in the Building and not provided or available to Tenant; (xii) attorney's fees and other expenses incurred in connection with negotiations or disputes with prospective tenants or tenants or other occupants of the Building or pertaining to the validity of Landlord's title to the Building; (xiii) sums paid to subsidiaries or other affiliates of Landlord for services on or to the Building and/or Premises, but only to the extent that the costs of such services exceed the competitive cost for such services rendered by unaffiliated third persons or entities of similar skill, competence and experience; (xiv) costs incurred in connection with the sale, financing or refinancing of the Building, including attorneys' fees, environmental investigations or reports associated with such sale, financing or refinancing of the Building, points, fees and other lender costs and closing costs on debts; (xv) Landlord's general overhead expenses not related to the operation of the Building (including organizational expenses associated with the creation and operation of the entity which constitutes Landlord, including partnership accounting and legal matters); (xvi) the wages of any employee for services not related directly to the management, maintenance, operation and repair of the Building, and executive salaries for

personnel above the level of vice president; provided that if any employee performs services in connection with the Building and other buildings, costs associated with such employee may be proportionately included in Expenses based on the percentage of time such employee spends in connection with the operation, maintenance and management of the Building; (xvii) any expenses for which Landlord has received actual reimbursement (other than through Expenses) or for which Landlord receives a credit refund or discount, provided that if Landlord receives the same in connection with any costs or expenditures previously included in Expenses for a calendar year, Landlord shall issue a credit to Tenant for any overpayment for such previous calendar year by a reduction in current year Expenses due from Tenant or a reimbursement, at Landlord's option; (xviii) electric power or other utility costs for which any tenant directly contracts with the local public service company; (xix) any fines, penalties or interest resulting from the gross negligence or willful misconduct of the Landlord or its agents, contractors, or employees; (xx) penalties, interest and fines incurred by Landlord as a result and to the extent of a violation by Landlord of any applicable Regulations or in connection with Landlord's failure to comply with conditions, covenants and restrictions applicable to the Building; (xxi) fines, interest and penalties incurred due to the late payment of Taxes, insurance or Expenses; (xxii) costs which are covered by and to the extent actually reimbursed to Landlord under any contractor, manufacturer or supplier warranty; (xxiii) any cost or expense related to removal, cleaning, abatement or remediation of asbestos and Hazardous Materials in or about the Building, including, without limitation, Hazardous Materials in the ground water or soil, except to the extent such removal, cleaning, abatement or remediation relates to the general repair and maintenance of the Building, the preparation and administration of the O&M plan for the Building or any related asbestos awareness programs, provided that the abatement of asbestos shall not be considered to be general repair and maintenance of the Building; (xxiv) costs arising from Landlord's charitable or political contributions; (xxv) costs for sculpture, paintings or other objects of art or the insuring, repair or maintenance thereof; (xxvi) costs incurred in removing and storing the property of former tenants or occupants of the Building; (xxvii) the cost of installing, operating and maintaining any observatory, broadcasting facilities, luncheon club, museum, athletic or recreational club, child care facility or other similar specialty facilities operated for-profit at the Building, except the cost of installing showers at the Building for all tenants' use; (xxviii) the cost of furnishing and installing non-Building standard replacement bulbs and ballasts in tenant spaces; (xxix) reserves of any kind, including but not limited to replacement reserves and reserves for bad debts or lost rent (except the actual costs of performing any deferred maintenance shall be included as an Expense); (xxx) costs incurred by Landlord in connection with rooftop communications equipment of Landlord or other persons in, on or about the Building; (xxxi) any costs expressly excluded from Expenses or Taxes elsewhere in this Lease; (xxxii) except as specifically provided in Section 4.1.2, any capital improvement costs; (xxxiii) any costs, fees, dues, contributions or similar expenses for industry associations (except BOMA) or similar organizations; (xxxiv) any costs associated with the purchase or rental of furniture, fixtures or equipment for any management, security, engineering or other offices for the Building, for Landlord's offices or for the common areas of the Building, other than rentals in connection with Landlord's customary practices for the operation, maintenance and repair of the Building; (xxxv) the cost of operating any commercial concession which is operated by Landlord in the Building, including, without limitation, any compensation paid to clerks, attendants or other person operating such commercial concessions on behalf of Landlord, but only to the extent revenues from any such commercial concessions exceed such costs and compensation; and (xxxvi) entertainment and travel expenses of Landlord, its employees, agents, partners and affiliates.

Notwithstanding the foregoing, for purposes of computing Tenant's Proportionate Share of Expenses, the Controllable Expenses (hereinafter defined) shall not increase by more than five percent (5%) per calendar year on a compounding and cumulative basis over the course of the Term. In other words, Controllable Expenses for the second Lease Year of the Term shall not exceed one hundred five percent (105%) of the Controllable Expenses for the first Lease Year of the Term. Controllable Expenses for the third Lease Year of the Term shall not exceed one hundred five percent (105%) of the limit on Controllable Expenses for the second Lease Year of the Term, etc. By way of illustration, if Controllable Expenses were \$10.00 per rentable square foot for the first Lease Year of the Term, then Controllable Expenses for the second Lease Year shall not exceed \$10.50 per rentable square foot, and Controllable Expenses for the third Lease Year of the term shall not exceed \$11.03 per rentable square foot (whether or not actual Controllable Expenses were less than, equaled or exceeded the limit on Controllable Expenses in the prior year). "Controllable Expenses" shall mean all Expenses exclusive of the cost of insurance, utilities, taxes, capital improvements and the cost of snow removal, refuse removal, and lawn maintenance.

4.1.3 Taxes: Real estate taxes and any other taxes, charges and assessments which are levied with respect to the Building or the land appurtenant to the Building, or with respect to any improvements, fixtures and equipment or other property of Landlord, real or personal, located in the Building and used in connection with the operation of the Building and said land, any payments to any ground lessor in reimbursement of tax payments made by such lessor; and all reasonable fees, expenses and costs incurred by Landlord in investigating, protesting, contesting or in any way seeking to reduce or avoid increase in any assessments, levies or the tax rate pertaining to any Taxes to be paid by Landlord in any Lease Year. Taxes shall not include any corporate franchise, or estate, inheritance or net income tax, or tax imposed upon any transfer by Landlord of its interest in this Lease or the Building or any taxes to be paid by Tenant pursuant to Article 28.

4.2 If in any Lease Year, (a) Expenses paid or incurred shall exceed Expenses paid or incurred in the Base Year, subject to the limitations set forth in Section 4.1.2 (Expenses) and/or (b) Taxes paid or incurred by Landlord in any Lease Year shall exceed the amount of such Taxes which became due and payable in the Base Year (Taxes), Tenant shall pay as additional rent for such Lease Year Tenant's Proportionate Share of such excess.

4.3 The annual determination of Expenses shall be made by Landlord and shall be binding upon Landlord and Tenant, subject to the provisions of this Section 4.3. During the Term, Tenant may review, at Tenant's sole cost and expense, the books and records supporting such determination in an office of Landlord, or Landlord's agent, located in Seattle, Washington, during normal business hours, upon giving Landlord five (5) days advance written notice within ninety (90) days after receipt of such determination, but in no event more often than once in any one (1) year period, and provided that if Tenant utilizes an independent accountant to perform such review it shall be one of national standing which is reasonably acceptable to Landlord and is not compensated on a contingency basis. Landlord hereby represents that its books and records, and the results of any review by Tenant of the same, are confidential and proprietary to Landlord. As used in this section, "Confidential Information" means Landlord's books and records and the results of any review by Tenant of Landlord's books and records. If Tenant reviews Landlord's Confidential Information supporting the annual determination of Expenses, Tenant and Tenant's accountants or auditors shall not disclose Landlord's Confidential Information, subject to Tenant's obligations under the Washington State Public Disclosure Act, RCW 42.56. In the event that Tenant receives a public disclosure request that encompasses Landlord's Confidential Information, Tenant will immediately notify Landlord as to which records Tenant believes are subject to disclosure, and Tenant and Tenant's accountants or auditors will not disclose any Confidential Information in Tenant's possession for a period of fifteen (15) business days following the date of the notice in order to permit Landlord to pursue a protective order. If Tenant fails to object to Landlord's determination of Expenses within one hundred twenty (120) days after receipt of Landlord's statement (which statement shall contain detail sufficient to reasonably support such determination), or if any such objection fails to state with specificity the reason for the objection, Tenant shall be deemed to have approved such determination and shall have no further right to object to or contest such determination. In the event that during all or any portion of any Lease Year or Base Year, the Building is not fully rented and occupied Landlord shall make an appropriate adjustment in occupancy-related Expenses for such year for the purpose of avoiding distortion of the amount of such Expenses to be attributed to Tenant by reason of variation in total occupancy of the Building, by employing consistent and sound accounting and management principles to determine Expenses that would have been paid or incurred by Landlord had the Building been at least ninety-five percent (95%) rented and occupied, and the amount so determined shall be deemed to have been Expenses for such Lease Year.

4.4 Prior to the actual determination thereof for a Lease Year, Landlord may from time to time estimate Tenant's liability for Expenses and/or Taxes under Section 4.2, Article 6 and Article 28 for the Lease Year or portion thereof. Landlord will give Tenant written notification of the amount of such estimate and Tenant agrees that it will pay, by increase of its Monthly Installments of Rent due in such Lease Year, additional rent in the amount of such estimate. Any such increased rate of Monthly Installments of Rent pursuant to this Section 4.4 shall remain in effect until further written notification to Tenant pursuant hereto.

4.5 When the above mentioned actual determination of Tenant's liability for Expenses and/or Taxes is made for any Lease Year and when Tenant is so notified in writing, then:

4.5.1 If the total additional rent Tenant actually paid pursuant to Section 4.3 on account of Expenses and/or Taxes for the Lease Year is less than Tenant's liability for Expenses and/or Taxes, then Tenant shall pay such deficiency to Landlord as additional rent in one lump sum within thirty (30) days of receipt of Landlord's bill therefor; and

4.5.2 If the total additional rent Tenant actually paid pursuant to Section 4.3 on account of Expenses and/or Taxes for the Lease Year is more than Tenant's liability for Expenses and/or Taxes, then Landlord shall credit the difference against the then next due payments to be made by Tenant under this Article 4, or, if this Lease has terminated, refund the difference in cash within thirty (30) days of the date Landlord has completed its determination of Expenses. Tenant shall not be entitled to a credit by reason of actual Expenses and/or Taxes in any Lease Year being less than Expenses and/or Taxes in the Base Year (Expenses and/or Taxes).

4.6 If the Commencement Date is other than January 1 or if the Termination Date is other than December 31, Tenant's liability for Expenses and Taxes for the Lease Year in which said Date occurs shall be prorated based upon a three hundred sixty-five (365) day year.

5. **SECURITY DEPOSIT. [INTENTIONALLY OMITTED]**

6. ALTERATIONS.

6.1 Except for those, if any, specifically provided for in Exhibit B to this Lease, Tenant shall not make or suffer to be made any alterations, additions, or improvements, including, but not limited to, the attachment of any fixtures or equipment in, on, or to the Premises or any part thereof or the making of any improvements as required by Article 7, without the prior written consent of Landlord. When applying for such consent, Tenant shall, if requested by Landlord, furnish complete plans and specifications for such alterations, additions and improvements. Landlord's consent shall not be unreasonably withheld, conditioned or delayed with respect to alterations which (a) are not structural in nature, (b) are not visible from the exterior of the Building, (c) do not affect or require modification of the Building's electrical, mechanical, plumbing, HVAC or other systems, and (d) in aggregate do not cost more than \$5.00 per rentable square foot of that portion of the Premises affected by the alterations in question. Notwithstanding the foregoing, Tenant shall have the right to perform, with two (2) weeks' prior written notice to Landlord, but without Landlord's consent, any alteration, addition, or improvement that satisfies all of the following criteria (a "Cosmetic Alteration"): (i) is of a cosmetic nature such as painting, wallpapering, hanging pictures and installing carpeting; (ii) is not visible from the exterior of the Premises or Building; (iii) will not affect the systems or structure of the Building; (iv) costs less than \$25,000.00 in the aggregate during any consecutive twelve (12) month period of the Term of this Lease; and (v) does not require work to be performed inside the walls or above the ceiling of the Premises. Notwithstanding the foregoing, the dollar amount set forth in (iv) above is personal to Tenant, and any assignee or sublessee shall only have the right to perform, with prior notice but without Landlord's consent, a Cosmetic Alteration that costs less than \$5,000.00 in the aggregate during any consecutive twelve (12) month period of the Term of this Lease, provided further that such assignee or sublessee must also comply with conditions (i)-(iii) and (v) above, with respect to such Cosmetic Alteration. The performance of Cosmetic Alterations shall be subject to all the other provisions of this Article 6.

6.2 In the event Landlord consents to the making of any such alteration, addition or improvement by Tenant, the same shall be made by using either Landlord's contractor or a contractor reasonably approved by Landlord, in either event at Tenant's sole cost and expense. If Tenant shall employ any contractor other than Landlord's contractor and such other contractor or any subcontractor of such other contractor shall employ any non-union labor or supplier, Tenant shall be responsible for and hold Landlord harmless from any and all delays, damages and extra costs suffered by Landlord as a result of any dispute with any labor unions concerning the wage, hours, terms or conditions of the employment of any such labor. In the event an alteration by Tenant exceeds One Hundred Thousand Dollars (\$100,000.00), Landlord may charge Tenant a construction management fee of two percent (2%) of the cost of such work to cover its overhead as it relates to such proposed work, plus third-party costs actually incurred by Landlord in connection with the proposed work and the design thereof, with all such amounts being due ten (10) business days after Landlord's demand.

6.3 All alterations, additions or improvements proposed by Tenant shall be constructed in accordance with all Regulations, using Building standard materials where applicable, and Tenant shall, prior to construction, provide the additional insurance required under Article 11 in such case (including for Cosmetic Alterations), and also all such assurances to Landlord as Landlord shall reasonably require to assure payment of the costs thereof, including but not limited to, notices of non-responsibility, waivers of lien, surety company performance bonds and funded construction escrows and to protect Landlord and the Building and appurtenant land against any loss from any mechanic's, materialmen's or other liens. Tenant shall pay in addition to any sums due pursuant to Article 4, any increase in real estate taxes attributable directly to any such alteration, addition or improvement for so long, during the Term, as such increase is ascertainable; at Landlord's election said sums shall be paid in the same way as sums due under Article 4.

6.4 Notwithstanding anything to the contrary contained herein, so long as Tenant's written request for consent for a proposed alteration or improvements contains the following statement in large, bold and capped font "**PURSUANT TO ARTICLE 6 OF THE LEASE, IF LANDLORD CONSENTS TO THE SUBJECT ALTERATION, LANDLORD SHALL NOTIFY TENANT IN WRITING WHETHER OR NOT LANDLORD WILL REQUIRE SUCH ALTERATION TO BE REMOVED AT THE EXPIRATION OR EARLIER TERMINATION OF THE LEASE.**", at the time Landlord gives its consent for any alterations or improvements, if it so does, Tenant shall also be notified whether or not Landlord will require that such alterations or improvements be removed upon the expiration or earlier termination of this Lease. Notwithstanding anything to the contrary contained in this Lease, at the expiration or earlier termination of this Lease and otherwise in accordance with Article 26 hereof, Tenant shall be required to remove all alterations or improvements made to the Premises, except for (a) any such alterations or improvements which Landlord expressly indicates or is deemed to have indicated shall not be required to be removed from the Premises by Tenant, and (b) the Initial Alterations made in accordance with Exhibit B attached hereto, which Initial Alterations Landlord hereby agrees Tenant shall not be required to remove at the expiration or earlier termination of this Lease, provided that the Initial Alterations, and the Plans (as defined in Exhibit B) for the same, are substantially in compliance with the plans prepared by Burgess Design dated August 8, 2008, and reviewed by Landlord as of the Lease Reference Date set forth above, provided, however, notwithstanding the foregoing, with respect to the Initial Alterations, Tenant shall be required to remove at the expiration or earlier termination of this Lease all telephone,

data and computer cabling, security systems, any other systems installed exclusively for Tenant's use, non-Building standard fixtures, and furniture, equipment and other personal property, from the Premises. If Tenant's written notice strictly complies with the foregoing and if Landlord fails to so notify Tenant whether Tenant shall be required to remove the subject alterations or improvements at the expiration or earlier termination of this Lease, it shall be assumed that Landlord shall require the removal of the subject alterations or improvements. Tenant may also submit a similar written request to Landlord inquiring as to whether or not Landlord will require Tenant to remove a particular Cosmetic Alteration at the expiration of earlier termination of this Lease.

7. REPAIR.

7.1 Landlord shall have no obligation to alter, remodel, improve, repair, decorate or paint the Premises, except as specified in Exhibit B if attached to this Lease and except that Landlord shall repair and maintain the structural portions of the Building and the basic plumbing, air conditioning, heating and electrical systems installed or furnished by Landlord for the Building that serve the Premises. By taking possession of the Premises, Tenant accepts them as being in good order, condition and repair and in the condition in which Landlord is obligated to deliver them, except as set forth in the punch list to be delivered pursuant to Section 2.1. It is hereby understood and agreed that no representations respecting the condition of the Premises or the Building have been made by Landlord to Tenant, except as specifically set forth in this Lease.

7.2 Tenant shall, at all times during the Term, keep the Premises in good condition and repair excepting damage by fire, or other casualty, and in compliance with all applicable governmental laws, ordinances and regulations, promptly complying with all governmental orders and directives for the correction, prevention and abatement of any violations or nuisances in or upon, or connected with, the Premises, all at Tenant's sole expense.

7.3 Landlord shall not be liable for any failure to make any repairs or to perform any maintenance unless such failure shall persist for an unreasonable time after written notice of the need of such repairs or maintenance is given to Landlord by Tenant.

7.4 Except as provided in Article 22, there shall be no abatement of rent and no liability of Landlord by reason of any injury to or interference with Tenant's business arising from the making of any repairs, alterations or improvements in or to any portion of the Building or the Premises or to fixtures, appurtenances and equipment in the Building. Except to the extent, if any, prohibited by law, Tenant waives the right to make repairs at Landlord's expense under any law, statute or ordinance now or hereafter in effect.

8. **LIENS.** Tenant shall keep the Premises, the Building and appurtenant land and Tenant's leasehold interest in the Premises free from any liens arising out of any services, work or materials performed, furnished, or contracted for by Tenant, or obligations incurred by Tenant. In the event that Tenant fails, within ten (10) days following the imposition of any such lien, to either cause the same to be released of record or provide Landlord with insurance against the same issued by a major title insurance company or such other protection against the same as Landlord shall accept (such failure to constitute an Event of Default), Landlord shall have the right to cause the same to be released by such means as it shall deem proper, including payment of the claim giving rise to such lien. All such sums paid by Landlord and all expenses incurred by it in connection therewith shall be payable to it by Tenant within five (5) business days of Landlord's demand.

9. ASSIGNMENT AND SUBLETTING.

9.1 Tenant shall not have the right to assign or pledge this Lease or to sublet the whole or any part of the Premises whether voluntarily or by operation of law, or permit the use or occupancy of the Premises by anyone other than Tenant, and shall not make, suffer or permit such assignment, subleasing or occupancy without the prior written consent of Landlord, such consent not to be unreasonably withheld, and said restrictions shall be binding upon any and all assignees of this Lease and subtenants of the Premises. In the event Tenant desires to seek a sublet, or permit such occupancy of the Premises, or any portion thereof, or seek an assignment of this Lease, Tenant shall give written notice of its intent to do so prior to beginning its search for a subtenant or assignee. Further, once Tenant has agreed to terms with a prospective subtenant or assignee, Tenant shall give written notice thereof to Landlord at least forty-five (45) days but no more than one hundred twenty (120) days prior to the proposed commencement date of such subletting or assignment, which notice shall set forth the name of the proposed subtenant or assignee, the relevant terms of any sublease or assignment and copies of financial reports and other relevant financial information of the proposed subtenant or assignee.

9.2 Notwithstanding any assignment or subletting, permitted or otherwise, Tenant shall at all times remain directly, primarily and fully responsible and liable for the payment of the rent specified in this Lease and for compliance with all of its other obligations under the terms, provisions and covenants of this Lease. Upon the occurrence of an Event of

Default, if the Premises or any part of them are then assigned or sublet, Landlord, in addition to any other remedies provided in this Lease or provided by law, may, at its option, collect directly from such assignee or subtenant all rents due and becoming due to Tenant under such assignment or sublease and apply such rent against any sums due to Landlord from Tenant under this Lease, and no such collection shall be construed to constitute a novation or release of Tenant from the further performance of Tenant's obligations under this Lease.

9.3 In addition to Landlord's right to approve of any subtenant or assignee, Landlord shall have the option, when Landlord's consent is required in accordance with this Article 9, in its sole discretion, in the event of any proposed subletting of at least one (1) full floor comprising the Premises for more than seventy-five percent (75%) of the then-remaining Term or an assignment of this Lease, to terminate this Lease, or in the case of a proposed subletting of less than the entire Premises, to recapture the portion of the Premises to be sublet, as of the date the subletting or assignment is to be effective. The option shall be exercised, if at all, by Landlord giving Tenant written notice within ten (10) business days following Landlord's receipt of Tenant's written notice as required above, provided that such 10-business day period shall be extended by any time necessary for Landlord to review, negotiate (as Landlord determines necessary in its sole discretion) and approve any brokerage commission agreement that Tenant is entering into with respect to such proposed subletting or assignment and which Tenant provides to Landlord for such review and approval at the same time as the written notice required from Tenant above (unless, at the time of such written notice from Tenant, Tenant has already entered into the brokerage commission agreement whereby Landlord should have previously reviewed, negotiated and approved the same, and if not, then Landlord shall not be responsible for any commission due and owing thereunder, as further set forth in this Section 9.3, below). However, if Tenant notifies Landlord, within five (5) days after receipt of Landlord's termination notice, that Tenant is rescinding its proposed assignment or sublease, the termination notice shall be void and this Lease shall continue in full force and effect. If this Lease shall be terminated with respect to the entire Premises pursuant to this Section, the Term of this Lease shall end on the date stated in Tenant's notice as the effective date of the sublease or assignment as if that date had been originally fixed in this Lease for the expiration of the Term. If Landlord recaptures under this Section only a portion of the Premises, the rent to be paid from time to time during the unexpired Term shall abate proportionately based on the proportion by which the approximate square footage of the remaining portion of the Premises shall be less than that of the Premises as of the date immediately prior to such recapture. Provided that Landlord receives from Tenant a copy of any brokerage commission agreement that Tenant seeks to enter with respect to any proposed subletting or assignment, and is given the opportunity to review and negotiate (as Landlord determines necessary in its sole discretion), and approves the same, prior to Tenant executing such brokerage commission agreement, if Landlord recaptures the Premises pursuant to this Section 9.3, then Landlord shall, at Landlord's own cost and expense, discharge any outstanding commission which may be due and owing under such brokerage commission agreement as a result of Landlord's recapture and rental of the Premises to the proposed tenant or any other tenant. Any commission owing as a result of a proposed assignment or subletting by Tenant (where there is no recapture and rental of the Premises by Landlord, instead of Tenant) shall be and remain Tenant's responsibility. In the event Landlord is not given notice, the opportunity to review and negotiate, and/or does not approve of the brokerage commission agreement prior to Tenant entering into the same, Tenant shall remain solely responsible for any commission owing thereunder whether or not Landlord recaptures.

9.4 In the event that Tenant sells, sublets, assigns or transfers this Lease, Tenant shall pay to Landlord as additional rent an amount equal to fifty percent (50%) of any Increased Rent (as defined below), less the Costs Component (as defined below), when and as such Increased Rent is received by Tenant. As used in this Section, "Increased Rent" shall mean the excess of (a) all rent and other consideration which Tenant is entitled to receive by reason of any sale, sublease, assignment or other transfer of this Lease, over (b) the rent otherwise payable by Tenant under this Lease at such time. For purposes of the foregoing, any consideration received by Tenant in form other than cash shall be valued at its fair market value as determined by Landlord in good faith. The "Costs Component" is that amount which, if paid monthly, would fully amortize on a straight-line basis, over the entire period for which Tenant is to receive Increased Rent, the reasonable costs incurred by Tenant for leasing commissions and tenant improvements in connection with such sublease, assignment or other transfer.

9.5 Notwithstanding any other provision hereof, it shall be considered reasonable for Landlord to withhold its consent to any assignment of this Lease or sublease of any portion of the Premises if at the time of either Tenant's notice of the proposed assignment or sublease or the proposed commencement date thereof, there shall exist any uncured default of Tenant or matter which will become a default of Tenant with passage of time unless cured, or if the proposed assignee or sublessee is an entity: (a) with which Landlord is already in negotiation; (b) is already an occupant of the Building unless Landlord is unable to provide the amount of space required by such occupant; (c) is a governmental agency; (d) is incompatible with the character of occupancy of the Building; (e) with which the payment for the sublease or assignment is determined in whole or in part based upon its net income or profits; or (f) would subject the Premises to a use which would: (i) involve increased personnel or wear upon the Building beyond ordinary office use; (ii) violate any exclusive right granted to another tenant of the Building; (iii) require any addition to or modification of the Premises or the Building in order to comply with building code or other governmental requirements; or, (iv) involve a violation of Section 1.2. Tenant expressly

agrees that for the purposes of any statutory or other requirement of reasonableness on the part of Landlord, Landlord's refusal to consent to any assignment or sublease for any of the reasons described in this Section 9.5, shall be conclusively deemed to be reasonable.

9.6 Upon any request to assign or sublet, Tenant will pay to Landlord the Assignment/Subletting Fee plus, on demand, a sum equal to all of Landlord's costs, including reasonable attorney's fees, incurred in investigating and considering any proposed or purported assignment or pledge of this Lease or sublease of any of the Premises, regardless of whether Landlord shall consent to, refuse consent, or determine that Landlord's consent is not required for, such assignment, pledge or sublease. Any purported sale, assignment, mortgage, transfer of this Lease or subletting which does not comply with the provisions of this Article 9 shall be void.

9.7 If Tenant is a corporation, limited liability company, partnership or trust, any transfer or transfers of or change or changes within any twelve (12) month period in the number of the outstanding voting shares of the corporation or limited liability company, the general partnership interests in the partnership or the identity of the persons or entities controlling the activities of such partnership or trust resulting in the persons or entities owning or controlling a majority of such shares, partnership interests or activities of such partnership or trust at the beginning of such period no longer having such ownership or control shall be regarded as equivalent to an assignment of this Lease to the persons or entities acquiring such ownership or control and shall be subject to all the provisions of this Article 9 to the same extent and for all intents and purposes as though such an assignment.

10. **INDEMNIFICATION.** None of the Landlord Entities shall be liable and Tenant hereby waives all claims against them for any damage to any property or any injury to any person in or about the Premises or the Building by or from any cause whatsoever (including without limiting the foregoing, rain or water leakage of any character from the roof, windows, walls, basement, pipes, plumbing works or appliances, the Building not being in good condition or repair, gas, fire, oil, electricity or theft), except to the extent caused by or arising from the gross negligence or willful misconduct of Landlord or its agents, employees or contractors. Tenant shall protect, indemnify and hold the Landlord Entities harmless from and against any and all loss, claims, liability or costs (including court costs and attorney's fees) incurred by reason of (a) any damage to any property (including but not limited to property of any Landlord Entity) or any injury (including but not limited to death) to any person occurring in, on or about the Premises or the Building to the extent that such injury or damage shall be caused by or arise from any actual or alleged act, neglect, fault, or omission by or of Tenant or any Tenant Entity to meet any standards imposed by any duty with respect to the injury or damage; (b) the conduct or management of any work or thing whatsoever done by the Tenant in or about the Premises or from transactions of the Tenant concerning the Premises; (c) Tenant's actual or asserted failure to comply with any and all Regulations applicable to the condition or use of the Premises or its occupancy; or (d) any breach or default on the part of Tenant in the performance of any covenant or agreement on the part of the Tenant to be performed pursuant to this Lease. The provisions of this Article shall survive the termination of this Lease with respect to any claims or liability accruing prior to such termination.

11. **INSURANCE.**

11.1 Tenant shall keep in force throughout the Term: (a) a Commercial General Liability insurance policy or policies to protect the Landlord Entities against any liability to the public or to any invitee of Tenant or a Landlord Entity incidental to the use of or resulting from any accident occurring in or upon the Premises with a limit of not less than \$1,000,000 per occurrence and not less than \$2,000,000 in the annual aggregate, or such larger amount as Landlord may prudently require from time to time, covering bodily injury and property damage liability and \$1,000,000 products/completed operations aggregate; (b) Business Auto Liability covering owned, non-owned and hired vehicles with a limit of not less than \$1,000,000 per accident; (c) Worker's Compensation Insurance with limits as required by statute with Employers Liability and limits of \$500,000 each accident, \$500,000 disease policy limit, \$500,000 disease--each employee for employers with employees in states other than Washington. For employers with employees solely in the State of Washington, evidence of coverage in the state worker's compensation program. Stop gap coverage is required either through the state program or as part of the employer's general liability coverage; (d) All Risk or Special Form coverage protecting Tenant against loss of or damage to Tenant's alterations, additions, improvements, carpeting, floor coverings, panelings, decorations, fixtures, inventory and other business personal property situated in or about the Premises to the full replacement value of the property so insured; and, (e) Business Interruption Insurance with limit of liability representing loss of at least approximately six (6) months of income.

11.2 The aforesaid policies shall (a) be provided at Tenant's expense; (b) name the Landlord Entities as additional insureds (General Liability) and loss payee (Property—Special Form); (c) be issued by an insurance company with a minimum Best's rating of "A-:VII" during the Term; and (d) provide that said insurance shall not be canceled unless thirty (30) days prior written notice (ten days for non-payment of premium) shall have been given to Landlord; a certificate of

Liability insurance on ACORD Form 25 and a certificate of Property insurance on ACORD Form 28 shall be delivered to Landlord by Tenant upon the Commencement Date and at least thirty (30) days prior to each renewal of said insurance.

11.3 Whenever Tenant shall undertake any alterations, additions or improvements in, to or about the Premises, including Cosmetic Alterations ("Work") the aforesaid insurance protection must extend to and include injuries to persons and damage to property arising in connection with such Work, without limitation including liability under any applicable structural work act, and such other insurance as Landlord shall require; and the policies of or certificates evidencing such insurance must be delivered to Landlord by Tenant's vendors prior to the commencement of any such Work.

11.4 Self-insurance is permitted as to any of the above-described policies to the extent permitted by law, as long as the conditions of this Section 11.4 are met. Coverage through self-insurance means that Tenant would be responsible for any amount it elects to self-insure as though it were the insurer under the applicable policy specified above and Tenant shall pay any amounts due in lieu of insurance proceeds because of self-insurance, which amounts shall be treated as insurance proceeds for all purposes under this Lease..

11.4.1 Self-insurance with respect to liability insurance is permitted only so long as Tenant has assets available to satisfy ongoing obligations of not less than _____ **[RREEF IS CONFIRMING NUMBER TO PROVIDE BY REVIEW OF CITY'S FINANCIALS]**.

11.4.2 Tenant shall provide evidence of catastrophic coverage, being liability insurance coverage over and above the liability amount of \$5 million, which Tenant elects to self-insure, through so-called "excess liability" or "umbrella liability" coverage. **[TENANT MUST PROVIDE CERTIFICATE FROM EXCESS LIABILITY CARRIER – BRUCE ASPER IS WORKING ON OBTAINING THIS]** The provisions of this Article 11 apply to such catastrophic coverage, except that such excess coverage need not name the Landlord Entities as additional insureds.

11.4.3 Self-insurance is not permitted as to worker's compensation insurance unless Tenant is a "qualified self-insured" in the state in which the Building is located. **[RREEF IS CONFIRMING]**

11.4.4 All amounts which Tenant pays or is required to pay and all loss or damage resulting from risks for which Tenant has elected to self-insure shall be subject to the waiver of subrogation provisions of Article 12 hereof and shall not limit Tenant's indemnification obligations set forth in Article 10 hereof. **[RREEF'S RISK MANAGER, KRIS COOK, IS CONFIRMING]**

11.4.5 Tenant shall provide Landlord with a letter from Tenant's risk manager certifying the self-insurance coverage provided hereunder. Any self-insurance coverage provided by Tenant shall be for the benefit of Tenant, Landlord and the Landlord Entities as their respective interests may appear. **[RREEF'S RISK MANAGER, KRIS COOK, IS CONFIRMING]**

11.4.6 This Section 11.4 is personal to the Tenant, City of Seattle, a municipal corporation, and shall not apply to any assignee of said Tenant's interest in this Lease nor to any subtenant.

12. **WAIVER OF SUBROGATION.** So long as their respective insurers so permit, Tenant and Landlord hereby mutually waive their respective rights of recovery against each other for any loss insured by fire, extended coverage, All Risks or other insurance now or hereafter existing for the benefit of the respective party but only to the extent of the net insurance proceeds payable under such policies. Each party shall obtain any special endorsements required by their insurer to evidence compliance with the aforementioned waiver.

13. **SERVICES AND UTILITIES.**

13.1 Provided Tenant shall not be in default under this Lease, and subject to the other provisions of this Lease, Landlord agrees to furnish to the Premises during Building Business Hours (specified on the Reference Pages) on generally recognized business days (but exclusive in any event of Sundays and national and local legal holidays), the following services and utilities subject to the rules and regulations of the Building prescribed from time to time: (a) water suitable for normal office use of the Premises; (b) heat and air conditioning required in Landlord's commercially reasonable judgment (and otherwise consistent with other comparable buildings in the downtown office rental area of Seattle, Washington) for the intended use and occupation of the Premises during Building Business Hours; (c) cleaning and janitorial service; (d) elevator service by nonattended automatic elevators, if applicable; and, (e) equipment to bring to the Premises electricity for lighting, convenience outlets and other normal office use. To the extent that Tenant is not billed directly by a public utility, Tenant shall pay, within five (5) days of Landlord's demand, for all electricity used by Tenant in the Premises. The charge shall be

at the rates charged for such services by the local public utility. Alternatively, Landlord may elect to include electricity costs in Expenses. In the absence of Landlord's gross negligence or willful misconduct, Landlord shall not be liable for, and Tenant shall not be entitled to, any abatement or reduction of rental by reason of Landlord's failure to furnish any of the foregoing, unless such failure shall persist for an unreasonable time after written notice of such failure is given to Landlord by Tenant and provided further that Landlord shall not be liable when such failure is caused by accident, breakage, repairs, labor disputes of any character, energy usage restrictions or by any other cause, similar or dissimilar, beyond the reasonable control of Landlord. Landlord shall use reasonable efforts to remedy any interruption in the furnishing of services and utilities.

13.2 Should Tenant require any additional work or service, as described above, including services furnished outside Building Business Hours specified above, Landlord may, on terms to be agreed, upon reasonable advance notice by Tenant, furnish such additional service and Tenant agrees to pay Landlord such charges as may be agreed upon, including any tax imposed thereon, but in no event at a charge greater than Landlord's actual out-of-pocket cost plus overhead for such additional service and, where appropriate, a reasonable allowance for depreciation of any systems being used to provide such service. The current charge for after-hours HVAC service, which is subject to change at any time, is specified on the Reference Pages; provided, however, that Tenant shall not pay for the first forty (40) hours of after-hours HVAC service used by Tenant in each year of the Term (as such Term may be extended hereunder).

13.3 Wherever heat-generating machines or equipment are used by Tenant in the Premises which affect the temperature otherwise maintained by the air conditioning system or Tenant allows occupancy of the Premises by more persons than the heating and air conditioning system is designed to accommodate, in either event whether with or without Landlord's approval, Landlord reserves the right to install supplementary heating and/or air conditioning units in or for the benefit of the Premises and the cost thereof, including the cost of installation and the cost of operations and maintenance, shall be paid by Tenant to Landlord within ten (10) business days of Landlord's demand.

13.4 Tenant will not, without the written consent of Landlord, use any apparatus or device in the Premises, including but not limited to, electronic data processing machines and machines using current in excess of 2000 watts and/or 20 amps or 120 volts, which will in any way increase the amount of electricity or water usually furnished or supplied for use of the Premises for normal office use, nor connect with electric current, except through existing electrical outlets in the Premises, or water pipes, any apparatus or device for the purposes of using electrical current or water. If Tenant shall require water or electric current in excess of that usually furnished or supplied for use of the Premises as normal office use, Tenant shall procure the prior written consent of Landlord for the use thereof, which Landlord may refuse, and if Landlord does consent, Landlord may cause a water meter or electric current meter to be installed so as to measure the amount of such excess water and electric current. The cost of any such meters shall be paid for by Tenant. Tenant agrees to pay to Landlord within ten (10) business days of Landlord's demand, the cost of all such excess water and electric current consumed (as shown by said meters, if any, or, if none, as reasonably estimated by Landlord) at the rates charged for such services by the local public utility or agency, as the case may be, furnishing the same, plus any additional expense incurred in keeping account of the water and electric current so consumed.

13.5 Tenant will not, without the written consent of Landlord, contract with a utility provider to service the Premises with any utility, including, but not limited to, telecommunications, electricity, water, sewer or gas, which is not previously providing such service to other tenants in the Building. Subject to Landlord's reasonable rules and regulations and the provisions of Articles 6 and 26, Tenant shall be entitled to the use of wiring ("Communications Wiring") from the existing telecommunications nexus in the Building to the Premises, sufficient for normal general office use of the Premises. Tenant shall not install any additional Communications Wiring, nor remove any Communications Wiring, without in each instance obtaining the prior written consent of Landlord, which consent may be withheld in Landlord's sole and absolute discretion. Landlord's shall in no event be liable for disruption in any service obtained by Tenant pursuant to this paragraph.

14. **HOLDING OVER.** Tenant shall pay Landlord for each day Tenant retains possession of the Premises or part of them after termination of this Lease by lapse of time or otherwise at the rate ("Holdover Rate") which shall be equal to the amount of hundred fifty percent (150%) of the amount of the Annual Rent for the last period prior to the date of such termination plus Tenant's Proportionate Share of Expenses and Taxes under Article 4, prorated on a daily basis, and if Tenant retains possession of the Premises or part thereof as described above beyond ninety (90) days after expiration or other termination of this Lease, then Tenant shall also pay all damages sustained by Landlord by reason of such retention. If Landlord gives notice to Tenant of Landlord's election to such effect, such holding over shall constitute renewal of this Lease for a period from month to month at the Holdover Rate, but if the Landlord does not so elect, no such renewal shall result notwithstanding acceptance by Landlord of any sums due hereunder after such termination; and instead, a tenancy at sufferance at the Holdover Rate shall be deemed to have been created. In any event, no provision of this Article 14 shall be deemed to waive Landlord's right of reentry or any other right under this Lease or at law.

15. **SUBORDINATION.** Without the necessity of any additional document being executed by Tenant for the purpose of effecting a subordination, this Lease shall be subject and subordinate at all times to ground or underlying leases and to the lien of any mortgages or deeds of trust now or hereafter placed on, against or affecting the Building, Landlord's interest or estate in the Building, or any ground or underlying lease; provided, however, that if the lessor, mortgagee, trustee, or holder of any such mortgage or deed of trust elects to have Tenant's interest in this Lease be superior to any such instrument, then, by notice to Tenant, this Lease shall be deemed superior, whether this Lease was executed before or after said instrument. Notwithstanding the foregoing, Tenant covenants and agrees to execute and return within ten (10) business days of Landlord's request such further instruments evidencing such subordination or superiority of this Lease as may be required by Landlord. Notwithstanding the foregoing, upon written request by Tenant, Landlord will use reasonable efforts to obtain a non-disturbance, subordination and attornment agreement from Landlord's then current mortgagee on such mortgagee's then current standard form of agreement. "Reasonable efforts" of Landlord shall not require Landlord to incur any cost, expense or liability to obtain such agreement, it being agreed that Tenant shall be responsible for any fee or review costs charged by the mortgagee. Upon request of Landlord, Tenant will execute the mortgagee's form of non-disturbance, subordination and attornment agreement and return the same to Landlord for execution by the mortgagee. Landlord's failure to obtain a non-disturbance, subordination and attornment agreement for Tenant shall have no effect on the rights, obligations and liabilities of Landlord and Tenant or be considered to be a default by Landlord hereunder.

16. **RULES AND REGULATIONS.** Tenant shall faithfully observe and comply with all the rules and regulations as set forth in Exhibit D to this Lease and all reasonable and non-discriminatory modifications of and additions to them from time to time put into effect by Landlord. Landlord shall not be responsible to Tenant for the non-performance by any other tenant or occupant of the Building of any such rules and regulations.

17. **REENTRY BY LANDLORD.**

17.1 Landlord reserves and shall at all times have the right to re-enter the Premises to inspect the same, to supply janitor service and any other service to be provided by Landlord to Tenant under this Lease, to show said Premises to prospective purchasers, mortgagees or tenants, and to alter, improve or repair the Premises and any portion of the Building, without abatement of rent, and may for that purpose erect, use and maintain scaffolding, pipes, conduits and other necessary structures and open any wall, ceiling or floor in and through the Building and Premises where reasonably required by the character of the work to be performed, provided entrance to the Premises shall not be blocked thereby, and further provided that the business of Tenant shall not be interfered with unreasonably. Notwithstanding the foregoing, except (i) to the extent requested by Tenant, (ii) in connection with scheduled maintenance and janitorial programs, and/or (iii) in the event of an emergency, Landlord shall provide to Tenant reasonable prior notice (either written or oral) before Landlord enters the Premises to perform any repairs therein. Landlord shall have the right at any time to change the arrangement and/or locations of entrances, or passageways, doors and doorways, and corridors, windows, elevators, stairs, toilets or other public parts of the Building and to change the name, number or designation by which the Building is commonly known. In the event that Landlord damages any portion of any wall or wall covering, ceiling, or floor or floor covering within the Premises, Landlord shall repair or replace the damaged portion to match the original as nearly as commercially reasonable but shall not be required to repair or replace more than the portion actually damaged. Tenant hereby waives any claim for damages for any injury or inconvenience to or interference with Tenant's business, any loss of occupancy or quiet enjoyment of the Premises, and any other loss occasioned by any action of Landlord authorized by this Article 17.

17.2 For each of the aforesaid purposes, Landlord shall at all times have and retain a key with which to unlock all of the doors in the Premises, excluding Tenant's vaults and safes or special security areas (designated in advance), and Landlord shall have the right to use any and all means which Landlord may deem proper to open said doors in an emergency to obtain entry to any portion of the Premises. As to any portion to which access cannot be had by means of a key or keys in Landlord's possession, in the event of emergency (after Landlord has, in its reasonable discretion, attempted to contact Tenant to obtain keys if time permits), Landlord is authorized to gain access by such means as Landlord shall elect and the cost of repairing any damage occurring in doing so shall be borne by Tenant and paid to Landlord within ten (10) business days of Landlord's demand.

18. **DEFAULT.**

18.1 Except as otherwise provided in Article 20, the following events shall be deemed to be Events of Default under this Lease:

18.1.1 Tenant shall fail to pay when due any sum of money becoming due to be paid to Landlord under this Lease, whether such sum be any installment of the rent reserved by this Lease, any other amount treated as additional rent under this Lease, or any other payment or reimbursement to Landlord required by this Lease, whether or not treated as

additional rent under this Lease, and such failure shall continue for a period of five (5) days after written notice that such payment was not made when due, but if any such notice shall be given two (2) times during the twelve (12) month period commencing with the date of the first (1st) such notice, the third (3rd) failure to pay within five (5) business days after due any additional sum of money becoming due to be paid to Landlord under this Lease during such twelve (12) month period shall be an Event of Default, without notice. The notice required pursuant to this Section 18.1 shall replace rather than supplement any statutory notice required under applicable Regulations.

18.1.2 Tenant shall fail to comply with any term, provision or covenant of this Lease which is not provided for in another Section of this Article and shall not cure such failure within twenty (20) days (forthwith, if the failure involves a hazardous condition) after written notice of such failure to Tenant provided, however, that such failure shall not be an event of default if such failure could not reasonably be cured during such twenty (20) day period, Tenant has commenced the cure within such twenty (20) day period and thereafter is diligently pursuing such cure to completion, but the total aggregate cure period shall not exceed ninety (90) days.

18.1.3 Tenant shall fail to vacate the Premises immediately upon termination of this Lease, by lapse of time or otherwise, or upon termination of Tenant's right to possession only.

18.1.4 Tenant shall become insolvent, admit in writing its inability to pay its debts generally as they become due, file a petition in bankruptcy or a petition to take advantage of any insolvency statute, make an assignment for the benefit of creditors, make a transfer in fraud of creditors, apply for or consent to the appointment of a receiver of itself or of the whole or any substantial part of its property, or file a petition or answer seeking reorganization or arrangement under the federal bankruptcy laws, as now in effect or hereafter amended, or any other applicable law or statute of the United States or any state thereof.

18.1.5 A court of competent jurisdiction shall enter an order, judgment or decree adjudicating Tenant bankrupt, or appointing a receiver of Tenant, or of the whole or any substantial part of its property, without the consent of Tenant, or approving a petition filed against Tenant seeking reorganization or arrangement of Tenant under the bankruptcy laws of the United States, as now in effect or hereafter amended, or any state thereof, and such order, judgment or decree shall not be vacated or set aside or stayed within sixty (60) days from the date of entry thereof.

19. REMEDIES.

19.1 Except as otherwise provided in Article 20, upon the occurrence of any of the Events of Default described or referred to in Article 18, Landlord shall have the option to pursue any one or more of the following remedies without any notice or demand whatsoever, concurrently or consecutively and not alternatively:

19.1.1 Landlord may, at its election, terminate this Lease or terminate Tenant's right to possession only, without terminating the Lease.

19.1.2 Upon any termination of this Lease, whether by lapse of time or otherwise, or upon any termination of Tenant's right to possession without termination of the Lease, Tenant shall surrender possession and vacate the Premises immediately, and deliver possession thereof to Landlord, and Tenant hereby grants to Landlord full and free license to enter into and upon the Premises in such event and to repossess Landlord of the Premises as of Landlord's former estate and to expel or remove Tenant and any others who may be occupying or be within the Premises and to remove Tenant's signs and other evidence of tenancy and all other property of Tenant therefrom without being deemed in any manner guilty of trespass, eviction or forcible entry or detainer, and without incurring any liability for any damage resulting therefrom, Tenant waiving any right to claim damages for such re-entry and expulsion, and without relinquishing Landlord's right to rent or any other right given to Landlord under this Lease or by operation of law.

19.1.3 Upon any termination of this Lease, whether by lapse of time or otherwise, Landlord shall be entitled to recover as damages, all rent, including any amounts treated as additional rent under this Lease, and other sums due and payable by Tenant on the date of termination, plus as liquidated damages and not as a penalty, an amount equal to the sum of: (a) an amount equal to the then present value of the rent reserved in this Lease for the residue of the stated Term of this Lease including any amounts treated as additional rent under this Lease and all other sums provided in this Lease to be paid by Tenant, minus the fair rental value of the Premises for such residue; (b) the value of the time and expense necessary to obtain a replacement tenant or tenants, and the estimated expenses described in Section 19.1.4 relating to recovery of the Premises, preparation for reletting and for reletting itself; and (c) the cost of performing any other covenants which would have otherwise been performed by Tenant. No provision in this Section shall be construed to reduce or eliminate Landlord's obligation to mitigate damages.

19.1.4 Upon any termination of Tenant's right to possession only without termination of the Lease:

19.1.4.1 Neither such termination of Tenant's right to possession nor Landlord's taking and holding possession thereof as provided in Section 19.1.2 shall terminate the Lease or release Tenant, in whole or in part, from any obligation, including Tenant's obligation to pay the rent, including any amounts treated as additional rent, under this Lease for the full Term, and if Landlord so elects Tenant shall continue to pay to Landlord the entire amount of the rent as and when it becomes due, including any amounts treated as additional rent under this Lease, for the remainder of the Term plus any other sums provided in this Lease to be paid by Tenant for the remainder of the Term.

19.1.4.2 Landlord shall use commercially reasonable efforts to relet the Premises or portions thereof to the extent required by applicable law. Landlord and Tenant agree that nevertheless Landlord shall at most be required to use only the same efforts Landlord then uses to lease premises in the Building generally and that in any case that Landlord shall not be required to give any preference or priority to the showing or leasing of the Premises or portions thereof over any other space that Landlord may be leasing or have available and may place a suitable prospective tenant in any such other space regardless of when such other space becomes available and that Landlord shall have the right to relet the Premises for a greater or lesser term than that remaining under this Lease, the right to relet only a portion of the Premises, or a portion of the Premises or the entire Premises as a part of a larger area, and the right to change the character or use of the Premises. In connection with or in preparation for any reletting, Landlord may, but shall not be required to, make repairs, alterations and additions in or to the Premises and redecorate the same to the extent Landlord deems necessary or desirable, and Tenant shall pay the cost thereof, together with Landlord's expenses of reletting, including, without limitation, any commission incurred by Landlord, within ten (10) business days of Landlord's demand. Landlord shall not be required to observe any instruction given by Tenant about any reletting or accept any tenant offered by Tenant unless such offered tenant has a credit-worthiness acceptable to Landlord and leases the entire Premises upon terms and conditions including a rate of rent (after giving effect to all expenditures by Landlord for tenant improvements, broker's commissions and other leasing costs) all no less favorable to Landlord than as called for in this Lease, nor shall Landlord be required to make or permit any assignment or sublease for more than the current term or which Landlord would not be required to permit under the provisions of Article 9.

19.1.4.3 Until such time as Landlord shall elect to terminate the Lease and shall thereupon be entitled to recover the amounts specified in such case in Section 19.1.3, Tenant shall pay to Landlord upon demand the full amount of all rent, including any amounts treated as additional rent under this Lease and other sums reserved in this Lease for the remaining Term, together with the costs of repairs, alterations, additions, redecorating and Landlord's expenses of reletting and the collection of the rent accruing therefrom (including reasonable attorney's fees and broker's commissions), as the same shall then be due or become due from time to time, less only such consideration as Landlord may have received from any reletting of the Premises; and Tenant agrees that Landlord may file suits from time to time to recover any sums falling due under this Article 19 as they become due. Any proceeds of reletting by Landlord in excess of the amount then owed by Tenant to Landlord from time to time shall be credited against Tenant's future obligations under this Lease but shall not otherwise be refunded to Tenant or inure to Tenant's benefit.

19.2 Upon the occurrence of an Event of Default, Landlord may (but shall not be obligated to) cure such default at Tenant's sole expense. Without limiting the generality of the foregoing, Landlord may, at Landlord's option, enter into and upon the Premises if Landlord determines in its sole discretion that Tenant is not acting within a commercially reasonable time to maintain, repair or replace anything for which Tenant is responsible under this Lease or to otherwise effect compliance with its obligations under this Lease and correct the same, without being deemed in any manner guilty of trespass, eviction or forcible entry and detainer and without incurring any liability for any damage or interruption of Tenant's business resulting therefrom and Tenant agrees to reimburse Landlord within ten (10) business days of Landlord's demand as additional rent, for any expenses which Landlord may incur in thus effecting compliance with Tenant's obligations under this Lease, plus interest from the date of expenditure by Landlord at the Wall Street Journal prime rate.

19.3 Tenant understands and agrees that in entering into this Lease, Landlord is relying upon receipt of all the Annual Rent and Monthly Installments of Rent to become due with respect to all the Premises originally leased hereunder over the full initial Term of this Lease for amortization, including interest at the Amortization Rate. For purposes hereof, the "Concession Amount" shall be defined as the aggregate of all amounts forgone or expended by Landlord as free rent under the lease, under Exhibit B hereof for construction allowances (excluding therefrom any amounts expended by Landlord for Initial Alterations (if any), as defined in Exhibit B), and for brokers' commissions payable by reason of this Lease. Accordingly, Tenant agrees that if this Lease or Tenant's right to possession of the Premises leased hereunder shall be terminated as of any date ("Default Termination Date") prior to the expiration of the full initial Term hereof by reason of a default of Tenant, there shall be due and owing to Landlord as of the day prior to the Default Termination Date, as rent in addition to all other amounts owed by Tenant as of such Date, the amount ("Unamortized Amount") of the Concession Amount determined as set forth below; provided, however, that in the event that such amounts are recovered by Landlord

pursuant to any other provision of this Article 19, Landlord agrees that it shall not attempt to recover such amounts pursuant to this Paragraph 19.3. For the purposes hereof, the Unamortized Amount shall be determined in the same manner as the remaining principal balance of a mortgage with interest at the Amortization Rate payable in level payments over the same length of time as from the effectuation of the Concession concerned to the end of the full initial Term of this Lease would be determined. The foregoing provisions shall also apply to and upon any reduction of space in the Premises, as though such reduction were a termination for Tenant's default, except that (a) the Unamortized Amount shall be reduced by any amounts paid by Tenant to Landlord to effectuate such reduction and (b) the manner of application shall be that the Unamortized Amount shall first be determined as though for a full termination as of the effective date of the elimination of the portion, but then the amount so determined shall be multiplied by the fraction of which the numerator is the rentable square footage of the eliminated portion and the denominator is the rentable square footage of the Premises originally leased hereunder; and the amount thus obtained shall be the Unamortized Amount.

19.4 If, on account of any breach or default by Tenant in Tenant's obligations under the terms and conditions of this Lease, it shall become necessary or appropriate for Landlord to employ or consult with an attorney or collection agency concerning or to enforce or defend any of Landlord's rights or remedies arising under this Lease or to collect any sums due from Tenant, Tenant agrees to pay all costs and fees so incurred by Landlord, including, without limitation, reasonable attorneys' fees and costs. Tenant hereby specifically also waives notice and demand for payment of rent or other obligations, except for those notices specifically required pursuant to the terms of this Lease.

19.5 Pursuit of any of the foregoing remedies shall not preclude pursuit of any of the other remedies provided in this Lease or any other remedies provided by law (all such remedies being cumulative), nor shall pursuit of any remedy provided in this Lease constitute a forfeiture or waiver of any rent due to Landlord under this Lease or of any damages accruing to Landlord by reason of the violation of any of the terms, provisions and covenants contained in this Lease.

19.6 No act or thing done by Landlord or its agents during the Term shall be deemed a termination of this Lease or an acceptance of the surrender of the Premises, and no agreement to terminate this Lease or accept a surrender of said Premises shall be valid, unless in writing signed by Landlord. No waiver by Landlord of any violation or breach of any of the terms, provisions and covenants contained in this Lease shall be deemed or construed to constitute a waiver of any other violation or breach of any of the terms, provisions and covenants contained in this Lease. Landlord's acceptance of the payment of rental or other payments after the occurrence of an Event of Default shall not be construed as a waiver of such Default, unless Landlord so notifies Tenant in writing. Forbearance by Landlord in enforcing one or more of the remedies provided in this Lease upon an Event of Default shall not be deemed or construed to constitute a waiver of such Event of Default or of Landlord's right to enforce any such remedies with respect to such Event of Default or any subsequent Event of Default.

19.7 Intentionally Omitted.

19.8 Any and all property which may be removed from the Premises by Landlord pursuant to the authority of this Lease or of law, to which Tenant is or may be entitled, may be handled, removed and/or stored, as the case may be, by or at the direction of Landlord but at the risk, cost and expense of Tenant, and Landlord shall in no event be responsible for the value, preservation or safekeeping thereof. Tenant shall pay to Landlord, upon demand, any and all expenses incurred in such removal and all storage charges against such property so long as the same shall be in Landlord's possession or under Landlord's control. Any such property of Tenant not retaken by Tenant from storage within thirty (30) days after removal from the Premises shall, at Landlord's option, be deemed conveyed by Tenant to Landlord under this Lease as by a bill of sale without further payment or credit by Landlord to Tenant.

19.9 If more than two (2) Events of Default occur, which are not timely cured pursuant to the cure periods set forth in Article 18, above, or as may otherwise be set forth in this Lease, during the Term or any renewal thereof, at Landlord's option in its sole discretion, Tenant's renewal options, expansion options, purchase options and rights of first offer and/or refusal, if any are provided for in this Lease, shall be null and void.

20. **TENANT'S BANKRUPTCY OR INSOLVENCY.**

20.1 If at any time and for so long as Tenant shall be subjected to the provisions of the United States Bankruptcy Code or other law of the United States or any state thereof for the protection of debtors as in effect at such time (each a "Debtor's Law"):

20.1.1 Tenant, Tenant as debtor-in-possession, and any trustee or receiver of Tenant's assets (each a "Tenant's Representative") shall have no greater right to assume or assign this Lease or any interest in this Lease, or to

sublease any of the Premises than accorded to Tenant in Article 9, except to the extent Landlord shall be required to permit such assumption, assignment or sublease by the provisions of such Debtor's Law. Without limitation of the generality of the foregoing, any right of any Tenant's Representative to assume or assign this Lease or to sublease any of the Premises shall be subject to the conditions that:

20.1.1.1 Such Debtor's Law shall provide to Tenant's Representative a right of assumption of this Lease which Tenant's Representative shall have timely exercised and Tenant's Representative shall have fully cured any default of Tenant under this Lease.

20.1.1.2 Tenant's Representative or the proposed assignee, as the case shall be, shall have deposited with Landlord as security for the timely payment of rent an amount equal to the larger of: (a) three (3) months' rent and other monetary charges accruing under this Lease; and (b) any sum specified in Article 5; and shall have provided Landlord with adequate other assurance of the future performance of the obligations of the Tenant under this Lease. Without limitation, such assurances shall include, at least, in the case of assumption of this Lease, demonstration to the satisfaction of the Landlord that Tenant's Representative has and will continue to have sufficient unencumbered assets after the payment of all secured obligations and administrative expenses to assure Landlord that Tenant's Representative will have sufficient funds to fulfill the obligations of Tenant under this Lease; and, in the case of assignment, submission of current financial statements of the proposed assignee, audited by an independent certified public accountant reasonably acceptable to Landlord and showing a net worth and working capital in amounts determined by Landlord to be sufficient to assure the future performance by such assignee of all of the Tenant's obligations under this Lease.

20.1.1.3 The assumption or any contemplated assignment of this Lease or subleasing any part of the Premises, as shall be the case, will not breach any provision in any other lease, mortgage, financing agreement or other agreement by which Landlord is bound.

20.1.1.4 Landlord shall have, or would have had absent the Debtor's Law, no right under Article 9 to refuse consent to the proposed assignment or sublease by reason of the identity or nature of the proposed assignee or sublessee or the proposed use of the Premises concerned.

21. **QUIET ENJOYMENT.** Landlord represents and warrants that it has full right and authority to enter into this Lease and that Tenant, while paying the rental and performing its other covenants and agreements contained in this Lease, shall peaceably and quietly have, hold and enjoy the Premises for the Term without hindrance or molestation from Landlord subject to the terms and provisions of this Lease. Landlord shall not be liable for any interference or disturbance by other tenants or third persons, nor shall Tenant be released from any of the obligations of this Lease because of such interference or disturbance. Notwithstanding the foregoing, Landlord shall use commercially reasonable efforts to end or minimize unreasonable interference or disturbance of Tenant's use of the Premises for the conduct of Tenant's business by other tenants or third persons after Tenant has requested Landlord to do so in writing. "Commercially reasonable efforts" of Landlord shall not include payment of money, commencing or participating in any litigation or other similar proceeding or incurring liability.

22. **CASUALTY.**

22.1 In the event the Premises or the Building are damaged by fire or other cause and in Landlord's reasonable estimation such damage can be materially restored within one hundred eighty (180) days following the commencement of restoration, Landlord shall forthwith repair the same and this Lease shall remain in full force and effect, except that Tenant shall be entitled to a proportionate abatement in rent from the date of such damage. Such abatement of rent shall be made pro rata in accordance with the extent to which the damage and the making of such repairs shall interfere with the use and occupancy by Tenant of the Premises from time to time. Within forty-five (45) days from the date of such damage, Landlord shall notify Tenant, in writing, of Landlord's reasonable estimation of the length of time within which material restoration can be made, and Landlord's determination shall be binding on Tenant. For purposes of this Lease, the Building or Premises shall be deemed "materially restored" if they are in such condition as would not prevent or materially interfere with Tenant's use of the Premises for the purpose for which it was being used immediately before such damage.

22.2 If such repairs cannot, in Landlord's reasonable estimation, be made within one hundred eighty (180) days following the commencement of restoration, Landlord and Tenant shall each have the option of giving the other, at any time within thirty (30) days after Landlord's notice of estimated restoration time, notice terminating this Lease as of the date of such damage. In the event of the giving of such notice, this Lease shall expire and all interest of the Tenant in the Premises shall terminate as of the date of such damage as if such date had been originally fixed in this Lease for the expiration of the Term. In the event that neither Landlord nor Tenant exercises its option to terminate this Lease, then Landlord shall repair or

restore such damage, this Lease continuing in full force and effect, and the rent hereunder shall be proportionately abated as provided in Section 22.1:

22.3 Landlord shall not be required to repair or replace any damage or loss by or from fire or other cause to any panelings, decorations, partitions, additions, railings, ceilings, floor coverings, office fixtures or any other property or improvements installed on the Premises by, or belonging to, Tenant. Any insurance which may be carried by Landlord or Tenant against loss or damage to the Building or Premises shall be for the sole benefit of the party carrying such insurance and under its sole control.

22.4 In the event that Landlord should fail to complete such repairs and material restoration within sixty (60) days after the date estimated by Landlord therefor as extended by this Section 22.4, Tenant may at its option and as its sole remedy terminate this Lease by delivering written notice to Landlord, within fifteen (15) days after the expiration of said period of time, whereupon this Lease shall end on the date of such notice or such later date fixed in such notice as if the date of such notice was the date originally fixed in this Lease for the expiration of the Term; provided, however, that if construction is delayed because of changes, deletions or additions in construction requested by Tenant, strikes, lockouts, casualties, Acts of God, war, material or labor shortages, government regulation or control or other causes beyond the reasonable control of Landlord, the period for restoration, repair or rebuilding shall be extended for the amount of time Landlord is so delayed.

22.5 Notwithstanding anything to the contrary contained in this Article: (a) Landlord shall not have any obligation whatsoever to repair, reconstruct, or restore the Premises when the damages resulting from any casualty covered by the provisions of this Article 22 occur during the last twelve (12) months of the Term or any extension thereof, provided that Tenant has not previously exercised its right to any available Renewal Option (as defined below) in accordance with this Lease that would extend the Term, but if Landlord determines not to repair such damages Landlord shall notify Tenant and if such damages shall render any material portion of the Premises untenable Tenant shall have the right to terminate this Lease by notice to Landlord within fifteen (15) days after receipt of Landlord's notice; and (b) in the event the holder of any indebtedness secured by a mortgage or deed of trust covering the Premises or Building requires that any insurance proceeds be applied to such indebtedness, then Landlord shall have the right to terminate this Lease by delivering written notice of termination to Tenant within fifteen (15) days after such requirement is made by any such holder, whereupon this Lease shall end on the date of such damage as if the date of such damage were the date originally fixed in this Lease for the expiration of the Term.

22.6 In the event of any damage or destruction to the Building or Premises by any peril covered by the provisions of this Article 22, it shall be Tenant's responsibility to properly secure the Premises and upon notice from Landlord to remove forthwith, at its sole cost and expense, such portion of all of the property belonging to Tenant or its licensees from such portion or all of the Building or Premises as Landlord shall request.

23. **EMINENT DOMAIN.** If all or any substantial part of the Premises shall be taken or appropriated by any public or quasi-public authority under the power of eminent domain, or conveyance in lieu of such appropriation, either party to this Lease shall have the right, at its option, of giving the other, at any time within thirty (30) days after such taking, notice terminating this Lease, except that Tenant may only terminate this Lease by reason of taking or appropriation, if such taking or appropriation shall be so substantial as to materially interfere with Tenant's use and occupancy of the Premises. If neither party to this Lease shall so elect to terminate this Lease, the rental thereafter to be paid shall be adjusted on a fair and equitable basis under the circumstances. In addition to the rights of Landlord above, if any substantial part of the Building shall be taken or appropriated by any public or quasi-public authority under the power of eminent domain or conveyance in lieu thereof, and regardless of whether the Premises or any part thereof are so taken or appropriated, Landlord shall have the right, at its sole option, to terminate this Lease. Landlord shall be entitled to any and all income, rent, award, or any interest whatsoever in or upon any such sum, which may be paid or made in connection with any such public or quasi-public use or purpose, and Tenant hereby assigns to Landlord any interest it may have in or claim to all or any part of such sums, other than any separate award which may be made with respect to Tenant's trade fixtures and moving expenses; Tenant shall make no claim for the value of any unexpired Term.

24. **SALE BY LANDLORD.** In event of a sale or conveyance by Landlord of the Building, the same shall operate to release Landlord from any future liability upon any of the covenants or conditions, expressed or implied, contained in this Lease in favor of Tenant, and in such event Tenant agrees to look solely to the responsibility of the successor in interest of Landlord in and to this Lease. Except as set forth in this Article 24, this Lease shall not be affected by any such sale and Tenant agrees to attorn to the purchaser or assignee. If any security has been given by Tenant to secure the faithful performance of any of the covenants of this Lease, Landlord may transfer or deliver said security, as such, to Landlord's successor in interest and thereupon Landlord shall be discharged from any further liability with regard to said security.

25. **ESTOPPEL CERTIFICATES.** Within ten (10) business days following any written request which Landlord may make from time to time, Tenant shall execute and deliver to Landlord or mortgagee or prospective mortgagee a sworn statement substantially in the form of Tenant Estoppel Certificate attached hereto as Exhibit H. Landlord and Tenant intend that any statement delivered pursuant to this Article 25 may be relied upon by any mortgagee, beneficiary or purchaser. Tenant irrevocably agrees that if Tenant fails to execute and deliver such certificate within such ten (10) business day period, the same shall constitute a default under this Lease; provided, however, that Landlord may provide to Tenant a second written request with respect to such estoppel certificate. If Tenant fails to execute and deliver such certificate within a five (5) business day period following the date of Landlord's second written request therefor, Landlord or Landlord's beneficiary or agent may rely upon, for whatever purposes, such certificate as prepared on Tenant's behalf, and that such certificate shall be fully binding on Tenant.

26. **SURRENDER OF PREMISES.**

26.1 Tenant and Landlord shall meet for two (2) joint inspections of the Premises at a time reasonably and mutually acceptable to both Landlord and Tenant, the first to occur at least thirty (30) days (but no more than sixty (60) days) before the last day of the Term, and the second to occur not later than forty-eight (48) hours after Tenant has vacated the Premises. In the event of Tenant's failure to agree to schedule such joint inspections and/or participate in either such inspection, Landlord's inspection at or after Tenant's vacating the Premises shall be conclusively deemed correct for purposes of determining Tenant's responsibility for repairs and restoration.

26.2 All alterations, additions, and improvements in, on, or to the Premises made or installed by or for Tenant, including, without limitation, carpeting (collectively, "Alterations"), shall be and remain the property of Tenant during the Term. Upon the expiration or sooner termination of the Term, all Alterations shall become a part of the realty and shall belong to Landlord without compensation, and title shall pass to Landlord under this Lease as by a bill of sale. At the end of the Term or any renewal of the Term or other sooner termination of this Lease, Tenant will peaceably deliver up to Landlord possession of the Premises, together with all Alterations by whomsoever made, in the same conditions received or first installed, broom clean and free of all debris, excepting only ordinary wear and tear and damage by fire or other casualty. Notwithstanding the foregoing, subject to the terms of Section 6.4 above (i.e., Tenant shall not be required to remove those Alterations which Landlord has informed Tenant they shall not be required to be removed), if Landlord elects by notice given to Tenant at least ten (10) days prior to expiration of the Term, Tenant shall, at Tenant's sole cost, remove any Alterations, including carpeting, so designated by Landlord's notice, and repair any damage caused by such removal. Tenant must, at Tenant's sole cost, remove upon termination of this Lease, any and all of Tenant's furniture, furnishings, equipment, movable partitions of less than full height from floor to ceiling and other trade fixtures and personal property, as well as all data/telecommunications cabling and wiring installed by or on behalf of Tenant, whether inside walls, under any raised floor or above any ceiling (collectively, "Personalty"). Personalty not so removed shall be deemed abandoned by the Tenant and title to the same shall thereupon pass to Landlord under this Lease as by a bill of sale, but Tenant shall remain responsible for the reasonable costs of removal and disposal of such Personalty, as well as any damage caused by such removal.

26.3 All obligations of Tenant under this Lease not fully performed as of the expiration or earlier termination of the Term shall survive the expiration or earlier termination of the Term. Upon the expiration or earlier termination of the Term, Tenant shall pay to Landlord, within ten (10) business days of Landlord's written request, the amount, as reasonably estimated by Landlord, necessary to repair and restore the Premises as provided in this Lease and/or to discharge Tenant's obligation for unpaid amounts due or to become due to Landlord. All such amounts shall be used and held by Landlord for payment of such obligations of Tenant, with Tenant being liable for any additional costs upon demand by Landlord, or with any excess to be returned to Tenant after all such obligations have been determined and satisfied.

27. **NOTICES.** Any notice or document required or permitted to be delivered under this Lease shall be addressed to the intended recipient, by fully prepaid registered or certified United States Mail return receipt requested, or by reputable independent contract delivery service furnishing a written record of attempted or actual delivery, and shall be deemed to be delivered when tendered for delivery to the addressee at its address set forth on the Reference Pages, or at such other address as it has then last specified by written notice delivered in accordance with this Article 27, or if to Tenant at either its aforesaid address or its last known registered office or home of a general partner or individual owner, whether or not actually accepted or received by the addressee. Any such notice or document may also be personally delivered if a receipt is signed by and received from, the individual, if any, named in Tenant's Notice Address.

28. **TAXES PAYABLE BY TENANT.** In addition to rent and other charges to be paid by Tenant under this Lease, Tenant shall reimburse to Landlord, upon demand, any and all taxes payable by Landlord (other than net income taxes) whether or not now customary or within the contemplation of the parties to this Lease: (a) upon, allocable to, or measured by or on the gross or net rent payable under this Lease (other than Landlord's income and business taxes), including without limitation any gross income tax or excise tax levied by the State, any political subdivision thereof, or the Federal Government

with respect to the receipt of such rent (provided the foregoing is not intended to make payable by Tenant Landlord's standard net income taxes, which are excluded from Tenant's liability for Taxes pursuant to Section 4.1.3 above); (b) upon or with respect to the possession, leasing, operation, management, maintenance, alteration, repair, use or occupancy of the Premises or any portion thereof, including any sales, use or service tax imposed as a result thereof; (c) upon or measured by the Tenant's gross receipts or payroll or the value of Tenant's equipment, furniture, fixtures and other personal property of Tenant or leasehold improvements, alterations or additions located in the Premises; or (d) upon this transaction or any document to which Tenant is a party creating or transferring any interest of Tenant in this Lease or the Premises. In addition to the foregoing, Tenant agrees to pay, before delinquency, any and all taxes levied or assessed against Tenant and which become payable during the term hereof upon Tenant's equipment, furniture, fixtures and other personal property of Tenant located in the Premises.

29. RELOCATION OF TENANT. [INTENTIONALLY OMITTED]

30. PARKING.

30.1 During the Term of this Lease, subject to the provisions of this Article 30, Tenant shall have the right to lease from Landlord and Landlord agrees to lease to Tenant, the number and type of parking passes as set forth on the Reference Page of this Lease. This right to park in the Building's parking facilities (the "Parking Facility") shall be on an unreserved, nonexclusive, first come, first served basis, for passenger-size automobiles and is subject to the following terms and conditions:

30.1.1 Tenant shall pay to Landlord, or Landlord's designated parking operator, the Building's prevailing monthly parking charges, without deduction or offset, on the first day of each month during the Term of this Lease. Landlord will notify Tenant upon not less than thirty (30) days' notice of any increases in the monthly parking charges prior to billing Tenant any increases. No deductions from the monthly charge shall be made for days on which the Parking Facility is not used by Tenant.

30.1.2 Tenant shall at all times abide by and shall cause each of Tenant's employees, agents, customers, visitors, invitees, licensees, contractors, assignees and subtenants (collectively, "Tenant's Parties") to abide by any rules and regulations ("Rules") for use of the Parking Facility that Landlord or Landlord's garage operator reasonably establishes from time to time, and otherwise agrees to use the Parking Facility in a safe and lawful manner. Landlord reserves the right to adopt, modify and enforce the Rules governing the use of the Parking Facility from time to time including any key-card, sticker or other identification or entrance system and hours of operation. Landlord may refuse to permit any person who violates such Rules to park in the Parking Facility, and any violation of the Rules shall subject the car to removal from the Parking Facility.

30.1.3 Landlord shall endeavor to provide to Tenant two (2) reserved tandem parking spaces in the location shown on Exhibit I attached hereto (the "Reserved Spaces") for city staff cars only, which staff cars Tenant shall designate to Landlord by license number (the "Reserved Vehicles"). The Reserved Spaces shall be included in the number of parking passes to which Tenant is entitled hereunder. The Reserved Vehicles may only be parked in the Reserved Spaces and if the Reserved Vehicles are ever found parked in any other location in the Parking Facility, then Tenant's right to the Reserved Spaces as set forth herein shall immediately terminate without further notice by Landlord. Except as specified to the contrary above, the parking spaces hereunder shall be provided on a non-designated "first-come, first-served" basis. Landlord reserves the right to assign specific spaces, and to reserve spaces for visitors, small cars, disabled persons or for other tenants or guests, and Tenant shall not park and shall not allow Tenant's Parties to park in any such assigned or reserved spaces. Tenant may validate visitor parking by such method as Landlord may approve, at the validation rate from time to time generally applicable to visitor parking. Tenant acknowledges that the Parking Facility may be closed entirely or in part in order to make repairs or perform maintenance services, or to alter, modify, re-stripe or renovate the Parking Facility, or if required by casualty, strike, condemnation, act of God, governmental law or requirement or other reason beyond the operator's reasonable control.

30.1.4 Tenant acknowledges that to the fullest extent permitted by law, Landlord shall have no liability for any damage to property or other items located in the parking areas of the Building (including without limitation, any loss or damage to tenant's automobile or the contents thereof due to theft, vandalism or accident), nor for any personal injuries or death arising out of the use of the Parking Facility by Tenant or any Tenant's Parties, provided, however, that the foregoing shall not be deemed a waiver by Tenant of any losses or damages incurred by Tenant arising directly from Landlord's gross negligence or willful misconduct. Without limiting the foregoing, if Landlord arranges for the parking areas to be operated by an independent contractor not affiliated with Landlord, Tenant acknowledges that Landlord shall have no liability for claims arising through acts or omissions of such independent contractor. Tenant and Tenant's Parties each hereby voluntarily

releases, discharges, waives and relinquishes any and all actions or causes of action for personal injury or property damage occurring to Tenant or any of Tenant's Parties arising as a result of parking in the Parking Facility, or any activities incidental thereto, wherever or however the same may occur, and further agrees that Tenant will not prosecute any claim for personal injury or property damage against Landlord or any of its officers, agents, servants or employees for any said causes of action and in all events, Tenant agrees to look first to its insurance carrier and to require that Tenant's Parties look first to their respective insurance carriers for payment of any losses sustained in connection with any use of the Parking Facility. Tenant hereby waives on behalf of its insurance carriers all rights of subrogation against Landlord or any Landlord Entities.

30.1.5 Tenant's right to park as described in this Article and this Lease is exclusive to Tenant and shall not pass to any assignee or sublessee without the express written consent of Landlord. Such consent is at the sole discretion of the Landlord.

30.1.6 In the event any surcharge or regulatory fee is at any time imposed by any governmental authority with reference to parking, Tenant shall (commencing after two (2) weeks' notice to Tenant) pay, per parking pass, such surcharge or regulatory fee to Landlord in advance on the first day of each calendar month concurrently with the month installment of rent due under this Lease. Landlord will enforce any surcharge or fee in an equitable manner amongst the Building tenants.

30.2 If Tenant violates any of the terms and conditions of this Article, the operator of the Parking Facility shall have the right to remove from the Parking Facility any vehicles hereunder which shall have been involved or shall have been owned or driven by parties involved in causing such violation, without liability therefor whatsoever. In addition, Landlord shall have the right to cancel Tenant's right to use the Parking Facility pursuant to this Article upon ten (10) days' written notice, unless within such ten (10) day period, Tenant cures such default. Such cancellation right shall be cumulative and in addition to any other rights or remedies available to Landlord at law or equity, or provided under this Lease.

31. **DEFINED TERMS AND HEADINGS.** The Article headings shown in this Lease are for convenience of reference and shall in no way define, increase, limit or describe the scope or intent of any provision of this Lease. Any indemnification or insurance of Landlord shall apply to and inure to the benefit of all the following "Landlord Entities", being Landlord, Landlord's investment manager, property manager, and the trustees, boards of directors, officers, general partners, beneficiaries, stockholders, employees and agents of each of them. Any option granted to Landlord shall also include or be exercisable by Landlord's trustee, beneficiary, agents and employees, as the case may be. In any case where this Lease is signed by more than one person, the obligations under this Lease shall be joint and several. The terms "Tenant" and "Landlord" or any pronoun used in place thereof shall indicate and include the masculine or feminine, the singular or plural number, individuals, firms or corporations, and their and each of their respective successors, executors, administrators and permitted assigns, according to the context hereof. The term "rentable area" shall mean the rentable area of the Premises or the Building as calculated by the Landlord on the basis of the plans and specifications of the Building including a proportionate share of any common areas. Tenant hereby accepts and agrees to be bound by the figures for the rentable square footage of the Premises and Tenant's Proportionate Share shown on the Reference Pages; however, Landlord may adjust either or both figures if there is manifest error, addition or subtraction to the Building or any business park or complex of which the Building is a part, remeasurement or other circumstance reasonably justifying adjustment. The term "Building" refers to the structure in which the Premises are located and the common areas (parking lots, sidewalks, landscaping, etc.) appurtenant thereto. If the Building is part of a larger complex of structures, the term "Building" may include the entire complex, where appropriate (such as shared Expenses or Taxes) and subject to Landlord's reasonable discretion.

32. **TENANT'S AUTHORITY.**

32.1 If Tenant signs as a corporation, partnership, trust or other legal entity each of the persons executing this Lease on behalf of Tenant represents and warrants that Tenant has been and is qualified to do business in the state in which the Building is located, that the entity has full right and authority to enter into this Lease, and that all persons signing on behalf of the entity were authorized to do so by appropriate actions. Tenant agrees to deliver to Landlord, simultaneously with the delivery of this Lease, a corporate resolution, proof of due authorization by partners, opinion of counsel or other appropriate documentation reasonably acceptable to Landlord evidencing the due authorization of Tenant to enter into this Lease.

32.2 Tenant hereby represents and warrants that neither Tenant, nor any persons or entities holding any legal or beneficial interest whatsoever in Tenant, are (a) the target of any sanctions program that is established by Executive Order of the President or published by the Office of Foreign Assets Control, U.S. Department of the Treasury ("OFAC"); (b) designated by the President or OFAC pursuant to the Trading with the Enemy Act, 50 U.S.C. App. § 5, the International Emergency Economic Powers Act, 50 U.S.C. §§ 1701-06, the Patriot Act, Public Law 107-56, Executive Order 13224

(September 23, 2001) or any Executive Order of the President issued pursuant to such statutes; or (c) named on the following list that is published by OFAC: "List of Specially Designated Nationals and Blocked Persons." If the foregoing representation is untrue at any time during the Term, an Event of Default will be deemed to have occurred, without the necessity of notice to Tenant."

33. **FINANCIAL STATEMENTS AND CREDIT REPORTS.** At Landlord's request, Tenant shall deliver to Landlord a copy, certified by an officer of Tenant as being a true and correct copy, of Tenant's most recent audited financial statement, or, if unaudited, certified by Tenant's chief financial officer as being true, complete and correct in all material respects. Tenant hereby authorizes Landlord to obtain one or more credit reports on Tenant at any time, and shall execute such further authorizations as Landlord may reasonably require in order to obtain a credit report.

34. **COMMISSIONS.** Each of the parties represents and warrants to the other that it has not dealt with any broker or finder in connection with this Lease, except as described on the Reference Pages.

35. **TIME AND APPLICABLE LAW.** Time is of the essence of this Lease and all of its provisions. This Lease shall in all respects be governed by the laws of the state in which the Building is located.

36. **SUCCESSORS AND ASSIGNS.** Subject to the provisions of Article 9, the terms, covenants and conditions contained in this Lease shall be binding upon and inure to the benefit of the heirs, successors, executors, administrators and assigns of the parties to this Lease.

37. **ENTIRE AGREEMENT.** This Lease, together with its exhibits, contains all agreements of the parties to this Lease and supersedes any previous negotiations. There have been no representations made by the Landlord or any of its representatives or understandings made between the parties other than those set forth in this Lease and its exhibits. This Lease may not be modified except by a written instrument duly executed by the parties to this Lease.

38. **EXAMINATION NOT OPTION.** Submission of this Lease shall not be deemed to be a reservation of the Premises. Landlord shall not be bound by this Lease until it has received a copy of this Lease duly executed by Tenant and has delivered to Tenant a copy of this Lease duly executed by Landlord, and until such delivery Landlord reserves the right to exhibit and lease the Premises to other prospective tenants. Notwithstanding anything contained in this Lease to the contrary, Landlord may withhold delivery of possession of the Premises from Tenant until such time as Tenant has paid to Landlord any security deposit required by Article 5, the first month's rent as set forth in Article 3 and any sum owed pursuant to this Lease.

39. **RECORDATION.** Tenant shall not record or register this Lease or a short form memorandum hereof without the prior written consent of Landlord, and then shall pay all charges and taxes incident such recording or registration.

40. **EXPANSION OPTION.**

40.1 Provided that this Lease has been fully executed by the parties hereto and Tenant has delivered to Landlord all prepaid rental required hereunder, Tenant shall have the option (the "Expansion Option") to lease all or a portion of the remainder of the space located on the 19th floor of the Building containing approximately 9,000 square feet of rentable area as shown on Exhibit F to this Lease (the "19th Floor Expansion Space"). Tenant's Expansion Option may be exercised by Tenant more than once with respect to portions of the 19th Floor Expansion Space only, provided that all of the conditions of this Article 40 are met with respect to each such exercise by Tenant. In the event that Tenant exercises its Expansion Option in accordance with this Article as to the entire remainder of the 19th Floor Expansion Space, then Tenant's Expansion Option shall also apply to either (a) all or a portion of the space containing approximately 17,000 rentable square feet located on the 17th floor of the Building or (b) all or a portion of the approximately 17,000 rentable square feet of space located on the 20th Floor of the Building, as such spaces are shown on Exhibit F-1 to this Lease (each, an "Additional Expansion Space"), provided that Landlord shall determine, in its sole discretion, whether the Expansion Option as to any Additional Expansion Space applies to the space located on the 17th floor of the Building or to the space located on the 20th floor of the Building. Notwithstanding the foregoing, Tenant shall have no Expansion Option with respect to any of the Additional Expansion Space if Tenant fails to exercise the Expansion Option as to the entire 19th Floor Expansion Space. The 19th Floor Expansion Space and the Additional Expansion Space, if any, as to which Tenant exercises its Expansion Option pursuant to this Section are sometimes hereinafter referred to as the "Expansion Space".

40.2 Notwithstanding anything to the contrary set forth herein, Tenant may only exercise its Expansion Option pursuant to this Article 40 if: (i) Landlord receives a binding written notice (the "Expansion Notice") from Tenant of the exercise of its Expansion Option on the terms and conditions set forth in this Article 40 no later than June 1, 2009 (the

“Expansion Option Period”), which Expansion Notice as to the 19th Floor Expansion Space shall identify the portion of the 19th Floor Expansion Space Tenant desires to lease pursuant to this Section; (ii) the commencement date of the term for such Expansion Space, including the commencement of Annual Rent and Tenant’s Proportionate Share of Taxes and Expenses (subject to Sections 40.3 and 40.4, below) for such Expansion Space, shall be no later than four (4) months after the later date of Tenant’s delivery of its Expansion Notice; (iii) Tenant is not in default under this Lease beyond any applicable cure periods at the time that Landlord receives the Expansion Notice; (iv) no part of the Premises is sublet at the time Landlord receives the Expansion Notice; (v) this Lease has not been assigned prior to the date that Landlord receives the Expansion Notice; (vi) the Expansion Space is intended for the exclusive use of Tenant only during the Term; (vii) Tenant has not vacated or abandoned the Premises at the time Landlord receives the Expansion Notice; (viii) in the event Tenant exercises the Expansion Option only as to a portion of the 19th Floor Expansion Space, such portion shall be not less than 3,000 rentable square feet, and the remaining portion of the 19th Floor Expansion Space as to which Tenant does not exercise the Expansion Option shall be in a marketable configuration, as determined by Landlord in Landlord’s sole discretion. In the event that the Expansion Option applies to the Additional Expansion Space pursuant to Section 40.1 above, upon receipt of Tenant’s Expansion Notice, Landlord shall notify Tenant of the floor on which the potential Additional Expansion Space as to which the Expansion Option shall apply is located (“Landlord’s Notice”). Tenant shall, within five (5) business days after receipt of Landlord’s Notice, deliver to Landlord an Expansion Notice notifying Landlord of Tenant’s exercise of its Expansion Option of such Additional Expansion Space, which Expansion Notice shall identify the portion of Additional Expansion Space Tenant desires to lease pursuant to this Lease, provided that in the event that Tenant exercises its Expansion Option as to only a portion of the Additional Expansion Space described in Landlord’s Notice, if such Additional Expansion Space described in Landlord’s Notice is located on the 17th floor, such portion exercised by Tenant shall be no less than fifty percent (50%) of the entire Additional Expansion Space described in Landlord’s Notice, and if such Additional Expansion Space described in Landlord’s Notice is located on the 20th floor, such portion exercised by Tenant shall be no less than twenty-five percent (25%) of the entire Additional Expansion Space described in Landlord’s Notice, and the remaining portion of the subject Additional Expansion Space as to which Tenant does not exercise the Expansion Option shall be in a marketable configuration, as determined by Landlord in Landlord’s sole discretion. In the event Tenant fails to deliver an Expansion Notice for such Additional Expansion Space within such five (5) business day period, Tenant’s Expansion Option as to the Additional Expansion Space shall be deemed to be null and void and Tenant shall have no further rights to lease any Additional Expansion Space hereunder.

40.3 The initial Annual Rent rate per rentable square foot for the subject Expansion Space shall be the same as the Annual Rent rate per rentable square foot for the initial Premises on the date the term for the Expansion Space commences. The Annual Rent rate for the subject Expansion Space shall increase at such times and in such amount as the Annual Rent rate for the initial Premises, it being the intent of Landlord and Tenant that the Annual Rent rate per rentable square foot for the Expansion Space shall always be the same as the Annual Rent rate per rentable square foot for the initial Premises. Monthly Installment of Rent attributable to the Expansion Space shall be payable in monthly installments in accordance with the terms and conditions of Article 3 of this Lease. If Tenant exercises its Expansion Option during the Expansion Option Period, Tenant shall be entitled to an abatement of Monthly Installment of Rent with respect to such Expansion Space on a prorated straight-line basis for the then-remaining Term, as determined by Landlord, in proportion to the abatement of Monthly Installment of Rent applicable to the initial Premises.

40.4 Tenant shall pay additional rent (including without limitation, Tenant’s Proportionate Share of Taxes and Expenses) for the Expansion Space on the same terms and conditions set forth in Article 4 of this Lease, including the same Base Year that is applicable to the initial Premises, and Tenant’s Proportionate Share shall increase appropriately to account for the addition of the Expansion Space.

40.5 The Expansion Space (including improvements and personalty, if any) shall be accepted by Tenant in its “as-built” condition and configuration existing on the earlier of the date Tenant takes possession of the Expansion Space or as of the date the term for the Expansion Space commences. In addition, Tenant shall be entitled to an Improvement Allowance with respect to the Expansion Space, as described in Section 40.8 below.

40.6 The term for the subject Expansion Space shall commence on the date Landlord delivers possession of the Expansion Space to Tenant, and shall end, unless sooner terminated pursuant to the terms of this Lease, on the Termination Date of this Lease, it being the intention of the parties hereto that the term for the Expansion Space and the Term for the initial Premises shall be coterminous. If Landlord is delayed delivering possession of the subject Expansion Space due to the holdover or unlawful possession of such space by any party, Landlord shall use reasonable efforts to obtain possession of the space, and the commencement of the term for the Expansion Space shall be postponed until the date Landlord delivers possession of the Expansion Space to Tenant free from occupancy by any party.

40.7 The Expansion Space shall be considered a part of the Premises, subject to all the terms and conditions of this Lease, except that no allowances, credits, abatements or other concessions (if any) set forth in this Lease for the initial Premises shall apply to the Expansion Space, except as may be specifically provided otherwise in this Article 40.

40.8 Tenant shall be entitled to receive an improvement allowance (the "Improvement Allowance") in accordance with the terms and conditions set forth below, with respect to the Expansion Space:

40.8.1 The Improvement Allowance per square foot of rentable area in the Expansion Space leased by Tenant shall be in an amount determined by multiplying \$0.5392 by the number of full calendar months remaining in the Term on the commencement date for the Expansion Space. For example, if there are one hundred (100) full calendar months remaining in the Term on the commencement date of the Expansion Space, Tenant shall be entitled to receive an Improvement Allowance of \$53.92 per square foot of rentable area of Expansion Space ($\$0.5392 \times 100 = \53.92). Such Improvement Allowance shall be applied toward the hard costs of performing the initial improvements in the Expansion Space (the "Expansion Improvements").

40.8.2 The Improvement Allowance shall be disbursed during construction of the Expansion Improvements (but no more often than once every thirty (30) days) upon receipt by Landlord of necessary waivers of mechanics liens from the general contractor and the subcontractors, percentage completion certificates from Tenant, the general contractor and Tenant's architect, a sworn contractor's affidavit from the general contractor, a request to disburse from Tenant containing an approval by Tenant of the work done, and such other documents as Landlord may reasonably request. Landlord shall disburse the Improvement Allowance funds within thirty (30) days of receipt of the documentation described above, subject to ten percent (10%) retention, to the order of the general contractor or, at Landlord's election, to the joint order of the general contractor and all included subcontractors. If the cost of the Expansion Improvements exceeds the Improvement Allowance, then the Improvement Allowance will be disbursed in the proportion that the Improvement Allowance bears to the total cost of the Expansion Improvements. Upon completion of the Expansion Improvements, and prior to final disbursement of the Improvement Allowance, Tenant shall furnish Landlord with: (a) general contractor and architectural completion affidavits, (b) full and final waivers of lien, (c) receipted bills covering all labor and materials expended and used, (d) as-built plans of the Expansion Improvements, (e) the certification of Tenant and its architect that the Expansion Improvements have been installed in a good and workmanlike manner in accordance with the approved plans and in accordance with applicable codes and ordinances, and (vi) such other documents as Landlord may reasonably request to evidence the proper completion and payment of the Expansion Improvements.

40.8.3 Notwithstanding anything herein to the contrary, Landlord shall not be obligated to disburse any portion of the Improvement Allowance during the continuance of an uncured default under this Lease, and Landlord's obligation to disburse shall only resume when and if such default is cured. The Improvement Allowance may only be used for the cost of labor, material, permits and contractors fees for the Expansion Improvements to the Expansion Space. In no event shall more than \$10.00 per rentable square foot of the Improvement Allowance for the Expansion Space be used for (i) any soft costs, including the cost of preparing plans, drawings and specifications, or (ii) the purchase of equipment, furniture or other items of personal property of Tenant, for the Expansion Improvements. Any Improvement Allowance remaining after the date which is seven (7) months following the commencement of the term for the Expansion Space shall accrue to Landlord and Tenant shall have no claim in connection therewith.

40.9 If Tenant is entitled to and properly exercises the Expansion Option, Landlord shall prepare an amendment (the "Expansion Amendment") to reflect the commencement date of the term for the Expansion Space and the changes in Monthly Installment of Rent, rentable square footage of the Premises, Tenant's Proportionate Share and other appropriate terms. A copy of the Expansion Amendment shall be sent to Tenant within a reasonable time after Landlord's receipt of the Expansion Notice, and Tenant shall execute and return the Expansion Amendment to Landlord within ten (10) business days thereafter, provided, however, that the parties agree to negotiate any other appropriate terms of the Expansion Amendment in good faith and in a commercially reasonable manner. An otherwise valid exercise of the Expansion Option shall be fully effective whether or not the Expansion Amendment is executed.

41. **RIGHT OF FIRST OFFER.**

41.1 Commencing upon the expiration of the Expansion Option Period, Tenant shall have the one time right of first offer (the "Right of First Offer") with respect to any portion of the 19th Floor Expansion Space and the Additional Expansion Space as to which Tenant does not exercise its Expansion Option pursuant to Article 40 above (each such space, a "Potential Offering Space"). Tenant's Right of First Offer shall be exercised as follows: at any time after Landlord has determined that any Potential Offering Space has become Available (defined below), but prior to leasing such Potential Offering Space to a party other than any existing tenant thereof, Landlord shall advise Tenant (the "Advice") of the terms

under which Landlord is prepared to lease such Potential Offering Space (an "Offering Space") to Tenant, which terms shall reflect the Prevailing Market (hereinafter defined) rate for such Offering Space as reasonably determined by Landlord. For purposes hereof, a Potential Offering Space shall be deemed to become "Available" as follows: (a) if such Potential Offering Space is not under lease to a third party as of the date of mutual execution and delivery of this Lease, such Potential Offering Space shall be deemed to first become Available when Landlord has located a prospective tenant that may be interested in leasing such Potential Offering Space; and (b) thereafter, or if such Potential Offering Space is under lease to a third party as of the date of mutual execution and delivery of this Lease, such Potential Offering Space shall be deemed to become Available when Landlord has determined that the third-party tenant of such Potential Offering Space will not extend or renew the term of its lease, or enter into a new lease, for such Potential Offering Space. Tenant may lease any Offering Space in its entirety only, under such terms, by delivering written notice of exercise to Landlord (the "Notice of Exercise") within eighteen (18) business days after the date of the Advice, except that Tenant shall have no such Right of First Offer and Landlord need not provide Tenant with an Advice with respect to any Potential Offering Space, if:

- 41.1.1 Tenant is in default under this Lease beyond any applicable cure periods at the time that Landlord would otherwise deliver the Advice; or
- 41.1.2 the Premises, or any portion thereof, is sublet at the time Landlord would otherwise deliver the Advice; or
- 41.1.3 this Lease has been assigned prior to the date Landlord would otherwise deliver the Advice; or
- 41.1.4 Tenant is not occupying the Premises on the date Landlord would otherwise deliver the Advice; or
- 41.1.5 the existing tenant in the subject Offer Space is interested in extending or renewing its lease for such Offer Space or entering into a new lease for such Offer Space; or
- 41.1.6 such Potential Offering Space is not intended for the exclusive use of Tenant during the Term.

41.2 The term for the Offering Space shall be for the duration of the Term and shall commence, including the commencement of Annual Rent and Tenant's Proportionate Share of Taxes and Expenses, no later than four (4) months after the date of Tenant's delivery of its Notice of Exercise, and thereupon such Offering Space shall be considered a part of the Premises, provided that all of the terms stated in the Advice shall govern Tenant's leasing of the Offering Space and only to the extent that they do not conflict with the Advice, the terms and conditions of this Lease shall apply to the Offering Space.

41.3 Tenant shall pay Monthly Installment of Rent, Tenant's Proportionate Share of Expenses and Taxes, and all other rent and charges for the Offering Space in accordance with the terms and conditions of the Advice, which terms and conditions shall reflect the Prevailing Market rate for the Offering Space as determined in Landlord's reasonable judgment.

41.4 The Offering Space (including improvements and personalty, if any) shall be accepted by Tenant in its condition and as-built configuration existing on the earlier of the date Tenant takes possession of the Offering Space or as of the date the term for such Offering Space commences, unless the Advice specifies any work to be performed by Landlord in the Offering Space, in which case Landlord shall perform such work in the Offering Space. If Landlord is delayed delivering possession of the Offering Space due to the holdover or unlawful possession of such space by any party, Landlord shall use reasonable efforts to obtain possession of the space, and the commencement of the term for the Offering Space shall be postponed until the date Landlord delivers possession of the Offering Space to Tenant free from occupancy by any party.

41.5 The rights of Tenant hereunder with respect to any Potential Offering Space in any particular instance in which such Potential Offering Space becomes Available shall terminate on the earlier to occur of: (i) the last day of the thirty-sixth (36th) full calendar month of the initial Term; (ii) Tenant's failure to exercise its Right of First Offer with respect to such Potential Offering Space within the eighteen (18) business day period provided in Section 41.1 above; and (iii) the date Landlord would have provided Tenant an Advice for such Potential Offering Space if Tenant had not been in violation of one or more of the conditions set forth in Section 41.1 above. In addition, if Landlord provides Tenant with an Advice for any Offering Space that contains expansion rights (whether such rights are described as an expansion option, right of first refusal, right of first offer or otherwise) with respect to any other Potential Offering Space (such other Potential Offering Space subject to such expansion rights is referred to herein as an "Encumbered Potential Offering Space") and Tenant does not exercise its Right of First Offer to lease such Offering Space pursuant to the Advice, Tenant's Right of First Offer with respect to the Encumbered Potential Offering Space shall be subject and subordinate to all such expansion rights contained in the Advice.

41.6 If Tenant exercises its Right of First Offer, Landlord shall prepare an amendment (the "Offering Amendment") adding the Offering Space to the Premises on the terms set forth in the Advice and reflecting the changes in the Monthly Installment of Rent, rentable square footage of the Premises, Tenant's Proportionate Share and other appropriate terms. A copy of the Offering Amendment shall be sent to Tenant within a reasonable time after Landlord's receipt of the Notice of Exercise executed by Tenant, and Tenant shall execute and return the Offering Amendment to Landlord within ten (10) business days thereafter, but an otherwise valid exercise of the Right of First Offer shall be fully effective whether or not the Offering Amendment is executed.

41.7 For purposes of this Right of First Offer provision, "Prevailing Market" shall mean the annual rental rate per square foot for space comparable to the Offering Space in the Building and office buildings comparable to the Building in the same Class "A" office rental market in downtown Seattle, Washington, under leases and renewal and expansion amendments being entered into at or about the time that Prevailing Market is being determined, giving appropriate consideration to tenant concessions, brokerage commissions, tenant improvement allowances, existing improvements in the space in question, and the method of allocating operating expenses and taxes. Notwithstanding the foregoing, space leased under any of the following circumstances shall not be considered to be comparable for purposes hereof: (a) this Lease term is for less than this Lease term of the Offering Space, (b) the space is encumbered by the option rights of another tenant, or (c) the space has a lack of windows and/or an awkward or unusual shape or configuration. The foregoing is not intended to be an exclusive list of space that will not be considered to be comparable.

42. TENANT'S ABILITY TO TIE INTO THE BUILDING GENERATOR.

42.1 Commencing on the Commencement Date (the "Generator Effective Date") and throughout the remainder of the initial Term (subject to Section 42.6 below), Tenant shall have the non-exclusive right to connect to the Landlord's generator (the "Generator") located in the basement of the Building, solely for the purpose of providing the following amount of emergency electrical capacity to the Premises: 2 watts per rentable square foot for up to 3,000 square feet of the Premises for no more than two (2) hours during any 48-hour period of such emergency access (the "Emergency Back-up Power"). All work required to install the cables and tie into the Generator shall be performed by contractors approved by Landlord, at Tenant's sole cost and expense. The manner in which any cables are run to and from the Generator to the Premises and the manner in which such cables are connected to the Generator shall be subject to Landlord's approval.

42.2 Tenant's access to the Generator shall be further limited to such times, rules and regulations as Landlord may reasonably impose. Tenant shall be solely responsible for obtaining all necessary governmental and regulatory approvals, if any, required in order for Tenant to connect to the Generator. Landlord shall provide the Emergency Back-up Power to Tenant without charge. Tenant shall be responsible for the cost of repairing any damage to the Generator caused by Tenant's use thereof or as a result of Tenant connecting to the Generator. All such costs shall be deemed rent under this Lease and shall be payable within ten (10) business days of Landlord's written demand.

42.3 Tenant hereby agrees that Tenant's connection to the Generator, its use of the Generator and the availability of the Emergency Back-up Power is at Tenant's sole risk, and Tenant hereby agrees that Landlord and the Landlord Entities shall not be liable for, and Tenant hereby waives, all claims for loss or damage to Tenant's business or damage to person or property sustained by Tenant or any person claiming by, through or under Tenant, including any Tenant Entities, resulting from Tenant's use of the Generator or connection to same, the failure of the Generator to operate properly, or the interruption or cessation of any electrical service (including the failure to provide the Emergency Back-up Power) from the Generator. Tenant acknowledges that other tenants in the Building may connect to the Generator and that Landlord does not represent or warrant that such other connections will not interfere with Tenant's use thereof.

42.4 Tenant hereby agrees to indemnify, defend and hold Landlord and all Landlord Entities harmless from all liability, losses, claims, penalties, and expenses, including, without limitation, reasonable attorney's fees, resulting from or arising out of the connection to, or use or operation of, the Generator by Tenant or any Tenant Entities.

42.5 Landlord may revoke Tenant's right to connect to and use the Generator as granted herein if Landlord determines, in its sole discretion, that (a) Tenant's use of the Generator is imposing undue stress on the Generator or such use is exceeding the capacity of the Generator, or (b) Tenant is failing to perform its obligations with respect to the Generator, as described in this generator provision of this Lease, in a timely manner. Such revocation shall be by written notice and, upon receipt of such notice, Tenant shall have thirty (30) days in which to disconnect and remove any cables servicing the Premises from the Generator. If Tenant fails to timely disconnect such cables, Landlord may do so and charge Tenant for the cost thereof, which sum shall be paid as additional Rent under this Lease.

42.6 Tenant's connection to and use of the Generator shall be for Tenant's use at the Premises only. Tenant shall have no right to sublet or assign Tenant's rights with respect to the Generator.

43. **OPTIONS TO RENEW.** Provided this Lease is in full force and effect and Tenant is not in default under any of the other terms and conditions of this Lease at the time of notification or commencement, Tenant shall have two consecutive options to renew (each, a "Renewal Option") this Lease for a term of five (5) years (each, a "Renewal Term"), for the portion of the Premises being leased by Tenant as of the date the applicable Renewal Term is to commence, on the same terms and conditions set forth in this Lease, except as modified by the terms, covenants and conditions as set forth below:

43.1 If Tenant elects to exercise the applicable Renewal Option, then Tenant shall provide Landlord with written notice no earlier than the date which is four hundred fifty (450) days prior to the expiration of the then current Term of this Lease but no later than the date which is three hundred sixty (360) days prior to the expiration of the then current Term of this Lease. If Tenant fails to provide such notice, Tenant shall have no further or additional right to extend or renew the Term of this Lease.

43.2 The Annual Rent and Monthly Installment of Rent in effect at the expiration of the then current Term of this Lease shall be adjusted to reflect the Prevailing Market (defined below) rate as of the date the applicable Renewal Term is to commence, taking into account the specific provisions of this Lease which will remain constant. Landlord shall advise Tenant of the new Annual Rent and Monthly Installment of Rent for the Premises no later than thirty (30) days after receipt of Tenant's written request therefor. Said request shall be made no earlier than thirty (30) days prior to the first date on which Tenant may exercise the applicable Renewal Option under this Article 43. Said notification of the new Minimum Monthly Rent may include a provision for its escalation to provide for a change in fair market rental between the time of notification and the commencement of the applicable Renewal Term.

43.3 The Renewal Options are not transferable; the parties hereto acknowledge and agree that they intend that the aforesaid options to renew this Lease shall be "personal" to Tenant as set forth above and that in no event will any assignee or sublessee have any rights to exercise the aforesaid options to renew.

43.4 If Tenant fails to validly exercise the first Renewal Option, Tenant shall have no further right to extend the term of this Lease. In addition, if both Renewal Options are validly exercised or if Tenant fails to validly exercise the second Renewal Option, Tenant shall have no further right to extend the term of this Lease.

43.5 For purposes of this Renewal Option, "Prevailing Market" shall mean the arms length fair market annual rental rate per rentable square foot under renewal leases and amendments entered into on or about the date on which the Prevailing Market is being determined hereunder for space comparable to the Premises in the Building and office buildings comparable to the Building in the same Class "A" office rental market in downtown Seattle, Washington as of the date the Renewal Term is to commence, taking into account the specific provisions of this Lease which will remain constant. The determination of Prevailing Market shall take into account any material economic differences between the terms of this Lease and any comparison lease or amendment, such as rent abatements, construction costs and other concessions and the manner, if any, in which the landlord under any such lease is reimbursed for operating expenses and taxes. The determination of Prevailing Market shall also take into consideration any reasonably anticipated changes in the Prevailing Market rate from the time such Prevailing Market rate is being determined and the time such Prevailing Market rate will become effective under this Lease.

44. **TEMPORARY SPACE.**

44.1 During the period beginning on the later of the full and final execution of this Lease by Landlord and Tenant, delivery of all prepaid rental, required under this Lease, delivery of all initial certificates of insurance required by this Lease (which certificates of insurance shall specifically cover both the Temporary Space during the Temporary Space Term, as hereinafter defined, and the Premises), and ending five (5) business days after the Commencement Date of this Lease (such period being referred to herein as the "Temporary Space Term"), Landlord shall allow Tenant to use approximately 6,110 rentable square feet of space known as Suite No. 3800 located on the 38th floor of the Building as shown on Exhibit G of this Lease (the "Temporary Space") for general office use only by Seattle City Light (pursuant to Sections 1.1 and 9.8 above). During the Temporary Space Term, the Temporary Space shall be deemed the "Premises" for purposes of Article 10 (Indemnification) of this Lease. Such Temporary Space shall be accepted by Tenant in its "as-is" condition and configuration, it being agreed that Landlord shall be under no obligation to perform any work in the Temporary Space or to incur any costs in connection with Tenant's move in, move out or occupancy of the Temporary Space. Tenant acknowledges that it shall be entitled to use and occupy the Temporary Space at its sole cost, expense and risk. Tenant shall not construct any improvements or make any alterations of any type to the Temporary Space without the prior written consent of Landlord.

All costs in connection with making the Temporary Space ready for occupancy by Tenant shall be the sole responsibility of Tenant.

44.2 The Temporary Space shall be subject to all the terms and conditions of this Lease except as expressly modified herein and except that (a) Tenant shall not be entitled to receive any allowances, abatement or other financial concession in connection with the Temporary Space which was granted with respect to the Premises unless such concessions are expressly provided for herein with respect to the Temporary Space, (b) the Temporary Space shall not be subject to any renewal or expansion rights of Tenant under this Lease, (c) Tenant shall not be required to pay Monthly Installment of Rent for the Temporary Space during the Temporary Space Term, and (d) Tenant shall not be required to pay Tenant's Proportionate Share of Expenses and Taxes for the Temporary Space during the Temporary Space Term.

44.3 Upon termination of the Temporary Space Term, Tenant shall vacate the Temporary Space and deliver the same to Landlord in the same condition that the Temporary Space was delivered to Tenant, ordinary wear and tear excepted. At the expiration or earlier termination of the Temporary Space Term, Tenant shall remove all debris, all items of Tenant's personalty, and any trade fixtures of Tenant from the Temporary Space. Tenant shall be fully liable for all damage Tenant or Tenant's agents, employees, contractors, or subcontractors cause to the Temporary Space. Tenant shall have no right to hold over or otherwise occupy the Temporary Space at any time following the expiration or earlier termination of the Temporary Space Term, and in the event of such holdover, Landlord shall immediately be entitled to institute dispossessory proceedings to recover possession of the Temporary Space, without first providing notice thereof to Tenant. In the event of holding over by Tenant after expiration or termination of the Temporary Space Term without the written authorization of Landlord, Tenant shall pay, for such holding over, \$24,440.00, plus one hundred fifty percent (150%) of Tenant's Proportionate Share of Expenses and Taxes and all other rent and charges due with respect to the Temporary Space for each month or partial month of holdover, plus all consequential damages that Landlord incurs as a result of the Tenant's holdover. During any such holdover, Tenant's occupancy of the Temporary Space shall be deemed that of a tenant at sufferance, and in no event, either during the Temporary Space Term or during any holdover by Tenant, shall Tenant be determined to be a tenant-at-will under applicable law. While Tenant is occupying the Temporary Space, Landlord and Landlord's authorized agents shall be entitled to enter the Temporary Space, upon reasonable notice, to display the Temporary Space to prospective tenants and for any other purposes permitted pursuant to Article 17 of this Lease.

45. **SIGNAGE.** Landlord shall provide and install, at Landlord's sole cost and expense, the initial signage for Tenant in the Building directory and at the entry to the Premises. Such signage shall consist of Building standard materials and shall comply with current Building specifications. At Landlord's option, upon the expiration or earlier termination of this Lease, Tenant shall, at Tenant's sole cost and expense, remove any such signage and repair any damage to the Building caused by such signage.

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46. **LIMITATION OF LANDLORD'S LIABILITY.** Redress for any claim against Landlord under this Lease shall be limited to and enforceable only against and to the extent of Landlord's interest in the Building in which the Premises is located. The obligations of Landlord under this Lease are not intended to be and shall not be personally binding on, nor shall any resort be had to the private properties of, any of its or its investment manager's trustees, directors, officers, partners, beneficiaries, members, stockholders, employees, or agents, and in no case shall Landlord be liable to Tenant hereunder for any lost profits, damage to business, or any form of special, indirect or consequential damages.

IN WITNESS WHEREOF, Landlord and Tenant have executed this Lease as of the Lease Reference Date set forth in the Reference Pages of this Lease.

LANDLORD:

900 FOURTH AVENUE PROPERTY LLC,
a Delaware limited liability company

By: RREEF Management Company, a Delaware corporation, its Authorized Agent

By: _____

Name: Michael G. Benoit

Title: Vice President, District Manager

Dated: _____

TENANT:

THE CITY OF SEATTLE,
a municipal corporation of the State of Washington

By: _____

Name: _____

Title: _____

Dated: _____

CORPORATE ACKNOWLEDGMENT

STATE OF WASHINGTON)
)
COUNTY OF KING) SS

On this _____ day of _____, 20__ before me, the undersigned, a Notary Public in and for the State of WASHINGTON personally appeared MICHAEL G. BENOIT, to be known or shown through satisfactory evidence to be the VICE PRESIDENT, DISTRICT MANAGER of RREEF MANAGEMENT COMPANY, a Delaware corporation, and acknowledged to me that he executed the same on behalf of said corporation freely and voluntarily for the uses and purposes therein mentioned.

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

Notary Public in and for the
State of _____
residing in _____
My commission expires: _____

ACKNOWLEDGEMENT

STATE OF)
)
COUNTY OF) SS.

On this day of _____, 20___, before me, the undersigned, a Notary Public in and for the State of _____), personally appeared _____ and _____, to be known to be the _____ and _____ of _____, a municipal corporation, and acknowledged to me that they executed the same of behalf of said corporation freely and voluntarily for the uses and purposes therein mentioned.

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

Notary Public in and for the
State of _____,
residing at _____

EXHIBIT A – FLOOR PLAN DEPICTING THE PREMISES

**attached to and made a part of the Lease bearing the
Lease Reference Date of November 4, 2008 between
900 FOURTH AVENUE PROPERTY LLC, a Delaware limited liability company, as Landlord and
THE CITY OF SEATTLE, a municipal corporation of the State of Washington, as Tenant**

Exhibit A is intended only to show the general layout of the Premises as of the beginning of the Term of the Lease. It does not in any way supersede any of Landlord's rights set forth in Article 17 of the Lease with respect to arrangements and/or locations of public parts of the Building and changes in such arrangements and/or locations. It is not to be scaled; any measurements or distances shown should be taken as approximate.

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EXHIBIT A-1 – SITE PLAN

**attached to and made a part of the Lease bearing the
Lease Reference Date of November 4, 2008 between
900 FOURTH AVENUE PROPERTY LLC, a Delaware limited liability company, as Landlord and
THE CITY OF SEATTLE, a municipal corporation of the State of Washington, as Tenant**

Exhibit A-1 is intended only to show the general location of the Building and/or the project of which the Building is a part as of the beginning of the Term of the Lease. It does not in any way supersede any of Landlord's rights set forth in Article 17 of the Lease with respect to arrangements and/or locations of public parts of the Building and changes in such arrangements and/or locations. It is not to be scaled; any measurements or distances shown should be taken as approximate.



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EXHIBIT A-2 – LEGAL DESCRIPTION

**attached to and made a part of the Lease bearing the
Lease Reference Date of November 4, 2008 between
900 FOURTH AVENUE PROPERTY LLC, a Delaware limited liability company, as Landlord and
THE CITY OF SEATTLE, a municipal corporation of the State of Washington, as Tenant**

That certain building located at 900 Fourth Avenue, Seattle, King County, Washington and situated on a portion of Block 22,
C.D. Boren's Addition to the City of Seattle, in King County, Washington, including the vacated alley therein.

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EXHIBIT B – INITIAL ALTERATIONS

**attached to and made a part of the Lease bearing the
Lease Reference Date of November 4, 2008 between
900 FOURTH AVENUE PROPERTY LLC, a Delaware limited liability company, as Landlord and
THE CITY OF SEATTLE, a municipal corporation of the State of Washington, as Tenant**

1. This Exhibit B shall set forth the obligations of Landlord and Tenant with respect to the improvements to be performed in the Premises for Tenant's use. All improvements described in this Exhibit B to be constructed in and upon the Premises by Landlord are hereinafter referred to as the "Initial Alterations." It is agreed that construction of the Initial Alterations will be completed at Landlord's sole cost and expense (subject to the Maximum Amount and further subject to the terms of Section 5 below), using Building standard methods, materials, and finishes. Notwithstanding the foregoing, Landlord and Tenant acknowledge that Plans (hereinafter defined) for the Initial Alterations have not yet been prepared and, therefore, it is impossible to determine the exact cost of the Initial Alterations at this time. Accordingly, Landlord and Tenant agree that, provided Tenant is not in default under the Lease, Landlord's obligation to pay for the cost of Initial Alterations (inclusive of the cost of preparing Plans (subject to the limitations set forth in Section 2 below), obtaining permits, and other related costs) shall be limited to \$1,320,000.00 (i.e., \$55.00 per rentable square foot of the Premises) (the "Maximum Amount") and that Tenant shall be responsible for the cost of Initial Alterations, plus any applicable state sales or use tax, if any, to the extent that it exceeds the Maximum Amount. Landlord shall enter into a direct contract for the Initial Alterations with a general contractor selected by Landlord. Landlord shall obtain bids for the Initial Alterations from at least three (3) general contractors and shall enter into a direct contract for the Initial Alterations with a general contractor selected by Tenant and reasonably acceptable to Landlord. Any general contractor selected to perform the Initial Alterations shall be qualified (with good references), bonded, licensed in the state in which the Initial Alterations are being performed, and carry the insurance required by Landlord, all as reasonably determined by Landlord. Landlord shall not be required to select the contractor that presents the lowest bid. Landlord's designated electrical contractor, HVAC contractor and life safety contractor shall be permitted to bid on the electrical, HVAC and life safety portions of the Initial Alterations (respectively). In addition, Landlord shall have the right to select and/or approve of any subcontractors used in connection with the Initial Alterations. Landlord shall be entitled to deduct from the Maximum Amount a construction management fee for Landlord's oversight of the Initial Alterations in an amount equal to five percent (5%) of the total cost of the Initial Alterations; provided, however, such construction management fee shall not exceed \$55,000.00.
2. Tenant shall be solely responsible for the timely preparation and submission to Landlord of the final architectural, electrical and mechanical construction drawings, plans and specifications (called "Plans") necessary to construct the Initial Alterations, which plans shall be subject to approval by Landlord and Landlord's architect and engineers and shall comply with their requirements to avoid aesthetic or other conflicts with the design and function of the balance of the Building. Tenant shall be responsible for all elements of the design of the Plans (including, without limitation, compliance with law, functionality of design, the structural integrity of the design, the configuration of the Premises and the placement of Tenant's furniture, appliances and equipment), and Landlord's approval of the Plans shall in no event relieve Tenant of the responsibility for such design. If requested by Tenant, Landlord's architect will prepare the Plans necessary for such construction at Tenant's cost. Whether or not the layout and Plans are prepared with the help (in whole or in part) of Landlord's architect, Tenant agrees to remain solely responsible for the timely preparation and submission of the Plans and for all elements of the design of such Plans and for all costs related thereto, subject to the Space Planning Allowance (as defined hereinbelow). Tenant has assured itself by direct communication with the architect and engineers (Landlord's or its own, as the case may be) that the final approved Plans can be delivered to Landlord on or before **[November 1, 2008 (the "Plans Due Date") – BRUCE ASPER TO CONFIRM DATE IS CORRECT]**, provided that Tenant promptly furnishes complete information concerning its requirements to said architect and engineers as and when requested by them. Tenant covenants and agrees to cause said final, approved Plans to be delivered to Landlord on or before said Plans Due Date and to devote such time as may be necessary in consultation with said architect and engineers to enable them to complete and submit the Plans within the required time limit. Time is of the essence in respect of preparation and submission of Plans by Tenant. If the Plans are not fully completed and approved by the Plans Due Date, Tenant shall be responsible for one day of Tenant Delay (as defined in the Lease to which this Work Letter is attached) for each day during the period beginning on the day following the Plans Due Date and ending on the date completed Plans are approved. (The word "architect" as used in this Exhibit B shall include an interior designer or space planner.) Provided Tenant is not in default under the Lease, Tenant shall be entitled to apply up to \$3,600.00 (i.e., fifteen cents (\$0.15) per rentable square foot of the Premises) of the Maximum Amount (the "Space Planning Allowance") toward preparation of the initial space plan for the Initial Alterations in the Premises and one (1) revision thereto

(the "Space Planning Costs"). Landlord shall apply the Space Planning Allowance, or applicable portion thereof, to the Space Planning Costs and any Space Planning Costs in excess of the Space Planning Allowance shall constitute Excess Costs payable by Tenant pursuant to Section 4, below.

3. If Landlord's estimate and/or the actual cost of the Initial Alterations shall exceed the Maximum Amount, Landlord, prior to commencing any construction of Initial Alterations, shall submit to Tenant a written estimate setting forth the anticipated cost of the Initial Alterations, including but not limited to labor and materials, contractor's fees and permit fees. Within three (3) business days thereafter, Tenant shall either notify Landlord in writing of its approval of the cost estimate, or specify its objections thereto and any desired changes to the proposed Initial Alterations. If Tenant notifies Landlord of such objections and desired changes, Tenant shall work with Landlord to reach a mutually acceptable alternative cost estimate.
4. If Landlord's estimate and/or the actual cost of construction shall exceed the Maximum Amount (such amounts exceeding the Maximum Amount being herein referred to as the "Excess Costs"), Tenant shall pay to Landlord such Excess Costs, plus any applicable state sales or use tax thereon, upon demand. The statements of costs submitted to Landlord by Landlord's contractors shall be conclusive for purposes of determining the actual cost of the items described therein. The amounts payable by Tenant hereunder constitute rent payable pursuant to the Lease, and the failure to timely pay same constitutes an event of default under the Lease.
5. If Tenant shall request any change, addition or alteration in any of the Plans after approval by Landlord, Landlord shall have such revisions to the drawings prepared, and Tenant shall reimburse Landlord for the cost thereof, plus any applicable state sales or use tax thereon, upon demand to the extent that the cost of performing such revisions cause the cost of Initial Alterations to exceed the Maximum Amount. Promptly upon completion of the revisions, Landlord shall notify Tenant in writing of the increased cost, if any, which will be chargeable to Tenant by reason of such change, addition or deletion. Tenant, within one business day, shall notify Landlord in writing whether it desires to proceed with such change, addition or deletion. In the absence of such written authorization, Landlord shall have the option to continue work on the Premises disregarding the requested change, addition or alteration, or Landlord may elect to discontinue work on the Premises until it receives notice of Tenant's decision, in which event Tenant shall be responsible for any Tenant Delay in completion of the Premises resulting therefrom. If such revisions result in a higher estimate of the cost of construction and/or higher actual construction costs which exceed the Maximum Amount, such increased estimate or costs shall be deemed Excess Costs pursuant to Section 4 hereof and Tenant shall pay such Excess Costs, plus any applicable state sales or use tax thereon, upon demand.
6. Following approval of the Plans and the payment by Tenant of the required portion of the Excess Costs, if any, Landlord shall cause the Initial Alterations to be constructed substantially in accordance with the approved Plans. Landlord shall notify Tenant of substantial completion of the Initial Alterations.
7. Any portion of the Maximum Amount which exceeds the cost of the Initial Alterations or is otherwise remaining after August 1, 2009 shall accrue to the sole benefit of Landlord, it being agreed that Tenant shall not be entitled to any credit, offset, abatement or payment with respect thereto. Notwithstanding the foregoing, if the cost of the Initial Alterations is less than the Maximum Amount, Tenant, provided it is not in default under the Lease, shall be entitled to apply up to \$240,000.00 (i.e., \$10.00 per rentable square foot of the initial Premises) of such unused Maximum Amount toward the cost of "soft cost items", including, without limitation, design fees, consulting fees, moving from its existing location into the Premises, including, without limitation, the cost of telephone, data and computer cabling, reprinting stationery on hand, moving and installation of Tenant's security systems, furniture, equipment and other personal property into the Premises, and the cost of space improvements performed in the Premises not otherwise included in the Initial Alterations ("Relocation Costs"). Such portion of the unused Maximum Amount which Tenant is entitled to apply toward its Relocation Costs is referred to herein as the "Relocation Allowance". Any unused portion of the Maximum Amount that is in excess of the Relocation Allowance shall accrue to the sole benefit of Landlord, it being understood and agreed that Tenant shall not be entitled to receive any credit or abatement in connection therewith. Landlord shall disburse the Relocation Allowance, or applicable portion thereof, to Tenant within forty-five (45) days after the later to occur of (i) receipt of paid invoices from Tenant with respect to Tenant's actual Relocation Costs, and (ii) the Commencement Date. However, in no event shall Landlord have any obligation to disburse any portion of the Relocation Allowance after August 1, 2009, provided that Tenant may apply any portion of the Relocation Allowance which exceeds the cost of the Relocation Costs against the second and subsequent installments of Monthly Installment of Rent due under the Lease.

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8. Landlord and Tenant agree to cooperate with each other in order to enable the Initial Alterations to be performed in a timely manner and with as little inconvenience to the operation of Tenant's business as is reasonably possible. Notwithstanding anything herein to the contrary, any delay in the completion of the Initial Alterations or inconvenience suffered by Tenant during the performance of the Initial Alterations shall not subject Landlord to any liability for any loss or damage resulting therefrom or entitle Tenant to any credit, abatement or adjustment of Rent or other sums payable under the Lease.
9. If (a) the cost of the Initial Alterations exceeds the Maximum Amount, (b) Tenant has used the entire Maximum Amount as provided herein, and (c) Tenant is not in default under the Lease, Tenant shall be entitled to request an additional allowance of up to \$600,000.00 (i.e., \$25.00 per rentable square foot of the Premises) (the "Additional Allowance") from Landlord in order to finance the Excess Costs during the initial Term. Landlord shall disburse the Additional Allowance on Tenant's behalf to pay for the Excess Costs of the Initial Alterations subject to and in accordance with the provisions applicable to the disbursement of the Maximum Amount described in this Exhibit B. In no event shall Tenant be entitled to any disbursement of the Additional Allowance after August 1, 2009. Any Additional Allowance paid to or on behalf of Tenant hereunder shall be repaid to Landlord as additional rent in equal monthly installments throughout the remainder of the initial Term, commencing on the first day of the first full calendar month following the date the Additional Allowance is disbursed to Tenant, at an interest rate equal to ten percent (10%) per annum. If Tenant is in default under the Lease after the expiration of applicable cure periods, the entire unpaid balance of the Additional Allowance paid to or on behalf of Tenant shall become immediately due and payable and, except to the extent required by applicable law, shall not be subject to mitigation or reduction in connection with a reletting of the Premises by Landlord. Upon request of Landlord, Tenant shall execute an amendment to the Lease or other appropriate agreement, prepared by Landlord, evidencing the amount of the Additional Allowance requested by Tenant and the repayment schedule relating to Tenant's repayment of the Additional Allowance, as described herein.
10. This Exhibit B shall not be deemed applicable to any additional space added to the Premises at any time or from time to time, whether by any options under the Lease or otherwise, or to any portion of the original Premises or any additions to the Premises in the event of a renewal or extension of the original Term of the Lease, whether by any options under the Lease or otherwise, unless expressly so provided in the Lease or any amendment or supplement to the Lease.

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EXHIBIT C – COMMENCEMENT DATE MEMORANDUM

attached to and made a part of the Lease bearing the Lease Reference Date of November 4, 2008 between 900 FOURTH AVENUE PROPERTY LLC, a Delaware limited liability company, as Landlord and THE CITY OF SEATTLE, a municipal corporation of the State of Washington, as Tenant

COMMENCEMENT DATE MEMORANDUM

THIS MEMORANDUM, made as of _____, 20____, by and between **900 FOURTH AVENUE PROPERTY LLC, a Delaware limited liability company** (“Landlord”) and **THE CITY OF SEATTLE, a municipal corporation of the State of Washington** (“Tenant”).

Recitals:

- A. Landlord and Tenant are parties to that certain Lease, dated for reference November 4, 2008 (the “Lease”) for certain premises (the “Premises”) consisting of approximately **22,392** square feet at the building located at 901 Fifth Avenue, Seattle, Washington.
- B. Tenant is in possession of the Premises and the Term of the Lease has commenced.
- C. Landlord and Tenant desire to enter into this Memorandum confirming the Commencement Date, the Termination Date and other matters under the Lease.

NOW, THEREFORE, Landlord and Tenant agree as follows:

- 1. The actual Commencement Date is _____.
- 2. The actual Termination Date is _____.
- 3. The schedule of the Annual Rent and the Monthly Installment of Rent set forth on the Reference Pages is deleted in its entirety, and the following is substituted therefor:

[insert rent schedule]

- 4. Capitalized terms not defined herein shall have the same meaning as set forth in the Lease.

IN WITNESS WHEREOF, the parties hereto have caused this Agreement to be executed as of the date and year first above written.

LANDLORD:

**900 FOURTH AVENUE PROPERTY LLC,
a Delaware limited liability company**

By: RREEF Management Company, a Delaware corporation, its Authorized Agent

By: DO NOT SIGN

Name: _____

Title: _____

Dated: _____

TENANT:

**THE CITY OF SEATTLE,
a municipal corporation of the State of Washington**

By: DO NOT SIGN

Name: _____

Title: _____

Dated: _____

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EXHIBIT D – RULES AND REGULATIONS

**attached to and made a part of the Lease bearing the
Lease Reference Date of November 4, 2008 between
900 FOURTH AVENUE PROPERTY LLC, a Delaware limited liability company, as Landlord and
THE CITY OF SEATTLE, a municipal corporation of the State of Washington, as Tenant**

1. No sign, placard, picture, advertisement, name or notice shall be installed or displayed on any part of the outside or inside of the Building without the prior written consent of the Landlord. Landlord shall have the right to remove, at Tenant's expense and without notice, any sign installed or displayed in violation of this rule. All approved signs or lettering on doors and walls shall be printed, painted, affixed or inscribed at Tenant's expense by a vendor designated or approved by Landlord. In addition, Landlord reserves the right to change from time to time the format of the signs or lettering and to require previously approved signs or lettering to be appropriately altered, at Landlord's sole cost and expense.
2. If Landlord objects in writing to any curtains, blinds, shades or screens attached to or hung in or used in connection with any window or door of the Premises, Tenant shall immediately discontinue such use. No awning shall be permitted on any part of the Premises. Tenant shall not place anything or allow anything to be placed against or near any glass partitions or doors or windows which may appear unsightly, in the opinion of Landlord, from outside the Premises.
3. Tenant shall not obstruct any sidewalks, halls, passages, exits, entrances, elevators, or stairways of the Building. No tenant and no employee or invitee of any tenant shall go upon the roof of the Building.
4. Any directory of the Building, if provided, will be exclusively for the display of the name and location of tenants only and Landlord reserves the right to exclude any other names. Landlord reserves the right to charge for Tenant's directory listing, provided that Landlord shall not charge for Tenant's first directory listing only, but any changes thereafter shall be at Tenant's sole cost and expense.
5. All cleaning and janitorial services for the Building and the Premises shall be provided exclusively through Landlord. Tenant shall not cause any unnecessary labor by carelessness or indifference to the good order and cleanliness of the Premises. Landlord shall not in any way be responsible to any Tenant for any loss of property on the Premises, however occurring, or for any damage to any Tenant's property by the janitor or any other employee or any other person.
6. The toilet rooms, toilets, urinals, wash bowls and other apparatus shall not be used for any purpose other than that for which they were constructed. No foreign substance of any kind whatsoever shall be thrown into any of them, and the expense of any breakage, stoppage or damage resulting from the violation of this rule shall be borne by the Tenant who, or whose employees or invitees, shall have caused it.
7. Tenant shall store all its trash and garbage within its Premises. Tenant shall not place in any trash box or receptacle any material which cannot be disposed of in the ordinary and customary manner of trash and garbage disposal. All garbage and refuse disposal shall be made in accordance with directions issued from time to time by Landlord. Tenant will comply with any and all recycling procedures designated by Landlord.
8. Landlord will furnish Tenant two (2) keys free of charge to each door in the Premises that has a passage way lock. Landlord may charge Tenant a reasonable amount for any additional keys, and Tenant shall not make or have made additional keys on its own. In addition, Landlord shall provide Tenant with one (1) key card for Building and/or elevator access per 240 rentable square feet of the Premises, at no cost to Tenant. As of the date of this Lease, Tenant shall be entitled to one hundred (100) key cards. Tenant shall not alter any lock or install a new or additional lock or bolt on any door of its Premises. Tenant, upon the termination of its tenancy, shall deliver to Landlord the keys of all doors and all key cards that have been furnished to Tenant, and in the event of loss of any keys or key cards so furnished, shall pay Landlord therefor.
9. If Tenant requires telephone, data, burglar alarm or similar service, the cost of purchasing, installing and maintaining such service shall be borne solely by Tenant. No boring or cutting for wires will be allowed without the prior written consent of Landlord.
10. No equipment, materials, furniture, packages, bulk supplies, merchandise or other property will be received in the Building or carried in the elevators except between such hours and in such elevators as may be designated by Landlord. The persons employed to move such equipment or materials in or out of the Building must be acceptable to Landlord.

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11. Tenant shall not place a load upon any floor which exceeds the load per square foot which such floor was designed to carry and which is allowed by law. Heavy objects shall stand on such platforms as determined by Landlord to be necessary to properly distribute the weight. Business machines and mechanical equipment belonging to Tenant which cause noise or vibration that may be transmitted to the structure of the Building or to any space in the Building to such a degree as to be objectionable to Landlord or to any tenants shall be placed and maintained by Tenant, at Tenant's expense, on vibration eliminators or other devices sufficient to eliminate the noise or vibration. Landlord will not be responsible for loss of or damage to any such equipment or other property from any cause, and all damage done to the Building by maintaining or moving such equipment or other property shall be repaired at the expense of Tenant.

12. Landlord shall in all cases retain the right to control and prevent access to the Building of all persons whose presence in the judgment of Landlord would be prejudicial to the safety, character, reputation or interests of the Building and its tenants, provided that nothing contained in this rule shall be construed to prevent such access to persons with whom any tenant normally deals in the ordinary course of its business, unless such persons are engaged in illegal activities. Landlord reserves the right to exclude from the Building between the hours of 6 p.m. and 7 a.m. the following day, or such other hours as may be established from time to time by Landlord, and on Sundays and legal holidays, any person unless that person is known to the person or employee in charge of the Building and has a pass or is properly identified. Tenant shall be responsible for all persons for whom it requests passes and shall be liable to Landlord for all acts of such persons. Landlord shall not be liable for damages for any error with regard to the admission to or exclusion from the Building of any person.

13. Tenant shall not use any method of heating or air conditioning other than that supplied or approved in writing by Landlord.

14. Tenant shall not waste electricity, water or air conditioning. Tenant shall keep corridor doors closed. Tenant shall close and lock the doors of its Premises and entirely shut off all water faucets or other water apparatus and electricity, gas or air outlets before Tenant and its employees leave the Premises. Tenant shall be responsible for any damage or injuries sustained by other tenants or occupants of the Building or by Landlord for noncompliance with this rule.

15. Tenant shall not install any radio or television antenna, satellite dish, loudspeaker or other device on the roof or exterior walls of the Building without Landlord's prior written consent, which consent may be withheld in Landlord's sole discretion, and which consent may in any event be conditioned upon Tenant's execution of Landlord's standard form of license agreement. Tenant shall be responsible for any interference caused by such installation.

16. Tenant shall not mark, drive nails, screw or drill into the partitions, woodwork, plaster, or drywall (except for pictures, tackboards and similar office uses) or in any way deface the Premises. Tenant shall not cut or bore holes for wires. Tenant shall not affix any floor covering to the floor of the Premises in any manner except as approved by Landlord. Tenant shall repair any damage resulting from noncompliance with this rule.

17. Tenant shall not install, maintain or operate upon the Premises any vending machine without Landlord's prior written consent, except that Tenant may install food and drink vending machines solely for the convenience of its employees.

18. No cooking shall be done or permitted by any tenant on the Premises, except that Underwriters' Laboratory approved microwave ovens or equipment for brewing coffee, tea, hot chocolate and similar beverages shall be permitted provided that such equipment and use is in accordance with all applicable Regulations.

19. Tenant shall not use in any space or in the public halls of the Building any hand trucks except those equipped with the rubber tires and side guards or such other material-handling equipment as Landlord may approve. Tenant shall not bring any other vehicles of any kind into the Building.

20. Tenant shall not permit any motor vehicles to be washed or mechanical work or maintenance of motor vehicles to be performed in any parking lot.

21. Tenant shall not use the name of the Building or any photograph or likeness of the Building in connection with or in promoting or advertising Tenant's business, except that Tenant may include the Building name in Tenant's address. Landlord shall have the right, exercisable without notice and without liability to any tenant, to change the name and address of the Building.

22. Tenant requests for services must be submitted to the Building office by an authorized individual. Employees of Landlord shall not perform any work or do anything outside of their regular duties unless under special instruction from

Landlord, and no employee of Landlord will admit any person (Tenant or otherwise) to any office without specific instructions from Landlord.

23. Tenant shall not permit smoking or carrying of lighted cigarettes or cigars other than in areas designated by Landlord as smoking areas.

24. Canvassing, soliciting, distribution of handbills or any other written material in the Building is prohibited and each tenant shall cooperate to prevent the same. No tenant shall solicit business from other tenants or permit the sale of any good or merchandise in the Building without the written consent of Landlord.

25. Tenant shall not permit any animals other than service animals, e.g. seeing-eye dogs, to be brought or kept in or about the Premises or any common area of the Building.

26. These Rules and Regulations are in addition to, and shall not be construed to in any way modify or amend, in whole or in part, the terms, covenants, agreements and conditions of any lease of any premises in the Building. Landlord may waive any one or more of these Rules and Regulations for the benefit of any particular tenant or tenants, but no such waiver by Landlord shall be construed as a waiver of such Rules and Regulations in favor of any other tenant or tenants, nor prevent Landlord from thereafter enforcing any such Rules and Regulations against any or all of the tenants of the Building.

27. Landlord reserves the right to make such other and reasonable rules and regulations as in its judgment may from time to time be needed for safety and security, for care and cleanliness of the Building, and for the preservation of good order in and about the Building. Tenant agrees to abide by all such rules and regulations herein stated and any additional rules and regulations which are adopted. Tenant shall be responsible for the observance of all of the foregoing rules by Tenant's employees, agents, clients, customers, invitees and guests.

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EXHIBIT E – EARLY POSSESSION AGREEMENT

attached to and made a part of the Lease bearing the Lease Reference Date of November 4, 2008 between 900 FOURTH AVENUE PROPERTY LLC, a Delaware limited liability company, as Landlord and THE CITY OF SEATTLE, a municipal corporation of the State of Washington, as Tenant

EARLY POSSESSION AGREEMENT

Reference is made to that Lease dated November 4, 2008, between **900 FOURTH AVENUE PROPERTY LLC, a Delaware limited liability company** (“Landlord”) and **THE CITY OF SEATTLE, a municipal corporation of the State of Washington** (“Tenant”), for the premises located at 901 Fifth Avenue, Seattle, Washington.

It is hereby agreed that, notwithstanding anything to the contrary contained in the Lease but subject to the terms of Section 2.3 of the Lease, Tenant may occupy the Premises on _____. The first Monthly Installment of Rent is due on _____.

Landlord and Tenant agree that all the terms and conditions of the above referenced Lease are in full force and effect as of the date of Tenant's possession of the Premises prior to the Commencement Date pursuant to Section 2.3 other than the payment of rent.

LANDLORD:

**900 FOURTH AVENUE PROPERTY LLC,
a Delaware limited liability company**

By: RREEF Management Company, a
Delaware corporation, its Authorized Agent

By: _____

Name: DO NOT SIGN

Title: _____

Dated: _____

TENANT:

**THE CITY OF SEATTLE,
a municipal corporation of the State of Washington**

By: _____

Name: DO NOT SIGN

Title: _____

Dated: _____

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EXHIBIT F – OUTLINE AND LOCATION OF 19TH FLOOR EXPANSION SPACE

**attached to and made a part of the Lease bearing the
Lease Reference Date of November 4, 2008 between
900 FOURTH AVENUE PROPERTY LLC, a Delaware limited liability company, as Landlord and
THE CITY OF SEATTLE, a municipal corporation of the State of Washington, as Tenant .**

Exhibit F is intended only to show the general layout of the 19th Floor Expansion Space as of the beginning of the Term of the Lease. It does not in any way supersede any of Landlord's rights set forth in Article 17 of the Lease with respect to arrangements and/or locations of public parts of the Building and changes in such arrangements and/or locations. It is not to be scaled; any measurements or distances shown should be taken as approximate.

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EXHIBIT F-1 – OUTLINE AND LOCATION OF ADDITIONAL EXPANSION SPACE

**attached to and made a part of the Lease bearing the
Lease Reference Date of November 4, 2008 between
900 FOURTH AVENUE PROPERTY LLC, a Delaware limited liability company, as Landlord and
THE CITY OF SEATTLE, a municipal corporation of the State of Washington, as Tenant**

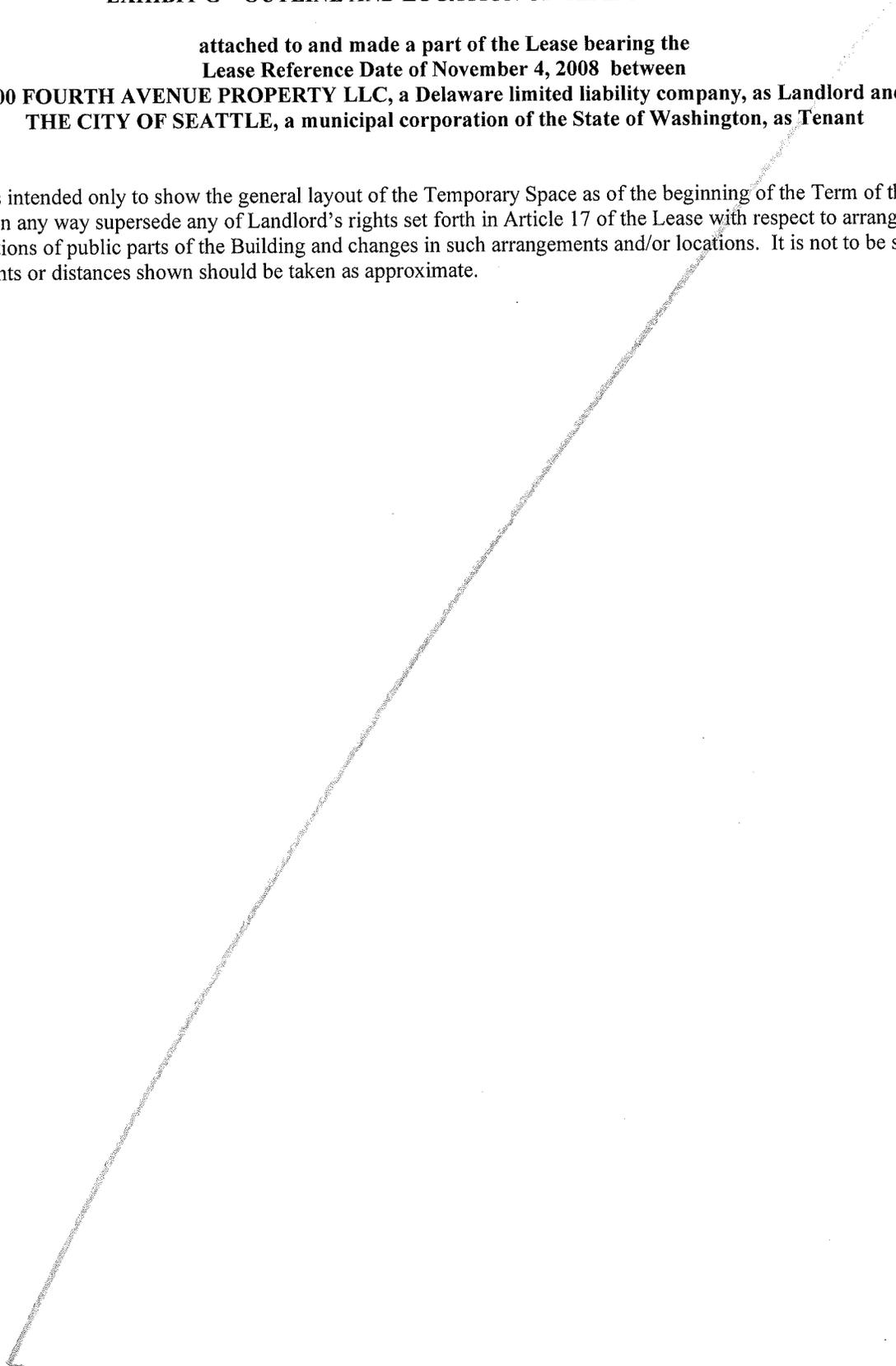
Exhibit F-1 is intended only to show the general layout of the Additional Expansion Space as of the beginning of the Term of the Lease. It does not in any way supersede any of Landlord's rights set forth in Article 17 of the Lease with respect to arrangements and/or locations of public parts of the Building and changes in such arrangements and/or locations. It is not to be scaled; any measurements or distances shown should be taken as approximate.

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EXHIBIT G – OUTLINE AND LOCATION OF TEMPORARY SPACE

**attached to and made a part of the Lease bearing the
Lease Reference Date of November 4, 2008 between
900 FOURTH AVENUE PROPERTY LLC, a Delaware limited liability company, as Landlord and
THE CITY OF SEATTLE, a municipal corporation of the State of Washington, as Tenant**

Exhibit G is intended only to show the general layout of the Temporary Space as of the beginning of the Term of the Lease. It does not in any way supersede any of Landlord's rights set forth in Article 17 of the Lease with respect to arrangements and/or locations of public parts of the Building and changes in such arrangements and/or locations. It is not to be scaled; any measurements or distances shown should be taken as approximate.



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EXHIBIT H – FORM OF TENANT ESTOPPEL CERTIFICATE

attached to and made a part of the Lease bearing the
Lease Reference Date of November 4, 2008 between
900 FOURTH AVENUE PROPERTY LLC, a Delaware limited liability company, as Landlord and
THE CITY OF SEATTLE, a municipal corporation of the State of Washington, as Tenant

To:

Re: Suite:
Tenant:

To Whom It May Concern:

You are hereby advised that the undersigned is the Tenant and present occupant of a portion of those certain premises comprising real property and improvements thereon known as _____, in the City of _____, State of _____ (the "Premises"). The undersigned hereby warrants:

1. The Premises are leased under the provisions of a lease agreement dated _____, 20____. The lease agreement is valid and in existence as executed, except as amended by document(s) dated _____, copy(ies) of which is (are) attached hereto, which contain all of the understandings and agreements between Landlord and Tenant (herein collectively referred to as the "Lease"). Tenant's leased Premises occupy _____ square feet.
2. The commencement date of the term of the Lease is _____, 20____, and the expiration date is _____, 20____; and the undersigned's obligation to pay rent has commenced.
3. The Lease provides for an option to renew the Lease term as follows: _____
_____ at a rental rate of \$ _____.
4. The Lease provides for rent payable as follows:
 - (a) Current minimum fixed monthly rent: \$ _____ with future escalations as follows:
 - (b) No rent has been paid by Tenant in advance under the Lease except for the minimum monthly rent that became due for the current month. The minimum monthly rent has been paid through _____, 20____.
 - (c) The Lease provides for the Tenant to pay ____% of any increase in property operating expenses including but not limited to insurance and real property taxes in excess of the 19__ base year operating expenses of \$ _____.
5. The Lease contains no first right of refusal, option to expand, option to terminate, or exclusive business rights, except as follows: _____
6. The Lease contains no option to purchase or preferential right to purchase all or any part of the Premises or all or any part of the building or project of which the Premises are a part.
7. Landlord is holding a security deposit of \$ _____.
8. The undersigned is not in default under the Lease and is current in the payment of any taxes, utilities, common area maintenance payments, or other charges required to be paid by the undersigned.
9. The improvements and space required to be furnished according to the Lease have been duly delivered by the Landlord and accepted by the Tenant. Landlord's obligations to pay for tenant improvements, if any, have been satisfied.

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10. The undersigned has no set-offs against the Landlord, nor does the undersigned assert any claim against the Landlord for any failure of performance of any of the terms of said Lease, and there are no defaults by the Landlord, including, without limitation, defaults relating to the design, condition and tenant uses of the building of which the Premises are a part.
11. The undersigned has not entered into any sublease, assignment or any other agreement transferring any of its interest in the Lease or the Premises except as follows: _____
12. Tenant has not generated, used, stored, spilled, disposed of or released any hazardous substances at, on or in the Premises. "Hazardous Substances" means any flammable, explosive, toxic, carcinogenic, mutagenic, or corrosive substance or waste, including volatile petroleum products and derivatives. To the best of Tenant's knowledge, no asbestos or polychlorinated biphenyl ("PCB") is located at, on or in the Premises. "Hazardous Substances" shall not include those materials which are technically within the definition set forth above but which are contained in pre-packaged office supplies, cleaning materials or personal grooming items or other items which are sold for consumer or commercial use and typically used in other similar buildings or space.

The undersigned makes this statement for your benefit and protection with the understanding that you (and any assignee of your right to purchase the Property) intend to rely upon this statement in connection with your intended purchase of the above described Property from Landlord. The undersigned agrees that it will, upon receipt of written notice from Landlord, commence to pay all rents to you (or your assignee) or to any agent acting on behalf of you (or your assignee).

Dated: _____, 20 ____.

"TENANT"

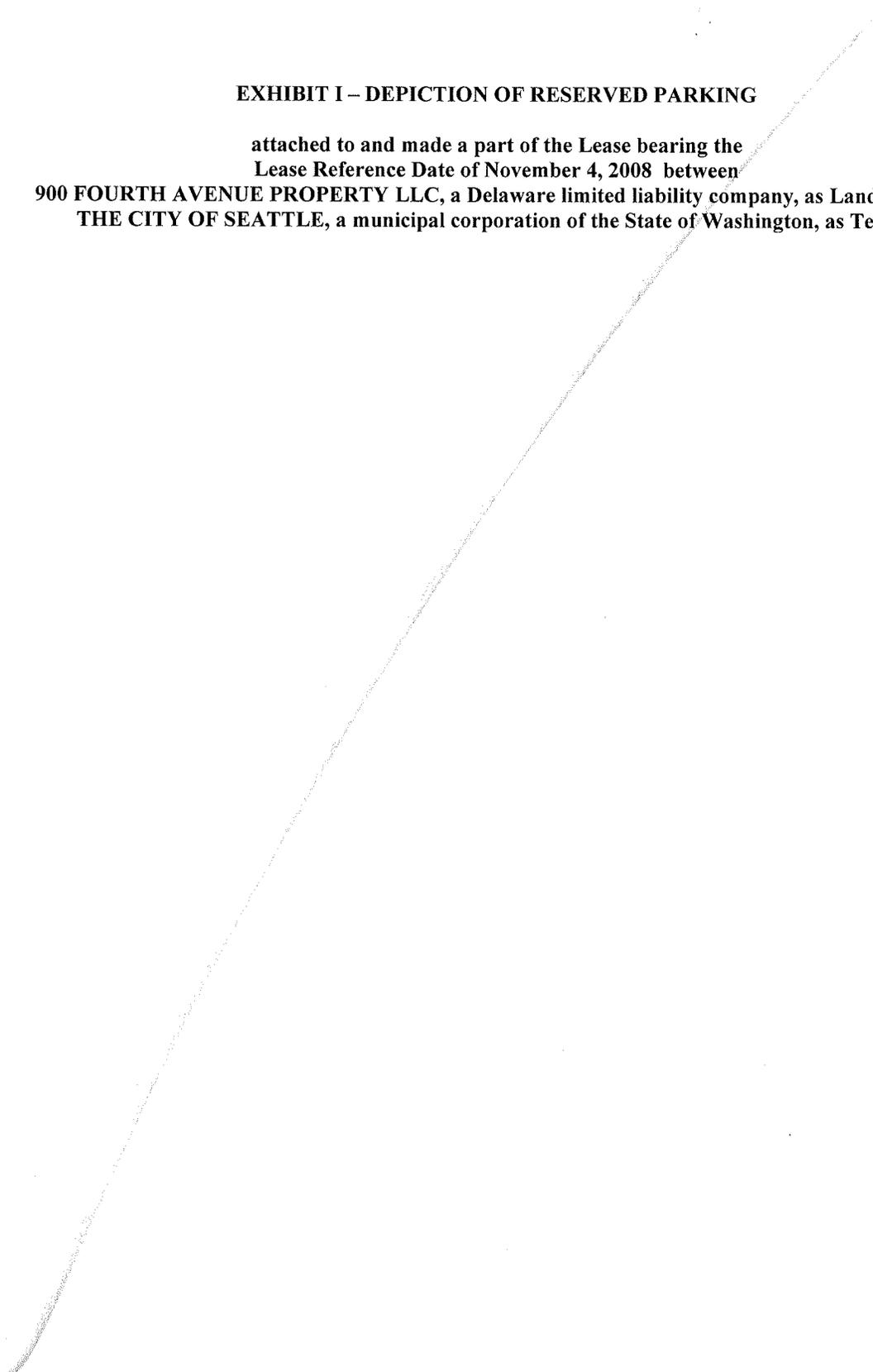
(Signature)

(Title)

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EXHIBIT I – DEPICTION OF RESERVED PARKING

**attached to and made a part of the Lease bearing the
Lease Reference Date of November 4, 2008 between
900 FOURTH AVENUE PROPERTY LLC, a Delaware limited liability company, as Landlord and
THE CITY OF SEATTLE, a municipal corporation of the State of Washington, as Tenant**



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Initials



STATE OF WASHINGTON – KING COUNTY

--SS.

232986
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 12th day of June, 1941, approved as a legal newspaper by the Superior Court of King County.

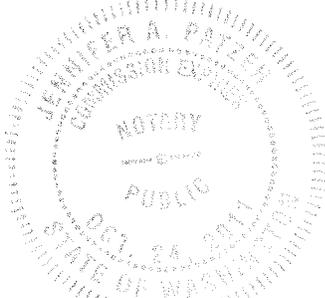
The notice in the exact form annexed, was published in regular issues of The Daily Journal of Commerce, which was regularly distributed to its subscribers during the below stated period. The annexed notice, a

CT:122870-875,877-879

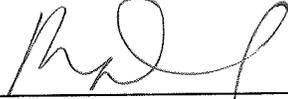
was published on

12/31/08

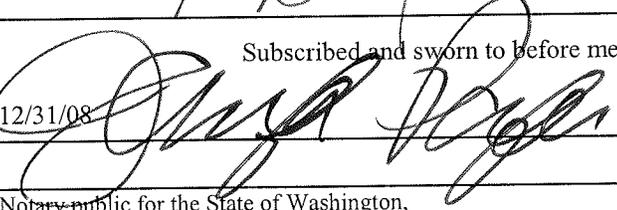
The amount of the fee charged for the foregoing publication is the sum of \$ 168.60, which amount has been paid in full.



Affidavit of Publication


Subscribed and sworn to before me on

12/31/08


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 ordinances, passed by the City Council on December 8, 2008, and published here by title only, will be mailed, at no cost, on request for two months after this publication. For further information, contact the Seattle City Clerk at 684-8344.

ORDINANCE NO. 122879

AN ORDINANCE appropriating money to pay certain audited claims and ordering the payment thereof.

ORDINANCE NO. 122878

AN ORDINANCE authorizing, in 2008, acceptance of funding from non-City sources; authorizing the heads of the Seattle Fire Department, the Seattle Police Department, the Seattle Public Utilities, the Department of Parks and Recreation, the Office of Arts and Cultural Affairs, and the Department of Finance to accept specified grants and private funding and to execute, deliver, and perform corresponding agreements.

ORDINANCE NO. 122877

AN ORDINANCE amending the 2008 Adopted Budget, including the 2008-2013 Capital Improvement Program (CIP) and the Position List; changing appropriations to various departments and budget control levels, and from various funds in the Budget; making cash transfers between various City funds; establishing a new appropriation; creating positions, some of which are exempt from the Civil Service, and modifying an existing position; adding new projects, and revising project allocations in the 2008-2013 CIP for certain projects; all by a three-fourths vote of the City Council.

ORDINANCE NO. 122875

AN ORDINANCE authorizing the Fleets and Facilities Department Director to execute a lease agreement with 900 Fourth Avenue Property LLC, a Washington limited liability company, for office space at 901 Fifth Avenue in Seattle.

ORDINANCE NO. 122874

AN ORDINANCE authorizing the Fleets and Facilities Department Director, on behalf of the Seattle Fire Department, to execute an amendment to a lease agreement with MUSREF Spokane Street, LP, a Washington Limited Partnership, for warehouse space at 3641 2nd Avenue South in Seattle.

ORDINANCE NO. 122873

AN ORDINANCE accepting deeds for street and/or alley purposes and easements for sidewalk purposes; establishing, laying off, and widening portions of the following rights-of-way: the alley in Block 17, Denny-Fuhrman Addition to the City of Seattle; the alley in Block 97, D.T. Denny's 5th Addition to North Seattle; the alley in Block 2, Sparkman & McLean's 1st Addition to West Seattle; the alley in Block 6, Pettit's University Addition to the City of Seattle; the alley in Block 78, D.T. Denny's Park Addition to North Seattle; the alley in Block 5, University Heights; the alley in Block 19, Hill Tract Addition to the City of Seattle; the alley in Block 158, Gilman Park Addition; Prospect Street and Eastlake Avenue E abutting Block 12, East Park Addition; the alley in Block 27, North Seattle; the alley in Block 36, Bell & Denny's 2nd Addition to the City of Seattle; the alley in Block 72, Terry's First Addition to the Town of Seattle; the alley in Block 54, Terry's First Addition to the Town of Seattle; the sidewalk adjoining Lot 6, Block 16, Walker's Addition to the City of Seattle; the alley in Block 9, Claremont Addition; the alley in Block 1, Scenic Park; the alley in Block 18, H.E. Nelson Addition to the City of Seattle; Bayview Avenue S abutting Block 16, Walker's Addition to the City of Seattle; the alley in Block 54, Terry's First Addition to the Town of Seattle; the sidewalk adjoining a portion of Lot 1, Block 54, Terry's First Addition to the Town of Seattle; and placing the real property conveyed by said deeds and easements under the jurisdiction of the Seattle Department of Transportation (SDOT).

ORDINANCE NO. 122872

AN ORDINANCE vacating the alley between Block 30, D.S. Maynard's Plat of the Town of Seattle, and Block 30, Yesler & McIntosh Supplemental Plat to D.S. Maynard's Plat of the Town of Seattle, on the petition of the Seattle Department of Fleets and Facilities.

ORDINANCE NO. 122871

AN ORDINANCE relating to certain property within Interlaken Park in the City of Seattle; authorizing the transfer of partial jurisdiction for City roadway purposes and maintenance easement from the Department of Parks and Recreation to the Seattle Department of Transportation and superseding the requirements of Ordinance 118477 for the purposes of this ordinance.

ORDINANCE NO. 122870

AN ORDINANCE granting the Chinatown International District Business Improvement Area permission to construct and maintain a traditional Chinese gate in the Chinatown-International District, crossing over South King Street, at least 50 feet east of 5th Avenue South, for a ten-year term, renewable for two successive ten-year terms; specifying the conditions under which this permit is granted; providing for acceptance of the permit and conditions; and repealing Ordinance 122436.

Publication ordered by JUDITH PIPPIN,
City Clerk
Date of publication in the Seattle Daily
Journal of Commerce, December 31, 2008.
12/31(232986)