

**LEASE AGREEMENT
(With Option to Purchase)**

Between

**ALLIANCE WASATCH 1, LLC,
a California limited liability company**

as Landlord

and

**KING COUNTY,
a political subdivision of the State of Washington**

as Tenant

[•], 2009

**King County Transit Oriented Development
Parking Garage Project
Burien, Washington**

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Exhibits:

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Exhibit D	Legal Description of Garage Land
Exhibit E	Legal Description of Housing Land
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Exhibit I	Dispute Resolution Procedure
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Exhibit L	Subordination, Nondisturbance and Attornment Agreement
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Exhibit N	Federal Transit Administration Requirements

**LEASE AGREEMENT
(With Option to Purchase)**

THIS LEASE AGREEMENT (WITH OPTION TO PURCHASE) ("Lease") dated for reference purposes as of October 1, 2009 is by and between ALLIANCE WASATCH 1, LLC, a California limited liability company ("Landlord") and KING COUNTY, a political subdivision of the State of Washington ("Tenant"), with reference to the following facts:

RECITALS

A. In January of 1998, Tenant adopted a Transit Oriented Development Program (T.O.D) to encourage public or private development that creates new mixed-income housing development, including related commercial activity in close proximity to transit facilities and services to increase ridership of Tenant's metropolitan public transportation system, decrease automobile trips and traffic congestion and provide additional fare revenue to support metropolitan public transportation services through King County.

B. Pursuant to its Request for Proposals - Burien Downtown Park & Ride, Lot A: Mixed Use Development No. 1180-07 dated December 13, 2007, as amended (the "RFP"), Tenant solicited proposals from developers interested in developing a high density, mixed-use multi-family residential development containing approximately 80 units of new affordable housing for residents of King County (the "Housing Project") and a five-story 500 stall public parking garage (the "Garage" and together with the Housing Project, the "Burien T.O.D Project") on five (5) acres of real property owned by Tenant in the city of Burien, King County, Washington (the "Land") in one or more phases. The Land is currently used as a park and ride lot containing 345 parking stalls. The Land is located immediately adjacent to a newly constructed regional transit center owned by Tenant which serves residents of the city of Burien and surrounding communities.

C. Landlord submitted its Response to Tenant's Request for Proposals dated _____, whereby Landlord proposed to develop the Burien T.O.D. Project on the Land in phases, with construction of the Garage on a portion of the Land for lease and possible purchase by Tenant as Phase I and redevelopment by Landlord of the remainder of the Land with the Housing Project as Phase II. The Housing Project is the critical component of the Burien T.O.D. Project and Tenant would not have entered into the Ground Lease (defined below) or this Lease but for the agreement by Landlord to develop the Housing Project on a portion of the Land. Economic circumstances arising after the issuance of the RFP adversely impacting the housing and credit markets in King County have necessitated a phased development of the Burien T.O.D. Project.

D. In order to accommodate the development of the Burien T.O.D. Project in Phases, Tenant intends to short plat the Land into two legal lots consisting of the Garage Land and the Housing Land, each as defined below. Concurrently herewith, Tenant shall enter into a ground lease of the Land to Landlord as ground lessee on the express condition that Landlord execute this Lease and agree to design, develop, finance, construct and complete the Garage on the Land and thereafter lease the Garage together with the Landlord's rights in the Land (the "Premises") to Tenant at the Monthly Rent, for the Term and on the other terms and conditions hereinafter set

forth. The design, development, construction, financing, and equipment of the Garage on the Premises is hereinafter referred to as the "Project".

E. Landlord acknowledges that the Land currently consists of a single legal lot and that initially the Premises shall constitute the entirety of the Land. Tenant shall cause the Land to be short platted into a minimum of two lots, one of which will consist of the Garage Land and the remainder of which will constitute the Housing Land, with the approximate locations of each lot to be as depicted on the map attached hereto as **Exhibit C-2**. Upon completion of the short plat of the Land creating the Garage Land and the Housing Land, the legal description of the Garage Land and the Housing Land shall be attached to this Lease as **Exhibits D** and **E** respectively. Upon Closing (as hereinafter defined), if Tenant has exercised its Option to purchase the Premises and Landlord and Tenant have entered into the Housing Agreement and agreed upon the Housing Commencement Date as defined in Section 2.2.2 of the Ground Lease, the Ground Lease shall terminate as to the Garage Land, Landlord and Tenant shall execute the Amended Ground Lease and thereafter the Ground Lease shall continue with respect to the Housing Land only on the terms and conditions set forth in the Amended Ground Lease. If Tenant has not exercised its Option to purchase the Premises, but has agreed to cause the issuance of the Certificates pursuant to Section 4.4 hereof, and Landlord and Tenant have entered into the Housing Agreement and agreed upon the Housing Commencement Date as defined in Section 2.2.2 of the Ground Lease, Landlord and Tenant shall thereafter bifurcate the Ground Lease and enter into two separate ground leases, first, a ground lease of the Garage Land only on such terms and conditions as Trustee may reasonably request in order to issue the Certificates, and secondly, a ground lease of the Housing Land only on terms and conditions as may be reasonably required in order for Landlord to ground lease and develop the Housing Project thereon. The Construction Loan and the Deed of Trust shall expressly provide for the partial release of the Garage Land from the lien of the Deed of Trust upon Closing.

F. Tenant is authorized by KCC 4.56.160, RCW 36.34.205 and Chapter 35.42 RCW to acquire facilities including public parking garages by means of a lease/leaseback that contains an option to purchase. The execution by Tenant of the Ground Lease, this Lease, and, if successfully negotiated, the Amended Ground Lease, which will require the redevelopment of the Land with the Burien T.O.D. Project, a phased transit oriented development consisting of the Garage and the Housing Project, will promote the public welfare, provide additional public parking for single-trip transit commuters, provide additional safe and affordable housing for residents of King County in close proximity to existing transit facilities and advance other important public purposes.

G. Tenant desires to lease from Landlord and Landlord desires to lease to Tenant the Premises (as defined below) on the terms and conditions set forth in this Lease; provided, however, that in no event shall Tenant be liable for all or any part of the cost of design, development or construction of the Project, nor shall Tenant be liable for payment of Monthly Rent under this Lease until Final Completion of the Project.

H. Tenant is authorized to enter into the Ground Lease and this Lease by Ordinance _____ passed by the King County Council on [September __, 2009].

NOW, THEREFORE, in consideration of the foregoing recitals and other good and valuable consideration, the receipt and sufficiency of which is hereby acknowledged, Landlord and Tenant agree as follows:

AGREEMENT

1. Incorporation of Recitals; Definitions. Each recital set forth above is incorporated into this Lease as though fully set forth herein. All capitalized terms not otherwise defined in the Recitals or elsewhere in this Lease, shall have the meaning set forth in this Section 1:

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

1.2 "Additional Rent" means any monetary sum required to be paid by Landlord to Tenant under the provisions of this Lease (other than Monthly Rent).

1.3 "Amended Ground Lease" means the Amended and Restated Ground Lease to be entered into by Landlord and Tenant no later than Final Completion of the Project which will set forth the rent and other terms and conditions under which Tenant shall ground lease the Housing Land to Landlord and Landlord shall agree to develop, construct and operate the Housing Project thereon.

1.4 "Architect" means _____, the architect for the Project selected by Landlord with Tenant's approval.

1.5 "Business Day" means any day other than a Saturday, Sunday, legal holiday or day that Tenant's offices are closed by order of the King County Executive.

1.6 "Certificate of Occupancy" means the temporary certificate of occupancy issued by the City to Landlord certifying that the Garage may be occupied for the Permitted Use.

1.7 "Certificates" means any certificates of participation in Monthly Rent executed and delivered by the Trustee pursuant to the Trust Agreement.

1.8 "City" means the City of Burien, Washington, a municipal corporation.

1.9 "Change Orders" means any Landlord-Initiated Change Orders and any Tenant-Initiated Change Orders.

1.10 "Closing" means (i) with respect to the Option to purchase the Garage as set forth in Section 21, the delivery to Escrow Agent of all documents and funds required to be delivered to complete the purchase and sale of the Garage in accordance with the provisions of Section 21 hereof, and (ii) with respect to the assignment of this Lease to the Trustee in connection with the issuance of the Certificates as provided in Section 4.4 hereof, the delivery of documents and funds required to be delivered by Landlord, Tenant and Trustee to complete the assignment of the Ground Lease and this Lease to Trustee and payment of the Option Price to Landlord in connection with such assignment.

1.11 “Closing Date” means the date on which the Closing occurs.

1.12 “Commencement Date” means the date of Final Completion of the Project, which is also the date upon which Tenant’s obligation to pay Monthly Rent hereunder commences.

1.13 “Commencement of Construction” means the later of (a) the date Landlord executes and delivers to the General Contractor the notice to proceed attached to the General Construction Contract, or (b) the commencement of mobilization, site preparation, grading, excavation for foundations of buildings or other structures to be constructed as part of the Project or any combination of such events occurs.

1.14 “Construction Contracts” means (i) the General Construction Contract, and (ii) all other contracts for construction services entered into between Landlord and any Contractor, including the General Contractor, for construction of any other portion of the Project not covered by the General Construction Contract.

1.15 “Construction Documents” mean the Construction Drawings and Detailed Specifications approved by Landlord and Tenant pursuant to Section 9.3 below, for the construction of the Project, including technical drawings, schedules, diagrams, plans and specifications setting forth in detail the requirements for construction of the Project and providing information customarily required for the use of the building trades.

1.16 “Construction Drawings” means drawings setting forth in detail the requirements for the construction of the Project. As used herein, the term “Construction Drawings” includes all graphic and pictorial documents depicting the design, location and dimensions of the Project and includes plans, elevations, sections, details, schedules and diagrams for the Project.

1.17 “Construction Lender” means a state or national bank, insurance company, pension fund, credit union or other major financial lending institution or other entity generally recognized as a source of mortgage financing with total assets as of the date of its most recent available financial statement of at least One Hundred Million Dollars (\$100,000,000).

1.18 “Construction Loan” means a loan obtained by Landlord from the Construction Lender in an amount not to exceed the Fixed Price for the purpose of providing for the payment of Project Costs.

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

1.20 “Contractors” means the General Contractor and any other construction contractors with whom Landlord enters into direct contracts, or with whom General Contractor on behalf of and acting as the Landlord’s agent, contracts for the Project.

1.21 “Deed of Trust” means any mortgage or deed of trust encumbering Landlord’s leasehold interest under the Ground Lease and this Lease executed by Landlord in favor of Construction Lender to secure the Construction Loan.

1.22 “Design Development Drawings” means drawings that are a consistent development of the Schematic Drawings and further define and describe all important aspects of the Project. The Design Development Drawings will serve as the basis for the Construction Drawings.

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

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

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

1.26 “Escrow Agent” means the Title Company or another nationally recognized title insurance company selected by Landlord and not objected to by Tenant which shall provide escrow services and issue the Title Policy to be delivered to Tenant in connection with the Closing.

1.27 “Events of Default” has the meaning set forth in Section 23 and 24 of this Lease.

1.28 “Expiration Date” means the earliest of: (1) the date which is _____ (____) years after the Effective Date; or (ii) the date on which the Ground Lease is terminated as a result of payment or defeasance in full of all Monthly Rent set forth on **Exhibit A** hereto; or (iii) any date on which this Lease terminates in accordance with its terms.

1.29 “Final Completion of the Project” means that the following events have occurred with respect to the Project:

(a) The City has issued the Certificate of Occupancy, such that Tenant is permitted to and could physically occupy the Project for the Permitted Use.

(b) Each Contractor shall have issued its "Certificate of Substantial Completion" together with its Affidavit of Payment of Debts and Claims (AIA Forms 706 and 706A), together with final waivers and releases of lien in form satisfactory to Landlord and Tenant from all Contractors and their subcontractors performing work on the Project.

(c) All Punch List items have been completed.

(d) Landlord shall have submitted evidence reasonably satisfactory to Tenant that all construction costs have been paid in full, including evidence of full payment for any personal property installed on the Garage Land as part of the Project Costs.

(e) The period for filing construction liens has expired or releases or discharges of construction liens in form and substance satisfactory to Tenant have been obtained by the Landlord from all Contractors and their subcontractors performing work on the Project in accordance with all Construction Contracts.

(f) Architect shall have issued its "Certificate of Final Completion" and the Tenant shall have received the certificate of any other architect or engineer requested by the Tenant.

(g) The General Contractor shall have issued a certificate that (i) the Project has been finally completed in substantial accordance with the Contract Documents, and (ii) no Hazardous Substances as defined in said certificate were incorporated into the structure of the Project.

(h) Landlord shall have delivered to Landlord a written report showing the allocation of Project Costs among the categories of the Project Budget.

(i) Tenant shall have received an endorsement to its Title Policy dated as of and issued on the date of Final Completion of the Project, which shall insure Tenant: (i) against any liens for labor or materials, whether or not of record, which may have arisen in connection with the construction of the Project, and (ii) show no additional exceptions to its Title Policy, if any, other than those approved by or arising through Tenant.

(j) All signage and graphics required under the Construction Documents has been installed in the Garage, all security systems have been installed and are operational, the Garage is no longer in use as a construction staging area for the storage of construction materials, machinery and equipment or to provide temporary parking for construction workers' automobiles and equipment and the entire Garage is open to members of the general public for the parking of vehicles.

(k) Each Contractor who has performed work on the Project shall have submitted its statements of intent to pay prevailing wages and affidavits of wages paid and copies of all other documentation required by Chapter 39.12 RCW. Landlord has delivered Tenant its affidavit that the Construction Contracts with Contractors and subcontractors of such Contractors for the Project required such parties to pay prevailing wages in accordance with Section 9.5.5 below, and Landlord shall have provided evidence reasonably satisfactory to

Tenant that the Project has been designed, developed and constructed in accordance with all relevant provisions of the FTA Requirements set forth in **Exhibit N** hereto.

(l) Landlord shall have completed and delivered the matters required under Section 9.10 of this Lease; and

(m) Landlord and Tenant have executed the Amended Ground Lease setting forth the rent and other terms and conditions under which Landlord will develop, construct and operate the Housing Project on the Housing Land and Landlord has made all ground lease payments then due and payable thereunder.

1.30 "Financing Costs" means all costs incurred by Landlord in obtaining financing for the Project, including, but not limited to loan fees, origination fees, appraisal fees, legal fees, interest and all other costs incurred or payable by Landlord to obtain financing for the Project, including any and all amounts payable to Construction Lender in connection with the Construction Loan or the Security Documents.

1.31 "Fixed Price" means \$ _____, the total amount to be paid by Tenant as Monthly Rent amortized over the Term of this Lease as set forth on the Schedule of Monthly Rent attached hereto as **Exhibit A** and by the reference incorporated herein.

1.32 "Garage" means the five-story parking structure containing approximately 500 parking stalls to be constructed on the Land as part of the Project. The Garage is more particularly described in the Preliminary Plans and Outline Specifications, a schedule of which is attached hereto as **Exhibit B** and by this reference incorporated herein.

1.33 "Garage Land" means that portion of the Land on which the Garage will be located. The legal description of the Garage Land will be attached to this Lease as **Exhibit D** upon completion of the short plat of the Land as described in Section 1.4 of the Ground Lease.

1.34 "Ground Lease" means the long-term ground lease of the Land entered into or to be entered into of even date herewith, by and between Alliance Wasatch 1, LLC, as the ground lessee and King County as the ground lessor.

1.35 "General Construction Contract" means the agreement between Landlord and the General Contractor for construction of the Project, which shall provide a Guaranteed Maximum Construction Price.

1.36 "General Contractor" means Charles Pankow Builders, Ltd., a California limited partnership, which has registered as a foreign limited partnership authorized to transact business in the State of Washington and which is a duly licensed general contractor in the State of Washington, the general contractor for the Project selected by Landlord with Tenant's approval.

1.37 "Guaranteed Maximum Construction Price" means the maximum cost for construction of the Project as guaranteed by the General Contractor pursuant to the terms of the General Construction Contract.

1.38 “**Hazardous Substances**” means any material, waste, substance, industrial waste, toxic waste, chemical contaminant, petroleum, asbestos, polychlorinated biphenyls, radioactive materials, or other substances regulated or classified by Environmental Laws as hazardous, toxic or lethal to persons or property.

1.39 “**Housing Land**” means that portion of the Land on which the Housing Project will be located. The legal description of the Housing Land will be attached to this Lease as **Exhibit E** upon completion of the short plat of the Land as described in Section 1.4 of the Ground Lease.

1.40 “**Housing Project**” has the meaning set forth in Recital B of this Lease.

1.41 “**Land**” means the real property on which the Burien T.O.D. Project will be developed in phases, as more particularly described in **Exhibit C-1** attached hereto and by this reference incorporated herein.

1.42 “**Landlord**” means Alliance Wasatch 1, LLC, a California limited liability company.

1.43 “**Landlord-Initiated Change Order**” means Change Orders during the construction of the Project that are initiated by Landlord pursuant to Section 9.6.

1.44 “**Laws**” mean any constitution, statute, ordinance, regulation, rule, resolution, judicial decision, administrative order or other requirement of any federal, state, county, municipal or other governmental agency or authority having jurisdiction over the parties or the Premises, or both, in effect either at the time of execution of this Lease or at any time during the Term, including without limitation, any regulation or order of a quasi official entity or body (e.g., board of fire examiners or public utilities) including, but not limited to Environmental Laws and all rules, laws and regulations issued thereunder, as the same may be amended from time to time.

1.45 “**Lease**” means this Lease between Alliance Wasatch 1, LLC as Landlord and King County as Tenant.

1.46 “**Lease Year**” means each succeeding year of the Term, commencing with the Commencement Date and ending with the date which is one (1) day less than one (1) year later.

1.47 “**Liens**” means any lien, charge, security interest or encumbrance, including the Security Documents, which may be attached to, upon or against the Premises or any portion thereof.

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

1.49 “**Notice Address**” means as to each of the parties its respective address as specified in Section 34.7 of this Lease.

1.50 “**Notice Parties**” means each of Landlord, Tenant and Construction Lender.

1.51 “**Option**” means Tenant’s Option to purchase the Premises as provided in Section 21 of this Lease.

1.52 “**Option Price**” means the Fixed Price less all sums paid by Tenant as Monthly Rent under this Lease up to and including the Closing Date.

1.53 “**Outside Completion Date**” means [_____]. [Note: Tenant can terminate Lease if Final Completion of the Project has not occurred by this date.]

1.54 “**Permits**” means all land use permits, authorizations and approvals required for construction of the Project.

1.55 “**Permitted Liens**” means the Security Documents.

1.56 “**Permitted Use**” has the meaning given to it in Section 7 of this Lease.

1.57 “**Permitted Exceptions**” has the meaning set forth in Section 21.4 of this Lease.

1.58 “**Person**” means a natural person, corporation, trust, partnership, limited partnership, limited liability company, governmental subdivision or agency, municipal corporation, city, state or other legal entity.

1.59 “**Preliminary Plans and Outline Specifications**” are the initial renditions for the Garage, a schedule of which Preliminary Plans and Outline Specifications is attached hereto as **Exhibit B** and by this reference incorporated herein.

1.60 “**Premises**” means the entirety of the Garage to be constructed on the Land together with a leasehold interest in the Land pursuant to the Ground Lease.

1.61 “**Project**” means the total design, development, permitting, financing, construction and equipping of the Garage, including, without limitation, all site work, landscaping, offsite improvements and road improvements required under Permits, utility relocation and installation of utilities as required to serve the Project, all professional design services and all labor, material, supplies and equipment used or incorporated in such design and construction of the Garage and ancillary improvements to be constructed on the Land. The Project shall include work which is consistent with and reasonably inferable from the approved Project Requirements as being necessary to produce the intended results.

1.62 “**Project Budget**” means the budget for development of the Project attached to this Lease as **Exhibit F** and by this reference incorporated herein, as revised from time to time by Landlord and General Contractor in accordance with the Construction Documents.

1.63 “**Project Contingency**” means the contingency by that name set forth in the Project Budget.

1.64 "Project Costs" means all costs for the completion of the design, development, permitting, financing, and construction of the Project, including, without limitation, all site work, landscaping, off-site improvements and road improvements required under Permits, utility relocation and installation of utilities as required to serve the Project, all Permit fees, all costs of the Garage, HVAC electrical and other building systems, all costs of fixtures, furnishing and equipment, if any, described in the Construction Documents, all costs of architectural services provided by the Architect, all other professional design and other services provided by Contractors or other professionals engaged by Landlord or General Contractor, all amounts paid to General Contractor under the General Construction Contracts including all labor, material, supplies and equipment used or incorporated in such design and construction, all amounts paid to other Contractors and subcontractors, if any, under any other Construction Contract or subcontract entered into by Landlord or by General Contractor on behalf of and acting as the Landlord's agent in connection with the Project, including all labor, material, equipment used or incorporated in such design and construction, services provided by engineers, environmental consultants, surveyors and other professionals and consultants retained by Landlord or General Contractor in connection with the Project, Financing Costs, Project Contingency, insurance, applicable state and local retail sales, business and occupation and other taxes (including real property taxes and assessments accruing from the Effective Date to Final Completion of the Project).

1.65 "Project Requirements" means the Preliminary Plans and Outline Specifications, the RFP, the FTA Requirements and other requirements for the Project specifically agreed to by Landlord and Tenant.

1.66 "Project Schedule" means the schedule for the Project as revised from time to time by General Contractor and Landlord; provided, however, that in no event shall the Project Schedule provide for Substantial Completion of the Project to occur later than the Required Completion Date without the consent of Tenant. The initial Project Schedule is set forth in **Exhibit G** attached hereto and by this reference incorporated herein.

1.67 "Punch List" means a list of items required to be completed prior to Final Completion of the Project that are minor items which do not affect Landlord's ability to lease the Premises to Tenant and do not affect Tenant's ability to use the Premises for its Permitted Use.

1.68 "Required Completion Date" means a date no later than twelve (12) months after the Effective Date. The Required Completion Date shall be extended to the extent of (i) Unavoidable Delays; provided, however, that extensions due to Unavoidable Delays shall not exceed ninety (90) days; and (ii) delays incurred as a result of the time required to remediate Hazardous Substances existing in, on or emanating from the Land and discovered during the construction of the Project, provided Landlord shall use reasonable efforts to minimize the impact on the Project Schedule due to such remediation.

1.69 "Requirements of Law" means all requirements relating to land and building construction (including those specifically applicable to Tenant's contemplated use of the Premises for its Permitted Use), including, without limitation, planning, zoning, subdivision, environmental, air quality, flood hazard, fire safety, accessibility, and other governmental approvals, permits, licenses and/or certificates as may be necessary from time to time to comply

with all the foregoing, all Federal Transit Administration rules, regulations and requirements, including but not limited to those attached hereto as **Exhibit N** and by this reference incorporated herein, and other applicable statutes, rules, orders, regulations, laws, ordinances, and covenants, conditions and restrictions, which now apply to and/or affect the design, construction, existence, intended use, operation and/or occupancy of the Garage Land, the Premises or any part thereof.

1.70 "Schematic Drawings" means drawings establishing the general scope, conceptual design, scale and relationship among the components of the Project.

1.71 "Security Documents" means the Deed of Trust, and such other documents as may be required by Construction Lender in connection with the Construction Loan to finance the Project Costs.

1.72 "Subordination Agreement" means the Subordination, Non-Disturbance and Attornment Agreement to be executed by Landlord, Tenant and Construction Lender in the form attached hereto as **Exhibit L** and by this reference incorporated herein.

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

(a) General Contractor shall have notified Landlord and Tenant in writing that the Project is Substantially Complete in substantial accordance with the Contract Documents, subject only to the completion of normal Punch List items;

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

(c) The City has issued the Certificate of Occupancy such that Tenant is permitted to and could, pursuant to such Certificate of Occupancy, physically occupy the Garage for its Permitted Use;

(d) Tenant has received satisfactory evidence from Landlord that all real property taxes and assessments payable on the Premises have been paid;

(e) Each Contractor shall have issued its "Certificate of Substantial Completion" together with its "Affidavit of Payment of Debts and Claims" (AIA Forms 706 and 706A), together with partial waivers and releases of lien for work performed prior to the date of its "Certificate of Substantial Completion" in form and substance satisfactory to Tenant; and

(f) Tenant shall have accepted the Project as Substantially Complete, subject to completion of the Punch List items agreed upon with Landlord.

1.74 "Substantially Complete" means that the Garage has been constructed in substantial accordance with the Contract Documents and: (a) all elements required for the functioning of the Garage shall be operational and in good working order and condition

including satisfying applicable ADA building requirements and the Washington State Law Against Discrimination, RCW ch. 49.60, as well as regulations adopted thereunder; (b) the Garage shall be weather tight and waterproof; (c) the fire and life safety systems within the Garage shall be operational and in good working order and condition; (d) the elevators within the Garage shall operate and function in good working order and condition, but may still require touch up installation and cleaning; (e) the mechanical and electrical systems, including the HVAC system, if any, shall be individually tested and in good working order able to support the Garage and shall also be tested to assure that the Garage systems operate on an integrated basis, but the HVAC system may still require final balancing work; (f) the finish work is substantially completed, including, but not limited to public entryways, elevators, HVAC, plumbing, fire and life safety, sprinkler and electrical systems and doors, including removal of all construction debris; (g) all site utilities, sidewalks and landscaping are substantially completed and construction barricades and equipment have been removed; (h) all Garage elevators and lobbies and all entrances and exits to the Garage are completed; (i) the access and security systems for the Garage are installed and operational, except in each case minor Punch List items which do not materially affect use and occupancy of the Garage for the Permitted Use.

1.75 "Taxes" means all real property taxes and assessments (including assessments for special improvements), license and permit fees, charges for public utilities, leasehold excise taxes, other excise taxes, levies, sales, use and occupancy taxes, any tax or charge assessed against the Monthly Rent or fair market value of the Premises and any taxes levied or assessed in addition to or in lieu of, in whole or in part, such taxes, assessments or other charges and all other governmental impositions and charges of every kind and nature, general and special, ordinary and extraordinary, foreseen and unforeseen of every character (including interest and penalties thereon) which at any time from and after the Effective Date of this Lease may be imposed, levied upon or assessed against or which arise with respect to or constitute a lien upon the Land, Project or the Premises (or any part thereof), the leasehold estate created by this Lease or the Ground Lease any part thereof, or any estate, right or interest therein, or any occupancy, use or possession of or activity conducted on the Premises or any part thereof. Taxes shall not include any tax computed on the basis of Landlord's net income.

1.76 "Tenant" means King County, a political subdivision of the State of Washington, and its successors and permitted assigns as the tenant under this Lease.

1.77 "Tenant-Initiated Change Order" means Change Orders that are initiated by Tenant pursuant to Section 9.6.

1.78 "Tenant's Project Manager" means the project manager for the Project identified by the Tenant's Department of Construction and Facilities Management, or his or her designee.

1.79 "Term" means the period beginning on the Commencement Date and ending on the Expiration Date.

1.80 "Title Company" means Chicago Title Insurance Company, which will be issuing the Title Policy.

1.81 "Title Policy" has the meaning set forth in Section 21.4 below.

1.82 "Trust Agreement" means the trust agreement executed by Trustee and Tenant in connection with the execution and delivery of the Certificates.

1.83 "Trustee" means a national bank or other financial institution with trust powers selected by Tenant to enter into the Trust Agreement and issue the Certificates in Monthly Rent or any duly authorized successor thereto appointed pursuant to the Trustee Agreement.

1.84 "Unavoidable Delays" means any delay in the performance by Landlord or General Contractor of its obligations with respect to the Project caused by strikes (other than those directly caused by the acts or omissions of Landlord or the General Contractor or the failure by the Landlord or the General Contractor to bargain in good faith), acts of God, unusually inclement weather, unavoidable casualties and similar causes beyond the reasonable control of Landlord or General Contractor which, after the exercise of due diligence to mitigate the effects thereof, delay construction of the Project, other than such delays resulting from (a) Landlord's failure to comply with the terms and provision of this Lease; (b) General Contractor's failure to comply with the terms of the General Construction Contract; (c) increased prices, or (d) unavailability of funds. Unavoidable Delays will entitle Landlord to request an extension of the Required Completion Date but will in no way entitle Landlord to any increase in Monthly Rent or any increase in the Fixed Price or the Option Price.

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

1.86 "Warranty Period" means that period commencing on the date of Final Completion of the Project and expiring two (2) years thereafter.

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

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

4. **Monthly Rent.**

4.1 **Obligation to Pay Rent.** Commencing on the first Business Day of the first month following the Commencement Date and on the first Business Day of each and every

month thereafter during the Term, Tenant shall pay to Landlord or as Landlord may otherwise direct in writing and without deduction, offset, prior notice or demand, an amount equal to Monthly Rent as set forth on the schedule of Monthly Rent attached hereto as **Exhibit A** and this reference incorporated herein; provided, however that the first payment of Monthly Rent shall also include an amount in arrears for the Monthly Rent due and owing from the Commencement Date through and including the last day of the month preceding such first payment date.

4.2 Proration of Rent. Monthly Rent for any partial month shall be prorated on a daily basis at the rate of 1/30 of the Monthly Rent. All payments of Monthly Rent under this Lease shall be paid in lawful money of the United States and in immediately available funds. In the event that the date on which Monthly Rent is due is not a Business Day, such Monthly Rent shall be due on the following Business Day.

4.3 Rent a General Obligation. Tenant's obligation to pay Monthly Rent constitutes a limited tax general obligation of Tenant. Tenant irrevocably covenants and agrees that it will include in its annual budget and levy taxes annually on all taxable property within King County, within and as a part of the tax levy permitted to Tenant without a vote of the electors, amounts sufficient, together with all other money legally available and to be used therefor, to pay Monthly Rent as the same shall become due. The full faith, credit and resources of Tenant are irrevocably pledged for the annual levy and collection of such taxes and the prompt payment of Monthly Rent.

4.4 Prepayment of Monthly Rent through Issuance of Certificates. Landlord and Tenant acknowledge that it is Tenant's intent that Certificates will be issued in the Monthly Rent payments as a means to pay Landlord the Option Price, from which amount Landlord shall repay the Construction Loan, if Tenant has not exercised its option to purchase the Premises pursuant to Section 21 hereof within _____ (____) months following the Final Completion of the Project.

(a) Tenant shall have the right to arrange for the issuance of Certificates to provide long-term financing for the Project in an amount sufficient to pay the Option Price. Tenant shall notify Landlord in writing not less than _____ (____) following the Final Completion of the Project of Tenant's intent to issue the Certificates, the name of the Trustee who will become the successor in interest to Landlord's right, title and interest under the Ground Lease and this Lease as to the Garage Land, and the name of the underwriter that will underwrite the Certificates (the "Notice of Intent to Issue Certificates"). In the event Tenant delivers Landlord the Notice of Intent to Issue Certificates, Tenant will use its best efforts to cause the issuance of the Certificates and payment of the Option Price to Landlord within _____ (_____) days thereafter.

(b) In the event that Tenant has not exercised its option to purchase the Premises pursuant to Section 21 hereof and has not delivered the Notice of Intent to Issue Certificates provided in Section 4.4(a) above within _____ (____) months following the Final Completion of the Project, then Landlord may elect to arrange for the issuance of the Certificates. The Landlord shall notify Tenant of its intent to exercise its right to cause issuance of the Certificates pursuant to this Section 4.4(b) not less than _____ (____) months prior to the expected Closing Date for the issuance of such Certificates. Such Certificates shall be issued

in a principal amount equal to the anticipated Option Price as of the Closing Date. Tenant agrees to cooperate with Landlord in the issuance of the Certificates, including providing information on the Tenant for any offering circular, entering into an ongoing disclosure agreement and executing customary certifications.

(c) On the Closing of the issuance of the Certificates and payment of the Option Price to Landlord, all right, title and interest of Landlord under the Ground Lease and this Lease as to the Garage Land shall be assigned to Trustee. Tenant hereby consents to such assignment and from and after the Closing, Tenant shall make future payments of Monthly Rent directly to the Trustee. The Trustee shall be directed to pay Landlord the Option Price calculated as of the Closing Date in immediately available funds from the proceeds from the sale of the Certificates. Landlord shall execute such amendments to this Ground Lease and this Lease as Tenant or Trustee may request in order to cause the issuance of the Certificates so long as such amendments do not materially increase Landlord's obligations under the Ground Lease or this Lease. Tenant agrees to pay the reasonable and typical costs of issuing the Certificates. Upon the assignment of its rights under the Ground Lease and this Lease as to the Garage Land to Trustee, Landlord shall cause its interests in the Premises, the Ground Lease and this Lease as to the Garage Land to be released from any lien arising under the Security Documents or other claim in favor of Construction Lender and Landlord shall be relieved from any obligation under the Ground Lease or this Lease as to the Garage Land arising from any event occurring after the date of such assignment, other than those obligations which by their terms are expressly intended to remain Landlord's obligations after the assignment to Trustee, including, but not limited to Landlord's obligations with respect to any representations and warranties made with respect to the Project during the Warranty Period.

4.5 Defeasance. In the event that money and/or "Government Obligations" as such obligations are now or hereafter defined in Chapter 39.53 RCW, maturing at such time or times and bearing interest to be earned thereon in amounts sufficient to pay or prepay all Monthly Rent then due under this Lease in accordance with the terms of this Lease are irrevocably set aside and pledged to Landlord, then the Ground Lease and this Lease shall automatically terminate as to the Garage Land, no further payments need be made of any Monthly Rent under this Lease and Landlord shall not be entitled to any lien, benefit or security in the Premises except the right to receive the funds so set aside and pledged to the payment of each installment of Monthly Rent as and when the same would otherwise become due and payable, and except as otherwise expressly provided in the Ground Lease or this Lease, all obligations of Landlord to Tenant shall terminate.

5. Taxes.

5.1 Payment of Taxes by Landlord. Landlord shall be responsible for the payment of all Taxes from the Effective Date to and including the Commencement Date of this Lease. Landlord shall pay all Taxes directly to the applicable governmental agency prior to delinquency and shall provide proof of such payment promptly to Tenant upon request.

5.2 Payment of Taxes by Tenant. From and after the Commencement Date, Tenant shall pay all Taxes directly to the applicable governmental agency prior to delinquency and shall provide proof of such payment promptly to Landlord upon request. To the extent Taxes or other charges can be paid in installments, Tenant may pay such Taxes in installments and shall only be

liable for Taxes which accrue from and after the Commencement Date. With respect to any general or special assessments which may be levied against or upon the Premises, or which under the Laws then in force may be evidenced by improvements or other bonds or may be paid in annual installments, only the amount of such annual installment, and interest due thereon, shall be included within the computation of Taxes.

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

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

5.5 Personal Property Taxes. Tenant shall pay prior to delinquency all personal property taxes assessed against and levied upon Tenant's furnishings, equipment and all other of Tenant's personal property contained in the Premises. If possible, Tenant shall cause all such property to be assessed and billed separately from the Premises.

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

7. Use of Premises; Permitted Use. Tenant intends to use the Premises as a public parking garage and may use the Premises for any other lawful use consistent with the provisions of this Section 7 (the "Permitted Use"). Tenant has determined to its satisfaction that the Premises can be used for the Permitted Use.

7.1 Quiet Enjoyment. Upon payment by Tenant of Monthly Rent as herein provided and upon the observance and performance of the covenants, terms and conditions on the Tenant's part to be observed and performed, Landlord represents and warrants that Tenant shall peaceably and quietly hold and enjoy the Premises for the Term hereby demised without

hindrance or interruption by Landlord or any person or persons lawfully or equitably claiming, by, through or under Landlord.

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

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

7.4 Compliance with Laws. From and after the Commencement Date of this Lease, Tenant shall comply with all Laws concerning the Premises and Tenant's use of the Premises, including without limitation, Environmental Laws. Tenant shall not use the Premises for the transportation, storage or generation of any Hazardous Substances in violation of Environmental Laws. From and after the Commencement Date of this Lease and to the extent permitted by law, Tenant shall indemnify, defend and hold Landlord harmless from and against any and all debts, demands, obligations, Liens, judgments, claims, liabilities, losses, damages, cleanup costs and expenses (including reasonable attorneys' fees) now or hereafter arising in connection with the presence, transportation, storage, disposal or handling of Hazardous Substances located in, on or about the Premises or Land caused by or resulting from the actions of Tenant, its agents or employees after the Commencement Date of this Lease, excluding (a) any Hazardous Substances present on the Land or the Premises prior to the Commencement Date of this Lease or which migrates onto the Land from property not owned by Tenant through no act or omission of Tenant; (b) any such debt, demand, obligation, Lien, judgment, claim, liability, loss, damage, cleanup cost or expense resulting from the actions or omissions of Landlord, General Contractor and their respective agents, employees, Contractors, subcontractors or invitees; or (c) any debt, demand, obligation, Lien, judgment, claim, liability, loss, damage, cleanup cost or expense resulting from Landlord's violation of any contractual obligation under the Ground Lease, this Lease, or any other document executed by Landlord in connection with any Security Documents. This indemnification shall survive the Expiration Date of this Lease.

7.5 Tenant's Right to Contest Requirements of Law. Tenant shall have the right to contest, by appropriate legal proceedings, any Law, rule, order, ordinance, regulation or other Requirements of Law affecting the Premises and to postpone compliance with the same during the pendency of such contest provided that the enforcement of such Law, rule, order, ordinance, regulation or other Requirements of Law is stayed during the pendency of such contest and the contest will not subject Landlord to criminal or civil penalty or fine or jeopardize title to the Premises. Landlord shall cooperate with Tenant in such contest and shall execute any documents or provide such information as Tenant may reasonably request in furtherance of such proceedings. Tenant shall proceed diligently and in good faith to resolve such contest and shall not postpone compliance with any Law, rule, order, ordinance, regulation or other Requirements of Law if the same shall invalidate any insurance required by this Lease. If Tenant is contesting any Law, rule, order, ordinance, regulation or other Requirements of Law then so long as Tenant makes all Monthly Rent payments required under this Lease, Tenant shall not be in default under this Lease by reason of such noncompliance unless and until there is a final determination entered by a court of competent jurisdiction and all applicable appeal periods have expired or, if Tenant has duly appealed the determination and enforcement is stayed pending appeal, then until

all appeals have been finally decided against Tenant and Tenant has failed to comply with the resulting decision within thirty (30) days following the issuance of such final determination.

8. Liens.

8.1 Covenant Against Liens. Landlord covenants and agrees that it shall not during the Term of this Lease suffer or permit any Liens (other than Permitted Liens) to be attached to, upon or against the Premises, or any portion thereof or any Monthly Rent payable under this Lease for any reason, including without limitation, Liens arising out of the possession, use, occupancy, acquisition, construction, repair, or rebuilding of the Premises or by reason of the furnishing of labor, services, materials, or equipment to the Premises or to Landlord. Landlord shall keep the Premises free and clear of all construction liens resulting from the construction of the Project. Landlord agrees to indemnify, protect, defend and hold Tenant harmless from and against all liabilities, losses, damages, costs and expenses (including reasonable attorneys' fees and costs) incurred in connection with any such Lien. Landlord's obligations pursuant to this Section 8.1 shall survive the Expiration Date of this Lease.

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

8.3 Tenant's Disclaimer. Notwithstanding the consent or request of Tenant, express or implied, for the performance of any labor or services or for the furnishing of any materials or equipment for any construction, alteration, addition, repair or demolition of or to the Premises (or any part thereof), NOTICE IS HEREBY GIVEN THAT TENANT WILL NOT BE LIABLE FOR ANY LABOR, SERVICES, MATERIALS OR EQUIPMENT FURNISHED OR TO BE FURNISHED TO LANDLORD, GENERAL CONTRACTOR OR ANYONE HOLDING AN INTEREST IN THE PREMISES (OR ANY PART THEREOF) THROUGH OR UNDER LANDLORD OR GENERAL CONTRACTOR, AND THAT NO CONSTRUCTION OR OTHER LIENS FOR ANY SUCH LABOR, SERVICES, MATERIALS OR EQUIPMENT SHALL ATTACH TO OR AFFECT THE INTEREST OF TENANT IN THE PREMISES. Nothing in this Section 8.3 shall relieve Tenant of its obligations to pay Monthly Rent hereunder from and after the Commencement Date of this Lease.

9. Design and Construction of Project. Tenant would not have entered into this Lease but for the agreement by Landlord to undertake, at Landlord's sole cost and expense, the Project,

including without limitation (i) the obtaining of financing for the Project, (ii) the acquisition of a leasehold interest in the Land by way of the Ground Lease, (iii) the design, development and permitting of the Project, and (iv) the construction, completion and equipping of the Garage for use by Tenant for its Permitted Use on or before the Required Completion Date. Accordingly, Landlord shall diligently cause the Project to be designed, developed, constructed and completed on or before the Required Completion Date in a good and workmanlike manner and in accordance with the provisions of this Lease, free and clear of all Liens (other than Permitted Liens) and otherwise in accordance with the requirements of this Lease. In order to assure timely communications between Landlord and Tenant during the construction process, any notice to Tenant requiring or permitting a response by Tenant shall specify the outside date by which Tenant's response must be received to be effective.

9.1 Project Design. Landlord shall cause design services to be performed by qualified architects, engineers and other professionals engaged by Landlord, approved by Tenant and paid by Landlord as part of the Project.

(a) Selection of Development Team for Project. The following entities are intended to be retained in connection with the Project:

- (i)** Architect:
- (ii)** General Contractor:
- (iii)** Structural Engineers:
- (iv)** Garage Land Surveyors:
- (v)** Mechanical Design Build Engineers:
- (vi)** Geotech Engineers:
- (vii)** Environmental Consultants:
- (viii)** Electrical Design/Build Engineers:

In order to complete the Project, Landlord shall have the right to select other professionals as necessary or desirable for the design, permitting, and development of the Project and shall have the obligation to recommend other Contractors for Tenant's approval. All amounts paid to the entities outlined above and any others hereinafter engaged by Landlord in connection with the performance of its duties and responsibilities under this Lease shall be paid by Landlord as part of the Fixed Price.

Consistent with the terms and conditions of the General Construction Contract and the architect's agreement with the Architect, there shall be no amendment to those or any other design contract or Construction Contract, without the prior written consent of Tenant.

9.2 Design Process; Schedule. Landlord and Tenant acknowledge and agree that the dates set forth in the initial Project Schedule attached hereto as **Exhibit G** and by this reference

incorporated herein, and as revised from time to time in accordance with the terms herein, shall serve as target dates for achieving the matters set forth therein. In order to ensure to the greatest extent practicable that the Project is completed on or before the dates set forth in the Project Schedule, Landlord and Tenant shall each proceed with all necessary due diligence and in good faith to complete such matters as require action or approval on the part of Tenant and Landlord. Landlord shall, following consultation with Tenant, promptly and diligently respond to all questions and concerns raised by Landlord or by the Architect, Contractors, engineers or other consultants.

9.3 Plans and Specifications.

9.3.1 Preliminary Plans and Outline Specifications. As of the date of this Lease, Tenant has reviewed and accepted the Preliminary Plans and Outline Specifications and the Schematic Drawing for the Project and hereby confirms that the Preliminary Plans and Outline Specifications and Schematic Drawings are consistent with the Project Requirements. In addition, Tenant has reviewed and accepted the Project Budget attached hereto as **Exhibit F** and by this reference incorporated herein which sets forth a detailed itemization by line item and category for all Project Costs, including the Project Contingency.

9.3.2 Design Development and Construction Drawings.

(a) Design Development and Construction Drawings. Landlord shall cause the Architect to prepare the Design Development and the Construction Drawings and Detailed Specifications for the Project, in each case for Landlord's review and Tenant's approval. The intention of the parties is to cooperate in good faith to provide a completed design which meets all Requirements of Law and is consistent with all Project Requirements and the building quality reflected therein. The Design Development and Construction Drawings and Detailed Specifications for the Project shall include, at a minimum, all architectural services set forth under Basic Services in the architect's agreement with the Architect and such other architectural services as may be necessary to provide Construction Documents for the Project.

(b) Factory Mutual Engineering Plan Review. Landlord shall submit to Factory Mutual Engineering Association at its Seattle Office ("Factory Mutual") for its review, the plans for design and construction of the Project. Plans shall be submitted at the 60% and 90% design phases. All Factory Mutual recommendations shall be shared immediately with the Tenant, and Landlord and Tenant shall work together with Factory Mutual reasonably to incorporate such recommendations into the design of the Project.

(c) ADA Compliance. Each design contract shall include a provision requiring that upon Substantial Completion of that portion of the work covered by that design contract, the work and the portion of the Project so constructed shall comply with the applicable ADA requirements referenced herein.

(d) Tenant's Review. Tenant may participate in all design meetings with Landlord, Architect, and other design professionals as appropriate in the course of the development of all Construction Documents in order to facilitate the approval of such Construction Documents in accordance with the terms of this Lease. Tenant shall promptly

review the Project Budget and all Design Development Drawings or Construction Drawings and Detailed Specifications submitted in accordance with this Lease and shall give Landlord written notice within ten (10) Business Days following its receipt of the Project Budget, Design Development Drawings or Construction Drawings and Detailed Specifications of its approval or disapproval thereof, specifying in the case of its disapproval, its reason therefor. Tenant shall have the right to disapprove such Design Development Drawings or Construction Drawings and Detailed Specifications which (i) do not meet the Project Requirements; (ii) are not a consistent development of the Project Requirements in all material respects; (iii) do not comply with Requirements of Law; (iv) do not comply with previous Drawings and Specifications in all material respects; (v) would violate the terms of any Permits; (vi) would cause the Project Schedule to be adversely impacted as a result of such proposed changes; or (vii) involve proposed changes in work or materials that would result in a material change in appearance or diminution in quality of the Project. If no objections or comments are received within such ten (10) Business Day period, then the submittals shall be deemed approved.

(e) **Resubmittals.** If objections or comments are submitted in writing within the time frame and in accordance with the requirements set forth in the preceding subsection, Landlord shall cause the Architect to make changes in the Design Development Drawings, the Construction Drawings and/or Detailed Specifications consistent with reasonable objections or comments made by Tenant and shall resubmit the same to Tenant in accordance with the foregoing schedule for further review. The process of resubmittal and review shall continue until the submittals have been approved by all the parties. The final Construction Drawings and Detailed Specifications setting forth in detail the requirements for the construction of the Project which have been approved by Tenant shall be the Construction Documents. There shall be no material change in the Construction Documents except as set forth in Section 9.6 below.

(f) **Permit and Construction Documents.** Landlord shall cause the Architect and other design professionals to prepare Construction Documents as required for submittal of the building permit and other permit applications in accordance with Section 9.4 hereof, and as required for construction of the Project by the Contractors.

9.4 Permits; Costs; Compliance with Legal Requirements. Landlord shall secure all Permits, licenses, permissions, consents and approvals required to be obtained from governmental agencies or third parties in connection with the Project pursuant to Requirements of Law. Tenant shall join in, or otherwise assist Landlord with, the application for such permits or authorizations whenever such joinder is required; provided, however, Tenant shall incur no expense or liability in connection therewith. Landlord shall cause all work on the Project to be performed in accordance with the Ground Lease, this Lease and all Requirements of Law and all directions and regulations of all governmental agencies and the representatives of such agencies having jurisdiction over the Project and/or the Premises.

9.5 Construction.

9.5.1 Commencement of Construction. As soon as reasonably practical following issuance of the Permits, Landlord shall cause Commencement of Construction to occur and to diligently and continuously prosecute such work to Final Completion of the Project.

Landlord shall coordinate the sequencing of all construction and shall cause all other Contractors to commence construction of that portion of the work covered under their respective Construction Contracts and diligently and continuously prosecute such work to Final Completion of the Project. Landlord warrants to the Tenant that materials and equipment incorporated into the Project shall be new unless otherwise specified.

9.5.2 Substantial Completion Schedule. Landlord shall cause Substantial Completion of the Project to occur on or before the Required Completion Date in a good and workmanlike manner, free from defects in work or materials and in substantial accordance with the Contract Documents, free and clear of all liens.

9.5.3 Unavoidable Delays. The existence of Unavoidable Delays of up to 90 days shall excuse General Contractor and Landlord for resulting delays and changes in the Project Schedule, and shall extend the Required Completion Date by the same amount; provided, however, that there shall not be any adjustment to the Fixed Price or the Option Price (or any increase in Monthly Rent) for additional costs resulting therefrom.

9.5.4 Guaranteed Maximum Construction Contract. As part of the Fixed Price, the Project shall be constructed pursuant to the General Construction Contract, containing the Guaranteed Maximum Construction Price, between Landlord and the General Contractor. The General Construction Contract shall contain a provision for payment and performance bonds issued by a surety reasonably acceptable to Tenant pursuant to which Tenant shall be named as an obligee pursuant to a rider or riders reasonably acceptable to Tenant.

9.5.5 Construction Contracts. Landlord shall ensure that all Construction Contracts include recitations or provisions requiring the following:

(i) All Contractors and subcontractors of every tier employed on the Project shall pay prevailing wages to workmen, laborers and mechanics as may be determined by the Washington State Department of Labor and Industries for the particular craft in the particular geographical location. In addition, all Construction Contracts shall require the Contractor to comply with all requirements set forth in Chapter 39.12 RCW, including, but not limited to, requirements relating to statements of intent to pay prevailing wages and affidavits of wages paid. Failure to meet these requirements shall entitle Landlord and/or Tenant to seek indemnification from the Contractor for any liability incurred by Landlord and/or Tenant under Chapter 39.12 RCW. This indemnification shall survive Final Completion of the Project and the Expiration Date of this Lease.

(ii) Landlord and all Contractors and subcontractors employed on the Project shall comply with the Federal Transit Administration requirements set forth on **Exhibit N** attached hereto and by this reference incorporated herein, including, but not limited to all prevailing wage requirements under the federal Davis Bacon Act, 40 U.S.C. Section 276a et seq. and regulations thereunder.

(iii) Provisions for initiating, maintaining and providing supervision of safety precautions and programs in connection with the construction of the Project.

(iv) A statement that provides: "Notwithstanding the consent or request of Tenant, express or implied, for the performance of any labor or services or for the furnishing of any materials or equipment for any construction, alteration, addition, repair or demolition of or to the Premises (or any part thereof), Tenant shall not be liable for any labor, services, materials or equipment furnished or to be furnished to Tenant, Landlord or anyone holding an interest in the Premises (or any part thereof) through or under Tenant or Landlord, and no construction or other liens for any such labor, services, materials or equipment shall attach to or affect the interest of Tenant in the Premises."

(v) Provisions requiring that such Contractor submit verification to Landlord and Tenant that prevailing wages have been paid on the Project including copies of all documentation required by Chapter 39.12 RCW.

(vi) Provisions requiring such Contractor to indemnify Tenant for claims arising out of the negligence or willful misconduct of such Contractor and its employees, agents and subcontractors in accordance with the provisions set forth in Section 12.1 as provided in Section 12.4.

9.5.6 Protection of Persons and Property.

(i) Landlord shall be responsible for initiating, maintaining and providing supervision of safety precautions and programs in connection with the construction of the Project.

(ii) Landlord shall take reasonable precautions for safety of, and shall provide reasonable protection to prevent damage, injury or loss to: (1) all persons working on the Project construction site and all other persons who may be affected thereby; (2) the Project and materials and equipment to be incorporated therein; and (3) other property at or adjacent to the Land.

(iii) Landlord shall or shall cause the General Contractor and all other Contractors to give notices and comply with all applicable laws, ordinances, rules, regulations, and orders of public authorities bearing on the safety of persons and property and their protection from damage, injury or loss.

(iv) Landlord shall be liable for all damage or loss (other than damage or loss insured under the property insurance) to the Project except to the extent caused by the negligent actions of Tenant, its agents or employees.

9.5.7 Insurance During Construction. Insurance shall be provided by Landlord, Tenant, Architect and Contractors in accordance with the provisions of Sections 13 and 14 of this Lease.

9.5.8 Use of Project Contingency. The amounts set forth in the various line items of the Project Budget are estimates only of Project Costs to be incurred. To the extent the actual Project Costs in any line item of the Project Budget exceed the amount shown for such line item, Landlord shall first allocate amounts in other line items, in which the actual known Project Costs shall have been less than the amount in the Budget, to the line item in which the

excess Project Cost(s) has occurred. Following the allocation by Landlord as set forth in the preceding sentence with respect to all line items, except Project Contingency, Landlord shall be fully entitled to draw upon the Project Contingency line item of the Project Budget and use the Project Contingency in its entirety, if necessary to pay the Project Costs.

9.5.9 Warranties. Landlord shall cause the General Contractor to secure for the benefit of Tenant all warranties and guarantees of the work by Contractors, suppliers and manufacturers of components of the Project. Upon Final Completion of the Project, Landlord shall cause the General Contractor to assign such warranties to Tenant. After Final Completion of the Project and during the Warranty Period, Landlord shall assist Tenant to enforce any warranties or guarantees with respect to the Project upon request. The General Construction Contract shall provide a warranty of materials and workmanship for a period of two (2) years with respect to each major component of the work following Substantial Completion of the Project.

9.5.10 Correction of Work. During the Warranty Period, Landlord shall promptly correct or cause to be corrected work properly rejected by Tenant or known by Landlord to be defective or failing to conform to the Contract Documents, whether observed before or after Substantial Completion and whether or not fabricated, installed or completed, and shall correct or caused to be corrected work found to be defective or non-conforming within the Warranty Period. Such costs (to the extent not borne by insurance) shall be paid by Landlord from its own funds.

9.5.11 Progress Reports. Landlord shall submit written monthly progress reports to Tenant including information on the General Contractor and the General Contractor's work, showing percentages of completion. Landlord shall maintain at the project site for Tenant one record copy of all Construction Documents, all drawings, specifications, addenda, Change Orders and other modifications, in good order and marked currently to record changes and selections made during construction together with approved shop drawings, product data, samples and similar required submittals. Landlord shall maintain records, in duplicate of principal building layout lines, elevations of the bottom of the footings, floor levels and key site elevations certified by a qualified surveyor or professional engineer. All such records shall be made available to the Architect and Tenant upon request and, upon completion of the Project, duplicate originals shall be delivered to Tenant.

9.5.12 Inspection by Tenant. Tenant shall have the right to inspect the on-going construction of the Project and the Contract Documents upon reasonable prior notice to Landlord. In addition, Tenant shall have the right to have an independent consulting architect, engineer or other appropriate consultant inspect the Project and the Contract Documents.

9.5.13 Stop Work by Tenant. If General Contractor fails to correct defective work as required, or persistently fails to carry out work in accordance with the Construction Documents, Tenant, by written order, may order Landlord and General Contractor to stop the work, or any portion thereof, until the cause for such order has been eliminated.

9.5.14 Landlord Default. If Landlord defaults or neglects to carry out the work in accordance with the Contract Documents and fails within seven (7) calendar days after receipt

of written notice from Tenant to commence and continue correction of such default or neglect with diligence and promptness, Tenant may give a second written notice to Landlord and, if Landlord fails within such second seven (7) calendar day period to commence and continue correction of such default or neglect with diligence and promptness, then Tenant may, without prejudice to other remedies Tenant may have, act to correct such deficiencies. In such case an appropriate change order shall be issued deducting from the Fixed Price (with a corresponding reduction in Monthly Rent) the costs of correcting such deficiencies. If the payments then or thereafter due Landlord are not sufficient to cover the amount of the deduction, Landlord shall pay the difference to Tenant. Such action by the Tenant shall be without prejudice to any other rights or remedies to which Tenant may be entitled under this Lease or applicable law.

9.5.15 FTA Grant Requirements. Tenant has advised Landlord that it has secured grant funding, including Federal Transit Administration funding (the "FTA Grant") which Tenant intends to use to purchase the Garage upon Final Completion of the Project in the event Tenant exercises its option to purchase the Garage. Landlord acknowledges receipt of Federal Transit Administration rules, regulations and requirements applicable to the design, development and construction of the Project, a copy of which is attached hereto as Exhibit N and by this reference incorporated herein (the "FTA Requirements") and agrees to design, develop and construct the Project in accordance with all Requirements of Law, including the FTA Requirements. It is of critical importance to Tenant that Landlord comply with the FTA Requirements in carrying out its obligations under this Lease, and Landlord acknowledges that Tenant will be damaged by any failure by Landlord to comply with the FTA Requirements which results in Tenant's loss of the FTA Grant. Accordingly, any failure by Landlord to comply with the FTA Requirements that results in a determination by the Federal Transit Administration not to fund the FTA Grant shall constitute an Event of Default under this Lease.

9.6 Change Orders.

9.6.1 Approval of Change Orders. For purposes of this provision, a "Landlord-Initiated Change Order" shall be a change in the Construction Documents requested by Landlord to address value engineering opportunities or unforeseen conditions in connection with the construction of the Project. A "Tenant-Initiated Change Order" shall be a change in the Construction Documents requested by Tenant to add or delete features and facilities to the Construction Documents. A Change Order can increase or decrease the costs to construct the Project.

Except as provided herein, all Change Orders shall require the mutual approval of Landlord and Tenant. However, the Tenant shall not unreasonably withhold or delay its consent to a Landlord-Initiated Change Order, provided that the proposed Change Order (i) is minor in nature and does not affect overall building appearance, safety or mechanical systems and operations, and (ii) will not result in an extension of the Required Completion Date. Landlord and Tenant anticipate that there will be field orders and Change Orders that will result in changes to the scope of work. Landlord shall use its reasonable efforts to apprise Tenant of proposed changes in the work and its recommendations regarding them prior to any action being taken. Landlord and Tenant anticipate that it may not always be possible for Landlord to receive Tenant's prior approval to these changes in a timely manner. Therefore, field orders and Change Orders may be approved by the Landlord, without prior Tenant approval, but only if the changes

authorized by these field orders and Change Orders do not have the effect of extending the Required Completion Date or materially altering the work. As soon as practical, Landlord shall provide Tenant with all field orders and Change Orders approved by Landlord. For the purposes of this Section a material alteration would reduce the intended quality of the Project, result in an increase of Tenant's operational costs over time, or result in a substitution of any of the systems in the Project. In the case of either a material alteration or a change that would result in failure to achieve Final Completion of the Project by the Required Completion Date, prior written approval by Tenant of the proposed change must be received. All Landlord-Initiated Change Orders shall be at Landlord's sole cost and expense.

With respect to Tenant-Initiated Change Orders, Landlord agrees not to unreasonably withhold or delay its consent to such Change Orders, provided (i) the consent of Landlord's Construction Lender is obtained in accordance with the Construction Loan; (ii) if required, the consent of the bonding company issuing the surety or completion bond is obtained; (iii) the parties describe the maximum anticipated financial impact in a writing mutually signed; and (iv) the Required Completion Date is extended, if necessary, to reflect the time required to implement the Change Order.

9.6.2 Payment of Tenant-Initiated Change Orders. All costs and expenses of Tenant-Initiated Change Orders shall be the responsibility of Tenant. Costs and expenses of Tenant-Initiated Change Orders shall include any costs and expenses of the Architect and other consultants to prepare and review the Change Order, the costs and expenses incurred by Landlord to obtain, revise or amend Permits for the Change Order, the costs and expenses to construct the Change Order, any other costs or expenses chargeable by the General Contractor under the General Construction Contract in connection with the Change Order, and if the Change Order results in an extension of the time period for construction or an increase in the amounts of funds that Landlord must borrow, any additional construction interest incurred by Landlord under the Construction Loan for the construction of the Project.

Tenant shall be responsible for the costs and expenses of Tenant-Initiated Change Orders, and such amount shall constitute Additional Rent hereunder payable in full upon the Commencement Date of this Lease.

Tenant hereby authorizes Tenant's Project Manager to approve all Change Orders on behalf of the Tenant.

9.7 Dispute Resolution Process. Tenant and Landlord agree to follow the independent resolution process set forth in this Section 9.7 and **Exhibit I** to resolve disputes regarding preparation of the Design Development Drawings and Construction Drawings and Detailed Specifications and changes to Construction Documents in an economic and time efficient manner so that such documents conform to the requirements of this Lease, the Project Schedule is not adversely impacted, and the Project as constructed will satisfy the Project Requirements. In the event that a dispute arises between Tenant and Landlord during the design or construction of the Project regarding the adequacy of any Drawings or Specifications or the responsibility for any costs associated with any design development, addition or change (e.g., whether any design development is consistent with and reasonably inferable from the Project Requirements), the parties shall attempt to resolve such dispute as expeditiously as possible and

shall cooperate so that the progress of the design and construction of the Project is not delayed. If, however, the parties are unable to resolve the dispute within three (3) business days, either party may, by delivering written notice to the other, refer the matter to a dispute resolution mediator as set forth on the attached **Exhibit I**.

9.8 Completion of the Project

9.8.1 Substantial Completion of the Project. Substantial Completion of the Project shall have occurred when the events described in Section 1.73 of this Lease has occurred. Notwithstanding that Substantial Completion of the Project shall have occurred, Tenant shall be entitled to provide Landlord with a Punch List in accordance with the provisions of this Section 9.8.

9.8.2 Notice of Substantial Completion. Landlord shall give notice in writing to Tenant at least thirty (30) days prior to the date upon which Landlord anticipates that the Project shall be Substantially Complete. During the fifteen (15) Business Day period after the delivery of the estimated completion notice, Landlord, Tenant, Architect and General Contractor shall meet on one or more occasions, if necessary and tour to inspect and review the Project, as applicable, to determine whether it is Substantially Complete. The parties shall prepare the Punch List to be completed prior to Final Completion of the Project. The completion of the Punch List shall not be required in order for the Project to be Substantially Complete.

9.8.3 Completion of Punch List Items. Following Substantial Completion, Landlord shall cause all Punch List items to be completed promptly in accordance with the Contract Documents.

9.8.4 Final Completion of the Project. Landlord shall give notice in writing at least thirty (30) days prior to the date upon which the Project shall have achieved Final Completion. Final Completion of the Project shall have occurred when all of the events set forth in Section 1.29 of this Lease has occurred and Landlord has delivered the items described in Section 9.10 of this Lease.

9.9 Landlord's Representations; Warranties. Upon Final Completion of the Project, Landlord shall represent and warrant as follows:

(a) The Project has been completed in substantial accordance with the Contract Documents (as revised by Change Orders set forth in Section 9.6) and is, and at all times during the Warranty Period shall be, free from defects in workmanship and materials in connection with the construction thereof.

(b) Landlord has no knowledge of any structural defects, latent defects or building systems defects within the Project which would adversely affect the use of the Premises for its Permitted Uses.

(c) The Project has been constructed in accordance with all Project Requirements, all Permits and all Requirements of Law in effect at the time of construction of the Project.

(d) The Project is served by water, storm and sanitary sewage facilities, telephone, electricity, fire protection and other required public utilities adequate to serve the Premises at the time of Final Completion of the Project.

(e) The General Contractor, Architect, and all Contractors, suppliers, materialmen and consultants have been paid in full for work related to construction of the Project and there are no Liens, encumbrances or other defects affecting title to the Land other than Permitted Liens) which have been or will be filed against the Land and/or the Premises with respect thereto, or if any such Lien has been filed, Landlord and/or General Contractor shall have arranged for a bond to remove such Lien in accordance with Section 8.2.

(f) The use and operation of the Premises for public parking is permitted pursuant to the Permits.

(g) Landlord is not aware of any physical defect in the Land or the Project which would prevent Landlord from leasing the Project to Tenant for the Permitted Use.

(h) To the best of Landlord's knowledge and except as disclosed in writing, there are no condemnation, environmental, zoning or other land use regulation proceedings currently instituted which could detrimentally affect the use and operation of the Project for its Permitted Use. If during the Term of this Lease any such proceedings have been instituted, Landlord shall have used its best efforts and due diligence to resolve them prior to Final Completion of the Project.

(i) Landlord has provided Tenant with prompt notice of any special assessment proceedings affecting the Land.

(j) The Project does not encroach onto adjoining land or onto any easements and there are no encroachments of improvements from adjoining land onto the Land. The location of the Project does not violate any applicable setback requirements. The Land is not located in a flood zone.

(k) Except as disclosed to Tenant in writing, there is no litigation pending, or to the best knowledge of Landlord, threatened, with respect to the Project for matters undertaken by Landlord under this Lease.

(l) To the best of Landlord's knowledge, there are no Hazardous Substances located in, on, under or affecting the Land or the Project. No Hazardous Substances were incorporated into the structure of the Project.

(m) Prior to Final Completion of the Project, Landlord has removed or remediated and properly disposed of all known Hazardous Substances existing on the Land and discovered during the construction of the Project and if applicable, Landlord has received a no further action letter from the appropriate governmental agency with respect to such Hazardous Substances, provided the foregoing shall not make the Landlord responsible for the removal or remediation of any Hazardous Substances that Tenant is obligated to remove or remediate under the Ground Lease.

(n) All Permits necessary for the construction, use and occupancy of the Project have been obtained and are in full force and effect.

(o) Neither (a) Landlord, (b) any manager, member or investor in Landlord, (c) Construction Lender, nor (d) any Affiliate of Construction Lender, Landlord or any manager, member or investor in Landlord, shall be a Prohibited Person described in United States Presidential Executive Order 13224, as amended ("Executive Order") and/or the Uniting and Strengthening America by Providing Appropriate Tools Required to Intercept and Obstruct Terrorism Act of 2001, as amended ("Patriot Act"). The term "Prohibited Person" shall mean: (a) a Person or entity that commits, threatens or conspires to commit or support "terrorism" as defined in the Executive Order; (b) a Person or entity that is named as a "specially designated national and blocked person" on the most current list published by the U.S. Department of Treasury, Office of Foreign Asset Control at its official website (www.ustreas.gov/ofac) or any replacement website or other replacement official publication of such list, or (c) a Person or entity who is an Affiliate of a Person or entity listed above in this Section 9.9(o). The term "Affiliate" means with respect to any Person, any other Person directly or indirectly controlling or controlled by or under direct or indirect common control with such Person. For purposes of this definition "control" when used with respect to any Person means the power to direct the management and policies of such Person, directly or indirectly, whether through the ownership of voting securities, by contract or otherwise.

Each of the foregoing warranties with respect to the Project shall expire and be of no further force or effect, unless Tenant shall have made a claim based upon an alleged breach of such warranties by Landlord on or before the expiration of the Warranty Period; however such expiration shall not otherwise limit Tenant's rights and remedies hereunder. In the event Tenant alleges a breach of any of the foregoing warranties, Tenant shall give Landlord written notice of any such allegation together with a detailed explanation of the alleged breach ("Tenant's Warranty Claim"). Landlord shall, within thirty (30) days of receipt of Tenant's Warranty Claim, proceed to commence to cure the circumstances specified in Tenant's Warranty Claim, or provide Tenant with written notice of Landlord's dispute of Tenant's Warranty Claim. If Landlord commences a cure or correction of the matter alleged in Tenant's Warranty Claim, Landlord shall proceed reasonably diligently and promptly to complete such cure or correction, and the Warranty Period for the particular matter shall be extended for the period necessary to complete cure or correction.

Landlord shall warrant neither artist-made materials included in the Project nor those recycled construction products which Tenant has directed Landlord to include in the Project over Landlord's prior written objections.

9.10 Landlord Obligations. On or before Final Completion of the Project, Landlord shall obtain and submit to Tenant, the following:

9.10.1 As-Built Plans. A complete set of final as-built plans and specifications prepared by the General Contractor for the Project will be provided on CAD.

9.10.2 Manuals. All technical and service, instruction and procedure manuals relating to the operation and maintenance of all HVAC systems and other mechanical devices and equipment installed in the Project, except insofar as relating to Tenant's personal property.

9.10.3 Warranties. An assignment and delivery of all warranties, guarantees, maintenance contracts, and machinery and equipment warranties received by Landlord from the General Contractor or any subcontractor thereof, or any supplier, materialmen or manufacturer relating to the Project; provided, however, that so long as Landlord's warranty set forth in Section 9.9 herein remains in effect, and so long as Landlord is not in default of its obligations under this Lease, Landlord reserves the right, notwithstanding the assignment and delivery of such warranties hereunder to Tenant, to fully enforce all such warranties in the place and stead of Tenant.

9.10.4 Permits and Licenses. The originals (if not posted at the Project) of all Permits, licenses and other approvals necessary for the occupation, use and operation of the Project.

9.10.5 As-Built Survey. An as-built Survey of the Land showing the location of all improvements constructed thereon.

9.11 Enforcement of Warranties. Landlord shall take all actions reasonably requested by Tenant to enforce or otherwise obtain the benefit of any warranty received from General Contractor or any other Contractors or any subcontractor thereof, or any supplier, materialman or manufacturer relating to the Project. If Landlord fails to take actions reasonably requested by Tenant to enforce or otherwise obtain the benefit of any such warranty, Landlord shall, upon written notice from Tenant, assign any such warranty to Tenant for such purposes. After expiration of any applicable warranty period, Tenant acknowledges that it shall be fully responsible for the cost of the maintenance and repair of the Premises pursuant to the terms of this Lease. Upon exercise of the Option to purchase the Premises as provided in Section 21, Landlord shall cause all warranties still in effect to be assigned to Tenant.

9.12 Termination of Lease. In the event that Final Completion of the Project has not occurred for any reason whatsoever including, but not limited to Unavoidable Delays, by the Outside Completion Date of [•], Landlord shall be in default under this Lease and Tenant shall have the right to terminate this Lease, without liability to Landlord upon sixty (60) days' prior written notice to Landlord.

9.13 No Amendment of Documents. In the event Landlord desires to amend the architect's agreement with the Architect, the General Construction Contract with the General Contractor, any Contract Document, or any other document, contract or agreement entered into in connection with the Project, Landlord shall submit a copy of such proposed amendment to Tenant. In the event Tenant notifies Landlord within five (5) Business Days following receipt of such proposed amendment of its objection to such proposed amendment, Landlord shall not enter into the proposed amendment unless Landlord first (i) responds to the concerns expressed by Tenant and (ii) any such amendment does not materially and adversely affect the Project.

9.14 Disclaimer. Notwithstanding any other provision of this Lease to the contrary, Tenant is under no obligation to design, construct or supervise construction of the Project. It is understood and agreed that Tenant's rights to inspect the Project under this Lease are for the sole purpose of protecting its interest as tenant hereunder and as the reversionary owner of fee title to the Land under the Ground Lease. Tenant's approval of any plans and specifications, Construction Contracts, or service contracts for the Project shall not be construed by the Tenant as a guaranty of sufficiency of the work. Tenant's right of inspection as provided in this Lease shall not constitute any representation or warranty, express or implied, or any obligation of Tenant to insure that work or materials are in compliance with the plans and specifications or any building requirements imposed by a governmental agency. Tenant is under no obligation or duty and disclaims all responsibility to pay for the cost of construction of the Project. Tenant is not responsible to the Contractors or any subcontractors under the Construction Contracts or any other third parties for any purpose whatsoever.

10. Landlord Financing of Project; Rights of Construction Lender.

10.1 Construction Loan Restriction. Notwithstanding any provision of this Lease to the contrary, Landlord shall not have the right to mortgage, pledge, encumber or assign its rights under the Ground Lease, this Lease or the Premises, in whole or in part, except to Construction Lender to secure the Construction Loan. The Construction Loan shall not exceed the Fixed Price. The Construction Loan shall not be modified, altered, revised or amended in any manner which would adversely affect the rights of Tenant under this Lease including its Option to purchase the Premises pursuant to Section 21 of this Lease. On or before [•] Landlord shall provide Tenant with evidence reasonably satisfactory to Tenant that it has obtained the Construction Loan which satisfies the requirements of the Lease. Landlord shall provide Tenant with executed copies of any documents executed by Landlord in favor of Construction Lender to evidence or secure the Construction Loan. All proceeds of the Construction Loan shall be used solely to pay for Project Costs associated with the construction of the Project and shall not be used for any other purpose or applied to any other property or project. Landlord shall not encumber the Premises as security for a loan in which the Premises is jointly secured with or cross-defaulted with any real property which is not included within the definition of the Premises or the Project. [In the event Landlord is unable despite reasonable best efforts to obtain the Construction Loan by [•], Tenant shall have the right to terminate the Ground Lease and this Lease without liability to Landlord upon thirty (30) days prior written notice.]

10.2 No Fee Subordination. Tenant shall not be required to subordinate its fee interest in the Land to any Deed of Trust or other Security Document.

10.3 Protection of Construction Lender. Tenant upon serving Landlord any notice or demand with respect to any breach or default by Landlord of its obligations or covenants under this Lease, shall at the same time forward a copy of such notice or demand to Construction Lender at the last address of Construction Lender shown on the records of Tenant. Tenant shall cooperate with Landlord in executing estoppel certificates in favor of Landlord's Construction Lender regarding the status of this Lease and shall provide such Construction Lender other non-confidential and reasonably available information about the status of the Project.

10.4 Construction Lender Right to Cure Defaults. Construction Lender shall have the right, but not the obligation, to remedy any Landlord default or cause the same to be remedied for a period of thirty (30) days after notice from Tenant that Landlord has failed to cure such default within the cure period, if any, provided for under this Lease (or, if such default requires more than thirty (30) days to cure, such longer period as is necessary, acting diligently, including any period reasonably necessary to foreclose the Deed of Trust and take possession of the Premises) so long as Construction Lender cures monetary defaults under the Ground Lease and this Lease and continues to pay Taxes, insurance premiums and other items required to be paid by Landlord under this Lease within such thirty (30) day period and commences to cure the non-monetary defaults within such thirty (30) day period and diligently prosecutes the cure to completion. Tenant shall accept such performance by or at the instance of Construction Lender as if the same had been made by Landlord. The Construction Lender shall have the right, but not the obligation, to assume the rights, duties and obligations of Landlord under the Ground Lease and this Lease and shall thereafter construct or complete the construction of the Project in accordance with the terms, covenants, conditions and provisions of this Lease. However, nothing in this Lease shall be deemed to permit or authorize Construction Lender to devote the Premises or any portion thereof to any uses, or to construct any improvements thereon, other than the construction of the Project for lease or possible purchase by Tenant as required under this Lease. Nothing contained in this Lease shall be deemed to permit or authorize Construction Lender to undertake or continue the construction or completion of the Project (beyond the extent necessary to conserve or protect such improvements or construction already made) without first having expressly assumed in writing Landlord's obligations under the Ground Lease and this Lease. If Construction Lender determines to proceed with the construction of the Project, Construction Lender shall notify Tenant in writing of its election to assume the rights, duties and obligations of Landlord under this Lease within ninety (90) days following the Event of Default by Landlord and shall enter into an assumption agreement in form and substance satisfactory to Tenant with respect to the completion of the Project, and thereafter Construction Lender shall have all the rights, duties and obligations of Landlord with respect to the Project. If Construction Lender elects not to assume the Landlord's rights, duties and obligations under the Ground Lease and this Lease within the time period set forth in this Section 10.4, Tenant shall have the right to exercise its rights and remedies under Section 24.2 of this Lease in the event of a Landlord Event of Default, including its right to terminate the Ground Lease and this Lease as provided in Section 24.2(a) below.

11. Maintenance and Modification.

11.1 Maintenance and Repair. Except as otherwise expressly provided herein and except for Punch List work and Warranty claims for which Landlord is responsible and except for damage caused by the negligent acts or omissions of Landlord, from and after the Commencement Date of this Lease, Tenant shall, at Tenant's sole cost and expense, maintain the Premises and appurtenances and every part thereof in good order, condition and repair and will take all action and will perform all interior and exterior, structural and non-structural, foreseen and unforeseen, ordinary and extraordinary, maintenance and repairs required to keep all parts of the Premises in good repair and condition, subject only to ordinary wear and tear and damage by fire or other casualty excepted. Except as otherwise expressly provided herein and except for Punch List items which Landlord shall complete and Warranty claims which Landlord shall cure

or remedy, Landlord shall not be required to pay for the cost required to maintain all or any part of the Premises in good order, condition and repair.

11.2 Landlord's Remedies. Tenant shall diligently pursue all necessary or appropriate maintenance and repairs in accordance with its obligations under Section 11.1 hereof, but failure to do so shall not constitute an Event of Default. However, if Landlord becomes aware of needed maintenance or repairs, Landlord shall provide Tenant written notice of any maintenance or repair required to the Premises. Tenant shall have sixty (60) days after receipt of notice from Landlord detailing the need for maintenance or repair, to commence to perform such maintenance and repair, except that Tenant shall perform its obligations as soon as reasonably possible if the nature of the problem presents a hazard or emergency. If Tenant does not perform such maintenance and repair within the time limitations set forth in this Section 11.2, provided written notice has been given to Tenant as provided in this Section 11.2, Landlord may, with the prior written consent of Tenant, perform such maintenance and repair and shall, in that event, have the right to be reimbursed by Tenant for the sum it actually expends in the performance of such work invoiced as Additional Rent.

11.3 Modifications, Alterations and Additions. From and after the Commencement Date of this Lease, Tenant may, at Tenant's sole cost and expense, make modifications, alterations and additions to the Premises provided that such modifications, alterations and additions do not decrease the value of the Premises, and such modifications, alterations and additions shall be expeditiously completed in a good and workmanlike manner and in compliance with all applicable Laws and the requirements of all insurance policies required to be maintained by Tenant, without further consent from Landlord. Landlord shall, upon reasonable notice, have access to all plans and specifications relating to alterations and modifications made by Tenant to the Premises.

11.4 Construction Liens. From and after the Commencement Date of the Lease Tenant shall pay all costs for modifications, alterations and additions done by it or caused to be done by it on the Premises as permitted by this Lease (other than the construction of the Project) and Tenant shall keep the Premises free and clear of all construction liens resulting from modifications, alterations and additions done by or for Tenant; provided, however, Tenant shall have the right to contest the correctness or validity of any such Lien by appropriate proceedings conducted in good faith with due diligence. Within thirty (30) days following written notice from Landlord, Tenant shall discharge said Lien of record or record a bond which complies with the requirements of RCW 60.04.161 eliminating said Lien as an encumbrance against the Premises if in the reasonable exercise of Landlord's judgment the protection of the Premises or Landlord's interest therein shall require such payment. In the event Tenant shall fail to so remove any such Lien, Landlord may take such action as Landlord shall reasonably determine to remove such Lien and all costs and expenses incurred by Landlord including, without limitation, amounts paid in good faith settlement of such Lien and attorneys' fees and costs shall be paid by Tenant to Landlord. Tenant's obligations pursuant to this Section 11 shall survive the Expiration Date of this Lease.

12. Indemnity/Hold Harmless.

12.1 Landlord's Indemnification. Landlord shall protect, defend, indemnify, and save harmless Tenant and its officers, officials, employees and agents, from any and all claims, demands, suits, penalties, losses, damages, judgments, or costs of any kind whatsoever (hereinafter "claims"), arising out of or in any way resulting from acts or omissions of Landlord's officers, employees, agents, Contractors and/or subcontractors of all tiers, or the negligence, willful misconduct or breach by Landlord of its obligation under this Lease, to the maximum extent permitted by law, including RCW 4.24.115, as now enacted or as hereinafter amended.

Landlord's obligations under Section 12.1 of this Lease shall include, but not be limited to:

(a) The duty to promptly accept tender of defense and provide defense to Tenant at Landlord's own expense.

(b) The duty to indemnify and defend Tenant from any such claim, demand, and/or cause of action brought by or on behalf of any of Landlord's employees, or agents. The foregoing duty is specifically and expressly intended to constitute a waiver of Landlord's immunity under the Washington Industrial Insurance Act, RCW Title 51, as respects the Tenant only, with a full and complete indemnity and defense of claims made by Landlord's employees. The parties acknowledge that these provisions were mutually negotiated and agreed upon by them.

(c) Landlord shall indemnify and defend Tenant from and be liable for all damages and injury which shall be caused to owners of property on or in the vicinity of the construction of the Project or which shall occur to any person or persons or property whatsoever arising out of or in any way resulting from the acts or omissions Landlord's officers, employees, agents, Contractors and/or subcontractors of all tiers, or the negligence, willful misconduct or breach by Landlord of its obligations under this Lease.

(d) In the event the Tenant incurs any judgment, award, and/or costs arising from any claim to which it is entitled to be indemnified hereunder, including attorneys' fees, to enforce the provisions of this Section 12, all such reasonable fees, expenses, and costs shall be paid by Landlord.

Notwithstanding the provisions contained in this subsection 12.1, Landlord's obligation to indemnify Tenant shall not extend to any claim, demand or cause of action to the extent caused by the negligence, willful misconduct or breach of this Lease by Tenant or its agents or employees.

12.2 Tenant's Indemnification. Tenant shall protect, defend, indemnify, and save harmless Landlord and its officers, officials, employees, and agents, from any and all claims, demands, suits, penalties, losses, damages, judgments, or costs of any kind whatsoever (hereinafter "claims"), arising out of or in any way resulting from the negligence, willful misconduct or breach by Tenant of its obligations under this Lease, to the maximum extent permitted by law, including RCW 4.24.115, as now enacted or as hereinafter amended.

Notwithstanding the previous paragraph contained in this subsection 12.2, Tenant's obligation to indemnify Landlord shall not extend to any claim, demand or cause of action to the extent caused by the negligence, willful misconduct or breach of this Lease by Landlord or its agents or employees.

12.3 Notice of Claim. Any party making a claim for indemnification pursuant to this Section 12 (an "Indemnified Party") must give the party from whom indemnification is sought (an "Indemnifying Party") written notice of such claim (an "Indemnification Claim Notice") promptly after the Indemnified Party receives any written notice of any action, lawsuit, proceeding, investigation or other claim (a "proceeding") against or involving the Indemnified Party by a government entity or other third party, or otherwise discovers the liability, obligation or facts giving rise to such claim for indemnification; provided that the failure to notify or delay in notifying an Indemnifying Party will not relieve the Indemnifying Party of its obligations pursuant to this Section 12 except to the extent that the Indemnifying Party's ability to defend against such claim is actually prejudiced thereby. Such notice shall contain a description of the claim and the nature and amount of such loss (to the extent that the nature and amount of such loss is known at such time).

12.4 Contractors' Indemnification. Landlord shall include a provision in all Construction Contracts requiring the Contractors to indemnify Tenant, and its officers, officials, employees and agents on terms substantially equivalent to Landlord's indemnification obligations contained in Section 12.1 above, including without limitation the RCW Title 51 waiver contained in Section 12.1(b).

[Note: insurance subject to review by Tenant's risk management office.]

13. Landlord's Insurance Requirements. From and after the Effective Date of this Lease, Landlord shall, at its sole cost and expense, procure and maintain, at a minimum, the following insurance against claims for injuries to persons or damages to property which may arise from, or in connection with the performance of work hereunder by Landlord, its agents, representatives, employees and/or subcontractors. Coverage shall be at least as broad as:

13.1 General Liability. Insurance Services Office form number (CG00 001) covering Commercial General Liability, including coverage for completed operations/product liability and contractual liability, with a limit of not less than [\$10,000,000] combined single limit per occurrence, [\$10,000,000] aggregate. Landlord shall maintain such Commercial General Liability policy for at least one (1) year after Final Completion of the Project.

13.2 Automobile Liability. Insurance Services Office form number (CA 00 01) covering Business Automobile Coverage, symbol 1 "any auto"; or the combination of symbols 2, 8, and 9, with a limit of not less than \$1,000,000 combined single limit per occurrence.

13.3 Workers' Compensation. Workers' Compensation coverage, as required by the Industrial Insurance Act of the State of Washington, statutory limits.

13.4 Employer's Liability or "Stop Gap". The protection provided by the Workers' Compensation Policy, Part 2 (Employer's Liability) or, in states with monopolistic state funds,

the protection provided by the "Stop Gap" endorsement to the General Liability Policy in the amount of at least \$1,000,000.

13.5 Builders Risk Insurance. During the period of construction of the Project, Landlord shall also provide Insurance Services Office form number (CP 00 02 Ed. 10-90) Builders All Risk Coverage Form covering all work to be done on the Premises for the full 100% replacement cost of all such improvements (except as otherwise provided below). Coverage shall be provided for (i) the perils of earth movement and flood; (ii) resultant damage from errors in design, plans, specifications, faulty workmanship, materials and construction; (iii) "extra expense"; (iv) all materials to be stored offsite and while in transit to the jobsite; (v) "cold testing" of all building systems; (vi) Landlord and Tenant's loss of use of the Project due to delays in Project completion caused by covered peril losses to the Project, including loss of income and rents and soft costs such as interest on the Construction Loan, real estate taxes and insurance premiums; (vii) the increased cost of construction, debris removal and demolition due to the operation of building laws and code upgrades; and (viii) direct physical damage to the Project and loss of use caused by an off premises power interruption. The policy shall include a waiver of subrogation provision, shall grant permission for partial occupancy of the facilities without having a detrimental effect on the coverage provided, and shall contain a separate debris removal limit of liability which is separate from, in addition to, and not part of the overall policy limit of liability. Landlord shall have the required Builder's Risk Policy in place no later than Commencement of Construction. The Builder's Risk Policy shall include Landlord, the General Contractor and their respective subcontractors, other Contractors, and Tenant as insureds in an amount equal to their interest with a loss payable clause in favor of Construction Lender and Tenant, as their interests may appear. Landlord shall keep the Builder's Risk Policy in place from Commencement of Construction to the Commencement Date of this Lease.

13.6 Deductibles and Self-Insured Retentions. Any deductibles or self-insured retentions must be declared to and approved by Tenant. The deductible and/or self-insured retention of the policies shall be the sole responsibility of Landlord.

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

(a) Liability Policies:

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

(ii) Landlord's insurance coverage shall be primary insurance as respects Tenant and its officers, officials, employees and agents (but not necessarily as respects the General Contractor) and shall include a severability of interests (cross liability). Any insurance and/or self-insurance maintained by Tenant, its officers, officials, employees and/agents shall not contribute with Landlord's insurance or benefit Landlord in any way.

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

(b) **All Policies.** Coverage shall not be canceled until after forty-five (45) days' (ten (10) days' for non-payment) prior written notice has been given to Tenant.

(c) **Acceptability of Insurers.**

(i) Unless otherwise approved by Tenant, insurance is to be placed with insurers with a Best's rating of no less than A:VIII, or, if not rated by Best's, with minimum surpluses the equivalent of Best's surplus size VIII.

(ii) If, at anytime, any of the foregoing policies shall fail to meet the above minimum standards, Landlord shall, upon notice to that effect from Tenant, promptly obtain a new policy, and shall submit the same to Tenant, with certificates and endorsements, for approval.

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

13.8 Contractors' Insurance. Landlord shall include a provision in each Construction Contract requiring the each Contractor to maintain insurance coverage substantially equivalent to that required to be maintained by Landlord pursuant to Section 13.1 above, including a limit of not less than [\$10,000,000] combined single limit per occurrence, [\$10,000,000] aggregate; provided such Contractor shall not be required to maintain builders risk coverage to the extent Landlord maintains builders risk insurance pursuant to Section 13.5 hereof.

13.9 For All Coverages.

(a) Each insurance policy shall be written on an "occurrence" form, excepting that insurance for professional liability, errors and omissions, when required, may be acceptable on a "claims made" form.

(b) If coverage is approved (if approval is required above) and purchased on a "claims made" basis, Landlord warrants continuation of coverage, either through policy renewals or the purchase of an extended discovery period, if such extended coverage is available, for not less than three years from the date of completion of the work which is subject to said insurance.

(c) By requiring such minimum insurance as specified herein, neither party shall be deemed to, or construed to, have assessed the risks that may be applicable to the

other party to this Lease. Each party shall assess its own risks and, if it deems appropriate and/or prudent, maintain greater limits or broader coverage.

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

14. Tenant's Insurance Requirements.

14.1 General Liability. During the Term of this Lease, Tenant shall have the right to self-insure under Section 14.2 or, at its sole cost and expense, shall obtain and keep in force a Commercial General Liability insurance policy on an-occurrence basis insuring Tenant against claims for injuries to persons and property damage liability. "Commercial General Liability" insurance shall mean Insurance Services Office form number (CG00 001) with a limit of not less than \$1,000,000 combined single limit per occurrence, \$2,000,000 aggregate. Tenant agrees to add Landlord and Construction Lender as additional insureds to any Commercial General Liability insurance policy.

14.2 Self-Insurance by Tenant. Notwithstanding anything herein to the contrary, Tenant may self-insure for general liability coverage, provided that Tenant maintains at all times a program of self-insurance and provides Landlord annually with a certified actuarial statement from an independent insurance consultant or actuary that such program is in full force and effect and is actuarially sound and consistent with industry standards and prudent risk management standards. Annual evidence of Tenant's program of self-insurance shall be provided to Landlord. Tenant agrees to provide Landlord with at least thirty (30) days' prior written notice of any change in Tenant's self-insured status and will provide Landlord with a certificate of self-insurance as adequate proof of insurance. In the event Tenant fails to satisfy the condition set forth above, Tenant shall immediately procure the Commercial General Liability insurance coverage specified in Section 14.1. If Tenant elects to self-insure as set forth in this Section, Tenant acknowledges and agrees that Landlord shall have no liability for such losses or damage which would otherwise have been covered by the general liability insurance which Tenant could have provided in accordance with Section 14.1 of this Lease, nor shall Tenant's failure to obtain commercial general liability insurance have any effect on Tenant's obligations under this Lease.

14.3 Workers' Compensation. Landlord acknowledges, agrees and understands that Tenant is self-insured for all of its workers' compensation liability exposure. Tenant agrees, at its own expense, to maintain through its self-insurance program coverage for its workers' compensation liability exposure for the duration of the Term of this Lease. Tenant agrees to provide Landlord with at least thirty (30) days' prior written notice of any change in the Tenant's self-insured status and will provide Landlord with a certificate of self-insurance as adequate proof of insurance.

14.4 Property Insurance. Following the Commencement Date of this Lease, Tenant will carry or cause to be carried fire and extended coverage property insurance covering the Premises and all of Tenant's personal property in such amounts and covering such risks as

Tenant may determine from time to time. Such insurance shall be carried with financially responsible insurance companies authorized to do business in the State of Washington, and may be carried under a policy or policies covering other property owned or controlled by Tenant or may be accomplished through a program of self-insurance as provided for similarly situated facilities of Tenant. Tenant shall furnish to Landlord, on or before the effective date of any such policy, certificates of insurance or self-insurance evidencing that the insurance required by this Section 14.4 is in force and effect on the specified date and that the premiums therefor have been paid. Tenant agrees that such policies shall contain a provision that the same may not be cancelled or given notice of non-renewal nor shall the terms of conditions thereof be altered, amended or modified without at least forty-five (45) days' prior written notice being given by the insurer to Landlord (ten (10) days for nonpayment of premiums).

15. Waiver of Subrogation. Landlord and Tenant agree that neither shall make a claim against or seek recovery from the other party for any loss or damage to their property, or the property of others resulting from perils for which property insurance coverage is provided, or required to be provided hereunder (or would have been provided had Tenant not elected to self-insure) and each hereby releases the other from any such claim or liability regardless of the cause of such loss or damage. Such waiver is conditioned upon the parties' ability to enter into such a waiver and is valid only to the extent allowed by their respective insurers.

16. Interim Commuter Parking. As part of its obligations under this Lease, Landlord shall obtain, at its sole cost and expense, by purchase or lease for a term of up to three (3) years, replacement parking for 300 vehicles within one-half (1/2 mile) of the Premises suitable for use as a park and ride lot by Persons utilizing Tenant's regional transit center in Burien (the "Replacement Park and Ride Facility"). Landlord shall, at its sole cost and expense operate and maintain the Replacement Park and Ride Facility in good condition and repair and in a manner consistent with the standards prevailing at other park and ride facilities owned or operated by Tenant, including the installation of lighting and signage as Tenant may reasonably request. The insurance provided by Landlord under this Lease shall include the Replacement Park and Ride Facility. Landlord shall provide Tenant with a copy of the lease or deed for the Replacement Park and Ride Facility within [•] Business Days following the Effective Date of this Lease and in any event prior to Commencement of Construction of the Garage on the Land.

17. Damage, Destruction and Condemnation Prior to the Commencement Date of this Lease.

17.1 Damage and Destruction. After the happening of any casualty to the Project, Landlord shall give Tenant prompt written notice thereof generally describing the nature and cause of such casualty and the extent of the damage or destruction to the Project. If, prior to the Final Completion of the Project, damage or destruction occurs to the Project, Landlord shall proceed diligently to reconstruct and restore the Project in accordance with the Contract Documents and the provisions of this Lease. Landlord will assign all insurance proceeds which Landlord may be entitled to receive prior to Final Completion of Project with respect to damage or destruction to the Construction Lender if so required by the Construction Lender, or a third party insurance trustee mutually acceptable to Landlord and Tenant and such insurance proceeds shall be disbursed to Landlord to pay for the cost of restoration or repair in periodic installments based upon the percentage of completion and otherwise in accordance with standard commercial

construction loan administration. All costs of such repair or restoration of the Project exceeding the amount of the insurance proceeds shall be paid by Landlord.

17.2 Condemnation. In the event of a partial condemnation of the Project prior to the Final Completion of the Project to the extent that the Project may still be constructed in accordance with the Contract Documents, or may be constructed in accordance with the Contract Documents as modified by changes acceptable to Landlord and (including any adjustment in Monthly Rent and the Fixed Price as a result of a change in the Project) Tenant, Landlord shall proceed diligently to construct the Project in accordance with the Contract Documents, as modified, if applicable. Any such partial condemnation proceeds shall be deposited with Construction Lender or third party insurance trustee mutually acceptable to Landlord and Tenant and disbursed in accordance with the provisions of Section 17.1 above. In the event of a condemnation of all of the Project or so much thereof that the Project may no longer be constructed in accordance with the Contract Documents, this Lease shall terminate, Landlord shall be paid for all costs incurred as of the date of such condemnation (including costs that Landlord is obligated to pay third parties as of that date), and the parties shall have no further obligations hereunder. After Landlord has been paid in accordance with the foregoing sentence, all remaining condemnation proceeds shall be paid to Tenant.

18. Damage and Destruction After Commencement Date of this Lease. In the event the Premises are damaged or destroyed by fire or other casualty after the Commencement Date of this Lease, this Lease shall not terminate nor shall there be any abatement of the Monthly Rent otherwise payable by Tenant hereunder. If such damage or destruction occurs after the Commencement Date of this Lease, then within 180 days following such damage or destruction, Tenant shall notify Landlord and Trustee of its election to either prepay the Monthly Rent in full in accordance with the provisions of Section 21.3 hereof, or to rebuild the Premises. In the event Tenant elects to rebuild the Premises, there shall be no abatement of Monthly Rent otherwise payable by Tenant hereunder. Tenant shall use such portion of the insurance proceeds as may be necessary to repair, rebuild or restore all or any portion of the Premises that may have been damaged or destroyed as nearly as practicable in full compliance with all Requirements of Law and to the same condition, character and at least equal value and utility to that existing prior to such damage or destruction. If the insurance proceeds are insufficient to pay in full the cost of any repair, restoration, modification, or improvement of any component of the Premises, Tenant may, subject to appropriation of sufficient funds, complete the work and pay any costs in excess of the amount of the insurance proceeds. Tenant shall not be entitled to any reimbursement therefor from Landlord nor shall Tenant be entitled to any diminution of any Monthly Rent otherwise payable hereunder.

19. Condemnation After the Commencement Date of this Lease.

19.1 Total Condemnation. If there is a taking or damaging of all or any portion of the Premises by the exercise of any governmental power, whether by legal proceedings or otherwise, by a governmental agency with jurisdiction over the Premises or a transfer by Landlord either under threat of condemnation or while legal proceedings for condemnation are pending (a "Condemnation") such that there can be no reasonable use of the Premises by Tenant, as reasonably determined by Tenant, this Lease shall terminate on the date the condemnor has the right to possession of the property being condemned. The award with respect to a taking of the

Premises shall be divided between Landlord and Tenant in proportion to the relative value of their respective interests in the Premises and the leasehold estate created under this Lease as of the date of such Condemnation as follows: The value of Tenant's interest shall be equal to the present value of the reversionary interest in the Premises over the remainder of the then Term of this Lease. The value of Landlord's interest shall be equal to the value of its leasehold interest under this Lease over the remainder of the then Term of this Lease not to exceed the Option Price for the Premises as of the date of Condemnation, with the remainder, if any, to be paid to Tenant. If the Deed of Trust is outstanding as of the date of Condemnation, any amounts outstanding under the Construction Loan shall be charged against Landlord's share and shall be paid to the Construction Lender to the extent of the unpaid balance, if any of the Construction Loan secured by the Deed of Trust. If Certificates have been issued as of the date of Condemnation, the Condemnation proceeds shall be paid first to the Trustee in an amount sufficient to prepay in full all Certificates outstanding as of the date of Condemnation and the balance if any shall be paid to Tenant.

19.2 Partial Condemnation. If there is a partial taking of the Premises by Condemnation after the Final Completion of the Project, and Tenant determines that a reasonable use can be made of the Premises, then the condemnation proceeds shall be paid to Tenant and Landlord shall have no obligation to restore the Premises unless otherwise agreed upon by Landlord and Tenant. In no event shall this Lease terminate as a result of a partial taking nor shall there be any abatement of Monthly Rent otherwise payable by Tenant hereunder; provided, however, that Tenant may elect to prepay Monthly Rent in accordance with Section 21.3 hereof.

20. Assignment of Project; Subletting. Landlord shall not assign its interest in the Ground Lease, this Lease or in the Premises (except to Construction Lender) without the prior written consent of Tenant, which consent may be withheld by Tenant in its sole and absolute discretion. Any request by Landlord for such consent shall be in writing which shall set forth the details as to the proposed assignment, mortgage or subletting and have annexed thereto a copy of the proposed mortgage, assignment or sublease. Any attempted assignment, transfer, mortgage, encumbrance or subletting without Tenant's consent shall be void and shall constitute a breach of the Ground Lease and this Lease. Any transfer of Landlord's interest in the Ground Lease, this Lease or in the Premises as a result of merger, consolidation or liquidation shall be deemed to be a prohibited assignment with the meaning of this Section. Tenant may sublease the Premises or any portion thereof; provided, however, that under no circumstances shall Tenant be released or relieved from any of its obligations hereunder. Any such assignment or sublease by Tenant as provided for in this Section 20 shall be in writing and shall require such assignee or sublessee to comply fully with the terms of this Lease. Tenant shall provide Landlord with written notice of any such assignment or sublease and a copy of any such assignment or sublease documentation.

21. Options To Prepay Monthly Rent And Purchase Premises

21.1 Option to Purchase. Provided that Tenant is not in default under this Lease (including payment of any Additional Rent then due and owing), Tenant shall have the option to purchase the Premises and thereby terminate this Lease at any time on or after Final Completion of the Project by giving notice of its election to exercise its option and paying the purchase price as stated in this Section 21.1. The Option Price shall be an amount equal to the Fixed Price less

the amount of all Monthly Rent payments made under this Lease to the date of Closing, plus an option exercise fee of one dollar (\$1.00).

21.2 Exercise of Option. Tenant shall give Landlord not less than 90 days' prior written notice of its election to exercise its option to purchase under Section 21.1 hereof. The Notice of Exercise of Option to Purchase the Premises shall be in the form attached hereto as **Exhibit J** and by this reference incorporated herein. The Option Price shall be paid in cash or immediately available funds specified in such notice (or such other date as Tenant and Landlord may mutually agree). Nothing herein shall be construed to require Tenant to exercise the purchase option herein granted.

21.3 Option to Partially Prepay Monthly Rent. If Certificates have been issued, Tenant shall have the option to partially prepay the principal component of Monthly Rent payments in \$5,000 increments, in inverse order of maturities (as represented by the principal portion of the Monthly Rent due each Lease Year as set forth on the schedule of Monthly Rent set forth in **Exhibit A**). Notice of such intent to prepay shall be given by Tenant to Trustee in writing not less than 45 days in advance of the intended prepayment date. The Notice of Election to Partially Prepay Monthly Rent shall be in the form attached hereto as **Exhibit K** and by this reference incorporated herein. By 10:00 a.m. Seattle time on the date set for such prepayment, the Tenant shall pay to Trustee in cash or immediately available funds, an amount equal to the principal portion of Monthly Rent payments to be prepaid, together with interest thereon to the date of prepayment. Upon such prepayment, the Term of this Lease shall be deemed modified such that this Lease terminates on the date for the last outstanding Monthly Rent payment not prepaid.

21.4 Conveyance of Premises. If Tenant has exercised the Option, then at Closing, Landlord shall convey to Tenant marketable and insurable fee simple title to the Premises, by execution and delivery of a Statutory Warranty Deed to the Garage in a form reasonably acceptable to Tenant (the "Deed") and assignment to Tenant of all of Landlord's right, title and interest in the Garage Land under the Ground Lease and this Lease. Evidence of delivery of marketable and insurable fee simple title to the Premises shall be the issuance by the Title Company of an ALTA extended coverage Tenant's Policy of Title Insurance (Rev. 2006) with liability in the amount of the Option Price or any lesser sum as may be approved by Tenant, in Tenant's sole discretion (the "Title Policy") insuring fee simple title to the Premises in Tenant, subject only to (i) liens and encumbrances approved by Tenant; (ii) other exceptions created or suffered by Landlord following the Effective Date that have been approved by Tenant in writing; (iii) utility easements granted by Landlord following the Effective Date required for the use of the Premises as a public parking facility; (iv) any liens, encumbrances or defects created or incurred by Tenant after the Effective Date (collectively items (i) through (iv) are the "Permitted Exceptions"). The Title Policy shall include such endorsements as Tenant may reasonably request. The indemnification of the Title Company by Landlord, or the General Contractor to induce the Title Company to insure over any otherwise unpermitted exceptions to title shall not be allowed except with the prior written consent of Tenant in its sole discretion after full disclosure to Tenant of the nature and substance of the unpermitted exception and the nature of the indemnity. The Title Policy shall provide full coverage against construction liens arising out of the construction of the Garage on the Land.

21.5 Title to Personal Property and Intangible Property. At the Closing, Landlord shall transfer title to any personal property included as part of the Project free and clear of all liens and encumbrances whatsoever except such liens and encumbrances as Tenant may approve in writing by execution and delivery of a warranty bill of sale in a form reasonably acceptable to Tenant. Landlord shall execute and delivery to Tenant any documents that Tenant may reasonably request in order to transfer to Tenant any intangible personal property included in the Project.

22. Closing of Purchase of Garage.

22.1 Closing Procedures.

(a) The Closing shall be held at the offices of Escrow Agent. The Closing Date shall be within (90) days following exercise of the Option. Such date may not be extended without the written approval of Landlord and Tenant except as otherwise expressly provided in this Lease. All documents shall be deemed delivered on the date the Deed is recorded.

(b) In the event the Closing does not occur on or before the Closing Date, Escrow Agent shall, unless it is notified by both parties to the contrary within five (5) days after the Closing Date, return to the depositor thereof items which may have been deposited hereunder. Any such return shall not, however, relieve either party hereto of any liability it may have for its wrongful failure to close.

22.2 Delivery by Landlord. On or prior to the Closing Date, Landlord shall deposit with Escrow Agent, and shall deliver copies to Tenant to the extent not previously delivered prior to the Closing, the following:

(a) Landlord shall execute and delivery to Tenant a good and sufficient Statutory Warranty Deed to the Premises in recordable form conveying good and marketable fee simple title free to the Garage and all of Landlord's right, title and interest to the Garage Land under the Ground Lease and this Lease and clear of all liens and encumbrances, except for the Permitted Encumbrances, and all easements and rights appurtenant thereto;

(b) A certificate from the Department of Licensing of the State of Washington indicating that, as of a date not more than five (5) business days prior to the Closing Date there are no filings against Landlord in the office of the Uniform Commercial Code division of the Department of Licensing which would be a lien on any of the Premises (other than such filings, if any, as are being released at Closing;

(c) Landlord shall furnish to Tenant, at Tenant's sole cost and expense, the Title Policy;

(d) Landlord shall deliver to Tenant the originals of all Permits, licenses, and approvals necessary for the occupation, use and operation of the Premises, including, without limitation, the building permits and the Certificate of Occupancy. In the event the original is required to be posted on the Premises, delivery of a duplicate shall be permitted;

(e) Landlord shall deliver to Tenant the originals of all warranties and guarantees of contractors, subcontractors, suppliers and materialmen received by Landlord in connection with the construction or installation of the Project and the acquisition of any equipment and personal property. Landlord shall delivery to Tenant a written assignment of such warranties and guarantees, in a form reasonably acceptable to Tenant and its counsel (hereinafter the "Assignment of Warranties");

(f) Landlord shall delivery to Tenant, at Landlord's expense, a complete set of final engineering plans and specifications for the Garage;

(g) Landlord shall provide, at its expense, an ALTA "as built" survey of the Premises showing all encumbrances, liens and/or defects affecting the Premises after construction of the Project and prior to Closing;

(h) Landlord shall provide a complete inventory of, and shall transfer to Tenant its interest in, any and all personal property required pursuant to Construction Documents, if any, to be located on the Premises, by warranty bill of sale in a form reasonably acceptable to Tenant and its counsel. The cost of such personal property being transferred is included in the Option Price;

(i) Landlord shall transfer to Tenant its interest in those service contracts approved by Tenant by execution and delivery of an assignment of any service contracts;

(j) Affidavit executed by Landlord which satisfies the requirements of Section 1445 of the Unites States Internal Revenue Code regarding foreign investors;

(k) Any reconveyance documents required to eliminate of record the Construction Loan, the Deed of Trust and any other Security Documents which are a Lien on the Land and any affidavit required to eliminate the Title Company exception for construction liens and the rights of parties in possession;

(l) Confirmation of warranties made by Landlord in this Lease;

(m) Copies of books and records of Landlord which Tenant would require to operate and maintain the Garage (including applicable maintenance records), together with keys to all entrance doors to equipment and utility rooms located in the Garage, which keys shall be properly tagged for identification;

(n) Such resolutions, authorizations, certificates or other limited liability documents or agreements relating to Landlord or as shall be reasonably required by Tenant or the Title Company in connection with this transaction;

(o) Landlord shall duly execute (and acknowledge if appropriate) the Amended Ground Lease and such other documents as reasonably necessary to effectuate this transaction; and

(p) Landlord shall delivery to Tenant all other documents required to be delivered at or prior to the Closing pursuant to the terms of this Lease.

22.3 Delivery by Tenant. On or before the Closing Date, Tenant shall deposit with Escrow Agent the Option Price (less any adjustments authorized under this Lease) and shall deposit the following:

- (a) Assignment of any service contracts duly accepted by Tenant;
- (b) Such resolutions, authorizations, certificates or other ordinances or agreements relating to Tenant or as shall be reasonably required by Landlord or the Title Company in connection with this transaction;
- (c) Tenant shall duly execute (and acknowledge if appropriate) the Amended Ground Lease and such other documents reasonably necessary to effectuate this transaction; and
- (d) Tenant shall delivery to Landlord all other documents required to be delivered by Tenant at or prior to the Closing pursuant to this Lease.

22.4 Pro-rations. All revenue and all expenses of the Premises (other than real and personal property taxes), including, but not limited to rents, water, sewer and utility charges, amounts payable under service contracts which are to be assumed by Tenant, annual permits and/or inspection fees (calculated on the basis of the respective periods covered thereby) and other expenses normal to the ownership, use, operation and maintenance of the Premises shall be prorated as of the Closing Date. Because Tenant is exempt from property tax, no prorations of real and personal property taxes will be required, but Landlord shall pay all real and personal property taxes for the Premises for the period up to and including the Closing Date.

22.5 Costs and Expenses. Tenant shall pay the premium for the Title Policy and all real estate excise taxes. Tenant shall pay the cost to record the Deed and any sales or use tax payable in connection with any personal property included as part of the Garage. The escrow fees shall be borne equally by Landlord and Tenant.

22.6 Recordation. Provided that Escrow Agent has not received prior written notice from either party than an agreement of either party made hereunder has not been performed, or to the effect that any condition set forth herein has not been fulfilled, and further provided that Title Company has issued or is unconditionally prepared and committed to issue to Tenant the Title Policy, then Escrow Agent is authorized and instructed at 8:00 a.m. (or as soon thereafter as possible) on the Closing Date pursuant to joint escrow instructions to be executed by Tenant and Landlord to:

- (a) Record the Deed, the assignment of Landlord's interest in the Garage Land under the Ground Lease and this Lease, and the Amended Ground Lease in the real property records of King County, Washington;
- (b) Assemble and deliver at least one fully executed counterpart of the assignment of service contracts to both Tenant and Landlord;
- (c) Deliver all documents described in Section 22.2 to Tenant; and

(d) Record any reconveyancing documents delivered by Landlord pursuant to Section 22.2(k) hereof.

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

23.1 Payment. Failure (a) to make any Monthly Rent payments due under this Lease if the failure to pay is not cured within seven (7) days after written notice of such failure has been given by Landlord to Tenant, or (b) failure to make any other payment required if the failure to pay is not cured within ten (10) days after written notice of such failure has been given by Landlord to Tenant.

23.2 Other Failure to Perform. Failure to perform any other provision of this Lease if the failure to perform is not cured within thirty (30) days after written notice of such default has been given by Landlord to Tenant. If the default cannot reasonably be cured within thirty (30) days, then Tenant shall not be in default under this Lease if Tenant commences to cure the default within thirty (30) days and diligently and in good faith continues to prosecute such cure to completion.

23.3 Late Charges; Interest on Past Due Monthly Rent. Tenant acknowledges that a late payment of Monthly Rent hereunder will cause Landlord to incur costs not contemplated by this Lease, the exact amount of which is difficult to ascertain. Therefore, in the event Tenant shall fail to pay any installment of Monthly Rent due hereunder for fifteen (15) days after the date such amount is due, Tenant shall also pay Landlord a late charge equal to two percent (2%) of the amount then owing and past due together with interest on such past due amount at an interest rate of twelve percent (12%) per annum commencing ten (10) days after the date such amount is due until paid. Payment of such late charges and/or default interest shall not excuse or cure any default by Tenant under this Lease.

23.4 Remedies for Tenant Default. If Tenant commits a default under Section 23 above and fails to cure such default within the time period provided therein, then Landlord, by providing Tenant with ten (10) days' advance written notice, may cancel and terminate this Lease, evict the Tenant and re-enter the Premises, but notwithstanding such re-entry by Landlord, Tenant covenants and agrees to make good to Landlord any deficiency arising from a re-entry and reletting of the Premises at a lesser monthly rent than the Monthly Rent agreed to be paid by Tenant through the Term of this Lease, provided Landlord has taken all reasonable measures to ensure that a maximum rental rate was obtained for reletting. Landlord shall provide notice to Tenant of any amount by which rentals from such reletting are less than the Monthly Rent and the due dates of such Monthly Rent. The deficiency amount for each such Monthly Rent payment shall be paid by Tenant on or before the due date for such Rent payment. In addition to the remedy specified above for Tenant's failure to pay Monthly Rent, if Tenant commits any default and fails to cure such default within the time period provided under this Section 23.4, Landlord shall have the right to pursue any and all remedies available at law or in equity.

24. Default by Landlord.

24.1 Events of Default by Landlord. The occurrence of any of the following shall constitute an Event of Default by Landlord under this Lease:

- (a) If Landlord shall fail to perform any material obligation under the Ground Lease or this Lease; or
- (b) If Landlord has abandoned construction of the Project for a period of twenty (20) consecutive days (except for Unavoidable Delay); or
- (c) If any permit required for construction of the Project shall be revoked or canceled; or
- (d) If Landlord shall have assigned, delegated, pledged or encumbered its rights, duties or obligations under this Lease in violation of this Lease; or
- (e) If Landlord has not Commenced Construction of the Project on or before [•]; or
- (f) If Landlord persistently disregards and fails to comply with Laws, ordinances, rules, regulations or orders of a governmental authority having jurisdiction over the Project; or
- (g) If there shall occur any Lien or other encumbrance on the Land, the Premises or the Project caused by Landlord or General Contractor (other than the Permitted Liens) which is not bonded and removed in accordance with Section 8 above; or
- (h) If there shall have occurred defective workmanship or materials within the Project which is not cured within the time period provided under this Lease; or
- (i) If Substantial Completion of the Garage has not occurred for any reason except for Unavoidable Delay, on or before [December 31, 2009]; or
- (j) If Final Completion of the Project has not occurred for any reason whatsoever including Unavoidable Delay on or before [•]; or
- (k) If there is any default by Landlord under a lease of the Replacement Park and Ride Facility which is not cured within the period of time, if any, provided for cure under any such lease or if at any time prior to one hundred eighty (180) days following Final Completion of the Project Landlord fails to provide at least 300 parking spaces available for Persons using Tenant's regional transit center; or
- (l) If Landlord shall file a voluntary petition in bankruptcy or shall be adjudicated a bankrupt or insolvent or shall file any petition or answer seeking any reorganization, arrangement, composition, readjustment, liquidation, dissolution or similar relief under the present or any future federal bankruptcy code or any other present or future applicable federal, state or other statute or law, or shall seek or consent to or acquiesce in the appointment

of any trustee, receiver or liquidator of Landlord or of all or any substantial part of its properties or of the Premises, or within 60 days after the commencement of any proceeding against Landlord seeking any reorganization, arrangement, composition, readjustment, liquidation, dissolution or similar relief under the present or any future federal bankruptcy act or any other present or future applicable federal, state or other statute or law, such proceeding shall not have been dismissed or if, within 60 days after the appointment, without the consent or acquiescence of Landlord, of any trustee, receiver or liquidator of Landlord or of all or any substantial part or either of its properties or of the Premises, such appointment shall not have been vacated or stayed on appeal or otherwise, or if, within 60 days after the expiration of any such stay, such appointment shall not have been vacated.

24.2 Tenant Remedies upon Landlord Event of Default. Upon any Event of Default by Landlord, Tenant shall give Landlord written notice of same, whereupon following receipt of such written notice, Landlord shall have thirty (30) days within which to commence all necessary action to cure such Event of Default (and if such cure is commenced, proceed to diligently complete such cure within a reasonable period of time not to exceed sixty (60) days), except with respect to Events of Default under Sections 24.1(b), 24.1(c), 24.1(f), or 24.1(k) for which the cure period shall be ten (10) Business Days or Section 24.1(l) for which no cure period exists beyond the time period stated herein; provided, however that there shall be no cure period for failure of Landlord to achieve Final Completion of the Project on or before the date set forth in Section 24.1(j). In the event Landlord fails to cure such Event of Default within the time period set forth above, Tenant shall be entitled to exercise any one or more of the following remedies:

(a) Terminate the Ground Lease and this Lease without liability to Landlord upon ten (10) days written notice; or

(b) Bring an action for damages which damages shall include all costs and expenses incurred by Tenant in leasing, operating and maintaining 300 parking stalls for use as an interim park and ride facility if an Event of Default occurs under Section 24.1(k) above; or

(c) In the event Landlord fails to design, develop or construct the Project in accordance with the FTA Requirements and such failure results in a determination by the Federal Transit Administration not to fund the FTA Grant, such failure shall constitute an Event of Default under this Lease and in addition to any other right or remedy available to Tenant at law or equity, Tenant shall have the right to offset against the Option Price otherwise payable by Tenant hereunder at the Closing the amount of the FTA Grant in the amount of _____ Million Dollars (\$ _____) as agreed liquidated damages resulting from such breach.

(d) Seek specific performance of Landlord's obligations under this Lease; or

(e) Take over and complete the work of construction of the Project. Tenant is hereby irrevocably appointed attorney-in-fact (the appointment being coupled with an interest) to incur obligations, enforce contracts or agreements therefore made by Landlord and to do any and all things that are necessary and proper to complete the Project and to recover the costs thereof, together with interest thereon at the rate of twelve percent (12%) per annum from

the date incurred until paid in full. In the event Tenant elects to complete the Project, Tenant shall have the right to offset against Monthly Rent all amounts incurred by Tenant in completing the Project pursuant to this Section 24.2(e).

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

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

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

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

27. No Encumbrances by Landlord. Except to the extent expressly authorized in Sections 10 and 20 of this Lease, Landlord shall not at any time during the Term of this Lease sell, transfer, lease (other than to Tenant pursuant to this Lease), convey, encumber, pledge, hypothecate or otherwise grant a security interest in the Premises or any portion thereof (other than to Construction Lender pursuant to the Security Documents).

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

29. Subordination, Nondisturbance and Attornment Agreement. This Lease shall be subject and subordinate at all times to the lien of the Security Documents; provide, however that subordination of Tenant's rights under this Lease shall be expressly conditioned upon delivery of the Subordination Agreement in the form attached to this Lease as **Exhibit L** and by this reference incorporated herein, duly executed by Landlord and Construction Lender. The

Subordination Agreement shall be executed and delivered by Landlord and Construction Lender and delivered to Tenant prior to the Commencement of Construction. Tenant shall have the right to record such Subordination Agreement in the real property records of King County, Washington.

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

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

32. Surrender. Landlord shall, on the Expiration Date, surrender and deliver up the Premises, including all improvements then located thereon and the appurtenances thereto, into the possession of Tenant, in good order, condition and repair, free and clear of all leases, subleases and other occupancies, and free and clear of all liens and encumbrances other than those, if any, created by Tenant, without any payment or allowance whatsoever by Tenant. Landlord shall execute, acknowledge and deliver to Tenant such instruments of further assurance as in the opinion of Tenant are necessary or desirable to confirm or perfect Tenant's right, title and interest in and to all of the above-described property. The provisions of this Section shall survive the expiration or termination of this Lease.

33. Brokers. Landlord and Tenant each represent to the other that neither is represented by any broker, agent or finder with respect to this Lease in any manner. Each party agrees, to the maximum extent permitted by law, to indemnify and hold the other party harmless from and against any and all liability, costs, damages, causes of action or other proceedings instituted by any broker, agent or finder, licensed or otherwise, claiming through, under or by reason of the conduct of the indemnifying party in any manner whatsoever in connection with this Lease, which indemnification shall survive the Expiration Date of this Lease.

34. Miscellaneous Provisions.

34.1 Entire Agreement. This Lease, including Exhibits A through N which are attached hereto and by this reference incorporated herein, sets forth the entire agreement of the parties as to the subject matter hereof and supersedes all prior discussions and understandings between them. This Lease may not be amended or rescinded in any manner except by an instrument in writing signed by a duly authorized officer or representative of each party hereto.

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

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

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

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

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

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

If to Landlord: _____

Facsimile: _____

If to Tenant: King County
Property Services Division
500 King County Administration Building
500 Fourth Avenue
Seattle, WA 98104
Facsimile: (206) 205-5070

If to [To be provided.]
[Construction _____
Lender]: _____

Facsimile: _____

Any party may change the address to which notices shall be sent by notice to the other party in the manner and with the effect set forth in this Section 34.7.

34.8 Binding Effect. Subject to the provisions of Sections 10 and 20 hereof, this Lease shall be binding upon, and inure to the benefit of, the parties hereto and their respective successors and assigns. No permitted assignment of this Lease or Tenant's rights hereunder shall be effective against Landlord unless and until an executed counterpart of the instrument of assignment shall have been delivered to Landlord and Landlord shall have been furnished with the name and address of the assignee. The term "Tenant" shall be deemed to include the assignee under any such permitted assignment. The term "Landlord" shall include any successors to or assigns of the Landlord's interest in the Premises following any foreclosure of the Security Documents, including Construction Lender or any purchaser at a trustee's or sheriff's sale of the Premises.

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

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

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

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

34.13 Authority. Landlord is a limited liability company, duly organized, validly existing and in good standing under the laws of the State of California and has registered as a foreign limited liability company duly authorized to transact business in the State of Washington. Tenant is a political subdivision of the State of Washington. By execution of this Lease,

Landlord and Tenant each represent to the other that it has authority to enter into this Lease and perform its obligations hereunder.

34.14 Nature of Relationship. The relationship between Landlord and Tenant under this Lease shall be solely that of landlord and tenant of real property. It is not intended by this Lease to, and nothing contained in this Lease shall, create any partnership, joint venture or other arrangement between Landlord and Tenant. No term or provision of this Lease is intended to be, or shall be, for the benefit of any other person, firm, organization or corporation, nor shall any other person, firm, organization or corporation have any right or cause of action hereunder.

34.15 No Third Party Rights. The provisions of this Lease are intended solely for the benefit of, and may only be enforced by, the parties hereto, and their respective successors and permitted assigns. None of the rights or obligations of the parties herein set forth (or implied) is intended to confer any claim, cause of action, remedy, defense, legal justification, indemnity, contribution claim, set-off, or other right, whatsoever upon or otherwise inure to the benefit of any Contractor, Architect, subcontractor, worker, supplier, mechanic, architect, insurer, surety, guest, member of the public, or other third parties having dealings with either of the parties hereto or involved, in any manner, in the Project.

34.16 Accounting, Inspection and Audit. Landlord shall keep such full and detailed accounts as may be necessary for proper financial management under this Lease. Tenant may, at its sole discretion, from time to time whether before or after purchase of the Premises if it elects to purchase the Premises, inspect all books and records of Landlord or any Contractor relating to the Project and/or elect to have an audit conducted to verify Project Costs. If Tenant so elects to conduct such an audit, it shall give notice to Landlord, and such audit shall be conducted as soon thereafter as is reasonably feasible. Such audit shall be conducted by an auditor selected by Tenant, and Tenant shall, except as hereinafter provided, pay the cost of such audit. Landlord agrees to cooperate with the auditor and make available for examination at its principal office all of its books, records, correspondence and other documents deemed necessary to conduct the audit by the auditor. If the audit reveals a variation of one percent (1%) or more of the Project Costs, Landlord shall pay the costs of the audit. Landlord shall preserve all records for a period of six (6) years after Final Completion of the Project hereunder; provided, however, if at any time prior to the expiration of seven (7) years after Final Completion of the Project, Landlord proposes to dispose of any Contract Documents related to the Project, Landlord shall deliver the same to Tenant for disposition by Tenant.

34.17 Fair Construction. The provisions of this Lease shall be construed as a whole according to their common meaning and not strictly for or against any party and consistent with the provisions contained herein in order to achieve the objectives and purposes of this Lease. Each party hereto and its counsel has reviewed and revised this Lease and agrees that the normal rules of construction to the effect that any ambiguities are to be resolved against the drafting party shall not be construed in the interpretation of this Lease. Each agreement, term and provision of this Lease to be performed by Landlord or Tenant shall be construed to be both a covenant and a condition.

34.18 Non-Waiver of Governmental Rights. Nothing contained in this Lease shall require Tenant to take any discretionary action relating to development of the improvements to

be constructed on the Land as part of the Project, including, but not limited to environmental review, zoning and land use approvals, approval of applications to vacate public streets, permitting, design review or any other governmental approvals.

34.19 Counterparts. This Lease may be executed in counterparts, each of which shall constitute an original and all of which constitute but one original.

IN WITNESS WHEREOF, the parties hereto have executed this Lease as of the date and year first above written.

LANDLORD:

ALLIANCE WASATCH 1, LLC, a California limited liability company

By _____
Name _____
Title _____

Date: _____, 2009

TENANT:

KING COUNTY, a political subdivision of the State of Washington

By _____
Name _____
Title _____

Date: _____, 2009

APPROVED AS TO FORM:

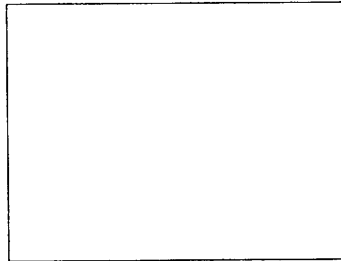
By _____
Senior Deputy Prosecuting Attorney

Date: _____, 2009

STATE OF _____)
) ss.
COUNTY OF _____)

I certify that I know or have satisfactory evidence that _____ is the person who appeared before me, and said person acknowledged that he signed this instrument, on oath stated that he was authorized to execute the instrument and acknowledged it as the _____ of ALLIANCE WASATCH 1, LLC, a California limited liability company, to be the free and voluntary act of such party for the uses and purposes mentioned in the instrument.

GIVEN UNDER MY HAND AND OFFICIAL SEAL this ____ day of _____, 2009.



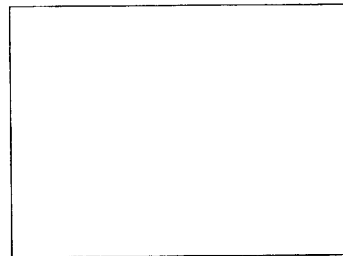
(Use this space for notarial stamp/seal)

Notary Public
Print Name _____
My commission expires _____

STATE OF WASHINGTON)
) ss.
COUNTY OF KING)

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

GIVEN UNDER MY HAND AND OFFICIAL SEAL this ____ day of _____, 2009.



(Use this space for notarial stamp/seal)

Notary Public
Print Name _____
My commission expires _____

EXHIBIT A

Schedule of Monthly Rent

EXHIBIT B

Schedule of Preliminary Plans and Outline Specifications

EXHIBIT C-1
Legal Description of Land

EXHIBIT C-2

Map of Land

(showing approximate location of Garage Land and Housing Land)

EXHIBIT D

Legal Description of Garage Land

[To be attached to this Lease upon completion of
short plat of Land pursuant to Section 1.4 of Ground Lease]

EXHIBIT E

Legal Description of Housing Land

[to be attached to this Lease upon completion of short plat of
Land pursuant to Section 1.4 of the Ground Lease

EXHIBIT F
Project Budget

EXHIBIT G
Project Schedule

EXHIBIT H

Confirmation of Commencement Date and Expiration Date

In accordance with the provisions of Section 3 of the Lease as of this ____ day of _____, 20____, Landlord and Tenant acknowledge, agree and confirm the following:

The Commencement Date of the Lease is: _____.

The Expiration Date of the Lease is: _____.

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

AGREED the day and year first above written.

LANDLORD:

ALLIANCE WASATCH 1 LLC, a California limited liability company

By: _____
Name: _____
Title: _____

Date: _____, 20__

APPROVED AS TO FORM:

By _____
Senior Deputy Prosecuting Attorney

Date: _____, 20__

TENANT:

KING COUNTY, a political subdivision of the State of Washington

By: _____
Name: _____
Title: _____

Date: _____, 20__

EXHIBIT I

DISPUTE RESOLUTION PROCEDURE

Landlord and Tenant shall act in good faith and deal fairly in performing their respective duties under the Lease in order to accomplish their mutual objectives and avoid disputes. If a dispute arises with respect to design or construction of the Project including, without limitation, the calculation of Additional Rent, the parties agree to utilize the dispute resolution process contained herein, which will be non-binding but a condition precedent to having such dispute decided in court by a judge or jury.

1. **Mediation.** In the event a dispute arises between Tenant and Landlord with respect to (i) design or construction of the Project or (ii) the calculation of Additional Rent, the parties shall proceed in good faith to resolve such dispute as expeditiously as possible. In particular, the parties shall cooperate so that the progress of the design and construction of the Project is not delayed. If, however, the parties are unable to resolve the dispute within three (3) Business Days, either party may refer the dispute to the Mediator named below.

1.1 **Mediator.** For any dispute arising during construction of the Project which cannot be resolved by the parties, the mediator hereunder ("Mediator") shall be _____, a mediator whom Landlord and Tenant have mutually designated to resolve such dispute. The Mediator is to act impartially and independently in the consideration of facts and conditions surrounding any dispute presented by Tenant and Landlord; however, the Mediator's recommendations concerning any such dispute are advisory only. The Mediator's recommendations shall be based on the pertinent Lease provisions, and the facts and circumstances involved in the dispute. The Mediator's recommendations shall be furnished in writing to the parties.

1.2 **Tenant Responsibility.** Tenant shall furnish the Mediator one copy of all documents it might have, other than those furnished by Landlord, which are pertinent to the performance of the Mediator's duties hereunder.

1.3 **Landlord Responsibility.** Landlord shall furnish the Mediator one copy of all Contract Documents, including but not limited to the Preliminary Plans and Outline Specifications, applicable contracts, interpretative reports, progress schedule and updates, monthly progress reports, and other documents pertinent to the performance of the Lease and necessary to the performance of the Mediator's duties hereunder.

1.4 **Term.** Following execution of the Lease, the Mediator shall have authority to act hereunder upon written request from either Landlord or Tenant and such authority shall terminate upon notice to the Mediator by the parties.

1.5 **Payment.** The fees charged by the Mediator shall be shared equally by the parties. The Mediator's compensation shall include compensation for all materials, supplies, travel, office assistance and support and incidentals necessary to provide the services described herein. Payment for services rendered by the Mediator will be at the Mediator's standard hourly rate as approved by Landlord and Tenant prior to commencement of the dispute resolution proceeding.

1.6 Legal Relationship. The Mediator, in the performance of the duties described herein, is acting in the capacity of an independent agent and not as an employee of either Tenant or Landlord. The Mediator is absolved of any personal or professional liability arising from the recommendations made hereunder, unless due to gross negligence or willful malfeasance.

EXHIBIT J

**FORM OF NOTICE OF EXERCISE
OF OPTION TO PURCHASE**

[date]

To: Landlord

You are hereby notified that King County, a political subdivision of the State of Washington has elected to exercise on [date of payment] its option to purchase the Garage ("Premises") currently leased by Tenant, pursuant to the Lease Agreement (with Option to Purchase) ("Lease") by and between Landlord and Tenant dated _____, 2009. This purchase option is being exercised pursuant to Section 21 of the Lease. The purchase price of the Premises shall be an amount equal to the Option Price (as defined in the Lease) less the amount of all Monthly Rent paid under the Lease to the date of prepayment outstanding, plus an option exercise fee of one dollar (\$1.00).

TENANT:

APPROVED AS TO FORM:

KING COUNTY, a political subdivision
of the State of Washington

By _____
Senior Deputy Prosecuting Attorney

By _____
Name _____
Title _____
Date _____

EXHIBIT K
FORM OF NOTICE OF ELECTION
TO PARTIALLY PREPAY MONTHLY RENT

[date]

To: Trustee

You are hereby notified that the King County, a political subdivision of the State of Washington ("Tenant") has elected to exercise its option to prepay a portion of the Monthly Rent due under that certain Lease Agreement (with Option to Purchase) ("Lease") by and between Landlord and Tenant dated _____, 20____, which was assigned to Trustee by assignment dated [•]. In accordance with Section 21.3 of the Lease, the date of prepayment shall be _____, and the principal components of Monthly Rent to be prepaid on such date are _____, representing the maturities (or portions thereof) set forth below. By 10:00 a.m. Seattle time on such date, Tenant shall pay to Trustee in cash or immediately available funds, an amount equal to the principal components of Monthly Rent to be prepaid, together with interest thereon accruing to such date, together with any other amounts payable under the Lease on such date. In accordance with the Trust Agreement dated [•] by and between Trustee and Tenant, Trustee shall cause an optional redemption of Certificates in principal amounts and maturities corresponding to the principal components of Monthly Rent set forth below.

TENANT:

APPROVED AS TO FORM:

KING COUNTY, a political subdivision of
the State of Washington

By _____
Senior Deputy Prosecuting Attorney

By _____
Name _____
Title _____
Date _____

**Schedule of Principal Components of Monthly Rent
to be Prepaid and Certificates to be Redeemed**

Date Principal Component (of Monthly Rent) Due	Amount of Principal Component to be Prepaid*
---	---

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

EXHIBIT L

After Recording Return To:
King County
Property Service Division
500 King County Administration Building
500 Fourth Avenue
Seattle, Washington 98104

**SUBORDINATION, NONDISTURBANCE
AND ATTORNMENT AGREEMENT
Lease (with Option to Purchase)**

- GRANTORS:
1. ALLIANCE WASATCH I, LLC, a California limited liability company (Landlord)
 2. KING COUNTY, a political subdivision of the State of Washington (Tenant)

GRANTEE: [LENDER] (Beneficiary)

Legal Description:

Abbreviated form:

Additional legal on page _____ of document

Assessor's Property Tax Parcel Account Number(s):

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

(Additional on page ____ of document)

**SUBORDINATION, NONDISTURBANCE
AND ATTORNMENT AGREEMENT**

NOTICE: THIS AGREEMENT RESULTS IN THE LEASE BECOMING SUBJECT TO AND OF LOWER PRIORITY THAN THE LIEN OF SOME OTHER OR LATER SECURITY INSTRUMENT.

THIS AGREEMENT is made as of [•], 2009, by and among Landlord, Tenant and Beneficiary and affects the Property described in Exhibit A attached hereto. The terms "Tenant," "Landlord," "Beneficiary," "Premises," "Ground Lease," "Lease," "Property," "Loan" and "Mortgage" are defined in the Schedule of Definitions attached hereto as Exhibit B. This Agreement is entered into with reference to the following facts:

RECITALS

- A. Landlord and Tenant have entered into the Lease with respect to the Premises.
- B. Beneficiary has made the Loan to Landlord secured by the Mortgage on the Premises.
- C. It is a condition precedent to the effectiveness of the Lease that Tenant is assured of continued occupancy of the Premises and its rights under the Lease (including its option to purchase the Premises) under the terms of the Lease.
- D. Beneficiary is willing to assure Tenant of continued occupancy of the Premises and its rights under the Lease (including its option to purchase the Premises) pursuant to the terms of the Lease as stated in this Agreement.

NOW, THEREFORE, in consideration of the mutual benefits accruing to the parties and other good and valuable consideration, the receipt and sufficiency of which is hereby acknowledged, it is agreed:

AGREEMENT

- 1. Beneficiary hereby consents to and approves the Lease including Tenant's option to purchase the Premises on the terms and conditions contained therein.
- 2. Tenant's interest in the Lease and all rights of Tenant thereunder shall be subject and subordinate to the Mortgage encumbering the Premises (provided that all condemnation awards and insurance proceeds paid or payable with respect to the Premises and received by Beneficiary shall be applied to the repair and restoration of the Premises or disbursed to Tenant as and to the extent provided in the Lease, subject however to such reasonable protective measures as may be required by Beneficiary for disbursement of such funds and as are described in the Mortgage). Nothing contained in this Agreement is intended to constitute a subordination of the Tenant's interest as the fee owner of the Property demised to Landlord under the terms of the Ground Lease.

3. If Beneficiary causes a foreclosure of the Mortgage, Beneficiary will not name or join Tenant as a party to any foreclosure action except as required by law, nor will Beneficiary name or join Tenant as a party in any suit, action or proceeding to enforce any rights under the Mortgage.

4. Tenant's possession of the Premises and Tenant's rights in the Premises (including its option to purchase the Premises) shall not be interrupted, disturbed, affected or impaired by, nor will the Lease or the term of the Lease or Tenant's option to purchase the Premises on the terms and conditions set forth in the Lease be terminated or otherwise affected by, any default by Landlord under the Mortgage or any suit, action or proceeding upon the Mortgage or for the foreclosure of the Mortgage by Beneficiary or the enforcement of any rights under the Mortgage or any other documents held by the Beneficiary, or by any judicial sale or execution or other sale of the Premises, or by any deed given in lieu of foreclosure, or by the exercise of any other rights given to the Beneficiary by any other documents or as a matter of law. This nondisturbance provision shall apply with respect to Tenant's continued occupancy of the Premises pursuant to an exercise of its rights under Bankruptcy Code Section 365(h).

5. So long as Tenant is not in default under any of the terms, covenants or conditions of the Lease after the expiration of all cure, notice or grace periods provided in the Lease for Tenant's defaults: The Lease shall continue in full force and effect, the Lease shall not be terminated, and Tenant's use, possession and enjoyment of the Premises (including its option to purchase the Premises) shall be recognized and shall not be interfered with. If the Beneficiary takes possession of the Premises or starts collecting rent or becomes the owner of the Premises by reason of foreclosure of the Mortgage or otherwise, or if the Premises shall be sold as a result of any action or proceeding to foreclose the Mortgage or by a deed given in lieu of foreclosure, the Lease shall continue in full force and effect, without necessity for executing any new Lease, as a direct lease between Tenant and the Beneficiary or the then owner of the Premises as landlord upon all of the same terms, covenants and provisions contained in the Lease, (including, but not limited to Tenant's option to purchase the Premises), and in that event the Beneficiary or such new owner shall be bound to Tenant under all of the terms, covenants and provisions of the Lease (including, but not limited to Tenant's option to purchase the Premises) for the remainder of the term of the Lease which terms, covenants and provisions the Beneficiary or new owner agrees to assume and perform. Tenant agrees, after receipt by Tenant of notice from Beneficiary of any foreclosure of the Mortgage or any conveyance in lieu of foreclosure, to attorn to Beneficiary or its successor and accept the Beneficiary or any such successor owner as landlord under the Lease, and to be bound by and perform all of the obligations imposed upon Tenant by the Lease. Beneficiary or any such successor owner of the Property shall be bound by, assume and agree to perform all of the obligations imposed by the Lease upon Landlord (including but not limited to the obligation to complete construction of the Garage on the terms and conditions set forth in the Lease) and Tenant shall have the same remedies against Beneficiary or a successor owner for breach of the Lease that Tenant may have had under the Lease against Landlord.

6. Insurance and condemnation proceeds shall be disposed of in accordance with the Ground Lease and the Lease, respectively, and not in accordance with the Mortgage.

7. Landlord and Beneficiary each acknowledges and agrees that all trade fixtures, equipment and other property owned by Tenant located or installed in or on the Premises, if any, regardless of the manner of attachment, shall be and remain the property of Tenant and may be removed by Tenant at any time. In no event (including a default under the Lease or Mortgage) shall either Landlord or Beneficiary have any liens, rights or claims in Tenant's property, and Beneficiary expressly waives all rights of lien, levy, distraint or execution with respect to Tenant's property.

8. Beneficiary and Tenant agree that so long as the Lease is in full force and effect, no exercise by Tenant of its rights under the Lease shall constitute a default under the Mortgage or require Beneficiary's consent, and that except for the rights, privileges and benefits of Landlord and Tenant expressly set forth herein, any conflict between the terms of the Lease and the terms of the Mortgage shall be resolved in favor of the Lease. In furtherance of and not as a limitation on the foregoing, Tenant may, without causing a default to occur under the Mortgage and without Beneficiary's consent, to the extent expressly permitted by the Lease: (a) make alterations and improvements to the Premises; (b) contest legal requirements claimed to be applicable to the Premises and defer compliance with such legal requirements pending the determination of any such contest; (c) exercise its right to issue certificates of participation in rent payments to be made under the Lease; (d) exercise its option to purchase the Premises; and (e) remove fixtures, improvements and/or personal property that it owns from the Premises.

9. All notices hereunder shall be deemed to have been duly given if mailed by United States registered or certified mail, with return receipt requested, postage prepaid, or by United States express mail or other comparable overnight courier service or by facsimile transmission to the parties at the following address or addresses (or at such other address or addresses, written notice of which have been given as herein provided) and shall be deemed given when so delivered, two (2) business days after being deposited in the United States mail postage prepaid or delivered to the overnight courier service or on the date when faxed (provided the fax machine has issued a printed confirmation of receipt):

Landlord:	Alliance Wasatch 1, LLC _____ _____
Beneficiary:	_____ _____ _____
Tenant:	King County Property Services Division 500 King County Administration Building 500 Fourth Avenue Seattle, WA 98104

These addresses may be changed from time to time by a party serving notice of the changes as provided above. Notices shall be deemed given upon receipt or attempted delivery where delivery is not accepted.

10. This Agreement, and each of the provisions hereof, shall inure to the benefit of or bind as the case may require, and be enforceable by the parties hereto and their respective heirs, personal representatives, successors and assigns, including without limitation, any purchaser at any foreclosure sale of the Mortgage or any transferee of a deed in lieu of foreclosure; provided, however, that the interest of any party under this Agreement may not be assigned or transferred except together with an assignment or transfer of such party's interest under the Ground Lease and the Lease, or the Mortgage, as applicable.

11. Landlord, as landlord under the Lease and grantor under the Mortgage, acknowledges and agrees for itself and its successors and assigns that: (a) this Agreement does not constitute a waiver by Beneficiary of any of its rights against Landlord under the Mortgage and/or in any way release Landlord from its obligation to comply with all of the terms, provisions, conditions, covenants, and agreements set forth in the Mortgage; and (b) this Agreement does not constitute a waiver by Tenant of any of its rights under the Ground Lease or the Lease and/or in any way release Landlord from its obligation to comply with all of the terms, provisions, conditions, covenants and agreements set forth in the Ground Lease and the Lease.

12. This Agreement may not be modified other than by an agreement in writing signed by the parties hereto or by their respective successors in interest. This Agreement shall be governed by and construed and enforced in accordance with the laws of the State of Washington.

13. Landlord and Beneficiary acknowledge that the Tenant is the fee owner of the real property legally described in the Ground Lease which is has leased to Landlord pursuant to the terms of the Ground Lease. Nothing contained in this Agreement is intended to modify the rights, duties and obligations of the Tenant in its capacity as landlord under the Ground Lease or the Landlord as tenant under the Ground Lease. This Agreement does not subordinate the Ground Lease to the lien of the Mortgage. This Agreement does not subordinate the fee interest of the Tenant in the real property demised to Landlord under the Ground Lease. This Agreement is intended only to subordinate the interest of the Tenant as the tenant under the Lease. Nothing contained in this Agreement is intended to constitute a consent to a merger of the fee title to the Property and the leasehold estate of the Landlord as the tenant therein created under the Ground Lease with the leasehold interest of the Tenant created under the Lease.

14. In the event any term or provision of this Agreement or the application thereof to any person or circumstance shall, for any reason and to any extent be invalid or unenforceable, the remaining terms and provisions of this Agreement shall not be affected thereby, but rather shall be enforceable to the fullest extent permitted by law.

15. This document may be executed in counterparts, each of which shall constitute an original and all of which shall together constitute one original.

IN WITNESS WHEREOF, the parties hereto have executed this Agreement the date and year first above written.

BENEFICIARY:

TENANT:

KING COUNTY, a political subdivision of the State of Washington

By: _____
Name: _____
Title: _____

By: _____
Name: _____
Title: _____

LANDLORD:

Approved as to Form:

ALLIANCE WASATCH 1, LLC, a California limited liability company

By: _____
Name: _____
Title: _____

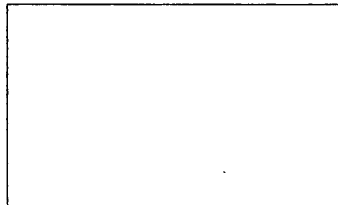
By: _____
Senior Deputy Prosecuting Attorney

Date: _____

STATE OF WASHINGTON)
) ss.
COUNTY OF KING)

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

DATED: _____.



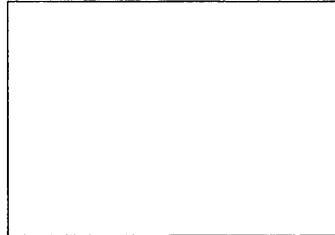
(Use this space for notarial stamp/seal)

Notary Public
Print Name _____
My commission expires _____

STATE OF WASHINGTON)
) ss.
COUNTY OF KING)

I certify that I know or have satisfactory evidence that _____ is the person who appeared before me and said person acknowledged that s/he signed this instrument, and on oath stated that s/he was authorized to execute the instrument as a _____ of ALLIANCE WASATCH 1, LLC, a California limited liability company, and acknowledged it to be the free and voluntary act and deed of said entity for the uses and purposes mentioned in the instrument.

DATED: _____.



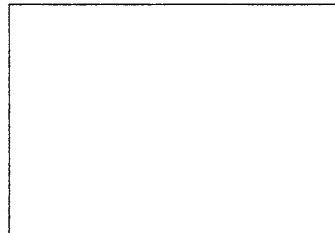
(Use this space for notarial stamp/seal)

Notary Public
Print Name _____
My commission expires _____

STATE OF WASHINGTON)
) ss.
COUNTY OF KING)

I certify that I know or have satisfactory evidence that _____ is the person who appeared before me and said person acknowledged that s/he signed this instrument, and on oath stated that s/he was authorized to execute the instrument as a _____ of _____, and acknowledged it to be the free and voluntary act and deed of said entity for the uses and purposes mentioned in the instrument.

DATED: _____.



(Use this space for notarial stamp/seal)

Notary Public
Print Name _____
My commission expires _____

Exhibit A

Legal description of the Property

Exhibit B

Definitions

"Beneficiary" shall mean [name of Lender] having an address at [address of Lender].

"Ground Lease" shall mean that certain Ground Lease with an Effective Date of [•], 2009, executed by King County, in its capacity as fee owner of the Property, as ground lessor, and Landlord, as ground lessee, as such Ground Lease is now or hereafter amended.

"Landlord" shall mean Alliance Wasatch 1, LLC, a California limited liability company, having an address at [address of Landlord].

"Lease" shall mean that certain Lease Agreement (with Option to Purchase) with an Effective Date of [•], 2009, by and between Landlord and Tenant, as such Lease is now or hereafter amended.

"Loan" shall mean that certain loan in the amount of \$_____ made by Beneficiary to Landlord to finance construction of the Garage to be constructed on the Property pursuant to the Lease.

"Mortgage" shall mean a first lien Construction Leasehold Deed of Trust, Security Agreement, Assignment of Leases and Rents and Fixture Filing dated as of [•], 2009, encumbering the Premises, executed by Landlord, as grantor, in favor of Beneficiary, securing repayment of the Loan to be recorded in the county in which the Property is located.

"Premises" shall mean the Landlord's leasehold interest in the Property created under the Ground Lease together with all improvements now or hereafter located on the Property.

"Property" shall mean the real property described in Exhibit A hereto.

"Tenant" shall mean King County, a political subdivision of the State of Washington having an address at King County Property Services Division, 500 King County Administration Building, 500 Fourth Avenue, Seattle, WA 98104.

EXHIBIT M

After Recording Return To:
King County
Property Service Division
500 King County Administration Building
500 Fourth Avenue
Seattle, Washington 98104

**MEMORANDUM OF LEASE AGREEMENT
(With Option to Purchase)**

GRANTOR: ALLIANCE WASATCH 1, LLC, a California limited liability company
(Landlord)

GRANTEE: KING COUNTY, a political subdivision of the State of Washington
(Tenant)

Legal Description:

Abbreviated form:

Additional legal on page _____ of document

Assessor's Property Tax Parcel Account Number(s):

THIS MEMORANDUM OF LEASE (the "Memorandum") is dated for reference purposes as of [•], 2009 between ALLIANCE WASATCH 1, LLC, a California limited liability company ("Landlord"), and KING COUNTY, a political subdivision of the state of Washington ("Tenant").

1. Lease. Landlord has leased to Tenant the Premises described in Exhibit A attached hereto and by this reference incorporated herein (the "Premises") at a rent and on the terms and conditions set forth in that certain Lease Agreement (With Option to Purchase) dated [•], 2009 by and between Landlord and Tenant (the "Lease"). The Lease is for a term expiring _____ unless sooner terminated pursuant to the terms of the Lease; provided, however, that Tenant's duty to pay Monthly Rent shall not commence until the Commencement Date.

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

3. Tax Exemption. In accordance with RCW 35.42.090, the Lease shall be exempt from any taxes imposed under the authority of RCW Ch. 82.45, RCW 82.04.040 or RCW 82.08.090.

4. Lien Notice. Notice is hereby given that Tenant will not be liable for any labor, services, materials or equipment furnished or to be furnished to Landlord, General Contractor or anyone holding an interest in the Premises (or any part thereof) through or under Landlord or

General Contractor, and that no construction or other liens for any such labor, services, materials or equipment shall attach to or affect the interest of Tenant in the Premises.

5. Option to Purchase. Landlord has granted Tenant an option to purchase the Premises at a price and on the terms and conditions set forth in the Lease.

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

DATED the date first above written.

LANDLORD:

ALLIANCE WASATCH 1, LLC, a
California limited liability company

By _____

Name _____

Title _____

Date _____, 2009

TENANT:

APPROVED AS TO FORM:

KING COUNTY, a political subdivision of
the State of Washington

By _____
Senior Deputy Prosecuting Attorney

By _____
Name:
Title:

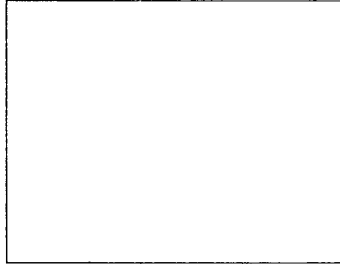
Date: _____, 2009

Date: _____, 2009

STATE OF WASHINGTON)
) ss.
COUNTY OF KING)

I certify that I know or have satisfactory evidence that _____ is the person who appeared before me, and said person acknowledged that s/he signed this instrument, on oath stated that s/he was authorized to execute the instrument and acknowledged it as the _____ of ALLIANCE WASATCH 1, LLC, a California limited liability company, to be the free and voluntary act of such party for the uses and purposes mentioned in the instrument.

Given Under My Hand and Official Seal this _____ day of _____, 2009.



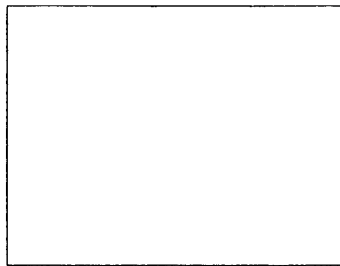
(Use this space for notarial stamp/seal)

Notary Public
Print Name _____
My commission expires _____

STATE OF WASHINGTON)
) ss.
COUNTY OF KING)

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

Given Under My Hand and Official Seal this _____ day of _____, 2009.



(Use this space for notarial stamp/seal)

Notary Public
Print Name _____
My commission expires _____

EXHIBIT A

LAND

EXHIBIT N
FEDERAL TRANSIT ADMINISTRATION (FTA) REQUIREMENTS

[to be provided by Tenant]