

Term Sheet for Lease with Option to Purchase for Elections Facility

This term sheet sets forth the essential terms of an agreement between King County, a municipal corporation and political subdivision of the State of Washington, ("King County" or "Tenant") and Earlington LLC ("Landlord"). For purposes of this term sheet, Landlord and Tenant agree as follows:

RECITALS

- A. Unico Investment Group LLC ("UIG") has entered into a purchase and sale agreement to purchase certain real property located at 919 & 1107 SW Grady Way, Renton, Washington 98055. UIG will form Landlord as a legal entity and transfer the Property prior to Landlord executing a lease with Tenant.
- B. Tenant desires to have Landlord substantially redevelop an existing building on a portion of the real property to be purchased by UIG to house Tenant's Elections Division (the "Project") more fully described herein.
- C. Landlord and Tenant desire to enter into a lease whereby Tenant will lease and, upon substantial completion of the Project and acceptance by Tenant, occupy the Project and associated parking spaces with an option to purchase the Property and Premises defined below
- D. Landlord intends to develop, oversee and manage the design, permitting and construction of the Project.
- E. These essential terms will be more fully negotiated and agreed to in a lease agreement between Landlord and Tenant. This term sheet is a statement of intent by the parties and will not become a binding commitment until sufficient authority to enter into a lease based on these terms is received from the Metropolitan King County Council and such lease is executed by the parties. Upon the enactment of legislation authorizing the County Executive, on behalf of the County, to execute a lease consistent with the terms and conditions of this term sheet and the usual and customary terms for a commercial lease, King County shall have the legal authority to negotiate, execute and deliver the lease without further action by the King County Council, and such lease shall be binding against King County upon execution and delivery. The Parties shall seek to negotiate and execute a fully binding lease by February 27, 2007.

TERMS

1. Parties/Basic Structure:
 - A. Landlord: Earlington LLC, a Delaware limited liability company.
 - B. Tenant: King County, a municipal corporation and political subdivision of the State of Washington.
 - C. Property: A parcel of land located in Renton, Washington that will result from the subdivision or a boundary line adjustment involving the property currently containing the Earlington Business Center. Such parcel will contain the Premises as defined below.
 - D. Premises: Building A of the Earlington Business Center, as improved pursuant to the Lease, located on the Property and 332 parking spaces on the Property.
 - E. Project: The Project includes the construction of an Elections Facility through the redevelopment of the Premises by Landlord (Landlord's Work). Construction is to be completed and the Premises made available for occupancy by December 1, 2007.
 - F. Lease: Tenant will enter into a lease with Landlord whereby Tenant will lease and, upon substantial completion of the Project and acceptance by Tenant, occupy the Project and commence the payment of base rent and additional rent ("Commencement Date"). The lease will be for a term of ten (10) years, and will include an option to purchase the Property (and the Premises thereon) as set forth below. Upon the exercise of the option King County will gain title to the Property.
 - G. Base Rent: Starting from the Commencement Date and throughout the remaining term of the lease King County shall pay monthly base rental ("Base Rent") for the Premises as follows:

Month(s)	Monthly Base Rent
One (1) through Twelve(12)	\$108,551.33 per month
Thirteen (13) through Twenty Four (24)	\$112,428.17 per month
Twenty Five (25) through Thirty Six (36)	\$116,305 per month
Thirty Seven (37) through Forty Eight (48)	\$120,181.83 per month
Forty Nine (49) through Sixty (60)	\$124,058.56 per month
Sixty One (61) through Seventy Two (72)	\$127,935.50 per month
Seventy Three (73) through Eighty Four (84)	\$131,812.33 per month
Eighty Five (85) through Ninety Six (96)	\$135,689.17 per month
Ninety Seven (97) through One	

<u>Hundred Eight (108)</u>	<u>\$139,566.00 per month</u>
<u>One Hundred Nine (109) through One Hundred Twenty (120)</u>	<u>\$143,442.83 per month</u>

Starting at the Commencement Date, Landlord shall be able to assess a monthly charge ("Amortization Charge") in addition to Base Rent and Additional rent sufficient to amortize the portion of the contingency used to set the final, not-to-exceed budget over the life of the lease at a reasonable rate of return to be defined in the lease.

H. Additional Rent: King County shall also pay, as additional rent, reasonable expenses allocated to the Premises, and Tenant's share of applicable taxes and other expenses not directly billed to Tenant on a "triple net" basis as further defined in the lease.

I. Existing Tenants: Landlord shall be responsible for terminating all existing leases and ensuring the tenants vacate the Premises in time for the Landlord to perform Landlord's Work. Tenant shall be responsible for terminating the Work Source and Washington State University ("WSU") leases and vacating those parts of the Premises. Landlord agrees to amend the existing Worksource and WSU leases to allow for early termination by Tenant without penalty or notice. Such amendment shall occur within fourteen days of King County's Feasibility Contingency being satisfied or waived. The parties will use best efforts to relocate WSU occupancy to Building B at the Earlington Business Center. In such case, the existing lease will be amended to reflect the new location and Landlord agrees to enter into negotiations regarding an extended term.

J. Permits and Approvals: Landlord shall be responsible for obtaining all permits, licenses and approvals necessary to construct and sell the Project and shall pay all associated fees and costs.

K. Design and Budget: Landlord shall be responsible for completion of design and for engaging such architects and/or engineers as may be required to design the Project. Landlord and Tenant shall agree to the conceptual design prior to entering into a lease agreement. Modifications and refinements to this plan may be made, provided the key elements and assumptions of the plan are carried forward into final design. Tenant shall have the right to review, inspect and approve the work related to the design (at 30%, 60%, and 100% design) of the Project. Upon the completion of design, Landlord and Tenant shall agree on a final, not to exceed, budget for the Project. Landlord and Tenant shall use best efforts to plan the facility to a \$70 per square foot initial budget. Landlord shall construct the Project in accordance with the approved design.

L. Construction: Landlord shall oversee and manage construction of the Project within the final, not-to-exceed budget, and engage an experienced, qualified general contractor to perform Landlord's Work. All costs associated with construction of the Project shall be borne by the Landlord. No cost of construction shall ever become an obligation of Tenant. Tenant shall receive notice of all change orders with sufficient

notice to give it time to provide comments prior to implementation. All costs in excess of the final, not to exceed, budget shall be borne by the Landlord, except costs for design changes requested by Tenant after approval of the 100% design. Costs for such additional changes shall be paid by King County as additional rent in a lump sum within 30 days of the Commencement Date. King County shall have the right to engage its own consultants and attend periodic inspections of the Project. Upon substantial completion of the Project, Landlord, through its contract with the general contractor shall warrant, among other things, that the Project has been completed in substantial accordance with all contract documents, and at all times for the period equal to the later of the warranty period from the contractor or two years following the date of substantial completion is free from defects in workmanship and materials in connection with the construction thereof. Landlord shall also assign and deliver to Tenant all warranties, guarantees, maintenance contracts, and equipment warranties received by Landlord from its general contractor or any subcontractor, supplier or materialmen on the Project to the extent such delivery does not impact Landlord's ability to pursue claims against a contractor .

M. Prevailing Wage: Landlord shall ensure that prevailing wage is paid for all labor associated with construction of the Project.

N. Bond: : Landlord shall furnish a bond satisfactory to King County conditioned on the delivery of possession of the completed Project to King County at the time prescribed in the lease, unavoidable delay excepted. Landlord shall require its general contractor to purchase and maintain an adequate payment and performance bond as required by RCW 36.42. The lease, option to purchase and agreement for sale shall provide that no part of the cost of construction of the Project shall ever become an obligation of King County.

O. Purchase Option: King County shall have the one-time right to purchase the Property and Premises ("Option").

1. Term of Option ("Option Term"). The term of the Option shall commence on the first day of the thirteenth (13th) full calendar month from the date Landlord acquires fee title to the Property and Premises ("Initial Exercise Date") and end on the date that is one hundred eighty (180) days from the Initial Exercise Date. However, if the Commencement Date has not occurred by the Initial Exercise Date, then the term of the Purchase shall commence on the Commencement Date and end on the date that is 180 days thereafter.

2. Exercise of Option. King County may exercise the Option at any time during the Option Term by delivering an irrevocable written Notice of Intent to Exercise Option to Landlord. No deposit will be required from King County upon exercise of the option.

3. Purchase Price. The purchase price of the Property and Premises shall be \$24,334,000 (which consists of a purchase price of \$20,394,000 and a contingency of \$3,940,000). The contingency is included in the preliminary

estimate of the cost of construction of the Project and is reflective of the early stage of design. Any unused contingency is 100% deductible from the purchase price to be paid by King County. Unused contingency shall be determined when the final, not-to-exceed budget is agreed to by the parties. The Lease shall more fully describe the use of the contingency. All sums paid as Base Rent up to the date of closing and an amount equal to the amortized principal portion of previously paid Amortized Charges shall be credited toward the payment of the purchase price as of the date of payment, in accordance with RCW 35.42.040. The purchase price shall be increased by \$108,551 for each full thirty day period starting on the first day of the fifth month following the Commencement Date and ending upon close of the purchase of the Property if King County exercises the Option.

P. Agreement of Sale: Prior to entering into the Lease, King County and Landlord shall agree upon an Agreement of Sale that will be an attachment to the Purchase Option. The Agreement shall include commercially reasonable terms to which Tenant can legally agree and provide that each party remain responsible for its tort and environmental liabilities. Upon King County exercising its purchase option, Landlord shall be obligated to execute the Agreement of Sale.

Q. Parking: The Base Rent shall include King County's exclusive right to use at least 332 parking spaces on the Property (approximately 32 of which may be located on the parcel created by the boundary line adjustment that will not be leased or acquired by King County at 1107 SW Grady Way). If King County exercises its purchase option, the right to use the 32 parking spaces shall be granted in perpetuity. No additional charge shall be assessed for the right to park in these spaces and Landlord shall be responsible for ensuring that these spaces are available.

R. Security: The lease shall include security provisions ensuring that King County shall have sufficient control of access and protection of the Premises as are required to carry out its public elections purpose and function.

S. Insurance: Landlord and King County shall each maintain appropriate insurance or self-insurance, as the case may be, for their respective liability associated with the Property.

T. Liens: The lease shall include commercial reasonable terms concerning liens on the Project and Premises.

U. Purchase Contingency: Execution of the Lease will be subject to and contingent upon Landlord closing on its pending purchase of the Property and acquiring fee title to the Building, Property and Project on terms acceptable to Landlord in its sole discretion on or prior to February 28, 2007 (the foregoing condition hereinafter the "Purchase Contingency").

V. King County Contingencies: The commencement of the lease shall be contingent upon the following "King County Contingencies" to be removed within the time period described herein:

1. Feasibility. Within 60 days of execution of the lease, King County shall have satisfied itself in its sole discretion in regard to the feasibility of all attributes of the Property for the purpose of leasing (with the acquisition option) the Property, including without limitation all legal, physical, environmental and economic aspects of owning, developing and operating the Property. Such feasibility analysis shall include the impact to the value and functionality of the Property as a result of the anticipated condemnation of a portion of the Property by WSDOT. King County shall designate a person to review Landlord's reports and other materials and use good faith efforts to satisfy this contingency by February 27, 2007.

2. Subdivision/BLA. Prior to the Commencement Date, Landlord shall have received final approval from the City of Renton, at its sole cost, of a subdivision/boundary line adjustment agreed to by the Tenant of the property so that the Premises is located on a legal lot separate from the lot on which Building B of the Earlington Business Center is located.

W. Termination by King County:

1. Contingencies. King County shall have the right to terminate the Lease if, in its sole discretion, one or more of the King County Contingencies is not satisfied or waived prior to the date specified in the contingency. If King County terminates pursuant to this right, the Option for Purchase shall become null and void. Notwithstanding this provision, in the case of contingency number 2, the parties shall agree upon reasonable extensions of the Commencement Date so long as Landlord is diligently pursuing satisfaction of the contingency.

2. In the event of Landlord's Default with respect to Purchase and Sale Agreement: King County shall have the right to terminate the Lease if Landlord defaults on its obligations under the Option to Purchase or the Purchase and Sale Agreement, including, but not limited to, failing to deliver title to the Property at Closing.

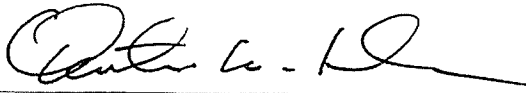
X. Duty to Cooperate. Both parties commit to working together in good faith so that Landlord can commence construction of the Project and deliver the Premises to King County as soon as possible. To that end, Landlord and Tenant shall establish mutually acceptable review and approval dates to facilitate a timely delivery.

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For Unico Investment Group:



Quentin Kuhrau
Unico Investment Group LLC

For King County:



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