

**BEFORE THE MULTNOMAH COUNTY LIBRARY DISTRICT BOARD
MULTNOMAH COUNTY, OREGON**

RESOLUTION NO. 2022-073

Approving a Lease of the Property Located at 4550-4600 S Macadam Ave., Suite (TBD), Portland, OR 97239 for the Multnomah County Library (“MCL”) Storage and sorting facility with temporary Library Support Services.

The Multnomah County Library District Board Finds:

- a. A lease of premises within the property located at 4550-4600 S Macadam Ave., Suite (TBD), Portland, OR 97239 (“Lease”), that will provide necessary storage for books, supplies, and warehoused items; a space for a temporary sorting facility; and workspaces for Library Facilities & Logistics, Technical Services, the Print Shop, and Mobile and Partner Libraries.
- b. This lease, funded by the Multnomah County Library District budget, would allow the Library to temporarily locate teams and materials from locations across the system during bond-funded construction of existing and new facilities over the next five years.

The Library’s 40,000 square foot Isom operations building must be vacated in early winter of 2023 as it will be demolished to make way for the new Albina Library building. Construction projects, including the “refresh” of all Multnomah County Libraries, will continue for more than five years. The first phase of libraries that will be closed for construction are Albina, Holgate, Midland, and North Portland. The books and other materials from these libraries will be relocated to the leased facility.

MCL Operations must be housed at an interim facility until late 2023 when the new Operations Center is expected to be completed. Once MCL Operations are relocated to the new facility, the Library will continue to need staging and storage space while new libraries are built and existing locations are refurbished. The library expects to have as many as 250,000 books and other materials stored at the leased facility at various times.

- c. Approval of the Lease in substantial conformance with the proposed terms is in the best interests of Multnomah County.

The Multnomah County Library District Board Resolves:

1. The Board Chair is authorized to execute a lease substantially in the conformance with the Lease, which is attached hereto as Exhibit 1.
2. The Board Chair is authorized to execute renewals of the Lease and execute amendments to the Lease without further Board action.

ADOPTED this 28th day of July, 2022.




MULTNOMAH COUNTY
LIBRARY DISTRICT BOARD

A handwritten signature in black ink, appearing to read "Deborah Kafoury".

Deborah Kafoury, Chair

REVIEWED:
JENNY M. MADKOUR, COUNTY ATTORNEY
FOR MULTNOMAH COUNTY, OREGON

By 
Andrew MacKendrick, Sr. Asst. County Attorney

SUBMITTED BY: Dave Ratliff, Integrated Services Director, MCL, and Katie Shifley, Finance and Facilities Director, MCL.

COMMERCIAL LEASE

This Commercial Lease is effective upon the full execution hereof and dated for identification purposes only as of June ___, 2022, and is made by the parties hereinafter identified as Landlord and Tenant and upon the following terms and conditions:

1 BASIC LEASE PROVISIONS.

- 1.1 **Tenant:** Multnomah County Libraries [please confirm name and contact info]
- Address for Notices:

Attn: _____ (Email: _____)
- With a copy to:

Attn: _____ (Email: _____)
- 1.2 **Landlord:** MACADAM AVE EXCHANGE, LLC, an Oregon limited liability company
- Address for Notices:
16115 SW First Street, Suite 201
Sherwood, OR 97140
Attn: Brad Anderson (Email: brad@kensingtoninvest.com)
Attn: Robert Jensen (Email: robert.jensen@kensingtoninvest.com)
- 1.3 **Premises:** The Premises consists of approximately 32,508 rentable square feet on the lower level of the Building.
- 1.4 **Building and Project:** The building located at 4550 - 4600 SW Macadam Avenue, Portland, OR 97239 and containing approximately 54,616 rentable square feet (the “**Building**”). The land upon which the Building is located, including all parking areas, walkways, landscape areas, together with the Building, is referred to as the “**Project**” and is legally described on **Exhibit A** attached hereto.
- 1.5 **Term (or Initial Term):** The Term commences on the Commencement Date and expires on the date that is sixty (60) months after the Rent Commencement Date (plus the remaining portion of a calendar month, if the Rent Commencement Date does not occur on the first day of the month).
- 1.6 **Delivery Date:** The date Landlord delivers the Premises to Tenant in the Delivery Condition (as defined in **Exhibit B** attached hereto).
- 1.7 **Anticipated Delivery Date:** [TBD]
- 1.8 **Commencement Date:** The Delivery Date.

1.9 **Rent Commencement Date:** The date that is one hundred fifty (150) days following the Commencement Date.

1.10 **Expiration Date:** The last day of the Term (subject to Tenant’s Extension Options as set forth in this Lease).

1.11 **Base Rent:** **Initial Term:**

Lease Year	Base Rent / SF	Annual Base Rent	Monthly Base Rent
1	\$14.05	\$456,737.40	\$38,061.45
2	\$14.47	\$470,439.52	\$39,203.29
3	\$14.91	\$484,552.71	\$40,379.39
4	\$15.35	\$499,089.29	\$41,590.77
5	\$15.81	\$514,061.97	\$42,838.50

As used herein, the term “**Lease Year**” shall mean a twelve (12) month period; provided, however that the first Lease Year of the Term shall commence on the Rent Commencement Date and run through the last day of the calendar month in which the one (1) year anniversary of the Rent Commencement Date occurs, with each successive Lease Year to run for a period of the next succeeding twelve (12) months.

1.12 **Security Deposit:** None.

1.13 **Permitted Uses:** As a storage and sorting facility with temporary library support services (the “**Permitted Uses**”).

1.14 **Brokers:** Niehaus Properties, Inc. (Bob Niehaus and Tom Tetherow) representing Landlord.
None representing Tenant.

1.15 **Extension Periods:** Two (2) additional periods of twelve (12) months each.

1.16 **Tenant’s Proportionate Share** 59.52%

1.17 **Exhibits:** Attached to and made part of this Lease:

- Exhibit A** Description of the Project
- Exhibit B** Delivery Condition
- Exhibit C** Market Rent
- Exhibit D** Space Plan
- Exhibit E** Rules and Regulations

2 DEMISE: DELIVERY CONDITION.

2.1 Lease of Premises.

Landlord hereby leases to Tenant and Tenant hereby leases from Landlord the Premises for the Term, upon the terms, covenants and conditions set forth in this Lease. In addition to the Premises, Tenant shall have the non-exclusive right to use in common with other tenants and/or occupants of the Project, the following areas appurtenant to the Building: parking areas and facilities, roadways, sidewalks, walkways, parkways, plazas, levees, driveways and landscaped areas and similar areas and facilities situated within the exterior areas of the Project and not otherwise designated for the exclusive or restricted use by Landlord and/or individual tenants of other premises within the Project (collectively, “**Common Areas**”). Tenant’s right to utilize the Common Areas shall at all times be subject to Landlord’s reserved rights herein, the Rules and Regulations referred to in **Exhibit E**, and all encumbrances, easements, ground leases, and covenants, conditions and restrictions (“**CC&Rs**”) now or hereafter affecting or encumbering the Project. Landlord reserves the right from time to time, provided that Tenant’s use and enjoyment of the Premises is not materially and adversely affected thereby, to: (a) install, use, maintain, repair and replace pipes, ducts, conduits, wires and appurtenant meters and equipment for service to other parts of the Building above the ceiling surfaces, below the floor surfaces, within the walls and in the central core areas, and to relocate any pipes, ducts, conduit, wires and appurtenant meters in the Building which are so located or located elsewhere outside the Building; (b) make changes to the Common Areas and/or the parking facilities located thereon, including, without limitation, changes in the location, size, shape and number of driveways, entrances, parking spaces, parking areas, loading and unloading areas, ingress, egress, direction of traffic, landscaped areas and walkways; (c) close temporarily all or any portion of the Common Areas, Building and/or the Project in order to perform any of the foregoing or any of Landlord’s obligations under this Lease, so long as reasonable access to the Building remains available during normal business hours; and (d) alter, relocate or expand, and/or to add additional structures and improvements to, or remove same from, all or any portion of the Common Areas, Building or other portions of the Project.

2.2 Delivery Condition.

Landlord shall deliver the Premises in its as-is, where-is condition with all faults and without any representations or warranties of any kind whatsoever (whether express or implied) except as expressly provided herein; provided, however, that as of the Delivery Date, the Premises shall be in the condition described in **Exhibit B** attached hereto and made a part hereof (the “**Delivery Condition**”).

2.3 Delivery Date.

Landlord shall endeavor in good faith to deliver the Premises in the Delivery Condition on or before the Anticipated Delivery Date. Tenant acknowledges that the Anticipated Delivery Date is an estimate only and Landlord shall have no liability to Tenant, nor shall Tenant have any right to abate Rent, terminate this Lease or seek other damages, if Landlord does not deliver the Premises by such date.

2.4 Access/Security.

Tenant shall have the right to install a security system in, on or about the Premises at its own expense and cost, including without limitation the right to install a key card access system, provided that Landlord shall be provided a working access key at all time and shall otherwise have access to the Premises at all times in the event of emergency. Landlord shall have no obligation to provide any security whatsoever for the Building, the Premises, the Project and/or Tenant's business therein. Tenant agrees that it shall provide and be solely responsible for its own security, at Tenant's sole cost and expense, as may be required for the operation of Tenant's business within the Premises, and Landlord shall have no liability to Tenant and its employees, contractors, agents or invitees for losses due to theft or burglary, or for damages done by unauthorized persons in the Premises, the Building, any parking facility, or the Project or for any death, injury, or other harm to any person, and Landlord shall not be required to insure against any such losses. Tenant shall be responsible for all repairs and replacements of damage and/or destruction of the Premises necessitated by burglary or attempted burglary, or any other illegal or forcible entry into the Premises. Notwithstanding the foregoing, Tenant acknowledges and agrees that Landlord may, but will not be

required to, adopt and provide security services for the Project from time to time, as part of Operating Expenses. Tenant shall cooperate fully in any efforts of Landlord to maintain security in the Project and shall follow all rules and regulations promulgated by Landlord with respect thereto. However, any security services that are voluntarily undertaken by Landlord may be changed or discontinued from time to time in Landlord's sole and absolute discretion, without liability to any Tenant and its employees, agents or invitees. Tenant and its employees, contractors, agents and invitees waive any claims they may have against Landlord arising out of any security services provided by Landlord, or the inadequacy or absence thereof, specifically including Landlord's negligence with respect to the provision or failure to provide such services.

2.5 Parking.

Tenant shall have the exclusive right, at no additional cost to Tenant, to utilize thirty (30) reserved parking spaces in the Project, in a location to be reasonably determined by Landlord, subject to availability as of the Delivery Date. Landlord shall not be obligated to enforce Tenant's exclusive parking rights nor shall Landlord provide security for such parking spaces or the Project parking lot generally. Tenant's use of the parking lot shall be at Tenant's sole risk, and Tenant agrees that Landlord shall have no liability whatsoever for damage to the vehicles of Tenant, its employees, contractors, invitees and/or visitors, or for other personal injury or property damage or theft relating to or connected with the parking rights granted herein or any of Tenant's, its employees', contractors', invitees' and/or visitors' use of the parking lot. Landlord reserves the right at any time to change the size, configuration, design, layout and all other aspects of the parking lot, including without limitation, Tenant's reserved parking spaces. Tenant also agrees that Landlord may, without incurring any liability to Tenant and without any abatement of Rent under this Lease, from time to time upon reasonable prior notice to Tenant, close-off or restrict access to the parking areas, including without limitation, the Tenant's reserved parking spaces, for purposes of permitting or facilitating construction, alteration or repairs to the Project. Tenant shall not sublease or license its reserved parking spaces.

3 TERM.

3.1 Initial Term; Confirmation of Lease Term.

The Term commences on the Commencement Date and ends on the Expiration Date, unless sooner terminated or extended. Promptly after the Commencement Date is determined, the parties shall confirm in writing the Commencement Date, the Rent Commencement Date, the Expiration Date, and such other factual information Landlord or Tenant reasonably requests.

3.2 Extension Options.

Provided that Tenant is not then in default under this Lease and is open and operating in the Premises for the Permitted Use, Tenant shall have the two (2) options to extend the Term of this Lease (each, an "**Extension Option**") for the Extension Periods. During the Extension Periods, this Lease shall continue in full force and effect, and references to "**Term**" and "**Expiration Date**" will incorporate the exercised Extension Option(s). To exercise an Extension Option, Tenant shall notify Landlord in writing at least six (6) months before the then-current Expiration Date. Base Rent during the Extension Periods, as applicable (the "**Extension Period Rent**"), shall be Market Rent (as defined in and determined in accordance with **Exhibit C** hereto); provided, however, that the Extension Period Rent shall in no event be less than one hundred percent (100%) of the Base Rent during the prior Lease Year.

4 BASE RENT; UTILITIES.

4.1 Base Rent.

Tenant shall pay Base Rent under this Lease (Base Rent and any other amounts due hereunder being referred to collectively as "**Rent**"). Base Rent shall be payable monthly, in advance, on the first day of each calendar month during the Term, starting with the Rent Commencement Date. Base Rent shall be pro-rated for any partial month. Tenant acknowledges and agrees that the Base Rent abatement (the "**Base Rent Abatement**") granted to Tenant for the 150-day period between the Commencement Date and the Rent Commencement is a significant concession by Landlord for Tenant entering into this Lease and agreeing to pay the Rent and perform the terms and conditions hereunder. If Tenant Defaults (as defined below) under this Lease, and shall fail to cure such Default within applicable notice and cure periods, then Tenant shall promptly reimburse Landlord, in addition to other amounts recoverable by Landlord hereunder, for the Base Rent Abatement received by Tenant, and if the Rent

Commencement Date has not yet occurred by the time of such Default, the Rent Commencement Date shall be deemed accelerated and Tenant shall immediately be obligated to begin paying Base Rent for the Premises in full with no further Base Rent Abatement.

4.2 Utilities.

Tenant shall, at Tenant's sole cost and expense, directly contract with utility providers it may select for all utilities (including electricity, water, gas, and sewer service) at the Premises. Tenant shall also contract directly for janitorial service at the Premises, at Tenant's sole cost and expense. Tenant shall comply with all government laws or regulations regarding the use or reduction of use of utilities on the Premises. Interruption of services or utilities shall not be deemed an eviction or disturbance of Tenant's use and possession of the Premises, render Landlord liable to Tenant for damages, or relieve Tenant from performance of Tenant's obligations under this Lease.

4.3 Operating Expenses.

(a) During each month of the Term (commencing on the Commencement Date, notwithstanding that Base Rent commences on the Rent Commencement Date), on the first day of each calendar month during the Term, in advance, Tenant shall pay Landlord an amount equal to 1/12th of Tenant's Proportionate Share of the annual cost of estimated Operating Expenses for the Project for the relevant calendar year. Payments for any fractional calendar month shall be prorated. Landlord shall provide its estimate of Operating Expenses for each calendar year of the Term prior to the commencement of such calendar year, provided that Landlord may reasonably revise its estimate at any time and the additional estimate shall be payable as equal additions to Operating Expenses for the remainder of the calendar year. If Tenant's total payments of Operating Expenses for any year are less than the actual Operating Expenses for such year, then Tenant shall pay the difference to Landlord within thirty (30) days after written demand, and if more, then Landlord shall retain such excess and credit it against Tenant's next payments of Operating Expenses (or if at the end of the Term, refund such amount to Tenant within thirty (30) days following the Expiration Date. Notwithstanding the above, Landlord shall have the right, but not the obligation, to equitably adjust Tenant's Proportionate Share of any specific Operating Expense so as to render such expense payable proportionately by those tenants benefited by the same or otherwise in order to appropriately allocate such Operating Expense to cover the area covered by such Operating Expense. In addition, in the event the average occupancy level of the Building for any calendar year was or is not one hundred percent (100%) of full occupancy, then the estimated Operating Expenses and actual Operating Expenses for such year shall be proportionately adjusted by Landlord to reflect those costs which would have occurred had the Building been one hundred percent (100%) occupied during such year.

(b) The term "**Operating Expenses**" shall mean means all of Landlord's costs, charges and expenses for operating, managing, administering, policing, equipping, lighting, insuring, managing, repairing, replacing, and maintaining the Project, including but not limited to the Common Areas, from time to time, including, without limitation or duplication: lighting and supplying water and other utilities to the Common Areas; any utilities not separately metered to the Premises; HVAC operating, maintenance, repair and replacement costs; Common Area cleaning and janitorial services; snow and ice removal; supervising, policing and security; painting; planting and landscaping; trash and recycling removal; operating and maintaining the garbage compaction equipment; maintaining, operating, and managing the Project in conformance with Landlord's policies and procedures as well as the costs of reporting and commissioning or recommissioning the Property in compliance with any environmental certification standards to which it is subject from time to time as determined by Landlord; the cost of leasing equipment including parking control equipment, building management systems, public address, intercom, music and alarm systems (if leased); fees and other remuneration payable to persons or firms for provision of operating, maintenance, property management, legal and accounting services and if such services are performed by individuals in the employ of Landlord including wages and salary as well as other remuneration including contributions to usual fringe benefits, unemployment insurance and pension plans and unemployment and social security taxes; an administrative fee of up to 10% of total Operating Expenses (not including Taxes and Landlord's insurance costs); repairs and replacements to the Project, including any changes required by any governmental or other agency regulating use and operation of the Project; licenses and fees for Common Area facilities; repairing, restriping and resurfacing parking areas; exterior window washing or replacement due to damage; Taxes and costs of contests or appeals against assessments for Taxes (including, but not limited to fees and expenses of consultants, attorneys, appraisers, experts and others rendering professional or other services in connection therewith); insurance costs; and office supplies and expenses.

4.4 Exclusions from Operating Expenses.

Notwithstanding the foregoing or anything to the contrary in this Lease, Operating Expenses shall exclude the following: (i) attorneys' fees, leasing commissions and other expenses incurred in connection with lease negotiations or disputes with other tenants or prospective tenants; (ii) periodic depreciation on the capital cost to Landlord of the Project at the time that the Project was first constructed, except as expressly set forth above; (iii) payments of principal and interest under any mortgages on the Project; (iv) payments applicable to expenses included in Operating Expenses made or owing by tenants or other occupants of the Project; (v) corporate, income, profits, or excess profits taxes assessed upon the income of Landlord; and (vi) the amounts or proceeds actually recovered by Landlord relating to damage, the costs of repair of which was included in Operating Expenses.

4.5 Taxes.

Landlord shall pay all taxes, assessments, special assessments, improvement districts, and governmental charges that accrue against the Premises during the Term (collectively referred to as "Taxes"). Taxes shall be included as part of the Operating Expenses charged to Tenant pursuant to Section 4.3 during each year of the Term based upon Landlord's reasonable estimate of the amount of Taxes, and shall be subject to reconciliation and adjustment pursuant to Section 4.3 once the actual amount of Taxes is known. Tenant shall additionally be liable for all taxes levied or assessed against any personal property or fixtures placed in the Premises, whether levied or assessed against Landlord or Tenant, and if any such taxes are levied or assessed against Landlord or Landlord's property and (a) Landlord pays them or (b) the assessed value of Landlord's property is increased thereby and Landlord pays the increased taxes, then Tenant shall pay to Landlord such taxes within ten (10) business days after Landlord's written request. Taxes shall not include: (a) excess profit taxes, franchise taxes, gift taxes, capital stock taxes, inheritance and succession taxes, estate taxes, federal and state income taxes, and other taxes to the extent applicable to Landlord's general net income (as opposed to rents or receipts); or (b) penalties and interest incurred as a result of Landlord's failure to timely pay Taxes due for the Project. If Landlord receives a refund of Taxes for which Tenant previously paid, Landlord shall pay Tenant's Proportionate Share of such refund to Tenant, or at Landlord's election, credit such refund against subsequent payments of Rent due hereunder; provided, however, if this Lease has expired or terminated, Landlord shall pay such refund within thirty (30) days after Landlord's receipt.

4.6 Audit Right.

Landlord shall maintain complete and accurate books and records of Operating Expenses and Taxes. Tenant, at Tenant's expense (except as otherwise provided below) shall have the right, following ten (10) business days' prior written notice (such written notice to be given within ninety (90) days following Tenant's receipt of Landlord's statement of actual Operating Expenses and Taxes), to audit Landlord's books and records relating to Operating Expenses and Taxes for the immediately preceding calendar year. Such audit must be conducted by Tenant's internal accounting team or by auditors with a designation of certified public accountant or professional equivalent or by an independent, nationally recognized accounting firm or a local accounting firm reasonably acceptable to Landlord and which has agreed with Landlord in writing to keep the results of such audit confidential, and such accounting firm shall not work on a contingency basis. Unless Landlord in good faith disputes the results of such audit, an appropriate adjustment shall be made between Landlord and Tenant to reflect any overpayment or underpayment by Tenant of its share of Operating Expenses and Taxes within thirty (30) days after delivery of such audit to Landlord. If the overcharge to Tenant exceeds the actual Operating Expenses or Taxes by more than ten percent (10%), Landlord shall pay the reasonable costs of conducting such audit, not to exceed \$2,500; otherwise, Tenant shall pay the costs of its audit.

5 USE.

5.1 Permitted Use.

Tenant may use the Premises for the Permitted Use and for no other purpose without the prior written consent of Landlord, which may be granted or withheld in Landlord's sole discretion. Landlord makes no representation or warranty that the applicable zoning laws or other laws and regulations permit the use of the Premises for the Permitted Use. Tenant shall be responsible for ascertaining that the Permitted Use is so permitted.

5.2 Compliance with Laws.

Tenant shall, at Tenant's sole cost and expense, comply with applicable requirements of municipal, county, state, federal and other applicable governmental authorities now or hereafter in force pertaining to Tenant's business operations, alterations and/or specific use of the Premises and/or the Project, and shall secure any necessary permits therefore and shall faithfully observe in the use of the Premises and the Project, applicable municipal, county, state, federal and other applicable governmental entities' requirements which are now or which may hereafter be in force. Tenant, in Tenant's use and occupancy of the Premises, shall not subject or permit the Premises and/or the Project to be used in any manner which would tend to damage any portion thereof, or which would increase the cost of any insurance paid by Landlord with respect thereto. Tenant shall not do or permit anything to be done in or about the Premises, the Common Areas and/or the Project which will in any way obstruct or interfere with the rights of other tenants or occupants of the Common Areas and/or the Project or use or allow the Premises or any portion of the Project to be used for any improper, immoral, unlawful or objectionable purpose, nor shall Tenant cause, maintain or permit a nuisance in, on or about the Premises, the Building, the Common Areas and/or the Project. Tenant shall comply with all covenants and obligations in the CC&R's which affect the use and operation of the Premises, the Common Areas and/or the Project.

6 MAINTENANCE.

6.1 Landlord's Duty to Maintain.

Landlord shall operate and maintain the Building and the Project in good condition and repair. Landlord shall, as part of Operating Expenses, maintain in good condition, repair and replace (when reasonably necessary) the exterior walls of the Building; all structural portions of the Building including, without limitation, all structural walls, structural columns, floors (excluding floor coverings) and floor slab, subfloors, foundations, roof (including all components and systems thereof and the roof membrane); the HVAC equipment (except to the extent within or exclusively serving the Premises), exterior doors and windows of the Building (except those within or exclusively serving the Premises); all base building systems, utility systems and lines, including without limitation plumbing, mechanical, electrical, sanitary, storm sewer, and fire sprinkler systems (except to the extent within or exclusively serving the Premises); landscaping; and, outdoor areas including parking lots, driveways, sidewalks and walkways. Landlord shall use commercially reasonable efforts to limit interference with Tenant's use and occupancy of the Premises or access thereto during any such maintenance, repair or replacement.

6.2 Tenant's Duty to Maintain.

Except as otherwise expressly required of landlord pursuant to Section 6.1 above, Tenant shall maintain and repair all aspects of the Premises, including any damage to or breakage of glass, plate glass, shop windows, moldings, storefronts, signs, doors, hardware, lighting, wiring, plumbing, improvements, partitions, walls, fixtures, thresholds and all trade fixtures and furnishings of Tenant or otherwise in or for the Premises, in each case, in a first-class condition and in conformance with Landlord's sustainability practices, policies and procedures and in compliance with any environmental certification standards to which the Premises, the Building, or the Project is subject from time to time. Tenant shall cause all components of the HVAC system (including all equipment) serving the Premises (whether located within the Premises or outside the Premises) to be maintained, repaired and replaced in accordance with the manufacturer's recommendations pursuant to a HVAC contract to be maintained by Tenant at its cost and, upon Landlord's request, Tenant shall provide Landlord with copies of any regular maintenance and inspection reports that may be part of such HVAC contract. In the event that Tenant shall fail to maintain, repair or replace the HVAC components as provided herein, Landlord may pursue its rights under Section 6.3 below. Tenant shall maintain in good condition the interior of the Premises, any appurtenances thereto, any improvements now or hereafter erected or installed therein and any apparatus or equipment of Tenant therein or therefor.

6.3 Landlord May Repair.

If Tenant fails to maintain and repair the Premises in accordance with Section 6.2 above within fourteen (14) of written notice by Landlord, Landlord may access the Premises and make such repairs without liability to Tenant for any loss or damage that may occur to Tenant's merchandise, fixtures or other property or to Tenant's business by reason thereof, and upon completion thereof, Tenant shall pay, as additional Rent, Landlord's costs for making such repairs plus an administrative fee equal to ten percent (10%) of the cost thereof. The foregoing prior notice requirement shall not apply in case of emergency.

7 ALTERATIONS.

7.1 In General.

Tenant shall not perform or permit any alteration, improvement, addition or installation (“**Alterations**”) in or to the Premises without the prior written consent of Landlord, which consent shall not be unreasonably withheld, conditioned or delayed. All Alterations shall comply with Landlord's reasonable requirements, as well as any and all applicable municipal building codes and other applicable laws. Tenant agrees not to allow any lien of any mechanic or materialman to be placed or filed against the Premises, Building or Project. In case any such lien shall be filed, Tenant shall promptly satisfy and release such lien of record, or, at Tenant’s sole cost and expense, provide a lien and completion bond in an amount equal to one and one-half times the estimated cost of such improvements, to insure Landlord against any liability for mechanic’s liens and to insure completion of the work. Notwithstanding the foregoing, Tenant may perform Cosmetic Alterations, without Landlord consent. As used herein, “**Cosmetic Alterations**” refer to Alterations which (i) are limited to the interior of the Premises, (ii) do not affect the exterior (including the appearance) of the Building, (iii) are non-structural or do not affect the structural integrity of the Building, (iv) do not require building permits, and (v) cost less than \$10,000 in the aggregate. In the event any improvements, alterations or other work by Tenant causes or gives rise to governmentally required changes to areas outside of the Premises, including without limitation the requirements of the Americans with Disabilities Act or local building and earthquake codes, then Landlord shall make such changes at Tenant’s sole cost and expense, and Landlord may require Tenant to deposit the estimated costs for such changes with Landlord prior to Landlord commencing the changes.

7.2 Tenant’s Work.

Upon delivery of the Premises to Tenant in the Delivery Condition, Tenant shall perform the work described in **Exhibit B** as “**Tenant’s Work**” with a licensed contractor, in compliance with applicable laws and in accordance with the space plan attached to this Lease as **Exhibit D** (the “**Space Plan**”). Tenant shall cause its architect and/or engineer to prepare final plans for the Tenant’s Work based upon the Space Plan (“**Plans**”), and Landlord shall approve the Plans within ten (10) business days after receipt from Tenant, or, if Landlord does not approve of the Plans, Landlord shall specify the reasonable grounds upon which Landlord disapproves of the Plans. If Landlord reasonably disapproves the Plans, Tenant shall cause the same to be revised to address Landlord’s objections and re-submit them to Landlord, and Landlord shall approve or disapprove the same within ten (10) business days. Such process shall repeat until Landlord has approved the Plans. Upon Landlord’s approval of the Plans, Tenant shall cause its contractor to construct the Tenant’s Work in accordance with the Plans. In the event Tenant desires thereafter to change the Plans, Tenant shall submit a revised set of Plans to Landlord for approval, and the process above shall apply until the revised Plans are approved. Upon completion of Tenant’s Work, Tenant shall provide "as-built" drawings, together with a CAD disk showing the Tenant’s Work.

8 SURRENDER.

Upon the expiration or sooner termination of this Lease, Tenant shall surrender possession of the Premises to Landlord and deliver all keys to the Premises to Landlord and make known to Landlord the combination of all combination locks in the Premises, and shall return the Premises and all equipment and fixtures of Landlord therein to Landlord in broom clean condition and in as good condition as when Tenant originally took possession, ordinary wear and tear excepted. Unless Landlord advises Tenant in writing prior to expiration of the Term that any Tenant’s Work or Alterations shall not be removed (in Landlord’s sole discretion), Tenant shall remove all Tenant’s Work and Alterations and shall repair all damage resulting from such removal and restore the Premises in as good condition as when Tenant originally took possession, ordinary wear and tear excepted. Without limiting the foregoing, Tenant shall remove all bookcases, racks and other installations including floor anchors and restore all concrete floors to original condition. Tenant shall remove all personal property, furnishings and trade fixtures that remain its property, and shall repair all damage resulting from such removal. Failure to so remove shall be an abandonment of the property, and, following ten (10) days’ written notice, Landlord may remove or dispose of it in any manner without liability, and recover the cost of removal and other damages from Tenant.

9 DAMAGE OR DESTRUCTION.

If the Premises or the Building shall be so damaged or destroyed by fire or other casualty so as to render

them untenable for a period of in excess of one hundred eighty (180) days, as determined by Landlord in its reasonable discretion, then Landlord shall have the right to cancel and terminate this Lease. If not terminated, then Landlord shall repair and restore the Premises with all reasonable diligence to substantially the same condition as existed immediately prior to such damage or destruction, provided that Landlord shall not have to expend any funds in excess of insurance proceeds actually received for such damage, and the Rent or a proportionate part thereof, according to Tenant's ability to utilize the Premises in its damaged condition, shall be abated until the Premises shall have been repaired and restored by Landlord. If the Premises shall be so lightly damaged by fire or other casualty as not to be rendered entirely untenable, then Landlord agrees to repair the Premises with reasonable promptness and the Rent or a proportionate part thereof, according to Tenant's ability to utilize the Premises in its damaged condition, shall be abated until the Premises shall have been repaired and restored. If Landlord estimates that the Premises will remain untenable for in excess of three hundred sixty-five (365) days, or if there is a casualty during the last twelve (12) months of the Term and Landlord estimates that the Premises shall remain untenable for in excess of one hundred (180) days (or the end of the Term, if sooner), then Tenant may elect to terminate this Lease by written notice delivered to Landlord within ten (10) business days following Landlord's delivery to Tenant of the estimated duration that the Premises will remain untenable. Notwithstanding anything herein to the contrary, if the holder of any indebtedness secured by a mortgage or deed of trust covering the Building and/or the Project requires that the insurance proceeds be applied to such indebtedness, then Landlord shall have the right to terminate this Lease by delivering written notice of termination to Tenant after such requirement is made. Upon any termination of this Lease under the provisions hereof, the parties shall be released without further obligation to the other from date possession of the Premises is surrendered to Landlord, except for items which are theretofore accrued and are then unpaid or that otherwise expressly survive termination of this Lease. With respect to any damage or destruction which Landlord is obligated to repair or may elect to repair under the terms of this Section, and to the extent permitted by law, Tenant hereby waives any rights to terminate this Lease pursuant to rights otherwise accorded by law to tenants, except as expressly otherwise provided herein.

Notwithstanding anything contained herein to the contrary, in the event of damage to or destruction of all or any substantial portion of the Premises, Building or Project, which damage or destruction is not fully covered by the insurance proceeds received by Landlord under the insurance policies carried by Landlord, Landlord may terminate this Lease by written notice to Tenant given within sixty (60) days after the date of notice to Landlord that such damage or destruction is not so covered. If Landlord does not elect to terminate this Lease, the Lease shall remain in full force and effect and the Building shall be repaired and rebuilt in accordance with the provisions for repair set forth above.

10 EMINENT DOMAIN.

In the event that the whole or a substantial part of the Premises shall be condemned or taken in any manner for any public or quasi-public use (or sold under threat of such taking), and as a result thereof, the remainder of the Premises cannot be used for the same purpose as prior to such taking, the Lease shall terminate as of the date possession is taken. If less than a substantial part of the Premises is so condemned or taken such that Tenant may still reasonably operate for the Permitted Use within the Premises, this Lease shall remain in full force and effect, provided that Base Rent shall abate in proportion to the amount taken, as reasonably determined by Landlord. Landlord shall be entitled to receive the entire award, including the damages for the property taken and damages to the remainder, with respect to any condemnation proceedings affecting the Building; however, Tenant may make a separate claim against the condemnor for any damage to its business or for relocation costs provided such claim does not diminish Landlord's award.

11 INSURANCE; WAIVER OF SUBROGATION.

11.1 Tenant's Insurance.

Tenant shall obtain and maintain during the entire term the following forms of insurance: (i) commercial general liability insurance against any and all claims for bodily injury and property damage occurring in, or about the Premises arising out of Tenant's use and occupancy of the Premises (such insurance shall have a combined single limit of not less than One Million Dollars (\$1,000,000) per occurrence with a Two Million Dollar (\$2,000,000) aggregate limit); (ii) personal property insurance covering: (a) Tenant's alterations, additions or improvements to the Premises; and (b) trade fixtures and other personal property from time to time in, on or about the Premises, all in an

amount not less than one hundred percent (100%) of their actual replacement cost from time to time, providing protection against any peril included within the classification "Fire and Extended Coverage," together with insurance against sprinkler damage, plate glass, vandalism and malicious mischief; (iii) workers' compensation insurance in accordance with statutory law and employers' liability insurance with a limit of not less than One Million Dollars (\$1,000,000) per accident; and (iv) automobile liability coverage for owned, non-owned, leased or hired vehicles providing a minimum limit for Bodily Injury and Property Damage of One Million Dollars (\$1,000,000.00) combined single limit.

11.2 General Requirements.

Tenant's insurance shall be primary and not contributing with respect to any insurance carried by Landlord and Landlord's insurance shall be in excess thereto. In no event shall the limits of such insurance be considered as limiting the liability of Tenant under this Lease. The policies required to be maintained by Tenant shall be with companies rated A-VIII or better by A.M. Best. Insurers shall be licensed to do business in the state in which the Premises are located and domiciled in the USA. Any deductible amounts under any insurance policies required hereunder shall not exceed commercially reasonable limits. Certificates of insurance shall be delivered to Landlord upon the full execution of this Lease and thereafter at least thirty (30) days prior to the policy expiration date, each identifying Landlord and Landlord's property manager and lender(s) and other parties requested by Landlord as additional insureds. Tenant shall notify Landlord at least thirty (30) days prior to any cancellation or modification to reduce the insurance coverage.

11.3 Waiver of Subrogation.

Landlord and Tenant hereby mutually waive their respective rights of recovery against each other for any loss of, or damage to, either parties' property, to the extent that such loss or damage is insured by an insurance policy required to be carried hereunder, or actually carried, at the time of such loss or damage. Each party shall obtain any special endorsements, if required by its insurer whereby the insurer waives its rights of subrogation against the other party. The provisions of this clause shall not apply in those instances in which waiver of subrogation would cause either party's insurance coverage to be voided or otherwise made uncollectible.

11.4 Landlord's Insurance.

Landlord may, in its sole discretion, procure and maintain casualty, liability, rent loss, and such other policies of insurance as Landlord may determine in its sole discretion. Any insurance carried by Landlord shall be secondary to the insurance carried by Tenant. The costs of Landlord's insurance shall be included as part of the Operating Expenses charged to Tenant pursuant to Section 4.3.

12 SUBLEASES AND ASSIGNMENTS.

Tenant shall not sublease the Premises or assign or otherwise transfer its interest in the Lease or any interest in the Premises (collectively, a "Transfer") without the prior written consent of Landlord, which consent shall not be unreasonably withheld, conditioned or delayed. Tenant shall reimburse Landlord for its reasonable attorneys' fees in connection with a request for a Transfer (regardless of whether Landlord consents to such Transfer and whether or not such Transfer is ultimately consummated). Tenant shall provide written notice of any proposed Transfer at least thirty (30) days prior to the proposed date of Transfer, which notice shall provide Landlord with (i) the name and address of the proposed Transferee, (ii) a reasonably detailed description of such Transferee's business, (iii) detailed financial references for such Transferee, and (iv) such other information as Landlord may reasonably require. It shall not be unreasonable for Landlord to withhold consent to a proposed Transfer (a) if the character, reputation, experience, credit, financial strength or business of the proposed Transferee is unacceptable to Landlord, in Landlord's sole discretion, (b) if the proposed use of the Premises by the proposed Transferee is not the Permitted Use, (c) if in the Landlord's business judgment, the Premises or Project will be adversely impacted by the proposed Transferee or its proposed use of the Premises, (d) if the proposed Transferee is a former tenant of the Property within the last twelve (12) months prior to the request, (e) if the proposed Transferee does not expressly assume and agree in writing to be bound by all of Tenant's obligations under this Lease and, in the event of an assignment, be directly responsible for all of Tenant's obligations under this Lease, or (f) if Tenant is then in breach or default under this Lease, or has been within breach or default of this Lease within the past six months prior to the Transfer request. In connection with its consent to a Transfer, Landlord shall have the right to require guaranties of this Lease as Landlord deems necessary, in Landlord's sole discretion. Fifty percent (50%) of any excess Rent received by Tenant in connection with a Transfer shall be and become the property of Landlord and shall be paid to Landlord as it is

received by Tenant, less Tenant's reasonable expenses to effectuate the Transfer, including brokerage fees, legal and other expenses, including any improvement expenses ("**Tenant's Costs**") incurred in connection with such Transfer. In the event of a Transfer, Tenant shall remain fully liable under this Lease (as may be amended) regardless of whether any Transfer was approved by Landlord or whether Landlord's approval was required. If Tenant is a corporation (other than a corporation the shares of which are listed on any recognized stock exchange), an unincorporated association, a partnership, limited liability company, or other entity, the sale, assignment, encumbrance or other transfer of any stock or interest in such corporation, association, partnership, limited liability company, or other entity, whether directly or indirectly, in the aggregate in excess of twenty-five percent (25%), shall be deemed a Transfer.

13 INDEMNIFICATION.

13.1 Tenant's Indemnification.

Tenant shall defend, indemnify and hold Landlord and its members, managers, employees, agents, affiliates, officers, directors, and lenders and property managers harmless from all claims, demands, causes of action, fines, injunctions and liabilities (collectively "**Claims**") and all reasonable expenses incurred in investigating and defending Claims (including reasonable attorneys' fees) arising out of (i) any occurrence within the Premises or the Project or in connection with Tenant occupancy or use thereof (provided, however, for claims arising outside of the Premises, Tenant's indemnity shall only apply if such claims arise out of the acts of Tenant, its employees, customers, invitees, contractors, agents, or others under Tenant's control), or (ii) any breach of Tenant's representations, warranties, covenants or other obligations under this Lease, except to the extent any such Claim arises out of the gross negligence or willful misconduct of Landlord or its employees or agents. Following notice from Landlord, Tenant shall defend all Claims covered by Tenant's indemnity obligations at Tenant's expense. Tenant's indemnity obligation shall survive the termination of this Lease as to any act or omission alleged to have occurred during the Term of this Lease. Tenant's indemnity obligations under this Lease shall not be limited by any limitation on the amount or type of damages, compensation, or benefits payable to or for any third party under the Worker Compensation Acts, Disability Benefit Acts or other employee benefit acts. Tenant's indemnity obligations shall be covered by Tenant's liability insurance as provided in Section 11. This paragraph has been specifically and mutually negotiated between the parties.

13.2 No Consequential Damages.

Notwithstanding anything to the contrary contained in this Lease, nothing in this Lease shall impose any obligations on Tenant or Landlord to be responsible or liable for, and each hereby releases the other from all liability for any special or consequential damages, loss of profits, loss of business opportunity or loss of goodwill from the failure of such party to meet its obligations under the Lease; provided however, in the event Landlord has notified Tenant that there will be a new tenant of the Premises after the expiration or earlier termination of this Lease but Tenant nevertheless holds over, the foregoing release and limitation shall not apply.

13.3 Limitation on Landlord's Liability.

Except to the extent of the gross negligence or willful misconduct of Landlord or its agents, employees or contractors or as otherwise expressly set forth in this Lease, Tenant releases Landlord from and waives all claims for damages to person or property sustained by Tenant or by any occupant of the Premises or the Project, or by any other person, resulting directly or indirectly from: (i) fire or other casualty; (ii) any accident, damage or injury to persons or property in or about the Project; or (iii) any interruption of services or utilities to the Project, Building or Premises. Landlord shall not be liable for any claim, loss or damage to person or property which is either covered by insurance or which Tenant is required to insure under this Lease. Under no circumstances shall either party be liable for, and each party hereby waives, consequential, punitive, special, or exemplary damages, or any damages similar thereto, except as otherwise described in 13.2 above.

14 SUBORDINATION; ATTORNMENT; ESTOPPEL CERTIFICATE.

14.1 Subordination.

This Lease is subject and subordinate to any deeds to secure debt or mortgages (each, a "**Mortgage**") that may now or hereafter be recorded against the Project. Landlord shall use commercially reasonable efforts to obtain

a non-disturbance agreement in favor of Tenant on such mortgagee's standard form within thirty (30) days from the date of this Lease from any mortgagee under an existing Mortgage. This Lease shall be subordinate to any future Mortgages recorded against the Project so long as Landlord uses reasonable efforts to obtain a non-disturbance agreement in favor of Tenant in a form reasonably acceptable to Tenant. In the event Tenant desires to negotiate the terms of a mortgagee's standard non-disturbance agreement form, Tenant may do so directly with such mortgagee at Tenant's sole cost and expense, and Tenant shall promptly reimburse Landlord for any fees charged by such mortgagee to Landlord in connection with such negotiation. In no event shall Tenant's obligations under this Lease be contingent upon Tenant obtaining a non-disturbance agreement in Tenant's desired form.

14.2 Attornment.

If any Mortgage shall be foreclosed, (i) the liability of the mortgagee shall exist only so long as such mortgagee, purchaser or owner is the owner of the Project, and such liability shall not continue or survive after further transfer of ownership; and (ii) Tenant will attorn, as Tenant under this Lease, to the purchaser at any foreclosure sale under any Mortgage, and Tenant will execute such instruments as may be necessary or appropriate to evidence such attornment. Tenant waives the provisions of any statute or rule of law, now or hereafter in effect, that may give or purport to give Tenant any right to terminate or otherwise adversely affect Landlord's interest in this Lease or reduce or limit the obligations of Tenant hereunder in the event of the prosecution or completion of any such foreclosure proceeding. Tenant agrees that no mortgagee shall be bound by the prepayment of Rent made in excess of thirty (30) days before the date on which such payment is due unless actually received by the mortgagee.

14.3 Estoppel Certificate.

From time to time, upon not less than fifteen (15) days' prior written request from Landlord, Tenant will promptly complete, execute and deliver to Landlord or to any party or parties designated by Landlord a statement in writing certifying: (i) that this Lease is unmodified and in full force and effect (or if there have been modifications that the same are in full force and effect as modified and identifying the modifications); (ii) the dates to which the Rent and other charges have been paid; (iii) that, so far as the party making the certificate knows, Landlord is not in default under any provisions of this Lease, if such is the case, and if not, identifying all defaults with particularity; and (iv) any other matter reasonably requested by Landlord. Any purchaser or Mortgagee of any interest in the Project shall be entitled to rely on said statement.

14.4 Quiet Enjoyment.

Upon payment by Tenant of the rents herein provided and the observance and performance of all the covenants, terms and conditions on Tenant's part to be observed and performed, but subject to the rights of any mortgagee of Landlord, Tenant shall peaceably and quietly hold and enjoy the Premises for the Term without hindrance or interruption by Landlord or any other person or persons lawfully or equitably claiming by, through or under Landlord.

15 LANDLORD'S RIGHT OF ACCESS.

Landlord may enter the Premises at reasonable times, upon reasonable prior written notice to Tenant which shall be at least twenty-four (24) hours (except no notice shall be required in case of emergency) to: (i) to inspect the Premises and to show them to actual and prospective lenders; prospective purchasers or mortgagees and during the last six (6) months of the Term, to prospective tenants; and (ii) to make such repairs, alterations, additions and improvements in or to all or any portion of either or both of the Premises required by this Lease.

16 HOLDING OVER.

If Tenant retains possession of the Premises or any part thereof after the termination or expiration of the Term, Tenant shall become a tenant at sufferance and shall pay Landlord monthly Base Rent at two hundred percent (200%) of the rate of Base Rent in effect for the month immediately preceding such holdover, to be charged on a monthly basis even if Tenant's holdover is for less than a full calendar month. The provisions of this Article do not exclude Landlord's right of reentry or any other right hereunder.

17 HAZARDOUS MATERIALS.

The term "**Hazardous Substances**", as used in this Lease shall mean pollutants, contaminants, toxic or

hazardous wastes, or any other substances, the use and/or the removal of which is required or the use of which is restricted, prohibited or penalized by any “**Environmental Law**”, which term shall mean any federal, state or local law, ordinance or other statute of a governmental or quasi-governmental authority relating to pollution or protection of the environment. Tenant hereby agrees that no activity will be conducted on the Premises that will produce any Hazardous Substance, except for such activities that are part of the ordinary course of Tenant’s business activities including without limitation the use of petrochemical products (the “**Permitted Activities**”) provided said Permitted Activities are conducted in accordance with all Environmental Laws. Landlord hereby consents to Tenant’s use, handling and storage of cleaning and office supplies used in the ordinary course of Tenant’s business, provided such materials shall be otherwise subject to the provisions of this Section 17. All Hazardous Substances brought, suffered or permitted in the Building, Premises or Project by Tenant shall be removed by Tenant and transported solely by duly licensed haulers to duly licensed facilities for final disposal of such materials and wastes. Tenant agrees to indemnify, defend and hold harmless Landlord, its lenders, any managing agents and leasing agents of the Premises, and their respective agents, partners, officers, directors and employees, from all claims, demands, actions, liabilities, costs, expenses, damages and obligations of any nature (including, without limitation, a decrease in value of the Premises, Building and/or Project, damages caused by loss or restriction of rentable or usable space, or any damages caused by adverse impact on marketing of the space, and any and all sums paid for settlement of claims, attorneys’ fees and expenses, consultant fees and expert fees) arising from, in connection with, or as a result of any Hazardous Substances being brought, suffered or permitted in the Building, Premises or Project by Tenant or its agents, employees, or contractors. The foregoing indemnification and the responsibilities of Tenant shall survive the termination or expiration of this Lease.

18 DEFAULT.

The occurrence of any one or more of the following matters constitutes a default (“**Default**”) by Tenant under this Lease:

(a) Failure by Tenant to pay, within five (5) business days after receipt of written notice that any Rent or any other amounts due and payable by Tenant under this Lease is past due; provided, however, that Landlord shall not be required to provide written notice of such failure to pay more than once in any 12-month period during the Term.

(b) Failure by Tenant to observe or perform any other covenant, agreement, condition or provision of this Lease, if such failure shall continue for thirty (30) days after written notice thereof to Tenant by Landlord; provided further that if the nature of such default is such that the same cannot reasonably be cured within a thirty (30) day period, Tenant shall not be deemed to be in default if it diligently commences such cure within such period and thereafter diligently proceeds to rectify and cure said default, as soon as possible, but in no event to exceed sixty (60) days;

(c) Tenant becomes insolvent or bankrupt, makes an assignment for the benefit of creditors, or applies for or consents to the appointment of a trustee or receiver for itself or for all or a part of its property.

(d) Tenant vacates or otherwise abandons the Premises.

19 REMEDIES.

19.1 Termination.

In case of Tenant’s Default, Landlord may exercise the following remedies, as well as any other remedies at law or in equity, by statute or as set forth in this Lease.

(a) Landlord may terminate this Lease, reserving all rights to damages resulting from Tenant’s breach. Whether or not Landlord terminates this Lease, Landlord may retake possession of the Premises by any legal means including self-help, and any relet or use of the Premises by Landlord will not be deemed a surrender or waiver of Landlord’s right to damages. If Landlord retakes possession of the Premises, Landlord’s mitigation efforts will be deemed sufficient if Landlord follows standard procedures otherwise used by Landlord for locating tenants for the Building and otherwise complies with applicable law.

(b) Tenant will be liable to Landlord for all damages caused by Tenant's Default, including, but not limited to, an amount equal to all unpaid and future Rent, lease commissions incurred for this Lease, and the unamortized cost of all improvements to the Premises installed or paid for by Landlord. Landlord may periodically sue Tenant to recover damages as they accrue, and no action therefor will bar a later action for damages accruing thereafter. Landlord may elect in any one action to recover both accrued damages as well as damages attributable to the remaining term of the Lease. Any damages attributable to the remaining term of the Lease will be equal to the difference between the Rent under this Lease and reasonable rental value of the Premises for the remainder of the Term, discounted at the prevailing interest rate on judgments to the date of the judgment.

19.2 Rights, Remedies and Damages.

Landlord shall be entitled to exercise its available rights and remedies (at law or in equity). No reference to or exercise of any specific right or remedy by Landlord shall prejudice or preclude Landlord from any other remedy, whether allowed at law or in equity or expressly provided for herein. No such remedy shall be exclusive or dependent upon any other such remedy, but Landlord may from time to time exercise any one (1) or more of such remedies independently or in combination. Without limiting the generality of the foregoing, Landlord shall be entitled to commence and maintain an action against Tenant to collect any Rent not paid when due, without exercising Landlord's option to terminate this Lease as provided herein Tenant shall pay Landlord, on demand, all past due Rent and other losses and damages Landlord suffers as a result of Tenant's Default, including, without limitation, all Costs of Reletting and any deficiency that may arise from reletting or the failure to relet the Premises. "Costs of Reletting" shall include all reasonable costs and expenses incurred by Landlord in reletting or attempting to relet the Premises, including, without limitation, legal fees, brokerage commissions, and the cost of restoring the Premises to the condition required hereunder at the time of surrender.

19.3 Late Charges.

At the option of Landlord, Landlord may impose a late payment fee equal to five percent (5%) of the amount due if any payment of Rent is paid more than five (5) days after the date when due. In addition, any rent not received within five (5) days of the date when due shall accrue interest at a rate of eighteen percent (18%) per annum, commencing as of the date when day and accruing until such amount is paid in full.

19.4 Landlord's Right to Perform Tenant's Duties.

If Tenant fails timely to perform any of its duties under this Lease, Landlord shall have the right (but not the obligation), after the expiration of any grace period specifically provided by this Lease, to perform such duty on behalf and at the expense of Tenant without further notice to Tenant, and all sums expended or expenses incurred by Landlord in performing such duty, plus interest thereon at the rate of eighteen percent (18%) per annum (but in no event in excess of the maximum rate allowed by law), shall be deemed to be Rent under this Lease and shall be due and payable to Landlord upon demand by Landlord. Landlord's right to cure any Tenant Default is for the sole protection of Landlord, and in no event will Tenant be released from any obligation to perform all of Tenant's obligations and covenants under this Lease. The contents of this section 19.4 will not be deemed a waiver by Landlord of any other right that Landlord may have arising from any Default by Tenant, whether or not Landlord exercises its rights under this Section.

19.5 Landlord Default and Tenant Remedies.

If Landlord defaults or fails to perform any of its representations, warranties, covenants or obligations under this Lease and fails to cure such default within thirty (30) days (or such lesser period of time as deemed reasonable by Tenant under an emergency situation) after written notice from Tenant specifying the nature of such default (provided, however, that if the nature of such default is such that it cannot reasonably be cured within a thirty (30) day period, Landlord shall not be deemed to be in default if it diligently commences such cure within such period and thereafter diligently proceeds to rectify and cure said default as soon as possible), Tenant, at its option, may: (i) proceed in equity or at law to compel Landlord to perform its obligations; and/or (ii) with respect to any default by Landlord which materially and adversely impairs Tenant's ability to use the Premises or any material portion thereof for the operation of its business pursuant to the terms of this Lease, or which poses a material and imminent risk to the health or safety of persons, then Tenant may, after ten (10) additional business days' prior written notice given to Landlord, perform or cause the performance of Landlord's obligations, and any such amount

incurred by Tenant shall be reimbursed to Tenant within thirty (30) days following Landlord's receipt of invoices or other evidence reasonably substantiating Tenant's payment of such costs. In the event Landlord fails to reimburse Tenant as provided above within thirty (30) days after written demand therefor by Tenant to Landlord, then Tenant may deduct such sums from the next installment(s) of Base Rent until such sums due Tenant have been fully paid by Landlord or fully credited and accounted for. Notwithstanding any of the foregoing, Landlord shall have the right to reasonably dispute the need for the repair, replacement or alteration for which Tenant claims Landlord is responsible, by written notice to Tenant, and in such event, Tenant shall not exercise Tenant's self-help remedies under this Section 19.5 until resolution of such dispute. If the parties cannot resolve such dispute within thirty (30) days after Landlord's notice to Tenant, the parties shall select an independent contractor acceptable to both parties from Landlord's approved list of contractors for the Project, and such contractor shall then determine the extent of repair, if any, necessary for Tenant to occupy and operate its business in the Premises, which determination shall be binding on the parties. Tenant may exercise its self-help remedies provided the performance of same by Tenant (i) takes place exclusively within the Premises or those areas outside the Premises that provides Tenant ingress and egress to and from the Premises, and (ii) does not affect the structure, electrical, HVAC, plumbing or mechanical systems of the Building (unless such electrical, HVAC, plumbing or mechanical systems exclusively service the Premises and no other areas of the Building). In the exercise of Tenant's rights under this Section 19.5, Tenant agrees that Tenant shall use only those contractors then on Landlord's approved list of contractors for the Project. In the event Tenant exercises such self-help remedies in accordance with this Section 19.5, Tenant hereby agrees that Tenant's indemnification hereunder shall be applicable. If at any time during Tenant's performance of any self-help remedies under this Section 19.5, Landlord commences to remedy such failure to perform, Tenant agrees to cease such actions. In no event shall Tenant have any rights under this Section 19.5 if the need for repair, replacement or alteration was caused by any act, omission, negligence or willful misconduct of Tenant or any of its contractors, agents, employees, contractors, servants, licensees or invitees, or (ii) if there is an existing Default by Tenant under this Lease.

20 SIGNAGE.

Tenant may, at its own expense, install its standard exterior building signage, which signage shall be subject to Landlord's prior approval, which may be granted or withheld in Landlord's sole discretion. Tenant's signage shall comply with applicable law. Tenant shall maintain its signage at Tenant's sole cost and expense, and shall remove all such signage at the expiration or earlier termination of the Term and repair any damage caused thereby, at Tenant's sole cost and expense.

21 MISCELLANEOUS.

21.1 Benefit.

Subject to the restrictions on Transfers set forth above in Section 12 above, all terms, covenants and conditions on this Lease shall be binding upon and inure to the benefit of and shall apply to the respective heirs, executors, administrators, successors, assigns and legal representatives of Landlord and Tenant.

21.2 Execution and Delivery.

The execution of this Lease by Tenant and delivery of the same to Landlord or any agent of Landlord does not constitute a reservation of or option to lease the Premises or an agreement by Landlord to enter into a lease, and this Lease shall become effective only if and when Landlord executes and delivers a counterpart hereof to Tenant. This Lease may be executed in any number of counterparts, and delivery of any counterpart to the other party may occur by electronic or facsimile transmission; each such counterpart shall be deemed an original instrument, but all such counterparts together shall constitute one agreement.

21.3 Applicable Law.

This Lease shall be governed by and construed in accordance with the laws of the state of Oregon.

21.4 Non-Waiver of Defaults.

No waiver of any provision of this Lease shall be implied by any failure of Landlord or Tenant to enforce any remedy on account of the violation of such provision, even if such violation be continued or repeated subsequently, and no express waiver shall affect any provision other than the one specified in such waiver and in that

event only for the time and in the manner specifically stated.

21.5 Force Majeure.

Neither party shall be deemed in default with respect to the failure to perform any of the terms, covenants and conditions of this Lease on such party's part to be performed, if such failure is due in whole or in part to any strike, lockout, labor dispute (whether legal or illegal), civil disorder, inability to procure materials, failure of power, restrictive governmental laws and regulations, riots, insurrections, war, fuel shortages, accidents, casualties, Acts of God, or any other cause beyond the reasonable control of such party ("Force Majeure"). In such event, the time for performance by such party shall be extended by an amount of time equal to the period of the delay so caused; provided, however, that in no event may Force Majeure be used to delay, diminish or otherwise excuse Tenant's insurance obligations or rent or other monetary obligations hereunder.

21.6 Relationship of Parties.

Nothing contained in this Lease shall create any relationship between the parties hereto other than that of Landlord and Tenant, and it is acknowledged and agreed that Landlord shall not be deemed to be a partner of Tenant in the conduct of its business, or a joint venturer or a member of a joint or common enterprise with Tenant.

21.7 Amendments.

This Lease contains and embodies the entire agreement of the parties hereto, and no representation, inducements or agreements, oral or otherwise, not contained in this Lease shall be of any force or effect. This Lease may not be modified in whole or in part in any manner other than by an instrument in writing duly signed by both parties hereto.

21.8 Construction.

The language in all parts of this Lease shall in all cases be construed as a whole according to its fair meaning and neither strictly for nor against either Landlord or Tenant. Article and Section headings in this Lease are for convenience only and are not to be construed as part of this Lease or in any way defining, limiting, amplifying, construing, or describing the provisions hereof. Time is of the essence of this Lease and every term, covenant and condition hereof. The words "Landlord" and "Tenant," as herein used, shall include the plural as well as the singular. In the event there is more than one person or entity which executes this Lease as Tenant, the obligations to be performed and liability of all such persons and entities shall be joint and several. All of the covenants of Tenant hereunder shall be deemed and construed to be "conditions" as well as "covenants" as though the words specifically expressing or importing conditions were used in each separate instance. Landlord and Tenant agree that in the event any term, covenant or condition herein contained is held to be invalid or void by any court of competent jurisdiction, the invalidity of any such term, covenant or condition shall in no way affect any other term, covenant or condition herein contained. Whenever a party's consent or approval is required hereunder, such consent or approval shall not be unreasonably withheld, conditioned, or delayed, unless a different standard is expressly set forth.

21.9 Brokers.

Landlord and Tenant represent and warrant unto each other that each has directly dealt only with the Brokers, if any, identified in Article 1 of this Lease as broker in connection with this Lease, and agree to indemnify and hold harmless each other from and against any and all claims or demands, damages, liabilities and expenses of any type or nature whatsoever arising by reason of the incorrectness or breach of the aforesaid representation or warranty. Landlord shall pay the Brokers pursuant to a separate agreement.

21.10 Attorneys' Fees.

In any litigation, arbitration, or other proceeding arising out of this Lease, including any bankruptcy proceeding, the prevailing party shall be entitled to recover attorney fees at trial, in arbitration, and on any appeal or petition for review for any such proceedings. If Landlord incurs attorney fees because of a breach or default by Tenant, Tenant shall pay all such legal fees and expenses of Landlord whether or not litigation is filed. If Landlord employs a collection agency to recover delinquent charges, Tenant agrees to pay all collection agency and other fees charged to Landlord in addition to Rent, late charges, interest, and other sums payable under this Lease.

21.11 Notices and Demands.

All notices, demands, approvals, consents, requests for approval or consent or other writings in this Lease

provided to be given, made or sent by either party hereto to the other (“**Notice**”) shall be in writing and shall be deemed to have been fully given when made (i) by personal service or by nationally-recognized overnight courier, properly addressed to the addresses set forth in Section 1 above, or (ii) by electronic email transmission to the email address set forth in Section 1 above. Notices delivered by personal service shall be deemed given on the day of such service; notices delivered by overnight courier that guarantees next day delivery shall be deemed given 1 business day after delivery of the same to the overnight courier; and notice transmitted by electronic mail transmission during normal business hours shall be deemed delivered on the day of sending such email (and shall be deemed given 1 business day after sending if not sent during normal business hours). If notice is received on a Saturday or a Sunday or a legal holiday, it shall be deemed received on the next business day. The street address or email address to which any Notice should be given, made or sent to either party may be changed by written notice given by such party as above provided.

21.12 Financial Statements.

Within fifteen (15) days after Landlord’s request in connection with a financing, refinancing or potential sale of the Project, or any part thereof, Tenant shall to deliver to Landlord and any lender or purchaser designated by Landlord, Tenant’s most recent audited financial statements (including any notes to them), or, if no such audited statements have been prepared, such other financial statements (and notes to them) as may have been prepared by Tenant’s independent certified public accountant.

21.13 Rules and Regulations. Tenant will at all times comply with the rules and regulations of the Project attached hereto as **Exhibit E**, as may be amended or modified by Landlord from time to time.

21.14 No Recording. Tenant shall not record this Lease or any memorandum thereof without Landlord’s prior written consent, which may be withheld in Landlord’s sole discretion.

21.15 Subdivision and Easements. Landlord reserves the right to: (a) subdivide the Project; (b) alter the boundaries of the Project; and (c) grant easements on the Project and dedicate for public use portions thereof; provided, however, that no such grant or dedication shall materially interfere with Tenant’s use of the Premises for the Permitted Use. Tenant hereby consents to such subdivision, boundary revision, and/or grant or dedication of easements and agrees from time to time, at Landlord’s request, to execute, acknowledge and deliver to Landlord, in accordance with Landlord’s instructions, any and all documents, instruments, maps or plats necessary to effectuate Tenant’s consent thereto.

21.16 Accord and Satisfaction. No payment by Tenant or receipt by Landlord of a lesser amount than the Rent herein stipulated shall be deemed to be other than on account of the Rent, nor shall any endorsement or statement on any check or any letter accompanying any check or payment as Rent be deemed an accord and satisfaction, and Landlord may accept such check or payment without prejudice to Landlord’s right to recover the balance of such Rent or pursue any other remedy provided in this Lease.

21.17 Limitation of Landlord’s Liability. The obligations of Landlord under this Lease do not constitute personal obligations of the individual partners, directors, officers, members, employees or shareholders of Landlord or its partners, and Tenant shall look solely to the Building, and the rents and profits therefrom, for satisfaction of any liability in respect of this Lease and will not seek recourse against the individual partners, directors, officers, members, employees or shareholders of Landlord or its partners or any of their personal assets for such satisfaction.

21.18 Assignment by Landlord. In the event of a sale, conveyance, or other transfer by Landlord of the Building, the Project, or portion thereof on which the Building is located, or in the event of an assignment of this Lease by Landlord, the same shall operate to release Landlord from any further liability upon any of the covenants or conditions, express or implied, herein contained on the part of Landlord, and from any and all further liability, obligations, costs and expenses, demands, causes of action, claims or judgments arising out of this Lease from and after the effective date of said release. In such event, Tenant agrees to look solely to the successor in interest of transferor. Notwithstanding anything in this Lease to the contrary, however, (i) in no event shall Landlord’s lender, who may have succeeded to the interest of Landlord by foreclosure, deed in lieu of foreclosure, or any other means, have any liability for any obligation of Landlord to protect, defend, indemnify or hold harmless Tenant or any other person or entity except for those matters arising from the lender’s breach of the terms of this Lease after the date of such foreclosure, deed in lieu of foreclosure or any other means, and (ii) such succeeding lender shall have no liability for any representations or warranties of the Landlord contained herein except for those matters arising from

the lender's breach of the terms of this Lease after the date of such foreclosure, deed in lieu of foreclosure or any other means.

21.19 Time. Time is of the essence with respect to the performance of every provision of this Lease in which time of performance is a factor.

21.20 Authority to Bind Tenant. The individuals signing this Lease on behalf of Tenant hereby represent and warrant that they are empowered and duly authorized to bind Tenant to this Lease. If Tenant is a corporation, limited liability company or limited or general partnership, each individual executing this Lease on behalf of Tenant represents and warrants that he or she is duly authorized to execute and deliver this Lease on behalf of Tenant, in accordance with a duly adopted resolution or consents of all appropriate persons or entities required therefor and in accordance with the formation documents of tenant, and that this Lease is binding upon Tenant in accordance with its terms. At Landlord's request, tenant shall, prior to Landlord's execution of this Lease, deliver to Landlord a copy of the appropriate resolution or consent, certified by an appropriate officer, partner or manager of Tenant, authorizing or ratifying the execution of this Lease.

[REMAINDER OF PAGE INTENTIONALLY LEFT BLANK]

IN WITNESS WHEREOF, this Lease is effective on the date of the full execution hereof, and the parties hereto have identified this Lease as of the day and year set forth on the first page of this Lease.

LANDLORD:

MACADAM AVE EXCHANGE, LLC
an Oregon limited liability company

By: _____

Name: _____

Title: _____

Date: _____

TENANT:

MULTNOMAH COUNTY LIBRARIES

By: _____

Name: _____

Title: _____

Date: _____

EXHIBIT A

LEGAL DESCRIPTION OF PREMISES

LEGAL DESCRIPTION

PARCEL 1: A tract of land located in Sections 10 and 15, Township 1 South, Range 1 East of the Willamette Meridian, in the City of Portland, County of Multnomah and State of Oregon, more particularly described as follows:

Beginning at the intersection of the Westerly line of the Southern Pacific Company right of way with the North line of that tract conveyed to Goodnough and Clark, recorded October 27, 1865 in Book "F" at Page 497; thence North 88° 42' 00" West along said North line and the extension thereof, 247.26 feet to the Easterly line of S.W. Macadam Avenue as now established; thence on a 2332.0 foot radius curve to the left, which has a chord that bears North 19° 53' 57" East, 195.13 feet an arc distance of 195.18 feet; thence North 15° 33' 41 " East, continuing along the Easterly right of way of said S.W. Macadam Avenue, 335.97 feet to the intersection with the Westerly extension of the North line of a tract conveyed to Anton Rogge and Richard F. Strop, recorded in Book 199, page 243, Deed Records; thence South 88° 44' 00" East along said Rogge, Strop line and its extension, 162.56 feet to the Westerly line of said Southern Pacific Company right of way; thence on a 13 foot offset to a #1 taper, curve to the right, which said right of way curve has a chord that bears South 4° 3' 41" West, 34.46 feet, an arc distance of 34.46 feet; thence continuing along said right of way on a 2851 .53 foot radius curve to the right, which has a chord that bears South 6° 39' 45" West, 215.23 feet, an arc distance of 215.26 feet; thence, continuing along said right-of-way on a 13 foot offset to a #1 taper curve to the right, which said right of way curve has a chord that bears South 9° 22' 30" West, 89.80 feet, an arc distance of 89.80 feet; thence continuing along said right-of-way, South 9° 43' 30" West, 174.94 feet to the point of beginning.

PARCEL 2: A tract of land in the Southwest quarter of Section 10, Township 1 South, Range 1 East of the Willamette Meridian, in the City of Portland, County of Multnomah and State of Oregon, described as follows:

Beginning at a point in the East side line of the Old Portland Macadam Road at the Northwest corner of a certain 2-1/2 acre tract conveyed to Anne Koblitz and Catharine Smith by deed recorded December 3, 1870 in Deed Book "M", page 231; thence South 13 degrees West along the East line of said road being also the West line of said Koblitz and Smith tract, 56.42 feet to the North line of the tract conveyed to Gordon K. Corkrum, et ux, by deed recorded May 14, 1952 in Book 1537, page 486; thence South 88° 35' East along the North line of said Corkrum tract to the West line of what was formerly the right of way of the Portland and Willamette Valley Railway Company; thence Northerly along said West right of way line to its intersection with the North line of aforesaid Koblitz tract, from which the point of beginning bears North 88° 35' West; thence North 88° 35' West along the North line of said Koblitz tract to the point of beginning, TOGETHER WITH the vacated part of SW Macadam Avenue, adjoining on the West, which inured to said premises through relocation of said Avenue.

PARCEL 3: A tract of land in the Southwest quarter of Section 10, Township 1 South, Range 1 East of the Willamette Meridian, in the City of Portland, County of Multnomah and State of Oregon, described as follows:

Beginning at a point in the East boundary line of SW Macadam Avenue, formerly Multnomah Street, 149 feet 3 inches Southerly from the intersection of the East boundary line of SW Macadam Avenue and the Northerly boundary line of the tract conveyed by James Terwilliger and wife, to John Oberle by deed recorded in Book "G", page 253, if extended Westerly; running thence Southerly along the East line of said SW Macadam Avenue, 56 feet to the South line of said tract described in Book "G" at page 253 of Deed Records; thence East along said South line to the West boundary line of the right of way of the Portland and Willamette Valley Railway Company over and across the tract described in Book "G", page 253 of Deed Records; thence Northerly and along the boundary line of said right of way of the Portland and Willamette Valley Railroad Company, 56 feet; thence West and parallel with the North boundary line of said tract as in Book "G", page 253 of Deed Records, to the point of beginning.

PARCEL 4: A tract of land in the Southwest quarter of Section 10, Township 1 South, Range 1 East of the Willamette Meridian, in the City of Portland, County of Multnomah and State of Oregon, described as follows:

Commencing at a point on the East boundary line of SW Macadam Avenue 121 feet 3 inches Southerly from the intersection of the Southeast boundary line of SW Macadam Avenue with the North boundary line of that certain tract conveyed by James Terwilliger and wife to John Oberle by deed recorded in Book "G", page 253, if extended Westerly, said point being the Southwest corner of tract conveyed to Clara Roberts by deed recorded September 4, 1900 in Book 269, page 184; thence Southerly along the said East boundary line of SW Macadam Avenue 28 feet, more or less, to the Northwest corner of tract conveyed to Marie Arnold by deed recorded September 4, 1900; thence Easterly and parallel with the North boundary line of the said tract described in said deed recorded in Book "G", page 253 to the West line of the right of way conveyed to the Portland-Willamette Valley Railroad Co. by deed recorded September 2, 1887, Book 93, page 282; thence Northerly and along the said West boundary line of said right of way of the Portland Willamette Valley Railroad Co., 28 feet, more or less, to the South boundary of tract conveyed to Clara Roberts, by said deed recorded in Book 269, page 184; thence Westerly along the South line thereof to the place of beginning.

EXHIBIT B

DELIVERY CONDITION AND TENANT'S WORK

[to be added]

EXHIBIT C
MARKET RENT

The Extension Period Rent shall be the Market Rent for the Premises as of the date that the applicable Extension Period commences. "**Market Rent**" shall mean the monthly rent that a willing tenant would pay, and that a willing landlord would accept, at arms' length, for space comparable to the Premises in the vicinity of the Premises, used for industrial purposes (with ancillary office use), based upon binding lease transactions that commence on or about the commencement of the Extension Period ("**Comparison Leases**"). Comparison Leases shall be adjusted to account for variations between the Lease and the Comparison Leases with respect to, among other things: (i) the length of the Extension Period compared to the lease term of the Comparison Leases; (ii) rental structure; (iii) the size of the Premises compared to the size of the premises of the Comparison Leases; (iv) free rent, moving expenses and other cash payments, tenant improvement allowances or other monetary concessions affecting the rental rate; and (v) the age and quality of the Building and the tenant improvements in the Premises (but excluding the value of any improvements paid for by Tenant) compared to the age and quality of the buildings and the tenant improvements under the Comparison Leases. The determination of Market Rent shall be made as follows:

(a) Within forty-five (45) days of receipt of written notice from Tenant of its exercise of an Extension Option, Landlord shall provide its good faith determination of Market Rent for the Extension Period to Tenant. Within fifteen (15) business days after receipt of Landlord's determination of Market Rent, Tenant shall notify Landlord whether Tenant accepts or rejects Landlord's determination of Market Rent. If Tenant fails to provide any notice within such fifteen (15) business day period, Tenant shall be deemed to have accepted Landlord's determination. If Tenant timely provides written notice that Tenant rejects Landlord's determination of Market Rent, Landlord and Tenant shall work together in good faith to agree upon the Market Rent for a period of thirty (30) days.

(b) If Landlord and Tenant are unable to agree upon the Market Rent for the Premises within such 30-day period, the Market Rent shall be determined as follows. Within ten (10) business days after expiration of such 30-day period, each party, at its own cost and by giving written notice to the other party, shall appoint a licensed real estate broker who has at least ten (10) years' full-time commercial experience in the leasing market in the vicinity of the Premises, to determine the Market Rent. If, in the time provided, only one party shall give notice of appointment of a broker, the single broker appointed shall determine the Market Rent, and such determination shall be binding upon the parties. If two brokers are appointed by the parties, the two brokers shall independently, and without consultation, prepare a written determination of the Market Rent within thirty (30) days after the appointment of the last of them to be appointed. After both determinations are completed, the resulting determinations of the Market Rent shall be compared. If the higher determination is no greater than one hundred five percent (105%) of the lower determination, then the Market Rent shall be the average of the two determinations. If the higher determination is greater than one hundred five percent (105%) of the lower determination, then the two brokers shall promptly select a third broker meeting the qualifications set forth above, but who shall not have previously acted in any capacity for Landlord or Tenant. If the two brokers cannot agree upon a third broker within ten (10) days after the determinations are compared, either Landlord or Tenant may apply to the local office of the American Arbitration Association (or its successor organization), or to the Presiding Judge of the Superior Court of the County in which the Premises are located, for selection of a third broker meeting the qualifications stated above. Within thirty (30) days after his or her appointment, the third broker shall select either the determination of Landlord's broker or the determination of Tenant's broker as the Market Rent payable for the Premises during the Extension Period. The third broker shall have no right to propose a middle ground or to modify either of the two determinations.

(c) Each party shall pay the fees and expenses of its own broker and one-half of the fees and expenses of the third broker, if any.

(d) The brokers shall have no power to modify the provisions of the Lease and their sole function shall be to determine the Market Rent.

(e) If the determination of the Market Rent is delayed beyond the commencement of the Extension Period, Tenant shall continue to pay as Extension Period Rent an amount equal to the Base Rent payable by Tenant immediately prior to commencement of the Extension Period, until the determination of the Market Rent hereunder. Following the determination of the Market Rent, there shall be an adjustment made to the Extension Period Rent payment then due for the difference between the amount of Base Rent Tenant has paid to Landlord and the amount that Tenant would have paid if the Extension Period Rent as adjusted pursuant to this section had been in effect as of the commencement of the Extension Period. Notwithstanding anything to the contrary in this Exhibit C, the Extension Period Rent shall under no circumstances be less than one hundred percent (100%) of the Base Rent payable immediately prior to the commencement of the applicable Extension Period.

EXHIBIT D

SPACE PLAN

[To be attached.]

EXHIBIT E

RULES AND REGULATIONS

1. In the event of any conflict between the terms of these rules and regulations and the express provisions of the Lease, the express, applicable provisions of the Lease shall control. Landlord may change rules to comply with applicable laws. Landlord reserves the right to rescind, add to and amend any rules or regulations, to add new reasonable rules or regulations and to waive any rules or regulations with respect to any tenant or tenants. Landlord also reserves the right to amend these rules, without the consent of Tenant, to conform them to any laws, statutes, ordinances or regulations applicable to the Premises. Tenant shall provide a copy of these rules and regulations to each of its employees to facilitate compliance with these standards.
2. The sidewalks, walks, plaza entries, corridors, ramps, staircases and elevators of the Project shall not be obstructed, and shall not be used by Tenant, or the employees, agents, servants, visitors or invitees of Tenant, for any purpose other than ingress and egress to and from the Premises. All equipment, materials and inventory and other items relative to Tenant's business are to be stored inside the Premises. No skateboards, roller skates, roller blades or similar items shall be used in or about the Project.
3. No freight, furniture or other large or bulky merchandise or equipment of any description will be received into the Project or carried into the elevators, if any, except in such a manner, during such hours and using such elevators and passageways as may be approved or designated by Landlord, and then only upon having been scheduled in advance. Any hand trucks, carryalls, or similar equipment used for the delivery or receipt of merchandise or equipment shall be equipped with rubber tires, side guards and such other safeguards as Landlord shall reasonably require. Although Landlord or its personnel may participate or assist in the supervision of such movement, Tenant assumes financial responsibility for all risks as to damage to articles moved and injury to persons or public engaged or not engaged in such movement, including any equipment, property or personnel of Landlord damaged or injured in connection with carrying out this service for Tenant.
4. Landlord shall have the right to prescribe the weight, position and manner of installation of heavy equipment which shall, if considered necessary by Landlord, be installed in a manner which shall insure satisfactory weight distribution. All damage done to the Project by reason of a safe or any other article of Tenant's office equipment being on the Premises shall be repaired at the expense of Tenant. The time, routing and manner of installing and moving safes or other heavy equipment shall be subject to prior approval by Landlord.
5. Tenant, or the employees, agents, servants, visitors or invitees of Tenant, shall not at any time place, leave or discard any rubbish, paper, articles or object of any kind whatsoever outside the doors of the Premises or in the corridors or passageways of the Project.
6. Tenant shall not place, or cause or allow to be placed, any sign, placard, picture, advertisement, notice or lettering whatsoever, in, about or on the exterior of the Premises, Building or Project, except in and at such places as may be designated by Landlord and consented to by Landlord in writing. Any such sign, placard, advertisement, picture, notice or lettering so placed without such consent may be removed by Landlord without notice to and at the expense of Tenant. All lettering and graphics on corridor doors shall conform to the building standard prescribed by Landlord.
7. Except as specifically described in the Lease, Tenant shall not place, or cause or allow to be placed, any satellite dish, communications equipment, computer or microwave receiving equipment, antennae or other similar equipment about or on the exterior of the Premises, Building or Project. Any such equipment so placed may be removed by Landlord without notice to and at the expense of Tenant.
8. Canvassing, soliciting or peddling in the Building and/or Project is prohibited and Tenant shall cooperate reasonably to prevent same.

9. Landlord shall have the right to exclude any person from the Project, and any person in the Project will be subject to identification by employees and agents of Landlord. Any persons in or entering the Project shall be required to comply with the security policies of the Project, including, without limitation, the showing of suitable identification and signing of a Building register when entering or leaving the Building. If Tenant desires additional security service for the Premises, Tenant shall have the right (with advance written consent of Landlord) to obtain such additional service at Tenant's sole cost and expense. Tenant shall keep doors to unattended areas locked and shall otherwise exercise reasonable precautions to protect property from theft, loss or damage. Landlord shall not be responsible for the theft, loss or damage of any property or for any error with regard to the exclusion from or admission to the Project of any person. In case of invasion, mob, riot or public incitement, the Landlord reserves the right to prevent access to the Project during the continuance of same by closing the doors or taking other measures for the safety of the tenants and protection of the Project and property or persons therein.

10. Only workmen employed, designated or approved by Landlord may be employed for repairs, installations, alterations, painting, material moving and other similar work that may be done in or on the Project.

11. Tenant shall not bring or permit to be brought or kept in or on the Premises or Project any inflammable, combustible, corrosive, caustic, poisonous, or explosive substance, or firearms, or cause or permit any odors to permeate in or emanate from the Premises, or permit or suffer the Project to be occupied or used in a manner offensive or objectionable to Landlord or other occupants of the Project by reason of light, radiation, magnetism, noise, odors and/or vibrations.

12. Tenant shall not mark, paint, drill into, or in any way deface any part of the Project or the Premises. No boring, driving of nails or screws, cutting or stringing of wires shall be permitted, except with the prior written consent of Landlord, which consent shall not be unreasonably withheld or delayed. Tenant shall not install any resilient tile or similar floor covering in the Premises, except with the prior approval of Landlord, which approval shall not be unreasonably withheld or delayed.

13. All keys shall be returned to Landlord upon the termination of this Lease and Tenant shall give to Landlord the explanations of the combinations of all access codes, safes, vaults and combination locks remaining with the Premises. Landlord may at all times keep a pass key to the Premises. All entrance doors to the Premises shall be left closed at all times and left locked when the Premises are not in use.

14. Tenant shall give immediate notice to Landlord in case of known theft, unauthorized solicitation or accident in the Premises or in the Project, or of known defects therein or in any fixtures or equipment, or of any known emergency in the Project.

15. No animals or birds shall be brought or kept in or about the Project.

16. No awnings, draperies, shutters or other interior or exterior window coverings that are visible from the exterior of the Building or from the exterior of the Premises within the Building may be installed by Tenant without Landlord's prior written consent.

17. Tenant shall not place, install or operate within the Premises or any other part of the Project any engine, stove, or machinery, or conduct mechanical operations therein, without the written consent of Landlord.

18. No portion of the Premises or any other part of the Project shall at any time be used or occupied as sleeping or lodging quarters.

19. Tenant shall at all times keep the Premises neat and orderly.

20. The toilet rooms, urinals, wash bowls and other apparatus shall not be used for any purpose other than that for which they were constructed and no foreign substance of any kind whatsoever shall be thrown therein. The expenses of any breakage, stoppage or damage, resulting from the violation of this rule shall be borne by the Tenant.

21. All tenant modifications resulting from alterations or physical additions in or to the Premises must conform to all applicable building and fire codes. Tenant shall deliver as built plans to Landlord upon completion.

22. Smoking is prohibited in the Premises, Building and Project except in specifically marked areas designated by Landlord.
23. Tenant shall not leave or store disabled vehicles or equipment on the Premises or in the Project.
24. Tenant shall maintain in the Premises not less than the minimum number of fire extinguishers required by law and Tenant shall regularly inspect all such fire extinguishers to assure that the same are fully charged and in good operational condition. Annually the Tenant shall have all fire extinguishers inspected by an authorized and qualified inspector who shall certify that each such fire extinguisher complies with all applicable requirements of the NFPA. If any such fire extinguishers fail to obtain such certification, then within three (3) business days after such failure such fire extinguishers shall be replaced, or repaired, and re-inspected and a certification shall be issued certifying that all such fire extinguishers comply with all applicable requirements of the NFPA.