

PORTLAND DEVELOPMENT COMMISSION
Portland, Oregon

RESOLUTION NO. 6789

**AUTHORIZE THE EXECUTIVE DIRECTOR TO FINALIZE
NEGOTIATIONS AND EXECUTE A COMMERCIAL LEASE FOR
THE PORTLAND DEVELOPMENT COMMISSION'S
HEADQUARTERS**

WHEREAS, the current lease for the Portland Development Commission's ("PDC's") headquarters office building located at 222 NW 5th Avenue in the Downtown Waterfront Urban Renewal Area, expires on August 31, 2011;

WHEREAS, in response to public interest, PDC issued a *Request for Information – Professional Office Space* on March 8, 2010 (the "RFI") to evaluate the availability of existing or developable professional office space in which to potentially relocate;

WHEREAS, PDC received thirteen responses to the RFI. After staff reviewed and analyzed all thirteen responses, PDC's Board of Commissioner's (the "Board") authorized staff on behalf of the Executive Director to further explore the following four options and return with a recommendation on April 14, 2010;

- Commonwealth Building – 421 SW Sixth Avenue (existing building)
- Park Avenue West Tower – 700 SW 9th Avenue (to be constructed)
- Mason Ehrman Building – 222 NW Fifth Avenue (PDC's current location)
- Meier and Frank Depot Building – 14th NW Everett (redevelopment)

WHEREAS, PDC staff completed their review and, based on the costs, operating efficiencies and neighborhood impact, provided a recommendation to the Executive Director to pursue negotiations with representatives from both the Park Avenue West Tower (the "PAW Tower") and the Mason Ehrman Building (the "ME Building") to determine which property best meets PDC's and the City of Portland's overall needs;

WHEREAS, on April 14, 2010, the Board authorized the Executive Director to commence formal negotiations with representatives for the PAW Tower and the ME Building and to return to the Board with a fully negotiated lease for the Board's consideration and approval no later than May 12, 2010;

WHEREAS, PDC staff have diligently pursued negotiations with representatives from both the PAW Tower and the ME Building to ensure that in deciding between these two very distinct and important opportunities, the Board is in the best position to make a decision that not only considers the wise use of taxpayer dollars, but also considers PDC's mission, goals and strategic plan for both healthy neighborhoods and downtown vitality, including looking out for the success of small businesses;

WHEREAS, the decision regarding where PDC resides for the next decade will impact its overall budget at a time of reduced revenues; and

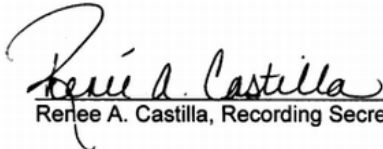
WHEREAS, based on the thorough analysis and research performed by staff, entering into a new lease for the ME Building (the "Lease") will result in substantial and immediate savings of \$1.5 Million to PDC over the next two years as well as ongoing savings to the agency for a total savings over the term of the Lease of approximately \$6.1 Million, which can be invested throughout PDC's urban renewal areas and small businesses.

NOW, THEREFORE, BE IT RESOLVED that the Executive Director is authorized to finalize negotiations and execute the Lease substantially in the form attached hereto as Exhibit A;

BE IT FURTHER RESOLVED that the Executive Director is authorized to make changes to the Lease to the extent that such changes are deemed by the Executive Director, in consultation with PDC's General Counsel, to be non-material; and

BE IT FURTHER RESOLVED that this resolution shall become effective thirty days from the date of its execution.

Adopted by the Portland Development Commission on May 12, 2010.


Renee A. Castilla, Recording Secretary

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COMMERCIAL LEASE

Between

Mason-Ehrman LLC

“Landlord”

And

Portland Development Commission

“Tenant”

Dated:

May __, 2010



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1 **COMMERCIAL LEASE**

2 THIS LEASE is entered into this ____ day of _____, 2010 between Mason-
3 Ehrman LLC, an Oregon limited liability company (“Landlord”) and the Portland Development
4 Commission (“Tenant”).

5 In consideration of the mutual promises of the parties set forth in this Lease (the
6 “Lease”), Landlord hereby leases to Tenant and Tenant hereby leases from Landlord space
7 within that building located at 222 NW Fifth Avenue, Portland, Oregon, the legal description of
8 which is set forth on attached Exhibit A (the “Building”). The space within the Building which
9 is subject to this Lease is the “Premises” described below

10 The parties hereby agree as follows:

11 **SECTION 1 BASIC LEASE PROVISIONS**

12 This Section sets forth a summary of certain basic provisions contained in the
13 Lease. In the event of any conflict between any provision contained in this Section 1 and a
14 provision contained in the balance of the Lease, the latter shall control.

- 1.1 Name of Landlord: Mason-Ehrman LLC
- 1.2 Address for Notices to Landlord: 321 SW Fourth Ave., Suite 800
Portland, OR 97204
- 1.3 Address for Rent Payments: 321 SW Fourth Ave., Suite 800
Portland, OR 97204
- 1.4 Name of Tenant: Portland Development Commission
- 1.5 Premises: The Premises consists of: the entire basement,
the ground floor including the Building lobby; the

entirety of floors 3,4,5,6 and 7; and such additional space within the Building which may be included in the Premises pursuant to the operation of Section 2.1.2. As of the Lease Commencement Date, the total number of square feet in the Premises is 59,663.

1.6 Non-Premises Space: The entirety of the Second Floor of the Building and space which may be excluded from the Premises pursuant to the operation of Section 2.1.3. As of the Lease Commencement Date, the total number of square feet in the Non-Premises Space is 8,822.

1.7 Address of Premises: 222 NW Fifth Avenue
Portland, OR 97209

1.8 Address for Notices to Tenant: 222 NW Fifth Avenue
Attn: Real Estate Manager
Portland, OR 97209-3859

with a copy to: Portland Development Commission
Attn: General Counsel
222 NW Fifth Avenue
Portland, OR 97209-3859

1.9 Business to Be Conducted by Tenant at Premises: General office, ground floor retail or office use, and public meetings

1.10	Landlord's Share of Tenant Paid Expenses:	The number of square feet in the Non-Premises Space divided by 68,485 square feet, expressed in terms of a percentage. As of the Lease Commencement Date, Landlord's Share of Tenant Paid Expenses is 12.88%.
1.11	Tenant's Share of Operating Expenses:	The number of square feet in the Premises divided by 68,485 square feet, expressed in terms of a percentage. As of the Lease Commencement Date, Tenant's Share of Landlord Paid Expenses is 87.12%.
1.12	Lease Term (the "Term")	One Hundred Twenty (120) months, plus two (2) renewal options of five (5) years each.
1.13	Lease Commencement Date:	July 1, 2010
1.14	Base Rent:	See Section 4.2
1.15	Base Rent Increase:	See Section 4.2
1.16	Additional Rent:	See Section 4.3
1.17	Landlord's Broker:	None
1.18	Tenant's Broker:	None
1.19	Security Deposit:	N/A
1.20	Prepaid Rent:	None
1.21	Guarantor's Name and address:	N/A

1 SECTION 2 PREMISES, OTHER AREAS, ADJACENT BUILDING

2 2.1 Premises

3 2.1.1 The initial Premises is defined above in the Basic Lease Provisions.
4 Because the Building's lobby is included in the Premises, Tenant agrees that the tenant(s) of the
5 Non-Premises Space may have access through the lobby so as to access the Non-Premises Space.

6 2.1.2 Tenant shall have a continuing option, throughout the Term of this Lease, to
7 lease the Non-Premises Space at any time that some or all of the Non-Premises Space is vacant
8 after the first anniversary of the Lease Commencement Date, as set forth below. If any of the
9 Non-Premises Space is vacant, and Landlord desires to lease such space or any of the Non-
10 Premises Space becomes vacant due to the termination of a lease of all or part of the Non-
11 Premises Space, Landlord agrees to give notice of its desire to lease such vacant space with a
12 description of the vacant Non-Premises Space (the "Landlord's Notice"). Tenant shall have
13 thirty (30) days to elect by written notice to Landlord to immediately lease all of the vacant space
14 at a per square foot rental rate Tenant is then paying for the Premises with a term equal to the
15 remaining term of the Lease. The space so rented by Tenant shall become part of the office
16 portion of the Premises. If Landlord does not receive Tenant's written notice of intent to lease
17 the vacant space within thirty (30) days, Landlord shall be free to lease the space to third parties
18 on any terms Landlord desires.

19 2.1.3 Tenant shall have the right: (i) to reduce the Premises by one full floor at
20 any time between July 1, 2014 and July 1, 2017; and (ii) a second right to reduce the Premises by
21 one full floor after July 1, 2017; however, in order to exercise this right under (ii), Tenant must
22 waive its early termination rights under Section 3.2. In order to exercise either right, Tenant
23 must give Landlord at least six (6) months advance written notice. If Tenant exercises either

1 right, on the effective date of reduction, as set forth in Tenant's notice, the space relinquished to
2 Landlord shall be deleted from the Premises and shall be added to the Non-Premises Space, and
3 the percentages in Sections 1.10 and 1.11 shall be appropriately adjusted.

4 2.2 Roof Area

5 Tenant shall be allowed to use the roof for its data and telecommunication
6 equipment in locations approved by Landlord and Landlord's mechanical and structural
7 engineers which approval will be granted provided the Tenant's equipment does not interfere
8 with the operations and maintenance of the mechanical equipment of the Building. Landlord
9 reserves the exclusive right to use the roof for leasing to data and telecommunications companies
10 providing services to non-building users, so long as such telecommunications equipment does
11 not interfere electronically or mechanically with Tenant's telecommunications equipment.

12 2.3 Adjacent Building

13 2.3.1 Landlord owns the land and improvements adjoining the Building to the
14 South, which land is legally described as Lots 2 and 3, Block 34, Couch's Addition to the City of
15 Portland, Oregon ("Adjacent Building"), and the term "Adjacent Building" applies to any new
16 building constructed on such land. As long as Tenant leases any space on the second floor in the
17 Adjacent Building, Tenant shall have continuous access to the space in the Adjacent Building
18 through the second floor of the Building. The Building and the Adjacent Building share some
19 common facilities in the Adjacent Building. Tenant shall have access to and joint right to use
20 with Landlord the loading dock of the Adjacent Building located on N.W. Davis Street, by
21 means of a corridor, location to be determined by Landlord. The location of the dock may
22 change if a new building is built on the adjacent land and loading facilities may be un-useable
23 during the construction period of such a building. Landlord shall have the right to use the South
24 entrance of the Building and its handicapped access to enter the Adjacent Building. Landlord
25 reserves to itself and assigns an easement for utilities, including electrical, water, sewer, gas and

1 telephone, in and through the basement of the Building to serve both the Adjacent Building and
2 any new building that may be built in the future on the adjacent land. The parties will cooperate
3 in executing any documents reasonably necessary to accomplish the purposes of this paragraph.

4 2.3.2 The repair, replacement, and maintenance of the loading dock and corridor
5 shall be the responsibility of Landlord. Tenant shall pay ___% of the expenses incurred by
6 Landlord to maintain and repair the loading dock and corridor. Landlord shall in no event use
7 the Building to stage any construction activity, to transport construction materials or personnel,
8 or otherwise in connection with work on the Adjacent Building except to extend utilities as
9 provided in this Section 2.3. Utilities in the Adjacent Building shall be separately metered and
10 paid for by Landlord, without reimbursement by Tenant.

11 2.3.3 In the event that Landlord intends to lease a portion or all of the Adjacent
12 Building to a tenant that would operate such space as a restaurant, bar or any form of
13 entertainment use, then: (i) Landlord will not allow that space to contain sound amplifying
14 equipment; or (ii) Landlord shall provide Tenant with a report of an acoustical engineer,
15 reasonably acceptable to Tenant that if sound amplification equipment is allowed, sound will not
16 penetrate into the Premises either due to the existing Building's structure or due to sound
17 insulating materials which will be installed by Landlord prior to such tenant's occupancy, and
18 Landlord will cause, or cause such other tenant, to remove from the public sidewalk any debris
19 (bottles, broken glass, trash, or similar items) each morning of each Business Day (defined in
20 Section 8.3) during the Term.

1 SECTION 3 TERM

2 3.1 Term

3 The term of this Lease shall be for One Hundred Twenty (120) months (the
4 “Term”) and shall commence on July 1, 2010 and end on June 30, 2020, subject to extension
5 pursuant to Section 3.3, and to early termination pursuant to Section 3.2.

6 3.2 Early Termination

7 3.2.1 Tenant shall have the right to terminate this Lease effective on a date
8 selected by Tenant which is on or after July 1, 2017 (an “Earliest Termination Date”) by giving
9 Landlord written notice of such early termination not less than eighteen (18) months prior to the
10 Earliest Termination Date. If Tenant exercises this right to early termination, Tenant will pay
11 Landlord an early termination fee of \$500,000 no later than ninety (90) days prior to the Earliest
12 Termination Date and, if not so paid, the Lease will not terminate early but will continue in full
13 force and effect until the full original Term has expired.

14 3.2.2 Tenant shall have the right to terminate this Lease effective on a date
15 selected by Tenant which is on or after July 1, 2018 (the “Early Termination Date”) by giving
16 Landlord written notice of such early termination not less than 12 months prior to the Early
17 Termination Date. If Tenant exercises this right to early termination, Tenant will pay to
18 Landlord an early termination fee of \$250,000 payable no later than ninety (90) days prior to the
19 Early Termination Date and, if not so paid when due, the Lease will not terminate early but will
20 continue in full force and effect until the full original Term has expired.

1 SECTION 4 RENT

2 4.1 Base Rent

3 Beginning on the Lease Commencement Date and continuing throughout the
4 Term of this Lease, Tenant shall pay to Landlord as Base Rent the amounts set forth in Section
5 4.2 below and the Additional Rent as set forth in Section 4.3 below. Tenant shall pay Base Rent
6 in advance on the first day of each calendar month of the Term at the address for rent payments
7 set forth in Section 1.3 or at such other place as Landlord shall designate from time to time.

8 4.2 Base Rent

9 Tenant shall pay to Landlord each and every month of the Lease Term Base Rent
10 according to the following schedule:

<u>Time Period</u>	<u>Annual Rate Per Square Foot</u>	<u>Monthly Base Rent</u>
July 1, 2010 – September 30, 2010	\$0.00	\$0
October 1, 2010 - June 30, 2011	\$16.85	\$83,775.00
July 1, 2011 – June 30, 2012	\$17.36	\$86,288.00
July 1, 2012 – June 30, 2013	\$17.88	\$88,877.00
July 1, 2013 – June 30, 2014	\$18.41	\$91,543.00
July 1, 2014 – June 30, 2015	\$18.97	\$94,290.00
July 1, 2015 – June 30, 2016	\$19.54	\$97,118.00
July 1, 2016 – June 30, 2017	\$20.12	\$100,032.00
July 1, 2017 – June 30 2018	\$20.73	\$103,033.00
July 1, 2018 – June 30, 2019	\$21.35	\$106,124.00
July 1, 2019 – June 30, 2020	\$21.99	\$109,307.00

11 Notwithstanding the above rent schedule, Landlord will give Tenant two (2) free months of rent
12 that will be prorated over months 4 through 24 of the Lease. This will change the base rent for
13 months 4-12 to \$75,796.00 per month and months 13-24 to \$78,309.00 per month.

1 4.3 Additional Rent; Operating Expenses

2 4.3.1 Additional Rent. Tenant shall pay Landlord as “Additional Rent” the sum
3 of: Tenant’s share of expenses for the loading dock and corridor referred to in Section 2.3.2;
4 Tenant’s Share of Landlord Paid Expenses; Tenant’s Share of Adjacent Building utilities referred
5 to in Section 6 and Tenant’s Share of Taxes, if any.

6 4.3.2 Operating Expenses. Operating Expenses are the expenses set forth below,
7 which are expenses to be shared by Landlord and Tenant. Some Operating Expenses will be
8 paid by Landlord to third parties and thereby become “Landlord Paid Expenses.” Some
9 Operating Expenses will be paid by Tenant to third parties and thereby become “Tenant Paid
10 Expenses.” Overall, of the total Operating Expenses, Landlord shall pay the percentage set forth
11 in Section 1.10, and Tenant shall pay the percentage set forth in Section 1.11, with those
12 percentages adjusted if the Premises is enlarged or contracted under other provisions of this
13 Lease. “Operating Expenses” shall mean all expenses paid or incurred by Landlord (or Tenant) as
14 reasonably determined by Landlord or Tenant to be necessary or appropriate for the efficient
15 operation, maintenance and repair of the Building, including without limitation: (i) wages of
16 employees of the Manager (as defined below) engaged in the repair, operation and maintenance of
17 the Building; (ii) the cost of all charges for gas, electricity, heat, sewer, water and other utilities
18 furnished to the Building; (iii) the cost of all supplies, including without limitation, cleaning
19 supplies, light bulbs, tubes and ballasts, materials and equipment; (iv) the cost of all charges for
20 window and other cleaning and janitorial and security services; (v) charges of independent
21 contractors performing repairs or services to the Land and/or Building including the elevators;
22 (vi) the cost of remodeling of the lobby and any common areas of the Building, if both Landlord
23 and Tenant approve of the cost and then only the amortized portion of that cost accruing during the
24 Term, amortized over the useful life of the improvements at a reasonable interest rate; (vii) a
25 portion of the amortized cost using the methodology in (vi) above of alterations and improvements
26 to the Building made by reason of the laws and requirements of any public authorities or the

1 requirements of insurance bodies; (viii) if Landlord and Tenant agree to make capital repairs,
2 improvements, or system replacements (the cost of which would be capitalized for tax purposes),
3 then a portion of the amortized cost using the methodology in (vi) above of such agreed-upon
4 capital repairs, improvements or system replacements; (vii) reasonable legal, accounting,
5 bookkeeping and other professional fees incurred in connection with operation, maintenance and
6 management of the Building; (viii) the cost of providing elevator service; and (ix) premiums for
7 the insurance referred to in Section 7.1. Landlord shall pay for the initial cost of any item which
8 is to be amortized and included in Operating Expenses.

9 4.3.3 Exclusions. Operating Expenses shall not include: (i) depreciation or
10 amortization (except as provided above); (ii) interest on, principal, fees, and amortization of
11 debts; (iii) leasehold improvements made for tenants or other occupants of the Building;
12 (iv) leasing commissions, attorneys' fees, costs and disbursements and other expenses (including
13 advertising) incurred in connection with leasing, renovating, or improving space for tenants or
14 other occupants or prospective tenants or occupants of the Building; (v) financing or refinancing
15 costs; (vi) repairs occasioned by fire, windstorm or other casualty; (vii) capital repairs and
16 replacements (except as provided in Section 8.2.1); (viii) damages recoverable by any tenant due
17 to violation by Landlord of any of the terms and conditions of this Lease or any other lease
18 relating to the Building; (ix) expenses of items considered capital repairs, replacements,
19 improvements and equipment under GAAP ("Capital Items") (except as provided above in
20 Section 4.3.1); (x) rental under any ground or underlying lease; (xi) any cost representing an
21 amount paid to an affiliate of Landlord which is in excess of the amount which would have been
22 paid in the absence of such relationship; (xii) expenses related to operation of parking areas or
23 any commercial concession; (xiii) attorneys' and accountants' fees, costs and expenses incurred
24 in connection with disputes with tenants and legal, auditing and consulting fees other than those
25 legal, auditing and consulting fees necessarily incurred in connection with the normal
26 maintenance and operation of the Building; (xiv) restoration costs paid by proceeds of

1 condemnation; (xv) any costs to correct any violations of law related to the Building or its
2 condition including its environmental and seismic condition; (xvi) any objects of art or any
3 charitable or political contributions; (xvii) Landlord's overhead, general and administrative
4 expenses; (xviii) all advertising and promotional expenditures; (xix) reserves, sinking funds and
5 similar items; (xx) any costs, fines or penalties incurred due to violations by Landlord of any
6 governmental rule or authority and the defense of same; (xxi) rentals and other expenses for
7 items which, if purchased rather than rented, would constitute a Capital Item; (xxii) any cost for
8 which Landlord is paid or reimbursed or is entitled to payment or reimbursement from any
9 source such as from warranties; (xxiii) any late fees, fines, or penalties; (xxiv) costs incurred in
10 connection with the sale, financing, selling, or change of ownership of the Land or Building;
11 (xxv) Taxes; and (xxvi) the cost of Tenant's security guard.

12 4.3.4 Taxes and Assessments. Landlord shall be responsible for paying the Taxes
13 as defined below. The rent payable by Tenant under this Lease has been established to reflect
14 the savings below market rent resulting from Tenant's exemption from taxation. Landlord shall
15 cooperate in all reasonable respects with Tenant's application and claim for exemption and
16 supply any information therefor that may be required by the Multnomah County Assessor. As
17 used in this Lease, "Taxes" means all property taxes and assessments of any public authority
18 levied against the Premises, and the real property of which the Premises are a part, or the
19 ownership, management or operation thereof, any rent tax, local improvement district, gross
20 receipts tax, tax on Landlord's interest under this Lease, or any tax in lieu of or in addition to the
21 foregoing, whether or not such tax is now in effect (excluding any tax based upon Landlord's net
22 income), and the cost of contesting any such tax or assessment. If any Taxes to be paid by
23 Tenant shall cover any period of time prior to or after the expiration or earlier termination of the
24 term of this Lease, Tenant's share of such Taxes shall be equitably prorated to cover only the
25 period of time within the Tax fiscal year that this Lease is in effect, and Landlord shall reimburse
26 Tenant for any overpayment after such proration. If the Premises and the real property of which

1 the Premises are a part (including any parking areas, drives, walkways, and landscaped areas
2 affiliated therewith), are part of a larger tax parcel, Taxes shall include Landlord's reasonable
3 allocation of taxes and assessments to the Premises, the Building thereon, and such affiliated
4 areas. Tenant is responsible for applying for and maintaining its tax exempt status in a timely
5 manner. If the Tenant should for any reason fail to obtain the tax exemption, Tenant shall be
6 responsible for payment of the taxes as allocable to the Premises or portion thereof that is not
7 exempt.

8 4.3.5 Payment of Operating Expenses, Taxes and Insurance. Within twenty (20)
9 days of each calendar month during the Term, Tenant shall invoice Landlord for Landlord's
10 Share of Tenant Paid Expenses, and Landlord shall pay that amount within ten (10) days. Within
11 twenty (20) days of each calendar month during the Term, Landlord shall invoice Tenant for
12 Tenant's Share of Landlord Paid Expenses, and Tenant shall pay that amount within ten (10)
13 days. Any amount not paid when due shall bear interest at nine percent (9%). Each party may
14 examine the other party's records to review the accuracy of any invoice submitted to the other
15 party at any reasonable time. If one party has overcharged the other by five percent (5%) or
16 more, the overcharged party shall be paid by the other party for the reasonable cost of the
17 overcharged party's review.

18 4.4 Late Charges

19 Tenant acknowledges that late payment of any rent or other payment required by
20 this Lease from Tenant to Landlord will result in costs to Landlord, the extent of which is
21 extremely difficult and economically impractical to ascertain. Tenant therefore agrees that if
22 Tenant fails to make any rent or other payment required by this Lease to be paid to Landlord
23 within ten (10) days after written notice from Landlord that such payment is past due of the date
24 it is due, Landlord may elect to impose a late charge equal to the greater of \$150.00 or two and
25 one-half percent (2.5%) of the overdue payment, to reimburse Landlord for the cost of collecting

1 the overdue payment. Landlord may levy and collect a late charge in addition to all other
2 remedies available for Tenant's default, and collection of a late charge shall not be in lieu of nor
3 shall it waive the breach caused by the late payment.

4 4.5 Rent Provision, Place of Payment

5 All payments required to be paid by Tenant under this Lease other than Base Rent
6 will constitute Additional Rent. Except as otherwise expressly provided herein, Tenant shall pay
7 all expenses of every type relating to the Premises during the Term and all rent (including Base
8 Rent and Additional Rent) shall be received by Landlord when and as due without set off, offset,
9 abatement, or deduction of any kind. Tenant shall make all payments of Base Rent and
10 Additional rent at the address for rent payments set forth in Section 1.3, or at such other place as
11 Landlord shall designate from time to time.

12 4.6 Refurbishment Allowance

13 Landlord will provide to Tenant a refurbishment allowance in the amount of
14 \$200,000.00 to be paid to or credited to Tenant in the following manner: \$100,000 in the first
15 five (5) years of the Term, and \$100,000 in the second five (5) years of the Term. The amount is
16 to be paid or credited to Tenant upon Tenant's invoice(s) given to Landlord from time to time
17 throughout the Term.

18 SECTION 5 PROVISIONS AS TO USE

19 5.1 Permitted Use

20 Tenant shall use the Premises only for the purpose set forth in Section 1.7 and for
21 no other purpose without the written consent of Landlord.

1 5.2 Further Covenants as to Use

2 5.2.1 Tenant shall comply with, at its expense, all applicable Laws (as defined in
3 Section 13.7) including without limitation to those regarding the maintenance, operation,
4 condition and use of the Premises. Tenant shall not use the Premises in conflict with any Laws
5 nor shall Tenant permit anything to be done in or about the Premises which will conflict with any
6 Laws.

7 5.2.2 Tenant shall not conduct or permit any activities on the Premises which will
8 likely increase the fire insurance rate upon the Premises or cause a cancellation of any of
9 Landlord's insurance policies; or create a nuisance or damage the reputation of the Premises or
10 be reasonably offensive to Landlord or other tenants. Landlord agrees that holding public
11 meetings in the Premises is permitted and is not a nuisance or offensive. Tenant shall not permit
12 any noise, odor, or offensive light to be emitted from the Premises. Tenant shall use grease
13 traps, hair interceptors, and/or other drain protection devices in all drains if reasonably required
14 by Landlord. Tenant shall not allow the disposal of any medical waste at the Premises trash
15 receptacles by Tenant or Tenant's employees, agents, or independent contractors.

16 5.2.3 Tenant shall keep the Premises clean and orderly and in at least as good a
17 condition as the Premises are in as of the Lease Commencement Date, ordinary wear and tear
18 and damage due to casualty excepted. All parts of the Premises, including without limitation
19 common areas within the Building, shall be used in strict compliance with any Rules and
20 Regulations promulgated by Landlord from time to time; however, such Rules and Regulations
21 shall not be inconsistent with Tenant's rights under this Lease. Tenant shall not use any area
22 outside of the Premises for any purpose other than those designated in writing given by Landlord
23 to Tenant in advance. Tenant shall use, and cause its employees, suppliers, agents, and
24 independent contractors to use loading areas in accordance with the Rules and Regulations.

1 Tenant and Tenant's agents, employees, and independent contractors are prohibited from going
2 on the roof or penetrating the roof.

3 5.2.4 Tenant shall not create a structural requirement in excess of 100 psf
4 [CHECK THIS] without notifying Landlord and receiving his written permission to do so.
5 [DISCUSS AND CLARIFY.]

6 5.3 Storage; Trash; Recycling

7 Tenant shall not store anything outside except in such areas approved in writing in
8 advance by Landlord. Tenant shall use only trash and garbage receptacles approved by
9 Landlord. Throughout the Term, Tenant shall be permitted to store its garbage in the loading
10 dock of the Adjacent Building. Tenant shall dispose of trash and other matter in a manner
11 reasonably acceptable to Landlord, at Tenant's expense. Tenant shall comply with all recycling
12 programs required by applicable Laws or reasonably required by Landlord from time to time.

13 SECTION 6 UTILITIES

14 Tenant shall pay for all charges for utilities and services supplied to the Building,
15 including (without limitation) hookup and service charges for electricity, gas, telephone, cable,
16 water, and sewer ("Utilities"). Amounts paid for Utilities by Tenant shall be included in Tenant
17 Paid Expenses, and Landlord shall pay Landlord's Share of the Utilities as provided in Section
18 4.3.5. Landlord shall not be liable for any failure or interruption of utilities or services to the
19 Premises. However, if as a result of Landlord and/or its contractors' negligence, all or a
20 substantial portion of the Premises is not reasonably suitable for Tenant's typical operations
21 because of any variations, interruption or failure of utilities or services for a period of more than
22 three (3) consecutive calendar days, then all Rent shall be abated in proportion to the area that is
23 so unsuitable on a daily basis commencing with the fourth (4th) day and continuing until the
24 Premises are fully suitable for Tenant's typical operations. The utility charges for the loading

1 dock and service corridor in the Adjacent Building shall be shared _____% by Tenant and
2 _____% by Landlord.

3 SECTION 7 INSURANCE; INDEMNITY

4 7.1 Property Damage Insurance

5 Throughout the Term, Landlord shall maintain “all risk” or “special form”
6 property insurance covering the Building and its fixtures and tenant improvements, with
7 coverage in the full replacement value of the Building, with building code coverage and
8 commercially reasonable deductibles, but excluding earthquake coverage (the “Property
9 Insurance”) and the premium for the Property Insurance shall be a Landlord Paid Expense.
10 However, in the event that Tenant can provide and maintain the Property Insurance at a
11 materially lower premium cost, then Tenant may elect to obtain and maintain the Property
12 Insurance after conferring with Landlord, and the premium paid by Tenant shall be a Tenant Paid
13 Expense.

14 7.2 General Liability Insurance

15 **[PDC RISK MANAGEMENT TO REVIEW AND APPROVE.]** Tenant shall
16 continuously maintain at its expense commercial general liability insurance in respect of the
17 Premises, loading dock and service corridors and the conduct or operation of the business at the
18 Premises with Landlord and its managing agent, if any, and any mortgagee of the Premises
19 whose name and address have been previously furnished to Tenant as additional insureds with
20 \$5,000,000 minimum combined single limit coverage or its equivalent for injury to illness of or
21 death of persons and damage to property. All such insurance shall insure against any and all
22 liability of Tenant with respect to the Premises and under this Lease including without limitation
23 Tenant’s indemnity agreement under this Lease or arising out of Tenant’s or its subtenants

1 maintenance, use or occupancy of the Premises. At Tenant's option, Tenant may self-insure
2 these risks.

3 7.3 Tenant's Casualty Insurance

4 Tenant shall maintain at its expense fire and extended coverage insurance on all
5 furnishings, fixtures, inventory and equipment located on the Premises. The proceeds of such
6 insurance, so long as this Lease remains in effect, shall be used to repair or replace the fixtures,
7 inventory, equipment, and plate glass so insured. At Tenant's option, Tenant may self insure
8 these risks.

9 7.4 Insurance Policies

10 All insurance policies to be carried by Tenant shall include only reasonable and
11 prudent deductible amounts. All insurance policies shall name Landlord, Landlord's managing
12 agent, and Landlord's mortgagee as additional insureds and shall be provided by companies and
13 with loss-payable clauses reasonably satisfactory to Landlord, with an insurance company
14 reasonably satisfactory to Landlord. Copies of all policies or certificates evidencing such
15 insurance in form acceptable to Landlord shall be delivered to Landlord by Tenant prior to
16 Tenant's occupancy of the Premises. All policies and certificates shall bear endorsements
17 requiring thirty (30) days' written notice to Landlord prior to any change or cancellation.

18 7.5 Waiver of Subrogation

19 **[OPEN: PDC RISK MANAGEMENT TO REVIEW INSURANCE**
20 **PROVISIONS.]** Tenant shall be responsible for insuring its personal property and trade fixtures
21 located on the Premises and any alterations or Tenant Improvements it has made to the Premises.
22 Neither party, nor its officers, directors, employees, agents or invitees, nor, in case of Tenant, its
23 subtenants, shall be liable to the other party or to any insurance company (by way of subrogation
24 or otherwise) insuring the other party for any loss or damage to any building, structure or other

1 tangible property normally covered under a standard policy of insurance for fire, theft and
2 extended coverage or under a so-called "all risk" or "special form" policy of insurance (or
3 insured against under the terms of any property insurance actually carried, regardless of whether
4 it is required under this Lease), even though such loss or damage might have been occasioned by
5 the negligence of such party, its agents or employees.

6 7.6 Indemnity of Landlord

7 To the extent permitted under the Oregon Tort Claims Act, Tenant shall
8 indemnify, defend, and hold harmless Landlord and Landlord's officers, directors, partners,
9 employees, agents and independent contractors from any and all claims or liability for any
10 damage to any property or injury or death of any person occurring in, upon or about the Premises
11 arising from Tenant's sole negligence. Tenant shall require its subtenants to indemnify Landlord
12 as an additional Insured on their respective liability policies. Landlord shall indemnify, defend
13 and hold harmless Tenant and its commissioners, directors, officers, agents and employees from
14 and against any and all third party claims for bodily injury and/or property damage arising from
15 or in connection with any accident, injury or damage whatever occurring in, at or upon the
16 Premises if caused by Landlord's sole negligence or breach of this Lease; together with all costs,
17 expenses and liabilities incurred or in connection with each such claim or action or proceeding
18 brought thereon, including, without limitation, all attorneys' fees and expenses at trial and upon
19 appeal.

20 SECTION 8 REPAIRS, MAINTENANCE AND ALTERATIONS

21 8.1 Condition of Premises

22 Tenant accepts the Premises in its As Is condition as of the date of this Lease.
23 However, Landlord shall at its sole cost and expense (and not as an Operating Expense) pursue
24 in a prompt and diligent manner a LEED EB-OM Gold certification from the U.S. Green

1 Building Council for the Building. Landlord shall emphasize energy efficiency in this process
2 and Tenant shall have the right to approve the steps Landlord will take to obtain the certification.

3 8.2 Maintenance of Premises

4 8.2.1 Landlord Maintenance of Structure and Roof. Landlord shall maintain and
5 repair the slab, foundation and structural components of the Building, and shall be responsible
6 for replacement of the Building roof, as and when necessary under sound maintenance practices,
7 within a reasonable time after written request from Tenant requesting the same; provided,
8 however, that if the need for any such maintenance or repair is caused by Tenant's use of the
9 roof, or the negligence of Tenant or Tenant's subtenants as to foundation and structural
10 components, Tenant shall pay for such maintenance or repair.

11 8.2.2 General Maintenance. Tenant shall keep the loading docks and any service
12 corridors and support areas in good condition and repair, including, without limitation, the
13 maintenance, replacement and repair of any exterior doors, windows, plate glass, glazing,
14 skylights, heating, ventilating, and air conditioning systems and equipment ("HVAC"),
15 sprinklers, plumbing and electrical wiring, boilers, landscaping, exterior and core common area
16 lighting, sidewalks, floors, exterior walls and fences, and shall maintain and repair the Building
17 roof, gutters and downspouts, including, without limitation, coating, patching, and painting in
18 accordance with sound maintenance practices. All of the above shall be considered Operating
19 Expenses, to the extent provided in Section 4.3.1 and therefore these costs shall be subject to the
20 payment requirements as additional rent, except as excluded pursuant to Section 4.3.2. Tenant
21 shall be responsible for the maintenance and repair of all interior components of the Premises,
22 including but not limited to low voltage and electrical specifically installed for Tenant fixtures,
23 equipment, telecommunications, data and security systems, interior surfaces of exterior walls,
24 partitions, floor and wall coverings, interior doors, relights, casework, painting and lighting.

1 8.3 Janitorial Services

2 Landlord shall provide janitorial services in the Building on all Business Days in
3 accordance with the specifications of Exhibit C to this Lease and using a janitorial contractor
4 meeting the requirements in Exhibit C. "Business Days" are all days except Saturdays, Sundays,
5 New Year's Day, Memorial Day, Independence Day, Labor Day, Thanksgiving Day, and
6 Christmas Day.

7 8.4 Elevator Services

8 Landlord shall provide working elevator service in all Building elevators 24 hours
9 per day, seven days per week. Landlord shall enter into an elevator maintenance and service
10 contract. If two of the Building elevators are out of service for more than two full days during
11 any 30-day period, Tenant shall have a credit against rent in the amount of two day's rent at the
12 rate payable for the month in question, so long as Tenant has notified Landlord that the two
13 Building Elevators are out of service.

14 8.5 Condition of Premises upon Termination

15 Tenant shall, upon the termination of this Lease, surrender the Premises to
16 Landlord broom clean, in at least as good a condition and repair as of the Lease Commencement
17 Date, except for ordinary wear and tear and for damage caused by casualty. Unless otherwise
18 mutually agreed to by the parties before installation or alteration, all or any of the alterations or
19 improvements to the Premises made by Tenant during the lease term (excluding trade fixtures
20 installed by Tenant) shall, at Landlord's option, either (a) become part of the Premises and
21 belong to Landlord and shall be surrendered with the Premises without disturbance upon the
22 termination of the Lease, or (b) be removed by Tenant prior to the termination of this Lease, in
23 which event Tenant shall restore the area to the condition it was in immediately prior to the date
24 Tenant took possession of the Premises. Tenant shall not be required to remove any alterations

1 or improvements made to the Premises if at the time Landlord gives Tenant its consent to
2 installation of such alteration or improvement, Landlord informs Tenant that the alteration or
3 improvement can remain on the Premises at the end of the Term.

4 8.6 Alterations

5 Tenant shall not make or permit to be made any alterations or improvements to
6 the Premises that would materially increase the loads on the Building's mechanical or electrical
7 systems or would involve penetrating the roof or floors, or requiring a building permit, without
8 Landlord's prior written consent, which will not be unreasonably delayed, withheld or
9 conditioned. Tenant may make alterations or improvements to the Premises which, based on the
10 above, do not require Landlord's prior written consent. In the event Landlord consents to Tenant
11 making any alterations or improvements, the same shall be made at Tenant's sole expense, using
12 a contractor first approved in writing by Landlord, and the same shall be made in accordance
13 with plans and specifications first approved in writing by Landlord. Tenant shall reimburse
14 Landlord for the reasonable cost of any engineer or other person who reviews the plans and
15 specifications and/or any work performed by Tenant or its contractor at the Premises, promptly
16 within ten (10) days after billing therefor.

17 8.7 Trade Fixtures

18 Unless otherwise mutually agreed to by the parties, upon the termination of this
19 Lease, Tenant shall remove all trade fixtures, movable furniture, and equipment located on the
20 Premises which belong to Tenant, and repair at its expense any damage caused to the Premises
21 by such removal. If Tenant fails to remove such property, this shall be an abandonment of the
22 property and Landlord may either (a) retain the property and all rights of Tenant with respect to
23 it shall cease, (b) require Tenant to remove the property, or (c) effect a removal and place the
24 property in storage for Tenant's account. Tenant shall be liable to Landlord for the cost or

1 reasonable value of removal, restoration, transportation to storage and storage, with interest on
2 all such as expenses as provided in Section 14.3 below.

3 8.8 Entry and Inspection

4 Landlord and its agents and employees may enter the Premises and the Building
5 thereon at any time in the event of an emergency or, in any other event, after 24 hours prior oral
6 notice to determine Tenant's compliance with this Lease, to make necessary repairs, or to show
7 the Non-Premises Space to prospective tenants or purchasers. If Tenant's security system
8 controls access to Non Premises Area(s), Tenant shall provide Landlord and the lessee(s) of the
9 Non-Premises Space with access cards as required, for which Landlord will reimburse Tenant,
10 allowing access to the Non-Premises Area(s) at all times.

11 8.9 General Management

12 Except for matters that are the responsibility of the Landlord, as provided
13 elsewhere in this Lease, Tenant shall have overall responsibility and authority for the
14 management of the Building and shall act as the "Manager" of the Building, so long as Tenant is
15 the Portland Development Commission.

16 SECTION 9 RECONSTRUCTION AND RESTORATION

17 9.1 Minor Damage

18 If, during the Term, the Premises is damaged by fire or other perils and such
19 damage is not "substantial" as defined below, Landlord shall promptly repair such damage at
20 Landlord's expense (in no event later than 120 days following the damage) and Tenant shall
21 repair such damage to its property at its expense or using proceeds from the insurance described
22 in Section 7.2, and this Lease shall continue in full force and effect.

1 9.2 Substantial Damage

2 If, during the Term, thirty-five percent (35%) or more of the Premises or Building
3 is destroyed or damaged by fire or other perils (such percentage being defined as an amount
4 exceeding thirty-five percent (35%) of its full construction-replacement cost), then Landlord or
5 Tenant may elect to terminate this Lease by giving the other party written notice of such
6 termination within 120 days after the date of such damage. Otherwise, Landlord shall promptly
7 proceed to restore the Premises to a condition comparable to that existing prior to the damage.
8 Tenant shall cooperate with Landlord during the period of repair and vacate all or any part of the
9 Premises to the extent necessary for the performance of the required work. Landlord shall not be
10 obligated to incur expenses for restoration in excess of the net insurance proceeds available to
11 Landlord for such purpose after payment of all reasonable costs, expenses and attorneys' fees
12 incurred by Landlord in connection therewith.

13 9.3 Abatement of Rent

14 Base Rent and Additional Rent shall be abated during the period and to the extent
15 the Premises is not reasonably usable for Tenant's use. If the damage does not cause any
16 material interference with Tenant's use of the Premises, there shall be no rent abatement.

17 9.4 Repair of Leasehold Improvements and Tenant's Property

18 Repair, replacement, or restoration of any Tenant installed fixtures and
19 equipment, and Tenant's personal property shall be the responsibility of Tenant. Landlord shall
20 repair, replace and restore all leasehold improvements.

1 SECTION 10 ASSIGNMENT AND SUBLETTING

2 10.1 Subletting

3 Subject to the provisions set forth herein, Tenant may sublet part of the Premises
4 to third parties subject to Landlord’s written approval, which will not be unreasonably withheld,
5 conditioned or delayed, provided such sublease is for a use permitted by this Lease. Tenant shall
6 remain liable to Landlord for the full performance of Tenant’s obligations hereunder, including
7 the payment of rent. Any sublease will be subject to all the terms and conditions of this Lease
8 and Landlord’s right hereunder and no such sublease will be for a term extending beyond the
9 term of this Lease, unless agreed upon in writing by both parties.

10 10.2 Assignment

11 Tenant shall not voluntarily or by operation of Law assign, mortgage, pledge,
12 hypothecate or encumber the Premises or Tenant’s leasehold estate, or otherwise transfer any
13 interest in the Premises without Landlord’s prior written consent in each instance. Should
14 Landlord withhold its consent to a proposed transfer for any of the following reasons, the
15 withholding shall be deemed to be reasonable: (a) financial inadequacy or managerial
16 inexperience of the proposed transferee; (b) any proposed change in use; (c) Tenant is then in
17 default of the Lease or has been in default on two or more occasions during the 12-month period
18 preceding the date Tenant requests the transfer; and (d) any other reasonable criteria. A sublease
19 of substantially all of the Premises to one party or related parties shall be considered an
20 assignment for the purposes of this paragraph.

21 10.3 Assignment; Sublease to Governmental Entity

22 Tenant shall have the right to assign this Lease and to sublease all or any part of
23 the Premises without Landlord’s consent to a City of Portland agency, bureau or division. If
24 Tenant desires to assign this Lease or to sublease all or any part of the Premises to any other

1 governmental entity, Tenant may do so with Landlord's prior consent, which shall not be
2 unreasonably withheld, delayed or conditioned.

3 10.4 Management of the Building Upon an Assignment

4 Landlord and Tenant have agreed pursuant to this Lease that Tenant has certain
5 rights and responsibilities to manage the Building. In the event of an assignment pursuant to
6 either Section 10.2 or 10.3, Landlord may require that from and after the effective date of the
7 assignment, Landlord will manage the Building, and Landlord and the assignee must agree,
8 prior to the effective date of the assignment, to commercially reasonable modifications to this
9 Lease to reflect the management of the Building by Landlord.

10 SECTION 11 CONDEMNATION

11 11.1 Entire or Substantial Taking

12 If more than 25 percent (25%) of the Building or 25 percent (25%) of the rentable
13 area of the Premises shall be taken under the power of eminent domain, Landlord or Tenant may,
14 at Landlord's or Tenant's option exercised in writing no later than ten days after Landlord shall
15 have given Tenant written notice of the taking (or in the absence of such notice, within ten days
16 after the condemning authority shall have taken possession), terminate this Lease as of the date
17 the condemning authority takes possession.

18 11.2 Partial Taking

19 In the event of any taking under the power of eminent domain which does not
20 result in a termination of this Lease pursuant to Section 11.1, the Base Rent payable hereunder
21 shall be reduced, effective on the date the condemning authority takes possession in the same
22 proportion as the reduction in rentable floor area of the Building resulting from the taking. No
23 reduction in Base Rent shall occur if the only portion of the Premises taken is other than the

1 Building. Landlord shall promptly, at its sole expense and subject to receipt of an award
2 sufficient to cover such restoration, restore the portion of the Premises not taken to as near its
3 former condition as is reasonably possible, and this Lease shall continue in full force and effect.

4 11.3 Awards

5 Any award for taking of all or any part of the Premises under the power of
6 eminent domain shall be the property of the Landlord, whether such award shall be made as
7 compensation for diminution in value of the leasehold or for taking of the fee. Tenant hereby
8 assigns to Landlord all interest in any such award. Nothing in this Lease shall preclude Tenant
9 from making a separate claim for its lost trade fixtures or moving expenses so long as any such
10 claim or award resulting from such claim does not reduce Landlord's award.

11 11.4 Sale Under Threat of Condemnation

12 A sale by Landlord to any authority with power of eminent domain, either under
13 threat of condemnation or while condemnation proceedings are pending, shall be deemed a
14 taking under the power of eminent domain under this Section 11. Landlord need not incur
15 expenses for restoration in excess of the amount of condemnation proceeds received by Landlord
16 after payment of all reasonable costs, expenses and attorneys' fees paid or incurred by Landlord
17 in connection with the condemnation.

18 SECTION 12 SIGNS

19 Tenant shall not construct or install any signs visible from the exterior of the
20 Building without the prior written consent of Landlord. Any sign on the Premises will be
21 designed and constructed in compliance with the signage criteria of Exhibit "B" and all
22 applicable government codes and regulation. In no event shall handwritten signs be acceptable.

1 Tenant reserves the right, with Landlord's approval, to name the Building and
2 erect signage declaring such on the Building subject to all public codes and requirements.
3 Because the Building will share a common entry and elevator/stair core with Landlord's property
4 to the south, Landlord shall be consulted by Tenant and shall approve such name. In any event,
5 all signage Tenant places on the South Elevation of the Premises may be obscured or removed
6 altogether at such time as an adjoining building is constructed during the course of this lease.
7 Landlord will not be required to replace or in any way compensate Tenant for the loss of such
8 signage.

9 SECTION 13 OTHER OBLIGATIONS OF PARTIES

10 13.1 Liens

11 Tenant shall pay when and as due all claims for work done on the Premises by
12 Tenant, its agents, employees and or contractors for services rendered or materials furnished to
13 the Premises and ordered or caused by Tenant or arising from Tenant's use of the Premises, and
14 shall keep the Premises free from all liens arising from any act or omission of Tenant or those
15 claiming by or through Tenant. If Tenant fails to pay such claim or to discharge any lien,
16 Landlord may do so and collect such amount as Additional Rent. Amounts paid by Landlord
17 shall bear interest and be repaid by Tenant as provided in Section 14.3 below. Such payment by
18 Landlord shall be in addition to any other right or remedy and shall not constitute a waiver of any
19 right or remedy Landlord may have because of Tenant's breach of this Lease.

20 13.2 Holding Over

21 Tenant may elect to hold over after the expiration of the term of this Lease for a
22 period of up to six (6) months, by giving written notice to Landlord of Tenant's election to hold
23 over at least nine (9) months before the last day of the term of the Lease (including exercised
24 extensions thereof). Tenant's written notice shall state the number of months, up to six (6)

1 months, it is electing to hold over. If Tenant makes a timely election to hold over, then the Base
2 Rent for the holdover period will be the same as the Base Rent for the period immediately
3 preceding the holdover period. If Tenant does not vacate the Premises and remove property
4 and/or restore the Premises as required by this Lease upon the expiration or earlier termination of
5 this Lease or such six month holdover period, Landlord shall have the option to treat Tenant as a
6 Tenant from month to month, subject to all of the provisions of this Lease (except that the Term
7 will be month to month and the Base Rent will be 125 percent (125%) of the Base Rent payable
8 by Tenant immediately prior to the end of the Term), or to eject Tenant from the Premises and
9 recover damages caused by wrongful hold over. During the period after Tenant's written notice
10 electing to hold over, Landlord and its space planner, broker and prospective tenant may have
11 reasonable access to the Premises, upon at least two (2) Business Days advance notice to
12 Landlord to inspect the Premises; however, in exercising this right, Landlord shall interfere with
13 Tenant's operations as little as is possible.

14 13.3 Subordination and Nondisturbance Agreement

15 Tenant's interest hereunder shall be subject and subordinate to all mortgages, trust
16 deeds, and other financing and security instruments in place upon the Lease Commencement
17 Date or placed on the Premises by Landlord from time to time (hereafter "Mortgage") so long as
18 the holder of the Mortgage gives Tenant a non-disturbance agreement in a form reasonably
19 acceptable to Tenant and except that no assignment or transfer of Landlord's rights hereunder to
20 a lending institution as collateral security in connection with a Mortgage shall affect Tenant's
21 right to possession, use, and occupancy of the Premises so long as Tenant shall not be in default
22 under any of the terms and conditions of this Lease. The provisions of this Section shall be self-
23 operating. Within 30 days after Tenant's request, Landlord shall deliver to Tenant a non-
24 disturbance agreement executed by the holder of any or all Mortgages in a form reasonably
25 acceptable to Tenant. Tenant agrees to execute, acknowledge and deliver to Landlord within ten
26 days after Landlord's written request, an instrument in recordable form which expressly

1 subordinates Tenant's interest hereunder to the interests of the holder of any Mortgage, and
2 which includes any other reasonable provisions requested by the holder or prospective holder of
3 any Mortgage, provided that such lender executes a non-disturbance agreement in favor of
4 Tenant in a form reasonably acceptable to Tenant. At Landlord's request, Tenant shall furnish
5 Landlord current balance sheets, operating statements, and other financial statements in the form
6 as reasonably requested by Landlord or by the holder or prospective holder of any Mortgage,
7 certified by Tenant as accurate and current. If any party providing financing or funding to
8 Landlord requires that Tenant execute any document evidencing such subordination or requiring
9 Tenant to give it written notice of any default by Landlord, giving such party the right to cure
10 any such default and preventing Tenant from terminating this Lease unless such default remains
11 uncured after thirty (30) days, or any other reasonable provisions, Tenant shall execute and
12 deliver any agreement required by such party in order to accomplish this purpose within ten days
13 after Landlord's written request therefor, so long as the form thereof is reasonably acceptable to
14 Tenant.

15 13.4 Sale and Assignment of Landlord's Interest

16 The liability of Landlord under this Lease shall be limited to Landlord's interest
17 in the Premises, the proceeds thereof and all insurance proceeds and condemnation awards
18 applicable to the Building and the land under the Building, and any judgment against Landlord
19 shall be enforceable solely against such interests. Landlord may, at any time, sell, assign,
20 transfer, or mortgage its interest in this Lease or in the fee of Building, subject to Tenant's rights
21 under this Lease. In the event the original Landlord hereunder, or any successor owner of the
22 Premises, shall sell, convey, or otherwise transfer its interest in the Premises, all liabilities and
23 obligations on the part of the original Landlord, or such successor owner, under this Lease
24 accruing thereafter shall terminate but only if the successor owner assumes all such liabilities and
25 obligations. All liabilities and obligations of Landlord shall be binding upon the new owner.
26 Tenant agrees to attorn to such new owner.

1 13.5 Estoppel Certificate

2 Within ten (10) days after Landlord's written request, Tenant and/or any
3 subtenant(s) shall deliver a written statement stating the amount of all rent, the date to which the
4 rent and other changes have been paid, whether the Lease is unmodified and in full force and
5 effect, and any other matters that may reasonably be requested by Landlord or by any
6 prospective lender or purchaser.

7 13.6 Rules and Regulations

8 Tenant agrees to comply with all reasonable rules, regulations and requirements
9 for the Premises, as adopted and modified by Landlord from time to time (the "Rules and
10 Regulations") and to cause Tenant's customers, subtenants, independent contractors, employees,
11 agents, and invitees to abide by the Rules and Regulations. Tenant agrees that Landlord shall not
12 be responsible to Tenant for the noncompliance with any Rules and Regulations, but the Rules
13 and Regulations shall be enforced uniformly, in a non-discriminatory manner.

14 13.7 Existing Restrictions

15 This Lease is subject to all easements, restrictions, agreements of record,
16 mortgages and deeds of trust, zoning and building laws, and all other laws, statutes, codes,
17 ordinances, rules, regulations and other governmental requirements now in effect or becoming
18 effective after the date this Lease is executed (collectively, "Laws").

19 13.8 Covenant of Quiet Enjoyment

20 Landlord covenants that, as long as no event of default shall have occurred,
21 Tenant shall peaceably and quietly have, hold and enjoy the Premises during the term of this
22 Lease without any interruption or disturbance from Landlord or any party claiming, by, through,
23 or under Landlord, subject to the terms and conditions of this Lease.

1 SECTION 14 DEFAULTS; REMEDIES

2 14.1 Default

3 The following shall be events of default:

4 14.1.1 Payment Default. Failure of Tenant to make any Base Rent or Additional
5 Rent payment, or any other payment under this Lease within ten (10) days after written notice or
6 billing statement that it is due.

7 14.1.2 Unauthorized Transfer. Tenant makes any transfer without Landlord's
8 prior written consent as required under Section 10.

9 14.1.3 Abandonment of Premises. Tenant abandons the Premises during the
10 Term, unless such failure is excused under other provisions of this Lease.

11 14.1.4 Default in Certain Covenants. Failure of Tenant to deliver the instruments
12 described in Section 13.3 or Section 13.5 as and when required in such Sections, as applicable, or
13 failure of Tenant to comply with any applicable Law when and as required by the applicable
14 governmental authority.

15 14.1.5 Default in Other Covenant. Failure of Tenant to comply with any other
16 term or condition of this Lease or to fulfill any other obligation of this Lease within twenty (20)
17 days after written notice by Landlord specifying the nature of the failure with reasonable
18 particularity. However, if compliance cannot reasonably be completed within such 20-day
19 period, then the time for compliance shall be extended until completion, so long as Tenant is
20 diligently pursuing compliance. No notice and no opportunity to cure shall be required if
21 Landlord has previously given Tenant notice of failure to comply with such term or condition or
22 fulfill such other obligation of this Lease two or more times in any twelve-month period during
23 the Term.

1 14.1.6 Insolvency Defaults. Dissolution, termination of existence, insolvency on
2 a balance sheet basis or business failure of Tenant; the commencement by Tenant of a voluntary
3 case under the federal bankruptcy laws or under any other federal or state law relating to
4 insolvency or debtor's relief; the entry of a decree or order for relief against Tenant in an
5 involuntary case under the federal bankruptcy laws or under any other applicable federal or state
6 law relating to insolvency or debtor's relief; the appointment of or the consent by Tenant to the
7 appointment of a receiver, trustee or custodian of Tenant or of any of Tenant's property; an
8 assignment for the benefit of creditors by Tenant; Tenant's failure generally to pay its debts as
9 such debts become due; the making or suffering by Tenant of a fraudulent transfer under
10 applicable federal or state law; concealment by Tenant of any of its property in fraud of
11 creditors; or the imposition of a lien through legal proceedings or distraint upon any of the
12 property of Tenant which is not discharged or bonded. During any period in which there is a
13 Guarantor(s) of this Lease, each reference to "Tenant" in this paragraph shall be deemed to refer
14 to "Guarantor or Tenant" separately.

15 14.2 Remedies on Default

16 Upon default, Landlord may exercise any one or more of the following remedies,
17 or any other remedy available under applicable law:

18 14.2.1 Retake Possession. To the extent permitted by law, Landlord may re-enter
19 and retake possession of the Premises, without notice, either through self-help, by summary
20 proceedings, any other applicable action or proceeding, or other means. Landlord may use the
21 Premises for Landlord's own purposes or relet it upon any reasonable terms without prejudice to
22 any other remedies that Landlord may have by reason of Tenant's default. None of these actions
23 will be deemed an acceptance of surrender by Tenant. To the extent permitted by law, and
24 except as expressly provided in this Lease, Tenant waives the service of any notice of intention
25 to terminate this Lease or to retake the Premises, and waives service of any demand for payment

1 of rent or for possession, and of any and every other notice or demand required or permitted
2 under applicable law.

3 14.2.2 Relet the Premises. Landlord at its option may relet the whole or any part
4 of the Premises, from time to time either in the name of Landlord or otherwise, to such tenants,
5 for such terms ending before, on, or after the expiration date of the Term, at such rentals and
6 upon such other conditions (including concessions and free rent periods) as Landlord, in its sole
7 discretion, may determine to be appropriate. Landlord shall have no obligation to relet the
8 Premises or any part and shall not be liable for refusal or failure to relet the Premises, or in the
9 event of any such reletting, for refusal or failure to collect any rent due upon such reletting. No
10 such refusal or failure shall operate to relieve Tenant of any liability under this Lease or
11 otherwise affect Tenant's liability. However, Landlord has the duty to mitigate its damages. If
12 there is other comparable unleased space owned by Landlord, Landlord shall have no obligation
13 to attempt to relet the Premises prior to leasing other space.

14 14.2.3 Damages for Default. Whether or not Landlord retakes possession of or
15 relets the Premises, Landlord may recover all damages caused by the default (including but not
16 limited to unpaid rent, attorneys' fees reasonably incurred, and costs of reletting). Landlord may
17 sue periodically to recover damages as they accrue during the remainder of the Term without
18 barring a later action for further damages. Landlord may at any time bring an action for accrued
19 damages plus damages for the remaining Term as allowed by law.

20 14.3 Cure of Tenant's Default

21 Without prejudice to any other remedy for default, Landlord may perform any
22 obligation of Tenant or make any payment required by Tenant under this Lease if Tenant fails to
23 do so within thirty (30) days after Landlord's written demand that Tenant do so. The cost of
24 performance, including reasonable attorneys' fees and all disbursements, shall immediately be
25 repaid by Tenant upon demand, together with interest from the date of expenditure until fully

1 paid at the prime rate as declared by a major bank in Oregon, plus two percentage points, but not
2 in any event at a rate greater than nine percent (9%).

3 SECTION 15 SECURITY DEPOSIT

4 This paragraph intentionally omitted.

5 SECTION 16 ADA COMPLIANCE

6 Landlord and Tenant acknowledge that the provisions of the Americans with
7 Disabilities Act (the "ADA") allow allocation of responsibility for compliance with the terms
8 and conditions of the ADA in the Lease. Landlord and Tenant agree that the responsibility for
9 compliance with the ADA shall be allocated as set forth in this Section. Tenant shall be
10 responsible for compliance with the applicable provisions of the ADA with respect to all
11 improvements within the Premises made by Tenant after the Lease Commencement Date except
12 that Landlord represents that any improvements hereafter installed by Landlord at Tenant's
13 expense will conform to the requirements of the ADA Compliance Guidelines in effect as of the
14 date of installation. Landlord shall be responsible for compliance with the provisions of title III
15 of the ADA with respect to the exterior of the Building and the Land including parking areas,
16 sidewalks and walkways, and the like. Neither Landlord nor Tenant shall be obligated to
17 supervise, monitor, or otherwise review the compliance activities of the other. References in this
18 Lease to Legal Requirements shall be deemed to refer to the ADA among other laws.

19 SECTION 17 CONSTRUCTION OF ADJOINING BUILDING

20 During the term of this Lease, Landlord, or entities controlled by Landlord, may
21 construct a building ("Building II") on land adjoining the Premises to the South, which land is
22 legally described as Lots 2 and 3, Block 34, Couch's Addition to the City of Portland,
23 Multnomah County, Oregon. In order to construct seismic elements that may be required by the
24 City of Portland, it is the intention of Landlord to connect certain seismic elements of Building II
25 to the Building leased herein. The connection of the two buildings will require portions of the

1 south wall of the lobby in certain locations to be removed so that the floor plates and other
2 seismic elements of the buildings can be connected. Construction activity may also occur in the
3 basement of the Building. In addition, both buildings may share the south stairwell in the
4 Building, utilities and garbage areas and loading docks. If this occurs, Landlord will not permit
5 anything to interfere with Tenant's security nor will any such work interfere in any manner with
6 Tenant's operations. Tenant agrees to cooperate with Landlord in such endeavor, including
7 executing any documents that may be necessary therefore, such as easements and addenda to this
8 Lease for shared facilities. If Tenant's use of the Premises is disrupted given the nature of
9 construction, Landlord will give a reasonable rent abatement to Tenant, and Tenant shall have all
10 other rights and remedies available to it under Law and at equity.

11 SECTION 18 PARKING

12 Tenant or their authorized subtenants has the right to rent up to fifty-six (56)
13 monthly, unreserved parking stalls at market rates in the parking garage located at 221 NW Fifth
14 Avenue, Portland, Oregon from the owner of the parking garage. Tenant shall give the parking
15 garage management company thirty (30) days notice to rent the stalls. Payment for such parking
16 stalls shall be made to the parking management company operating the parking garage.
17 Landlord controls the entity that owns the garage at 221 NW Fifth Avenue. Landlord agrees,
18 prior to the Commencement Date, to record an instrument against that garage, setting forth
19 Tenant's parking rights pursuant to this Lease in a form reasonably acceptable to Tenant. **[Are**
20 **any spaces reserved? Please check this.]** .

21 SECTION 19 RESTRICTIONS ON LEASE OF NON-PREMISES SPACE

22 19.1 Landlord agrees not to lease the Non-Premises Space to a tenant unless the Tenant
23 has approved of the Non-Premises Space tenant, using its reasonable judgment based on the
24 following criteria: (i) whether or not the tenant's business operations would likely interfere with
25 Tenant's operations; (ii) the potential use of Hazardous Substances by the tenant; (iii) whether or

1 not the tenant's visitors or clients are facing criminal charges or receiving treatment for drug
2 addiction; (iv) whether or not the Tenant has been found guilty of a fraud, violation of consumer
3 protection laws, or a felony; and (v) whether or not the tenant engages in a business that is other
4 than a general office use. Landlord shall seek prior approval from tenant before entering into a
5 lease with a tenant for the Non-Premises Space and shall provide Tenant with all information
6 requested by Tenant relevant to the above criteria, and Tenant shall approve, conditionally
7 approve or disapprove of the proposed tenant within five (5) Business Days of being provided
8 with the above information. This provision regarding tenant approval applies only when the
9 Tenant is the Portland Development Commission.

10 19.2 Landlord shall require the Non-Premises Space tenants and occupants to comply
11 with the provisions of Section 5 of this Lease as if the Non-Premises Space were part of the
12 Premises. In addition, the prospective tenant shall be required to comply with Tenant's security
13 requirements. Landlord will consult with Tenant on the compatibility of use and security issues
14 of a prospective tenant prior to executing a lease.

15 SECTION 20 MISCELLANEOUS

16 20.1 Waiver

17 No waiver by Landlord of performance of any provision of this Lease shall be
18 deemed to be a waiver of nor prejudice Landlord's right to otherwise require performance of the
19 same provision or any other provision. No waiver by Tenant of performance of any provision of
20 this Lease shall be deemed to be a waiver of nor prejudice Tenant's right to otherwise require
21 performance of the same provision or any other provision.

22 20.2 Recording

23 Tenant shall not record this Lease without the prior written consent of Landlord.

1 20.3 Notices

2 Except as otherwise expressly set forth in this Lease, all notices under this Lease
3 shall be in writing and shall be effective when delivered in person, or if mailed, upon deposit in
4 the United States mail, certified and postage prepaid and addressed to the address of Tenant
5 shown in Section 1.8 or to the address of Landlord shown in Section 1.2 or at such other address
6 as may be designated by either party by notice to the other given in accordance with this Section
7 20.3.

8 20.4 Construction

9 (a) This Lease shall be construed and governed by the laws of the State of
10 Oregon; (b) the invalidity or non-enforceability of any provision hereof shall not affect or impair
11 any other provisions hereof; (c) this Lease constitutes the entire agreement of the parties and
12 supersedes all prior agreements or understandings between the parties with respect to the subject
13 matter hereof; (d) this Lease may not be modified or amended except by written agreement
14 signed by both parties; (e) if there be more than one Tenant, the obligations hereunder imposed
15 upon Tenant shall be joint and several; (f) time is of the essence of this Lease and each and every
16 provision hereof; (g) nothing contained herein shall create the relationship of principal and agent
17 or of partnership or of joint venture between the parties hereto and no provisions contained
18 herein shall be deemed to create any relationship other than that of landlord and Tenant; (h) all
19 provisions, the full performance of which is not required prior to the expiration or earlier
20 termination of this Lease shall survive the expiration or earlier termination of this Lease and
21 shall be fully enforceable thereafter; (i) there have been no representations made by Landlord or
22 its agents or understandings made between the parties other than those set forth in this Lease;
23 (j) the parties acknowledge and agree that any calculations of square footage in the Building are
24 approximations; and (k) no recalculation of square footage shall affect the obligations of Tenant

1 or Landlord under this Lease including, without limitation, the amount of Base Rent or
2 Additional Rent payable by Tenant or the amount of Landlord's Share of Tenant Paid Expenses.

3 20.5 Successors

4 Subject to any limitations on assignments in this Lease, all of the provisions of
5 this Lease shall inure to the benefit of and be binding upon the successors and assigns of the
6 parties to this Lease.

7 20.6 Attorneys' Fees

8 In the event suit, action or arbitration is instituted to interpret or enforce any term
9 of this Lease, the prevailing party shall be entitled to recover from the other party such sum as
10 the court may adjudge reasonable as attorneys' fees at trial, on petition for review, or on appeal,
11 in addition to all other sums provided by law.

12 20.7 Hazardous Substances

13 20.7.1 Landlord has given to Tenant a copy of a Phase I Environmental Site
14 Assessment Executive Summary from Evergreen Environmental Management, Inc., dated
15 March 8, 2000 and Asbestos Survey Report from PBS Environmental dated March 6, 2000.
16 Landlord has removed the hazardous substances referred to in the aforementioned reports. Other
17 than the matters contained in the aforementioned reports, Landlord represents that to the best of
18 its knowledge and belief the Premises are free of any Hazardous Substance or contamination as
19 of the Lease Commencement Date. Landlord shall indemnify and hold Tenant harmless against
20 all claims for damages or other relief due to any Hazardous Substance or contamination existing
21 at the Lease Commencement Date, unless the damage was caused by Tenant or Tenant's agents.
22 This indemnification of Tenant by Landlord includes, without limitation, costs incurred in
23 connection with an investigation of site conditions or any clean-up, remedial, removal, or
24 restoration work required by any federal, state, or local governmental agency or political

1 subdivision because of Hazardous Substance present in the soil or ground water on or under the
2 Building or Premises. Without limiting the foregoing, if the presence of any Hazardous Material
3 on the Building or Premises caused by Landlord or its contractors results in any contamination of
4 the Building or Premises, Landlord shall promptly take all actions at its sole expense as are
5 necessary to return the Building or Premises to the condition existing prior to the release of any
6 such Hazardous Material to the Building or Premises. The foregoing indemnity shall survive the
7 expiration of earlier termination of this Lease. Landlord agrees to defend all such claims on
8 behalf of Tenant with counsel reasonably acceptable to Tenant.

9 20.7.2 Neither Tenant nor Tenant's agents, independent contractors or employees
10 shall use, generate, transport, treat, store, dispose of or otherwise handle Hazardous Substances
11 on or about the Premises without the prior written consent of Landlord. Landlord may withhold
12 such consent in its sole discretion or may condition such consent upon Tenant's agreement to
13 comply with requirements designated by Landlord. The term "Hazardous Substances" shall
14 mean any and all hazardous, toxic, infectious or radioactive substances, wastes or materials as
15 defined or listed by any Law. Tenant shall be solely responsible for and shall indemnify, defend,
16 and hold Landlord harmless from any and all claims, judgments, damages, fines, liabilities,
17 demands, causes of action proceedings, hearings, losses, including without limitation, diminution
18 in value of the Premises or Building, damages for the loss or restriction on use of rentable or
19 usable space or of any amenity of the Premises or Building, damages arising from any adverse
20 impact on marketing of space, and sums paid in settlement of claims, attorney's fees, consultant
21 fees, and export fees, which arise during or after the term hereof as a result of contamination by
22 Hazardous Material from Tenant's use or activities, or the use or activities of Tenant's agents or
23 contractors relating to the storage, placement or use of Hazardous Material (hereinafter
24 collectively referred to as "Claims"). This indemnification of Landlord by Tenant includes,
25 without limitation, costs incurred in connection with an investigation of site conditions or any
26 clean-up, remedial, removal, or restoration work required by any federal, state, or local

1 governmental agency or political subdivision because of Hazardous Substance present in the soil
2 or ground water on or under the Building or Premises. Without limiting the foregoing, if the
3 presence of any Hazardous Material on the Building or Premises caused by Tenant or its agents
4 or contractors results in any contamination of the Building or Premises, Tenant shall promptly
5 take all actions at its sole expense as are necessary to return the Building or Premises to the
6 condition existing prior to the release of any such Hazardous Material to the Building or
7 Premises, provided that Landlord's approval of such actions shall first be obtained. The
8 foregoing indemnity shall survive the expiration of earlier termination of this Lease. Tenant
9 agrees to defend all such claims on behalf of Landlord with counsel reasonably acceptable to
10 Landlord.

11 20.8 Force Majeure

12 Whenever a period of time is prescribed in this Lease for action to be taken by
13 Tenant or Landlord, Tenant or Landlord shall not be liable or responsible for, and there shall be
14 excluded from the computation for any such period of time, any delays due to acts of God,
15 strikes, riots, shortages of labor or materials, war, Laws, or any other causes of any kind
16 whatsoever which are beyond the control of Tenant or Landlord, except for financial
17 circumstances.

18 20.9 Brokerage

19 Tenant represents and warrants that it has dealt with no broker, agent, or other
20 person in connection with this transaction.

21 20.10 Authority

22 The person executing this Lease on behalf of Tenant hereby covenants and
23 warrants that the execution of this Lease is duly authorized by Tenant, that Tenant is qualified to
24 do business in Oregon, and that the person signing on behalf of Tenant was authorized by Tenant

1 to bind Tenant to this Lease. Upon Landlord's request, Tenant shall provide Landlord with
2 evidence reasonably satisfactory to Landlord confirming the foregoing covenants and warranties.

3 20.11 Prior Lease Replacement

4 This Lease will commence on July 1, 2010. Beginning on the Lease
5 Commencement Date, this Lease and all exhibits will replace the prior lease (Prior Lease)
6 between the parties, dated January 24, 2001 as well as all exhibits, and addenda thereto, and all
7 amendments thereto, at which time the Prior Lease will terminate. **[Will we extend the lease of
8 storage space in the 208 SW Fifth Building?]**

9 20.12 No Offer

10 This Lease is submitted to Tenant on the understanding that it will not be
11 considered an offer and will not bind Landlord in any way until (a) Tenant has duly executed and
12 delivered duplicate originals of this Lease to Landlord and (b) Landlord has executed and
13 delivered one of such originals to Tenant.

14 20.13 Reasonableness

15 Wherever Landlord's or Tenant's consent, approval, decision, or determination is
16 required by the terms of this Lease or requested by the other party, such approval, consent,
17 decision or determination shall not be unreasonably withheld, conditioned or delayed.

18 20.14 Exhibits

19 The following Exhibits are attached to this Lease and are a part of this Lease as if
20 set forth in full in this Lease:

- 21 Exhibit A: Legal Description
- 22 Exhibit B: Signage Criteria
- 23 Exhibit C: Janitorial Specifications
- 24 Exhibit D: Option to Extend

1 The parties have executed this Lease on the day and year first above written.

2 Landlord: Mason-Ehrman LLC

3

4

5 By _____ Date _____
6 Its Managing Member

7 Tenant: Portland Development Commission

8

9

10 By _____ Date _____
11 Executive Director

12 Approved as to form:

13

14 Office of General Counsel

15

16

17 By _____ Date _____
18 Name _____

1
2

Exhibit A
Legal Description

3 Lots 6 and 7, Block 34 COUCH'S ADDITION TO THE CITY OF PORTLAND,
4 in the City of Portland, County of Multnomah and State of Oregon.

1 **Exhibit B**
2 **Signage Criteria**

3 Exterior Tenant Signage

4 Landlord offers Tenant two opportunities for exterior signage on the Building.
5 One may be on a metal blade sign mounted at the northwest corner of the building at the specific
6 location and height reflected in the illustration attached as Exhibit B1. Such sign may display
7 the name of tenants or the Building and be lit at night by spotlights installed by Tenant and
8 approved by Landlord.

9 The second sign shall be a metal sign surface-mounted on the exterior wall
10 directly west of the exterior door at 422 NW Everett Street, at the specific location and height
11 reflected in the illustration, attached as Exhibit B2. Such sign may display the name of tenants
12 or the Building and be lit at night by spotlights installed by Tenant and approved by Landlord.

13 All signage and graphic materials, graphics styling and sizing and mounting
14 means shall be presented by Tenant to Landlord in writing for approval and shall comply with
15 the City sign codes. All expenses including obtaining the necessary permits, related to exterior
16 signage shall be borne by Tenant.

**Exhibit C
Janitorial Specifications**

Janitorial services for the Park Avenue West shall be provided by a responsible contractor; one who offers an affordable healthcare plan, a secure retirement and/or pension plans, and a clear grievance and arbitration process where a majority of workers who are employed have a place where they have a right to form a union if over 50% sign up.

MASON EHRMAN BUILDING

Janitorial Specifications

<i>JANITORIAL HOUSEKEEPING</i>	Times Weekly	Times Monthly	Times Yearly
◆ Entrances and Stairwells: Clean front door and spot clean all glass including partitions, sweep entry areas and empty any ashtrays located outside of building. Vacuum, Sweep or Spot Mop entry and stairwell floor as needed.	3		
◆ Remove all trash and replace liners as needed. CENTRAL CONTAINERS - DAYS	5		
◆ Dust all areas paying special attention to corners, lights, etc. for cobwebs. Particular care should be paid to not disturb areas at or around desks. BLINDS - FRIDAYS	1		
◆ Remove dirt, spills and other debris from all surfaces such as walls and desks. (DO NOT move paperwork or personal items on desks or shelves and Studio Boards.)	3		
◆ Clean and disinfect all Break Areas surfaces including drinking fountains. Arrange furniture and magazines.	5		
◆ Sanitize and polish sink in Break Areas.	5		
◆ Dust all diffusers and vents.			2
◆ Spot clean all relights.	3		
◆ Spot clean all stainless steel in lobby and elevators. DAY PORTER	5		
◆ Provide and maintain all paper and cleaning products throughout building.	5		
◆ Maintain all cleaning areas (janitorial rooms) in a clean, neat and orderly condition at all times.	5		
<i>RESTROOMS / SHOWER ROOMS</i>	Times Weekly	Times Monthly	Times Yearly
◆ Sanitize and polish sinks, toilet bowls and urinals.	5		
◆ Clean and polish pipe fittings.		1	
◆ Clean and sanitize top and bottom of toilet seats.	5		
◆ Clean glass and mirrors.	5		
◆ Empty waste receptacles and insert liners.	5		
◆ Disinfect waste receptacles.	5		
◆ Disinfect toilet partitions and urinal partitions.		1	
◆ Damp mop floor.	5		
◆ Remove spots, stains and splashes from walls.	5		
◆ Remove finger marks from doors and frames.	5		

◆ Remove finger marks from light switches.	5		
◆ Remove finger marks from kickplates and push plates.	5		
◆ Refill all dispensers.	5		
◆ Dust horizontal surfaces.	5		
◆ Clean diffusers in ceilings and walls.		1	
◆ Wash and disinfect walls, doors and frames.		1	
◆ Flush toilet bowls and urinals with bowl cleaner.	5		
<i>RESILIENT FLOORS</i>	Times Weekly	Times Monthly	Times Yearly
◆ Dust mop.	5		
◆ Spot mop.	5		
◆ Thorough mop all hard floors.	3		
◆ Scrub all hard floors.			June, Sep Dec.
<i>CARPETS</i>	Times Weekly	Times Monthly	Times Yearly
◆ Vacuum traffic lanes. VISUALLY INSPECT ALL AREAS	5		
◆ Vacuum all areas. INCLUDES OFFICES	1		
◆ Clean small spots and stains.	3		
◆ Clean and shampoo carpet.			March, Sept.
◆ Shampoo entrance mats.			N/A
◆ Shampoo traffic lanes.			N/A
<i>WINDOWS</i>	Times Weekly	Times Monthly	Times Yearly
◆ Wash exterior of outside office windows.			2
◆ Wash interior of outside office windows.			2
◆ Wash both sides of office partition glass. DAY PORTER			4
◆ Wash entrance glass windows.			4
◆ Wash entrance glass doors.			4
◆ Wash metal frames and thresholds of glass doors.			4
◆ Wash interior door glass.			4

1
2
3

DAY PORTER will be on-site 5 days per week between 6:00 a.m. – 3:00 p.m. with duties assigned.

1 **Exhibit D**
2 **Option to Extend**

3 1. Right to Extend

4 Tenant shall have the option to extend the term of this Lease for two (2)
5 successive term(s) of five (5) years each. All terms and conditions of the Lease shall remain
6 unchanged except for Base Rent which shall be determined as hereinafter provided. Other than
7 as set forth herein, Tenant shall have no further option to extend this Lease. Exercise of each
8 extension option shall be by written notice given to Landlord at least 180 days prior to the
9 expiration of the original term, or the preceding extended term, if any.

10 2. Determination of Rent

11 During each extended term, Base Rent shall be adjusted to reflect 95% of the fair
12 market rental value of the Premises for the extended term, determined as herein provided. No
13 later than 365 days prior to the expiration of the lease term then in effect, Landlord shall notify
14 Tenant of its determination of the fair market rental value. Within 30 days after the effective
15 date of such notice, Tenant shall either (i) notify Landlord of Tenant's acceptance of Landlord's
16 determination of the fair market rental value, in which event Base Rent for the extended term in
17 question shall be as so determined by Landlord; or (ii) notify Landlord of Tenant's rejection of
18 Landlord's determination of the fair market rental value, in which event the fair market rental
19 value shall be determined in accordance with Section 3 below. The failure of Tenant to give any
20 notice within the required time period shall be deemed a rejection by Tenant of Landlord's
21 determination of the fair market rental value.

22 3. Arbitration Procedure

23 Within ten days after Tenant's rejection of Landlord's determination of fair
24 market rental value, each party shall designate a representative who is either an Oregon licensed
25 MAI appraiser skilled in determining rental rates for office space in the Portland, Oregon,

1 metropolitan area, an owner of a Portland, Oregon, metropolitan area office building, or a real
2 estate broker experienced in leasing space in the Portland, Oregon, metropolitan area. The two
3 representatives so chosen shall select an arbitrator having the above qualifications or, if they
4 cannot agree, the presiding judge of the Circuit Court of Multnomah County, Oregon shall, upon
5 application by either party, select an arbitrator having the above qualifications. At least 90 days
6 prior to the commencement of the extended term in question, each party's representative shall
7 submit to the arbitrator a written report stating such representative's opinion of the fair market
8 rental value of the Premises as of the date of the commencement of the extension term, based on
9 a consideration of rental rates then being charged (under the most recently executed leases) in the
10 Portland, Oregon metropolitan area for space comparable to the Premises. Within 30 days after
11 receipt of such reports, the arbitrator shall accept one or the other of the reports. The
12 determination of the fair market rental value in the report so accepted shall be binding on the
13 parties. The cost of the determination of the fair market rental value pursuant to this Section 3
14 shall be shared equally by Landlord and Tenant. If the arbitrator does not decide the fair market
15 rental value to be paid prior to commencement of the extended term in question, Rent shall
16 continue to be payable in the amount previously in effect, and retroactive adjustment shall be
17 made when the arbitrator reaches a decision.

PDC

PORTLAND DEVELOPMENT COMMISSION

Resolution Number 6789

Title:

AUTHORIZE THE EXECUTIVE DIRECTOR TO FINALIZE NEGOTIATIONS AND EXECUTE A COMMERCIAL LEASE FOR THE PORTLAND DEVELOPMENT COMMISSION'S HEADQUARTERS

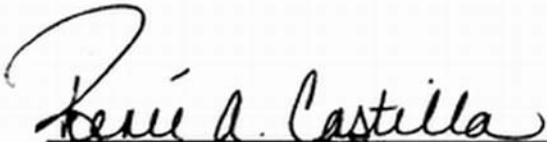
Adopted by the Portland Development Commission on May 12, 2010.

PRESENT FOR VOTE	COMMISSIONERS	VOTE		
		Yea	Nay	Abstain
<input checked="" type="checkbox"/>	Chair Scott Andrews	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
<input checked="" type="checkbox"/>	Commissioner Bertha Ferrán	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
<input checked="" type="checkbox"/>	Commissioner John Mohlis	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
<input checked="" type="checkbox"/>	Commissioner Steven Straus	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>
<input checked="" type="checkbox"/>	Commissioner Charles Wilhoite	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
<input type="checkbox"/> Consent Agenda		<input checked="" type="checkbox"/> Regular Agenda		

Certification

The undersigned hereby certifies that:

The attached resolution is a true and correct copy of the resolution as finally adopted at a Board Meeting of the Portland Development Commission and duly recorded in the official minutes of the meeting.


Renee A. Castilla, Recording Secretary

Date: June 17, 2010