

ORIGINAL

LEWIS COUNTY PUBLIC FACILITIES DISTRICT

RESOLUTION NO. 2012-003

A RESOLUTION of the Board of Directors of the Lewis County Public Facilities District, approving the form of an Event Center Lease Agreement relating to the proposed Lewis County Event Center and Sports Complex.

WHEREAS, Pursuant to Chapter 36.100 RCW, by Resolution No. 07-247, the Board of County Commissioners of Lewis County ("the County") created the Lewis County Public Facilities District (the "District"), with boundaries coextensive with the boundaries of the County, for the purpose of pursuing the design, construction, ownership, operation and/or financing of a public facility, including parking facilities, constituting a "regional center" as defined in RCW 35.57.020; and

WHEREAS, Resolution No. 07-247 of the Lewis County Board of County Commissioners, in a recital, declared that it is in the interest of the County to provide for the development of a public facility for a range of purposes, including equestrian, rodeo, musical, and other cultural purposes "to serve local and regional businesses, community, family entertainment, youth performance, sport, recreation and athletic organizations, [and] to promote economic development..."; and

WHEREAS, the District's Board entered into discussions with the proponents of the Lewis County Event Center and Sports Complex (the "Project"), the City of Centralia, and the Centralia School District, and entered into an "Umbrella Agreement" dated March 22, 2010, and an "Interlocal Agreement for Development of Event Center and Sports Complex" dated June 15, 2010, each setting forth the basic parameters of the Project and the various documents and actions necessary to carry out the Project; and

WHEREAS, the District entered into an Event Center Lease Agreement with Lewis County Event Center LLC on July 16, 2010, which was subsequently amended, restated and superseded, but which ultimately became ineffective in accordance with its terms; and

WHEREAS, on October 26, 2010, the District issued its \$5,795,000 par value Limited Sales Tax Obligation Bonds, 2010 (Taxable Build America Bonds – Direct Payment) to pay for a portion of the cost of the Project; and

WHEREAS, with a portion of the proceeds of the District's bonds, together with other contributions from the District, the Centralia School District and the City of Centralia, major portions of the Project have been completed and are operating, including, depending on configuration, five full-size baseball fields, a baseball stadium,

two Little League Fields, eight softball/fast-pitch fields, football/soccer fields, a multi-purpose playing field and related facilities; and

WHEREAS, the last major component of the Project, construction of an Events Center, will be carried out upon the District's entering into a new lease agreement between the District, as Landlord, and Lewis County Event Center, LLC, as Tenant (the "Event Center Lease Agreement"), which will provide for the Tenant making a significant contribution to completion of construction of that facility, and for operating and maintaining that facility on a long-term basis, as part of a regional center; and

WHEREAS, the District directed a negotiating committee comprised of Board Chair Todd Chaput and Treasurer Rose Bowman (the "Negotiating Committee"), to negotiate a new Event Center Lease Agreement with Lewis County Event Center, LLC, and the Negotiating Committee has carried out that responsibility and recommended a form of Event Center Lease Agreement for approval by the Board;

NOW, THEREFORE, BE IT RESOLVED BY THE BOARD OF DIRECTORS OF THE LEWIS COUNTY PUBLIC FACILITIES DISTRICT:

Section 1 Approval of Form of Event Center Lease Agreement.

The Board approves the Event Center Lease Agreement in substantially the form of the draft on file with the Secretary of the Board. That form is incorporated herein by reference.

Section 2 Authorization of Execution of Event Center Lease Agreement.

The Chair of the Board is authorized to execute the Event Center Lease Agreement in substantially the form on file with the Secretary of the Board, with such changes as the Chair, in consultation with the Negotiating Committee, determines are consistent with the purposes of this resolution and which do not materially alter the basic framework established by the form on file. If the Chair concludes that a change to the form of Event Center Lease Agreement on file is so material as to warrant additional review by the Board, he shall, prior to executing it, circulate to all members of the Board the final form for review, and any Board member may request a Board meeting to discuss the final form of any agreement prior to its execution.

Section 3 Ratification of Prior Acts.

Any action taken consistent with the authority of this resolution, after its passage but prior to its effective date or the effective date of the formation of the District, is ratified, approved, and confirmed.

ADOPTED this 14th day of August, 2012.



Todd Chaput, Chair

ORIGINAL

EVENT CENTER LEASE AGREEMENT

BETWEEN

LEWIS COUNTY PUBLIC FACILITIES DISTRICT,

LANDLORD,

AND

LEWIS COUNTY EVENT CENTER, LLC,

TENANT

ORIGINAL

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THIS EVENT CENTER LEASE AGREEMENT (this "Lease") is made effective as of October 2, 2012 (the "Effective Date"), by and between the LEWIS COUNTY PUBLIC FACILITIES DISTRICT, a public facilities district created and operating under Chapter 36.100 RCW ("Landlord"), and LEWIS COUNTY EVENT CENTER, LLC, a Washington limited liability company ("Tenant").

BACKGROUND

A. Landlord leases the real estate described on Exhibit "A" attached hereto (the "Land") located in the City of Centralia, Lewis County, Washington, pursuant to that certain Ground Lease between Landlord, as tenant, and the City of Centralia (the "City"), as landlord, dated June 11, 2010 (the "Master Lease").

B. Subject to the terms and conditions of this Lease, Landlord and Tenant intend to construct on the Land (i) one or more buildings (collectively with all HVAC, electrical, plumbing, equipment, fixtures, and other building systems and improvements, the "Building"), and (ii) associated landscaping and other improvements (collectively, the "Exterior Improvements"), to be located and constructed substantially in accordance with the Landlord Design-Build Documents (as defined in Section 3.1 below) and the Tenant Plans (as defined in Section 4.5 below) as approved by Landlord and Tenant. The actual location, square footage and design of the Building and Exterior Improvements and the equipment, fixtures, improvements, and personal property to be installed therein by each of Landlord and Tenant are agreed to by Landlord and Tenant in connection with the parties' approval of the Landlord Design-Build Documents and the Tenant Plans that has occurred simultaneously herewith.

C. The Building and the Exterior Improvements, together with all equipment, fixtures, improvements, and personal property now or hereafter located on the Land or in the Building, are hereinafter referred to as the "Project".

D. Subject to the terms and conditions of this Lease, Landlord is leasing the entire Project to Tenant. As used herein, the term "Premises" shall mean the entire Project.

E. The Project is intended to be part of a larger regional center project constructed by Landlord, the City, and the Centralia School District (the "District") (as such regional center is constituted from time to time, the "Regional Center").

F. Landlord and Tenant intend that the Premises be used, in part, to provide the City and the public with facilities for the public benefit and to support operations of the Regional Center.

AGREEMENT

NOW, THEREFORE, for good and valuable consideration, the receipt and sufficiency of which are mutually acknowledged, the parties hereto agree as follows:

1. Demise. In consideration of the rents, covenants and agreements contained in this Lease and upon and subject to the conditions set forth in this Lease, Landlord hereby leases to Tenant, and Tenant hereby leases from Landlord, the Premises to be constructed by Landlord and

Tenant in accordance with the terms hereof, subject to all encumbrances and matters of record, and all applicable zoning and other laws regulating the use of the Premises from time to time.

2. Project Documents. The construction of the Project shall be consistent with and completed substantially in accordance with the following (collectively, the "Project Documents"):

2.1 The location, square footage, general design and layout, and performance specifications of the Project, including the Building and Exterior Improvements as specified in the designs approved simultaneously herewith (the "Design Documents");

2.2 The portions of the Project that will be constructed by Landlord as designated in the Design Documents or by separate agreement ("Landlord's Work");

2.3 The location, square footage, general design and layout, and performance specifications of the portions of the Project that will be constructed by Tenant designated as follows ("Tenant's Work"): All designs, structures, equipment, fixtures, improvements, and personal property not included in Landlord's Work that are necessary or appropriate for the operation of the Premises for the Permitted Uses (as defined in Section 19) will be constructed and installed by Tenant, at Tenant's sole cost, and be part of Tenant's Work;

2.4 A schedule of milestones for construction of Landlord's Work and Tenant's Work (the "Project Construction Schedule"), which will include the expected Lease Commencement Date (as defined in Section 11.1);

2.5 Payment of Tenant's Cash Contribution (as defined in Section 10 below);

2.6 Payment of Tenant's Additional Cash Contribution (as defined in Section 10 below);

2.7 The Public Benefits Program (as defined in Section 13 below) for the initial calendar year in which the Lease Commencement Date is estimated to occur;

2.8 An agreement (the "Leasehold Mortgage Agreement") between Tenant, Landlord (and the City, if applicable) and the institutional lender that will provide Tenant with financing for Tenant's Work ("Tenant's Lender") regarding the right of Tenant to grant a leasehold mortgage with respect to Tenant's leasehold interest under this Lease, which right will be subject to such terms, conditions and restrictions as are agreed to by Landlord, Tenant and Tenant's Lender, each in their sole and reasonable discretion;

2.9 The legal description of the Land to be attached hereto as Exhibit "A";

2.10 The necessary agreements required to provide and manage the Off-Site Parking;

2.11 The non-disturbance and attornment agreement described in Section 42 below between Tenant and the City acceptable to Tenant and the City, each in their sole and reasonable discretion.

In the event the Tenant's Lender and the Landlord or the City, with respect to the Leasehold Mortgage Agreement (if any), are for any reason unable to agree upon any of the Project Documents or terms of such Leasehold Mortgage Agreement on or before a date that is 90 days from the Effective Date, then either Landlord or Tenant may thereafter elect to terminate this Lease by written notice to the other party within 105 days from the Effective Date.

3. Plans and Specifications for Landlord's Work.

3.1 Landlord intends to construct Landlord's Work pursuant to a design-build process. The performance specifications and the final design-build contract or contracts for Landlord's Work (collectively, the "Landlord Design-Build Documents") are approved by Tenant simultaneously herewith.

4. Plans and Specifications for Tenant's Work. Tenant shall retain, or cause the retention of, the services of one or more qualified professionals to design Tenant's Work.

4.1 The plans and specifications prepared on behalf of Tenant (the "Proposed Tenant Plans") shall be submitted to Landlord for approval, which approval shall not be unreasonably withheld. Landlord shall promptly review the Proposed Tenant Plans and make any suggestions or modifications thereto within thirty (30) days thereafter.

4.2 Landlord's failure to make any such suggestions or modifications within such 30-day period shall be deemed acceptance of the Proposed Tenant Plans. In the event Landlord does make suggested modifications to the Proposed Tenant Plans which do not increase the cost of Tenant's Work beyond the amount of the Tenant's Additional Cash Contribution less the estimated cost of Tenant's Work, such changes will be incorporated.

4.3 In the event Landlord and Tenant are for any reason unable to agree upon any of the Proposed Tenant Plans on or before the date set forth in the approved Project Construction Schedule, then either Landlord or Tenant may thereafter elect to terminate this Lease by written notice to the other party at any time prior to the parties approving in writing the Proposed Tenant Plans. In the event this Lease is terminated under this Section 4.3, neither party shall have any further obligations under this Lease.

4.4 Tenant acknowledges that Landlord's review of the Proposed Tenant Plans may include review and input from the City pursuant to the Interlocal Agreement, and that Tenant is responsible for ensuring the Proposed Tenant Plans and Tenant Work are in compliance with all applicable laws, codes, and regulations. In the event the Proposed Tenant Plans and/or Tenant Work are determined to not be in compliance with applicable laws, codes, and/or regulations, Tenant shall make the adjustments necessary to achieve compliance and Landlord's review period in Section 4.1 above shall commence from the date Tenant provides Landlord with the revised, compliant documents.

4.5 The Proposed Tenant Plans approved (or deemed approved) by Landlord and Tenant shall be referred to herein as the "Final Tenant Plans."

5. Construction of Landlord's Work. Landlord shall cause construction of Landlord's Work substantially in accordance with the Landlord Design-Build Documents.

5.1 Landlord shall cause construction of Landlord's Work to commence on or before the date set forth in the approved Project Construction Schedule (the "Outside Commencement of Landlord's Work Date"). The Outside Commencement of Landlord's Work Date shall be extended for any delays due to strikes, lockouts, shortages of labor or materials after due diligence in obtaining the same, governmental restrictions, fire, flood, casualty, riot, volcanic activity, act of God, act of the public enemy, terrorist acts, or other causes beyond the reasonable control of Landlord after the exercise of due diligence, including diligence in contracting, and the exercise of rights under contracts with contractors and suppliers.

5.2 If for any reason Landlord does not or cannot cause commencement of the construction of Landlord's Work within 90 days after the Outside Commencement of Landlord's Work Date, either Landlord or Tenant shall thereafter have the right to elect to terminate this Lease by written notice to the other party delivered at any time within 90 days after the Outside Commencement of Landlord's Work Date. In the event this Lease is terminated under this Section 5.2, neither party shall have any further obligations under this Lease.

5.3 As Landlord is using a design-build process, during the course of construction, Landlord may periodically submit the plans and specifications for Landlord's Work to Tenant for Tenant's review and comment ("Subsequent Landlord Plans"). Tenant shall promptly review any such Subsequent Landlord Plans and make any suggested modifications thereto within ten (10) days thereafter. Tenant's failure to make any suggested modifications within such 10-day period shall be deemed acceptance of such Subsequent Landlord Plans.

5.4 In the event Tenant does make suggested modifications to any Subsequent Landlord Plans which are reasonable, do not increase the cost of the Project, are acceptable to Landlord and the City in their discretion, and can be reasonably incorporated into such Subsequent Landlord Plans, then such changes shall be incorporated. If Tenant's suggested modifications result in additional cost to Landlord, Landlord may require Tenant to pay any additional cost in advance as a precondition of Landlord's incorporation of Tenant's suggested modifications. Any other modifications made by Landlord shall be at Landlord's sole expense.

5.5 Landlord shall be responsible for all costs of Landlord's Work in excess of the Tenant's Cash Contribution described in Section 10.1.

5.6 In the event of modifications by Tenant that cause significant delay, the Project completion schedule and milestones/requirements related thereto shall be appropriately extended to reflect the reasonable additional time required to accommodate the modifications.

6. Completion of Landlord's Work. Landlord shall deliver Landlord's Work in a good and workmanlike manner substantially in compliance with Landlord Design-Build Documents (as modified by any Subsequent Landlord Plans).

6.1 Not less than thirty (30) days prior to the Expected Landlord's Work Completion Date (as defined below), Landlord shall send a notice to Tenant (the "Possession Notice") that states the date on which Landlord expects Landlord's Work to be Substantially

Completed and the date on which the Landlord is prepared to tender possession of Landlord's Work to Tenant (the "Expected Landlord's Work Completion Date"). For purposes of this Section 6, "Substantial Completion" shall be defined as the completion of construction of Landlord's Work substantially in compliance with the Final Landlord Design-Build Documents (as modified by any Subsequent Landlord Plans) other than any deficiencies or incomplete items of work that can be completed by Landlord which do not unreasonably interfere with Tenant's use of Landlord's Work for Permitted Uses, as reasonably determined by Landlord and Tenant.

6.2 Upon receipt of the Possession Notice and within five (5) business days of the Expected Landlord's Work Completion Date (the "Landlord's Building Inspection Date"), the parties shall conduct a good-faith walk-through of Landlord's Work to confirm that Landlord's Work is Substantially Completed (the "Landlord's Work Inspection") and prepare a punchlist of any deficiencies or incomplete items of work that can be completed by Landlord which do not unreasonably interfere with Tenant's use of Landlord's Work as intended herein (the "Landlord's Work Punchlist").

6.3 Landlord shall correct such deficiencies or incomplete items listed on the Landlord's Work Punchlist within a reasonable period of time, without unreasonable interference to Tenant or delay.

7. Failure of Landlord to Complete Landlord's Work. If for any reason Landlord's Work is not Substantially Completed within 90 days after the date set forth in the Project Construction Schedule (the "Outside Landlord's Work Completion Date"), including any amendments due to modifications to the work requested by Tenant, Tenant shall thereafter have the right to elect to terminate this Lease by written notice to Landlord delivered at any time after the Outside Landlord's Work Completion Date, but prior to Landlord's Work being Substantially Completed. The Outside Landlord's Work Completion Date shall be extended for any delays due to strikes, lockouts, shortages of labor or materials after due diligence in obtaining the same, governmental restrictions (including lack of timely approval by the State after an independent financial feasibility review under Chap. 4, Section 2, 2012 Laws of Washington), fire, flood, casualty, riot, volcanic activity, act of God, act of the public enemy, terrorist acts, or other causes beyond the reasonable control of Landlord after the exercise of due diligence, including diligence in contracting, and the exercise of rights under contracts with contractors and suppliers. In the event this Lease is terminated under this Section 7, neither party shall have any further obligations under this Lease except that Landlord shall reimburse Tenant for all reasonable out-of-pocket third-party costs and expenses incurred by Tenant in connection the construction of Tenant's Work (but not including salaries, wages, benefits, or reimbursement for time spent by the investors, lenders, principals, members, officers, in-house counsel, or employees of Tenant and/or its affiliates), if any, that (1) has been performed prior to the date of such termination, (2) has been paid for in full by Tenant, and (3) has been surrendered and will remain as part of the Premises and become the property of Landlord. As a condition to reimbursement of Tenant under this paragraph, Tenant shall deliver such bills of sale and other documentation as Landlord may request regarding Landlord's ownership of Tenant's Work and the underlying work-product produced in connection with the design of Tenant's Work.

8. Construction of Tenant's Work. If Landlord and Tenant agree on the Final Tenant Plans, Tenant shall cause construction of Tenant's Work substantially in accordance with

the Final Tenant Plans. Tenant shall cause construction of Tenant's Work to commence on or before the date set forth in the approved Project Construction Schedule (the "Outside Commencement of Tenant's Work Date"). Commencing on and after the date Tenant commences Tenant's Work, Tenant shall be required to maintain the insurance required under Section 31. The Outside Commencement of Tenant's Work Date shall be extended for any delays due to strikes, lockouts, shortages of labor or materials after due diligence in obtaining the same, governmental restrictions, fire, flood, casualty, riot, volcanic activity, act of God, act of the public enemy, terrorist acts, or other causes beyond the reasonable control of Tenant after the exercise of due diligence, including diligence in contracting, and the exercise of rights under contracts with contractors and suppliers.

8.1 Failure of Tenant to Complete Tenant's Work. If for any reason Tenant does not or cannot cause commencement of the construction of the Tenant's Work by the Outside Commencement of Tenant's Work Date or complete the work within a reasonable period of time, Landlord shall thereafter have the right to elect to terminate this Lease by written notice to Tenant delivered at any time after the Outside Commencement of Tenant's Work Date, but prior to commencement of construction of Tenant's Work.

8.2 Delivery of Tenant's Work. Tenant shall deliver Tenant's Work in a good and workmanlike manner for use of the Premises for the Permitted Uses (as defined in Section 19). Not less than thirty (30) days prior to the Expected Tenant's Work Completion Date (as defined below), Tenant shall send a notice to Landlord (the "Tenant's Work Completion Notice") that states the date on which Tenant expects Tenant's Work to be Substantially Completed (the "Expected Tenant's Work Completion Date"). For purposes of this Section 8.2, "Substantially Completed" shall be defined as the completion of construction of Tenant's Work substantially in compliance with the Final Tenant Plans other than any deficiencies or incomplete items of work that can be completed by Tenant which do not unreasonably interfere with the use of the Premises for the Permitted Uses, as reasonably determined by Landlord and Tenant.

8.3 Inspection of Tenant's Work. Upon receipt of the Tenant's Work Completion Notice and within five (5) business days after the Expected Tenant's Work Completion Date (the "Tenant's Work Inspection Date"), the parties shall conduct a good-faith walk-through of Tenant's Work to confirm that Tenant's Work is Substantially Completed (the "Tenant's Work Inspection") and prepare a punchlist of any deficiencies or incomplete items of work that can be completed by Tenant which do not unreasonably interfere with Tenant's use of the Premises as intended herein (the "Tenant's Work Punchlist"). Tenant shall correct such deficiencies or incomplete items listed on the Tenant's Work Punchlist within a reasonable period of time, without unreasonable delay.

8.4 Landlord's Remedy for Tenant's Non-Completion. If for any reason Tenant's Work is not Substantially Completed on or before the date set forth in the Project Construction Schedule (the "Outside Tenant's Work Completion Date"), Landlord shall, after ten (10) days from delivery of written notice to Tenant, have the right to elect to terminate this Lease by written notice to Tenant delivered at any time after the Outside Tenant's Work Completion Date, but prior to Tenant's Work being Substantially Completed and in the event this Lease is so terminated, neither party shall have any further obligations hereunder. The Outside Tenant's Work Completion Date shall be extended for any delays due to strikes, lockouts, shortages of

labor or materials after due diligence in obtaining the same, governmental restrictions, fire, flood, casualty, riot, volcanic activity, act of God, act of the public enemy, terrorist acts, or other causes beyond the reasonable control of Tenant after the exercise of due diligence in contracting, and the exercise of rights under contracts with contractors and suppliers.

8.5 Tenant shall be responsible for all costs, management, and coordination of Tenant's Work.

9. General Construction Provisions.

9.1 Contractor and Prevailing Wage. Tenant's Work shall be performed by experienced, qualified contractors ("Tenant's Contractors"). Tenant will cause prevailing wages to be paid for Tenant's Work to the extent required by law. At no time is it intended nor shall Tenant be considered an associate, partner, joint venturer, contractor or employee of Landlord.

9.2 License for Construction of Tenant's Work. Landlord hereby grants in favor of Tenant a license (the "License") for Tenant, beginning on the date that Tenant is to commence construction of Tenant's Work and ending on the Lease Commencement Date, for the following purposes:

9.2.1 to enter the Project for purposes of completing Tenant's Work; and

9.2.2 to use a portion of the Project for the purposes of staging and construction of the Tenant's Work.

9.3 Tenant Construction Area. Pursuant to the terms of the License, Tenant shall, at its sole cost and expense, be permitted to:

9.3.1 take possession of a portion of the Project that is suitable for the construction of Tenant's Work (the "Tenant Construction Area"), provided that the Tenant Construction Area will be located on a portion of the Project that is mutually agreeable to the parties taking into consideration that it is the intent of the parties that the Tenant Construction Area shall not unreasonably interfere with the ability of the Landlord to complete Landlord's Work; and

9.3.2 have ingress and egress access to and from the Tenant Construction Area during reasonable hours of operation set by Landlord, seven days a week with such access being extended to any construction worker, contractor, laborer, or other person hired by Tenant to construct Tenant's Work. Landlord agrees that no Rent shall be due during the term of the License and acknowledges that Rent shall not commence until the Lease Commencement Date.

9.4 Insurance. Tenant or Tenant's Contractor shall obtain and maintain in force at all times during which Tenant's Work is in progress the insurance required under Section 31 (other than insurance on Landlord's Work).

9.5 Compliance with Plans, Laws and Permits. Tenant's Work shall be undertaken and completed in compliance with all laws, codes, regulations and ordinances and all

applicable permits and entitlements. Landlord shall have the right to inspect such work to confirm such compliance (provided such inspection shall be for Landlord's use only, and shall not constitute any approval of or assurance from Landlord with respect to such compliance).

9.6 Liens. Tenant shall keep the Project free from any liens arising out of work performed, materials furnished to or obligations incurred in connection with Tenant's Work. Tenant further covenants and agrees that any mechanics' or materialmen's liens filed against the Project for work claimed to have been done for or materials claimed to have been furnished in connection with Tenant's Work, shall be discharged by Tenant, by bond or otherwise, within thirty (30) days after the filing of such lien, at the sole cost and expense of Tenant. Should Tenant fail to discharge any such lien, Landlord may, at Landlord's election, pay such claim or post a bond or otherwise provide security to eliminate the lien as a claim against title and the cost thereof shall be immediately due from Tenant as a reimbursable item under this Lease.

9.7 As-Built Drawings. Within one (1) month following the completion date of Tenant's Work, Tenant shall deliver to Landlord two (2) copies of complete as-built drawings, including a digital/electronic copy of such as-built drawings.

9.8 The parties acknowledge that the bond financing for the Project obligates Landlord to comply with documentation requirements of the Internal Revenue Service and other agencies. Tenant shall maintain all documents and records related to Tenant's work, and allow Landlord reasonable access to review and copy said documents and records upon advance notice, until such time as Landlord informs Tenant that the documents and records are no longer required to be maintained.

10. Tenant's Cash Contribution. In connection with the development of the Regional Center, Tenant agrees to contribute Four Hundred Thousand and No/100 Dollars (\$400,000.00) ("Tenant's Cash Contribution") towards the cost of developing and constructing the Regional Center including the Project. The parties agree that Tenant's Cash Contribution shall be an equity contribution toward the cost of the project and shall not constitute Rent under Section 12 for Tenant's lease or use of the Premises. As part of the Project Documents, Landlord and Tenant have agreed as follows:

10.1 The sum of Three Hundred Fifty Thousand and No/100 Dollars (\$350,000.00) from Tenant's Cash Contribution shall be used to help pay for the costs of Landlord's Work ("Tenant's Cash Contribution");

10.2 The sum of Fifty Thousand and No/100 Dollars (\$50,000.00) from Tenants Cash Contribution ("Tenant's Additional Cash Contribution"), shall be used to pay for the cost of Tenant's Work;

10.3 Either (i) an irrevocable letter of credit (in form and substance acceptable to Landlord) in the amount of Tenant's Cash Contribution which letter of credit shall provide that Landlord can draw on the letter of credit after Landlord has expended its bond proceeds and delivered written notice to Tenant of Landlord's intent to draw on the letter of credit (which

written notice shall be delivered to Tenant at least ten (10) days in advance of Landlord's draw upon the letter of credit) (the "Tenant's Cash Contribution Letter of Credit");

10.4 Tenant may draw, up to Fifty Thousand and No/100 Dollars (\$50,000.00), on Tenant's Cash Contribution Letter of Credit from time to time to pay for third-party out-of-pocket hard (*i.e.*, property and equipment) and soft costs incurred by Tenant in connection with Tenant's Work (including in connection with the design of Tenant's Work); provided that prior to the execution of this Lease, an initial list of the property and equipment expected to be acquired under this section, prepared by Tenant and approved by Landlord, shall be incorporated into the Lease at Exhibit D; and provided further, that Tenant may not withdraw funds for the following purposes (the cost associated with any of such purposes shall be borne by Tenant and not credited against Tenant's Cash Contribution): (a) costs incurred prior to the date this Lease is executed, (b) overhead, salaries, wages, benefits, or reimbursement for time spent by the investors, lenders, principals, members, officers, in-house counsel, or employees of Tenant and/or its affiliates, and (c) any personal property or any start up or other costs associated with the business to be conducted by Tenant in the Premises (collectively, the "Non-Tenant's Cash Contribution Purposes"); provided Tenant may withdraw and use up to Fifty Thousand and No/100 Dollars (\$50,000.00) of Tenant's Additional Cash Contribution for computers, equipment and other tangible personal property to be located at the Premises and used in connection with the business to be conducted by Tenant in the Premises; and

10.5 Within one (1) month following the completion date of Tenant's Work, Tenant shall deliver to Landlord a complete accounting for all third-party out-of-pocket hard and soft costs incurred by Tenant in connection with Tenant's Work, which accounting shall be certified by Tenant as being true, complete and accurate (the "Tenant's Work Accounting"); provided, the costs that may be included in the Tenant's Work Accounting may not include the costs of any Non-Tenant's Cash Contribution. If the Tenant's Work Accounting shows the sum of the total third-party out-of-pocket hard and soft costs is less than Tenant's Additional Cash Contribution, such difference shall be promptly released from escrow to, or at the direction of, Landlord and applied to the following:

- 10.5.1 first, to pay any unfunded costs for the construction of Landlord's Work;
- 10.5.2 second, to pay any unfunded costs for the construction of any other portions of the Regional Center; and,
- 10.5.3 third, to pay any costs of any other project in the Regional Center approved by Tenant and Landlord.

11. Term.

11.1 Initial Term. The initial term of this Lease (the "Initial Term") shall (i) commence on the date when Landlord tenders possession of the Building and the Exterior Improvements with Landlord's Work (as defined in Section 2.2) Substantially Completed (the "Lease Commencement Date"), and (ii) terminate twenty (20) years after the Lease Commencement Date (the "Initial Termination Date"), unless this Lease is extended pursuant to

Section 22 below or earlier terminated as provided herein. On the date that Landlord delivers possession of the Premises to Tenant with Landlord's Work (as defined in Section 2.2) Substantially Completed, Tenant shall execute a certificate confirming the date of the Lease Commencement Date in the form of the certificate attached hereto as Exhibit "B", which certificate shall be initialed by Landlord and attached hereto and incorporated into this Lease.

11.2 Term to be Inclusive. Whenever the word "Lease Term" is used in this Lease, it shall be deemed to include the Initial Term and, if exercised, the Extension Term (as defined in Section 22 below).

12. Rent. Tenant shall pay, due and payable on the dates set forth herein, to Landlord without prior demand, abatement, deduction, set-off, counter claim or offset, for all periods during the Lease Term, all sums provided in this Section 12, and all other additional sums as provided in this Lease, at Landlord's address set forth in Section 45, payable in lawful money of the United States of America.

12.1 Definition. All sums of money required to be paid to Landlord pursuant to the terms of this Lease, other than Tenant's Cash Contribution pursuant to Section 10, are "rent" or "Rent", whether or not the same are designated as such. All Rent, other than Money Rent, is sometimes referred to herein collectively, as "Additional Rent."

12.2 Money Rent. From and after the Lease Commencement Date, Tenant shall pay to Landlord, on an absolute net basis, the following amount per month (the "Money Rent"):

12.2.1 One percent (1%) of the Gross Revenues from the Premises after the Lease Commencement Date on annual basis during the Initial Term; and

12.2.2 Two percent (2%) of the Gross Revenues from the Premises during the Extension Term.

12.3 Money Rent Components. If, during any calendar year, the amount of Money Rent received by Landlord exceeds Twenty Five Thousand and No/100 Dollars (\$25,000.00) (such \$25,000.00 constituting the "Building Rent Component"), that excess shall be paid upon receipt by Landlord to the City (or Landlord may direct such amounts be paid by Tenant directly to City), with those funds to be applied by the City and/or Landlord as provided under the Master Lease. The amount in excess of the Building Rent Component shall be payable in respect of Tenant's use under this Lease of the Land which is being leased by the Landlord from the City on which the Building is located, and shall be referred to herein as the "Ground Rent Component". The Building Rent Component (i) shall be prorated for any partial calendar year during the Initial Term based on the number of days during such partial calendar year, (ii) shall be increased by two percent (2%) on the first day of every calendar year occurring after the Lease Commencement Date (regardless of when the Lease Commencement Date occurs), but Landlord may waive any annual increase in whole or in part if Landlord determines that all or part of any increase would cause the bonds issued by Landlord to finance the Project to be treated as "private activity bonds" under the Internal Revenue Code of 1986, as amended, and/or (iii) may be decreased from time to time to the amount Landlord determines is necessary to

prevent the bonds issued by Landlord to finance the Project to be treated as “private activity bonds” under the Internal Revenue Code of 1986, as amended. This Section 12.3 shall not be applicable, and will no longer apply, after the earlier of: (a) expiration of the Initial Term, and (b) the date the bonds issued by Landlord to finance the Project are no longer outstanding.

12.4 Manner of Payment and Monthly Reporting. On the 21st day of each calendar month, Tenant shall deliver to Landlord a report setting forth in detail reasonably acceptable to Landlord the Gross Revenues for the prior calendar month, including an itemization of any deductions therefrom (the “Monthly Report”), which Monthly Report shall be certified by Tenant’s chief financial officer or a representative of Tenant authorized to make reports with respect to Gross Revenues indicating that such Monthly Report is true, correct and complete.

12.5 Yearly Reporting. Within ninety (90) days after the end of each calendar year, Tenant shall deliver to Landlord a report setting forth in detail reasonably acceptable to Landlord the total Gross Revenues for such calendar year, including an itemization of any deductions therefrom (the “Yearly Report”), which Yearly Report shall be certified by Tenant’s chief financial officer or a representative of Tenant authorized to make reports with respect to Gross Revenues indicating that such Yearly Report is true, correct and complete. For the first (full or partial) calendar year in which the Lease Commencement Date occurs and for every other calendar year thereafter during the Lease Term, the Yearly Report delivered hereunder must include a formal written review by an independent certified public accountant acceptable to Landlord conducted in accordance with generally accepted accounting principles, consistently applied. The Yearly Report and the Monthly Report are sometimes referred to individually as a “Report,” and collectively, as the “Reports”.

12.6 Additional Reports. In addition to the Reports, within ten (10) days after written notice from Landlord, Tenant shall also deliver to Landlord: (i) copies of any statements or other information regarding Tenant, the Premises and/or the business conducted in the Premises received from or sent to banks with which Tenant does business, and (ii) all income, sales, or other taxes returns filed with respect to Tenant, the Premises and/or the business conducted in the Premises.

12.7 Payment of Rent Deficiency or Surplus. Tenant shall make payment of Money Rent to Landlord with respect to a given calendar year on the anniversary date of the Commencement Date of this Lease.

12.8 Gross Revenues. The term “Gross Revenues” shall mean and include the total gross amounts, receipts and charges received or charged by Tenant. For purposes of this Section 12.8, the term “Tenant” shall mean, (i) Tenant, (ii) any of Tenant’s members, (iii) any person or entity who or which controls, or is controlled by, Tenant or any of its members or any person or entity in which Tenant or any of its members owns more than forty-nine percent (49%) of the ownership interests, and (iv) any person or entity who is under a personal services contract with Tenant or any person or entity who or which controls, or is controlled by, Tenant or any of its members. Gross Revenues shall include, without limitation, the total gross amounts, receipts and charges from the following:

12.8.1 for all food, beverages, products and other merchandise sold by Tenant at the Premises;

12.8.2 for all events and services rendered by Tenant at or from the Premises;

12.8.3 for all other business transacted with Tenant in, upon or from the Premises;

12.8.4 all sums payable to Tenant by any subtenants, concessionaires, licensees, or others leasing or using the Premises (provided the amounts under this Section 12.8.4 shall not include reasonable amounts, receipts and charges payable by subtenants, concessionaires, licensees, or others with respect to reimbursement of Tenant for utilities and common area expenses of operating the Premises). If the amounts payable by any subtenant, concessionaire, licensee, or other user for use of the Premises is not commercially reasonable, for purposes of this Section 12.8.4, the amount payable to such subtenant, concessionaire, licensee, or other user shall be adjusted to the amount that is commercially reasonable; and

12.8.5 the amount of any gift or merchandise certificates; mail, telephone, facsimile, computer, internet, take-out, delivery or other merchandise orders received by Tenant at or made from the Premises; charges made by Tenant on merchandise rented, hired or leased from the Premises; revenues produced by Tenant from vending or game machines, or machines providing services; revenue received by Tenant from coat check rooms, valet parking, concessions and admissions, each to the extent such revenue is retained by Tenant and not paid to a third party vendor; deposits received by Tenant not refunded to purchasers; charges for add on memberships related to other facilities operated by Tenant (the amount paid for add on memberships must be reasonable in light of the services and benefits provided by the respective facilities); charges made by Tenant for use of the Premises by sports leagues; court rentals and special event rentals; concerts; rent, booking fees and cancellation fees, and other sales received by Tenant; charges made by Tenant related to any future zip line in the Regional Center operated by Tenant; the full value of all consideration other than money received by Tenant; payments received by Tenant for advertising, media rights, naming rights, sponsorships, suite licenses, and intellectual property rights; interest, service, finance and sales charges paid by customers in connection with any of the foregoing; and all other gross income or receipts received by Tenant from any business or operation at, on or from the Premises. Gross Revenues shall include all sales by Tenant for cash or credit, and, except as provided below, no deduction shall be made for uncollectible credit charges or for discounts paid to credit card companies.

12.9 Exclusions from Gross Revenues. The following shall be excluded from Gross Revenues for business transacted in, upon or from the Premises or, to the extent already included in Gross Revenues pursuant to Section 12.8 above, they shall be deducted from Gross Revenues:

12.9.1 sales taxes paid for business or services at the Premises;

12.9.2 sales of personal property other than in the ordinary course of business;

12.9.3 sums and credits received in the settlement of claims for loss of or damage to merchandise in the Premises;

12.9.4 cash or credit refunds, discounts and allowances made to customers for merchandise that was purchased at the Premises, that were originally included in Gross Revenues and returned in the ordinary course of business;

12.9.5 any interest, finance, service or carrying charge charged by any credit or debit card company or by any financial institution providing similar electronic tender media used by Tenant and to whom Tenant directly transmits charges made by customers for collections, so long as the total sales deducted from Gross Revenues pursuant to this clause do not exceed two percent (2%) of annual Gross Revenues for the calendar year in which the deduction is claimed, without giving effect to such deduction;

12.9.6 tips and gratuities collected by Tenant at the Premises to the extent paid over to Tenant's employees (but not any members of Tenant) at the Premises; and

12.9.7 receivables that are reported as bad debts by Tenant on its Federal or state income tax returns ("Bad Debts") as long as the total sales deducted from Gross Revenues pursuant to this clause do not exceed two percent (2%) of annual Gross Revenues for the calendar year in which the deduction is claimed, without giving effect to such deduction and so long as any amount that is excluded from Gross Revenues pursuant to this clause is included in Gross Revenues when, and to the extent, such amount is later received by Tenant.

12.10 Tenant's Sale Records. Tenant shall record at the time of receipt or sale, all receipts from the sales or other transactions (whether for cash, credit or otherwise) in a computer or other system in a manner sufficient to allow an accurate accounting of Gross Revenues pursuant to generally accepted accounting principles, consistently applied.

12.11 Landlord's Inspection of Sale Records. Tenant agrees to keep at the Premises and make available to Landlord true, correct and complete books and records, prepared in accordance with generally accepted accounting principles consistently applied, of all business conducted at the Premises, all Gross Revenues and all exclusions and deductions from Gross Revenues. Such books and records shall include, without limitation, accurate digital copies of all of the following: cash register tapes and other point of sale records for sales, refunds and credits; serially prenumbered sales, refund and credit slips and all other primary data; records of mail, telephone and computer orders; settlement reports with concessionaires, licensees, sublessees and other occupants; detailed original records of any exclusions or deductions from Gross Revenues; all federal, state and local tax returns; records of inventories and receipts; bank records; and all other books, records and materials which would normally be examined by an independent accountant in auditing Tenant's Gross Revenues or which would normally be examined by an independent accountant pursuant to generally accepted accounting principles consistently applied in performing an audit of Tenant's business.

12.12 Retention of Records. Tenant shall retain (and shall instruct its subtenants, licensees and concessionaires to retain) such digital copies all such books and records

for examination by Landlord for a period of at least four (4) years following the end of the calendar year to which such books and records apply.

12.13 No Partnership. Landlord shall in no event be construed or held to be a partner or associate of Tenant in the conduct of Tenant's business, and it is understood and agreed that the relationship is and at all times shall remain that of Landlord and Tenant.

12.14 Landlord's Audit. At any time, after at least three (3) days notice to Tenant, Landlord shall have the right, during regular business hours, to make any examination or audit of the books and records for the Premises which Landlord deems necessary or appropriate to verify or ascertain Gross Revenues. If the examination or audit of the books and records discloses a deficiency of reporting Gross Revenues of four percent (4%) or more, then Tenant agrees to pay to Landlord the actual cost and expense of any such audit or examination (including travel and related expenses). Any Money Rent found due and owing as a result of any examination or audit or found to have been overpaid or underpaid shall be paid by Tenant to Landlord or by Landlord to Tenant, as the case may be, immediately without demand, together with interest, in the case of underpayments, at the Default Rate from the date said Money Rent was determined to be due until the date actually paid. Any costs, expenses or interest required to be paid by Tenant pursuant to this Section 12.14 shall constitute Rent for the purposes of this Lease.

12.15 Late Fee. If Tenant shall fail to pay within five (5) days of when due any installment of Money Rent or any other sum due under this Lease, a late fee equal to five percent (5%) of the overdue amount shall be payable by Tenant to reimburse Landlord for costs relating to collecting and accounting for said late payment(s).

12.16 Absolute Net Lease. This Lease is what is commonly called a "Absolute Net Lease", it being understood that, except as otherwise expressly provided herein, Landlord shall receive all Rent free and clear of any and all other costs, impositions, taxes, liens, charges or expenses of any nature whatsoever in connection with the ownership, management, and operation of the Premises. In addition to Money Rent, Tenant shall pay to the Landlord, to parties respectively entitled thereto, or satisfy directly, as applicable, all real property taxes and assessments, impositions, insurance premiums, maintenance and repair charges, and any other charges, costs, obligations, liabilities, requirements, and expenses which arise with regard to the Premises or may be contemplated under any other provision of the Lease during the Lease Term, except as otherwise expressly provided in this Lease. All of such charges, costs, obligations, liabilities, requirements, and expenses shall constitute Additional Rent, and upon the failure of Tenant to pay or satisfy any of the same, Landlord shall have the same rights and remedies as otherwise provided in the Lease for the failure of Tenant to pay Rent. Landlord shall assist Tenant in receiving any exemption from property tax or other assessment that is reasonably available.

13. Required Use of Premises to Provide Public Benefits. For each calendar year during the Initial Term, Tenant shall operate the Premises in a manner that will provide measurable public benefits (the "Public Benefits") to the general public and other public and private nonprofit entities pursuant to the Public Benefits Program described in Section 13.3 and Section 13.4. The Public Benefits provided under the Public Benefits Program shall have a

monetary value (the “Public Benefit Value”) in an amount not less than the amount that would cause the sum of (a) the anticipated Money Rent for such calendar year plus (b) the Public Benefit Value to equal at least \$400,000 (the initial “Public Benefit Measurement Standard”). The Public Benefit Value shall be determined as follows:

13.1 The Public Benefit Value shall be prorated for any partial calendar year during the Initial Term based on the number of days during such partial calendar year.

13.2 The Public Benefit Measurement Standard for the second year and all subsequent years will be fifteen percent (15%) of gross revenue realized from Tenant’s operations in the preceding twelve month period.

13.3 In determining the Public Benefit received the number of guest lodgings made in the Lewis County area by participants in activities conducted on the Premises shall be included. Tenant shall supply reliable data to support Tenant’s calculation of Public Benefits delivered through activities conducted on the Premises.

13.4 On the first day of every calendar year occurring after the Lease Commencement Date (regardless of when the Lease Commencement Date occurs) (each an “Adjustment Date”), the Public Benefit Measurement Standard will be adjusted for any increase or decrease in the Implicit Price Deflator calculated by the Bureau of Economic Analysis of Department of Commerce (the “IPD”) most recently prior to each Adjustment Date and the IPD most recently calculated prior to the Lease Commencement Date. Landlord shall calculate the new Public Benefit Measurement Standard as of each Adjustment Date, and shall provide Tenant with written notice of the new Public Benefit Measurement Standard. If the IPD is discontinued, Landlord shall select an index promulgated by the Bureau of Economic Analysis of Department of Commerce or the U.S. Department of Labor (or any successor departments) that approximates the IPD, and the Public Benefit Measurement Standard shall be adjusted accordingly.

13.5 Prior to October 1st of each calendar year, Tenant shall propose to Landlord a program of the Public Benefits to be provided for the upcoming calendar year (a “Tenant’s Proposed Public Benefits Program”). By way of example, and not limitation, measurable Public Benefits could include: (a) free sports fairs, (b) fundraising auctions to support public and private non-profit groups, (c) use of the Premises by the School District, other public schools and colleges or non-profit youth sports programs for free or at below market costs, and/or (d) use of portions of the Premises by public or non-profit social service providers for free or at below market costs. The initial Public Benefits Program shall be agreed to by the parties under Section 2 above.

13.6 Within thirty (30) days after receipt of a Tenant’s Proposed Public Benefits Program, Tenant and Landlord shall meet, confer and agree upon the actual Public Benefits Program for the upcoming calendar year. The Public Benefits Program approved by Tenant and Landlord shall be referred to herein as the “Public Benefits Program”. During any period that the parties have not agreed on a Public Benefits Program, the prior approved Public Benefits Program shall remain in effect.

14. Exterior Naming and Signage Rights.

14.1 Landlord's Authority. Landlord shall have the sole right from time to time to do the following:

14.1.1 establish or change the name or names for all or any portion of the Project other than the interior portions of the Building;

14.1.2 sell or grant naming, sponsorship, advertising, and signage rights for all or any portion of the exterior of the Building to one or more individuals or companies; and

14.1.3 install signs on the exterior of the Building in connection with foregoing.

14.2 Exterior Signs. The design, size, location, and type of all signs to be placed on the exterior of the Project by Landlord relating to the foregoing shall be determined by Landlord from time to time. Landlord shall, at its own expense, maintain and keep in good repair all installations, signs, and advertising devices that it installs on the Project.

14.3 No Tobacco or Alcohol Signs. No name of the Project or any sponsorship or signage rights may be associated with a tobacco or alcohol company.

14.4 Revenue From Exterior Signs. All revenue from the sale or granting of the foregoing shall be applied by Landlord in the following order: (1) first to the cost of Landlord's Work, and (b) second, after payment in full for Landlord's Work, eighty percent (80%) of any excess revenue, up to a maximum of One Hundred Thousand Dollars (\$100,000.00), shall be deposited in and used exclusively for the purposes of a Facilities Improvement Fund to be maintained by Landlord and dedicated to purchase of fixtures and other capital improvements of the Project, including, but not limited to scoreboards, bleachers, movable walls and screens, and similar equipment that will maximize the capacity and uses of the Project; and twenty percent (20%), and any other sums remaining after One Hundred Thousand Dollars (\$100,000.00) has been deposited to the Facilities Improvement Fund, shall be deposited in and used exclusively for the purposes of the Regional Center Expansion Fund established under the Interlocal Agreement (as defined in Section 16 below). Tenant may from time to time petition Landlord for expenditures from the Facilities Improvement Fund to purchase fixtures, equipment and other improvements as desired to improve the capacity of the Project to serve the purposes intended. Landlord shall have discretion to grant or deny such petitions but shall not deny such petition(s) unreasonably.

15. Interior Naming and Signage Rights.

15.1 Tenant's Authority. Tenant shall have the sole right from time to time to do the following:

15.1.1 establish or change the name or names for all or any portion of the interior portions of the Premises;

15.1.2 sell or grant sponsorship, advertising and signage rights for all or any portion of the interior of the Premises to one or more individuals or companies;

15.1.3 install signs on the interior of the Premises in connection with foregoing and all other signs customary and appropriate in the conduct of Tenant's business for the Permitted Uses.

15.1.4 Prior to executing agreements for interior signage or naming with respect to the interior of the Premises, Tenant shall submit the proposed agreements to Landlord for approval, which approval shall not be unreasonably withheld. If Landlord does not provide a response to a proposed agreement within five business days of receiving a proposed signage or naming agreement from Tenant, the agreement shall be deemed approved.

15.2 No Tobacco or Alcohol Signs. No sponsorship, advertising or signage rights may be associated with a tobacco or alcohol company.

15.3 Placement and Maintenance of Interior Signs. All signs and advertising media (including signs with respect to any sponsorship, advertising or naming rights) must face towards the interior of the Premises and comply with all applicable governmental requirements. During the Lease Term, Tenant shall, at its own expense, maintain and keep in good repair all installations, signs, and advertising devices that it is permitted to install under this Lease. On or immediately after the expiration of this Lease, upon written request by Landlord, Tenant shall, at its sole cost, remove all signs and repair any damage occasioned by their removal.

15.4 Revenue from Interior Naming and Signage. All amounts, receipts and charges received by Tenant or its members, or any person or entity who or which is affiliated with, related to, controls or is controlled by, Tenant or its members, in connection with any sponsorship, advertising and/or signage rights shall be included in "Gross Revenues" under Section 12.8.

16. Interlocal Agreement. In connection with the development, construction, use, maintenance, repair, and expansion of the Regional Center, Landlord and the City entered into that certain Interlocal Agreement For Development of Events Center and Sports Complex (as amended from time to time, the "Interlocal Agreement"). Tenant acknowledges that the Interlocal Agreement may be amended from time to time without the prior consent of Tenant, but Landlord agrees as follows:

16.1 Amendments of Interlocal Agreement. Landlord shall provide Tenant a copy of any amendments or modifications to the Interlocal Agreement prior to Landlord entering into any such amendments or modifications to the Interlocal Agreement.

16.2 Consent of Tenant Required. Landlord will not vote in favor of amending the following sections of the Interlocal Agreement without the prior written consent of Tenant:

16.2.1 scheduling for the use by Tenant of the Multiuse/Quad Fields;

16.2.2 rates payable by Tenant for use of the Multiuse/Quad Fields; and

16.2.3 Tenant's right to propose uses for the funds held in the Regional Center Expansion Fund established under the Interlocal Agreement.

16.3 Ownership of Regional Center Expansion Fund. All funds in the Regional Center Expansion Fund shall be and remain at all times the sole property of the City (or such other public entity as the Interlocal Agreement may provide), subject to expenditure in accordance with the Interlocal Agreement, and Tenant shall have no claim, interest or right whatsoever in and to the Regional Center Expansion Fund or the uses thereof, except for Tenant's right to propose uses for the funds held in the Regional Center Expansion Fund as provided in the Interlocal Agreement as of the date hereof.

17. Event Center Major Repairs.

17.1 Basic Major Repair Responsibilities. The Tenant shall be responsible, at its sole cost and expense, for periodic and necessary major repairs to the Event Center to reasonably keep the Event Center in good repair and working order over the life of this Lease.

17.2 Event Center Maintenance Plan and Reserve Study.

17.2.1 Initial Maintenance Plan and Reserve Study. Commencing on the fifth anniversary of the Lease Commencement Date and again every five years thereafter, Tenant shall, at Tenant's sole cost, arrange for production of a maintenance plan and reserve study (the "Event Center M and R Study") prepared and simultaneously delivered to Landlord and Tenant by a qualified, independent architect or reserve study professional selected by Tenant and reasonably approved by Landlord. If Tenant approves of the recommendations in the EC M&R Study, Tenant shall carry out the recommendations of each Event Center Maintenance Plan and Reserve Study (including a schedule of reserves and expenditures). If Tenant disapproves of the recommendations in the EC M&R Study, Tenant shall, within fifteen (15) days of delivery of the EC M&R Study to Landlord and Tenant, deliver to Landlord Tenant's objections to the recommendations and proposal for modification of such recommendations. Landlord and Tenant shall thereafter confer and negotiate modifications of the recommendations. If Landlord and Tenant are unable to agree upon a reasonable modification of the recommendations, either Landlord or Tenant may request arbitration of the issues not resolved by agreement between Landlord and Tenant. In the event of a request for arbitration, Landlord and Tenant shall select a disinterested arbitrator by agreement, and if agreement is not made on the selection of the arbitrator, the arbitrator shall be selected by the following process: Landlord and Tenant shall each nominate three persons to serve as arbitrator. Landlord shall have the option of striking two of the Tenant's nominations, and Tenant shall have the option of striking two of the Landlord's nomination. The nominations that are not stricken shall be then included in a list from which the arbitrator shall be selected by a random selection (such as a drawing, or other random selection process acceptable to Landlord and Tenant). In any such arbitration proceeding Landlord and Tenant shall share equally the cost of the services of the arbitrator, and the arbitrator shall have authority to (1) make a final and binding decision on all issues presented, and (2) award reasonable attorney fees, costs and expenses to the prevailing party in such arbitration. The arbitrator shall consider as controlling in any such arbitration the following equal factors: (a) the intentions and goals of the parties in the Project and in the construction of the Building; (b) the

public benefit to be delivered; and (c) the financial viability of Tenant's operation of the Building.

17.2.2 Contents of EC M&R Study. Each EC M&R Study and all updates shall be based upon the following:

17.2.2.1 a visual site inspection;

17.2.2.2 a list of all major building elements/equipment of the Premises, including quantities and estimates for useful life of each building element/equipment, remaining useful life of each building element/equipment, and current repair and replacement cost for each building element/equipment; and

17.2.2.3 a projected reserve balance for thirty years and a funding plan to pay for projected costs from those reserves, which plan shall designate the required monthly Event Center Major Repair Reserve Deposits required to be made by Tenant.

18. Remedies Upon Failure of Tenant to Perform Under Certain Sections. Because of the difficulty of determining Landlord's damages attributable to Tenant's breach of the terms of Sections 13, 17 and 20, should Tenant fail to reasonably comply with any provision of Sections 13, 17 and 20 after delivery of seven (7) days written notice of such breach by Landlord to Tenant, Landlord shall have the immediate right, in addition to any and all other rights or remedies Landlord may have under this Lease or at law or in equity, to injunctive relief and specific enforcement appropriate and proportional to the alleged breach, and in connection therewith Landlord shall not be required to post any bonds or security or be required to prove that money damages will be inadequate, or that Landlord will suffer irreparable injury. In the event any such action for injunctive relief shall be pursued by Landlord, the prevailing party in such action shall be awarded their reasonable attorneys' fees.

19. Permitted Uses. The Premises shall be used in compliance with all applicable federal, State, County, and City laws and regulations. The Premises shall be used solely for the following purposes and for no other use or purpose whatsoever (collectively, the "Permitted Uses"):

19.1 the activities and events set forth on Exhibit "C" hereto, which the parties agree constitute appropriate activities for a "regional center" under State law, and

19.2 such other activities and events as Landlord may approve in writing, which approval shall not be unreasonably withheld, conditioned or delayed; provided, Landlord may withhold its approval in its sole discretion with respect to any activities or events that Landlord determines are not appropriate activities for a "regional center" under State law or which would interfere with the Public Benefits (as defined in Section 13) required to be provided hereunder.

20. Tenant's Non-Competition Covenant; Radius Restriction. Tenant acknowledges that the Premises will draw its users from a large geographic area and that the success of the Premises and Regional Center are dependent upon generating maximum user traffic within the Premises and the Regional Center.

20.1 Restrictions. Unless Landlord specifically consents in writing, which consent shall not be unreasonably withheld, conditioned or delayed, Tenant, its members, and any person or entity who or which is directly or indirectly affiliated with, related to, controls or is controlled by Tenant or its members may not build or operate a multi-purpose event center facility similar to the Premises (a "Competing Facility") within any of Clark, Cowlitz, Lewis, Thurston or Pierce Counties during the Lease Term, unless such Competing Facility is developed in conjunction with Landlord. For purposes of this Section 20.1, Landlord shall not be deemed to have to unreasonably withheld, conditioned or delayed Landlord's consent if Landlord determines that the Competing Facility may materially reduce attendance or use of the Premises or the Gross Revenues of the Premises.

20.2 Protected Area. Except for the existing Thorbecke's facilities (and any improvements thereto) located in the cities of Centralia, Chehalis, and Rochester, as of the Effective Date of this Lease, and except for any multi-purpose event center facility developed in conjunction with Landlord, neither Tenant, its members, nor any person or entity who or which is directly or indirectly affiliated with, related to, controls or is controlled by Tenant or its members shall, within any of Clark, Cowlitz, Lewis, Thurston or Pierce Counties, directly or indirectly own, lease, operate or manage, or have a financial or other interest in, any business that is like or substantially similar to the business conducted by Tenant at the Premises.

20.3 Survival of Covenant. If this Lease or Tenant's right to possession of the Premises shall terminate prior to the stated expiration of the Lease Term as a result of a Tenant default, the provisions of this Section 20 shall survive until the date that is five (5) years after such earlier termination notwithstanding the termination of this Lease or Tenant's right to possession of the Premises prior to the stated expiration of the Lease Term.

21. Landlord's Non-Competition Covenant. If this Lease shall terminate prior to the stated expiration of the Lease Term as a result of a Landlord default, notwithstanding the termination of this Lease prior to the stated expiration of the Lease Term, Landlord agrees until the date that is five (5) years after such earlier termination to not lease, nor grant any person or entity the rights to use, any portion of the Premises for a private fitness or health club so long as Tenant is operating a private fitness or health club at the current Thorbecke's Centralia and/or Thorbecke's Chehalis facilities.

22. Tenant's Right to Extend Term. Landlord shall have the right to elect, in its sole discretion, to not extend the term of the Master Lease. If Landlord elects to not extend the Master Lease the provisions of this Section 22 shall apply to the lessor under the Master Lease if a non-disturbance agreement has been entered between Tenant and the lessor under the Master Lease.

22.1 Grant of Right to Extend Term. Subject to the terms of this Section 22, Tenant shall have the right and option to extend this Lease with respect to the entire Premises (but not less than all of the Premises) for one (1) period of twenty (20) years (the "Extension Term") commencing on the twentieth (20th) anniversary of the Lease Commencement Date, and expiring on the fortieth (40th) anniversary of the Lease Commencement Date, upon the same terms and conditions as contained in this Lease, except (i) this Section 22 shall no longer apply, (ii) the amount of Money Rent and the Public Benefits to be provided by Tenant shall be

determined in accordance with this Section 22, and (iii) the Premises shall be leased to Tenant during the Extension Term "as is", without any obligation by Landlord to alter, remodel, improve, repair, or decorate any part thereof. Tenant will have no additional extension or renewal options.

22.2 Tenant's Extension Notice. In the event Tenant desires to exercise its option to extend this Lease, on or before a date that is one year prior to the Initial Termination Date (as defined in Section 11.1), Tenant shall give Landlord a written notice (the "Extension Notice") which shall set forth (i) Tenant's election to exercise the Extension Option and (ii) Tenant's proposal for the amount of Money Rent to paid and Public Benefits to be provided, by Tenant during the Extension Term. It is the intention of the parties that Tenant's option rights not be waived or lost through inadvertence. In this regard, the Extension Notice Date shall be extended to the date which is ten (10) days following written notice from Landlord to Tenant that Tenant has failed to exercise its extension rights, and the right of Tenant to provide an Extension Notice shall not terminate until that written notice has been provided to Tenant and the fifteen (15) day period shall have expired without Tenant exercising its right to provide an Extension Notice. In the event that Tenant fails to properly and/or timely give the Extension Notice as set forth herein, then Tenant's option to extend the Lease shall terminate, be of no further force and effect and be deemed irrevocably waived.

22.3 Action on Tenant's Extension Notice. If Tenant properly and timely gives the Extension Notice as set forth herein and Landlord and Tenant cannot agree, each within their sole discretion, within ninety (90) days after Tenant delivers the Extension Notice (the "Negotiation Period"), on the amount of Money Rent to paid and Public Benefits to be provided by Tenant during the Extension Term, then Tenant shall have the right, within ten (10) days after the end of the Negotiation Period, to deliver written notice to Landlord of Tenant's withdrawal of the Extension Notice and Tenant's option to extend the Lease shall thereafter terminate, be of no further force and effect and be deemed irrevocably waived. If Tenant does not withdraw the Extension Notice within ten (10) days after the end of the Negotiation Period, (1) the amount of Money Rent to be paid by Tenant during the each year of the Extension Term shall be the greater of: (i) six percent (6%) of the Fair Market Value (as defined below) of the Premises and (ii) six percent (6%) of the Gross Revenue (as defined in Section 12.8) and (2) in addition to Money Rent, during each year of the Extension Term, Tenant shall provide, as a public benefit, free use by the City and the School District of the Premises for a minimum 6 hours a week, 40 weeks per year (240 hours per year). The City and School District will be responsible for allocating such public benefit among themselves.

If Tenant does not withdraw the Extension Notice within ten (10) days after the end of the Negotiation Period, not later than forty (40) days after the end of the Negotiation Period, Landlord shall order an appraisal of the Premises to determine the Fair Market Value of the Premises, which appraisal shall be completed within one hundred twenty (120) days after the end of the Negotiation Period. Landlord shall promptly provide Tenant a copy of the final appraisal after receipt. Tenant shall have the right, within thirty (30) days after Tenant's receipt of the final appraisal, to deliver written notice to Landlord of Tenant's withdrawal of the Extension Notice and Tenant's option to extend the Lease shall thereafter terminate, be of no further force and effect and be deemed irrevocably waived. If Tenant does not withdraw the Extension Notice

within such 30-day period, Landlord and Tenant shall promptly execute and deliver an amendment to the Lease amending the Lease as provided in this Section 22.

The "Fair Market Value" of the Premises shall be determined by an MAI certified appraisal of the Premises performed by an independent third-party appraiser selected by Landlord based on the highest value obtained by the cost approach, comparison approach and income approach (the income approach shall be determined based on the net income the Premise could produce and not based on the income paid by Tenant). The cost of the initial appraisal and all appraisals during the Extension Term shall be split 50/50 by Landlord and Tenant. A new appraisal of the Premises shall be obtained every three (3) years during the Extension Term. Absent manifest error by the appraiser, all appraisals shall be binding upon Landlord and Tenant. The Fair Market Value of the Premises determined by the initial appraisal shall be final and shall not be updated or redone at the actual commencement of the Extension Term.

22.4 No Assignment of Right to Extend. The option to extend the Lease under this Section 22 is personal to Tenant and may not be exercised or be assigned, voluntarily or involuntarily, by or to any person or entity other than Tenant or any assignee of the Lease that was approved by Landlord. The option to extend this lease herein granted to Tenant is not assignable separate and apart from this Lease.

22.5 General Terms. Notwithstanding anything to the contrary set forth above, Tenant shall not have the right to exercise the extension option if: (a) during the time commencing from the date Landlord gives to Tenant a written notice that Tenant is in default under any provisions of this Lease, and continuing until the default alleged in said notice is cured; or (b) during the period of time commencing on the day after a monetary obligation to Landlord is due from Tenant and unpaid (without any necessity for notice thereof to Tenant) continuing until the obligation is paid; or (c) Tenant has, three (3) or more times during the twenty-four (24) calendar month period preceding the delivery date to Landlord of Tenant's Extension Notice, failed to pay rent and/or any other charges or expenses required under the terms of this Lease when due. The period of time within which the option may be exercised shall not be extended or enlarged by reason of Tenant's inability to exercise the option because of the foregoing provisions and/or restrictions. All rights of Tenant under the provisions of this Section 22 shall terminate and be of no further force or effect even after Tenant's due and timely exercise of the option to extend, if after such exercise, but prior to the commencement date of the Extension Term, (1) Tenant fails to pay Rent to Landlord for a period of thirty (30) days after such obligation becomes due (without any necessity of Landlord to give notice thereof to Tenant), or (2) Tenant fails to commence to cure any non-monetary default within thirty (30) days after the date Landlord, during the term of this Lease, gives notice to Tenant of such default.

23. Use of Premises. Tenant will not make any unlawful, improper or offensive use of the Premises; it will not suffer any strip or waste thereof; it will not permit any objectionable noise or odor to escape or to be emitted from said Premises or do anything or permit anything to be done upon or about said Premises in any way tending to create a nuisance; and it will not use or suffer or permit the Premises or any part thereof to be used for any use other than the Permitted Uses. Tenant shall keep the Premises and the Land free of any liens or claims of lien arising from any work performed, material furnished or obligations incurred by or on behalf of

Tenant and/or its employees, sublessees, licensees, invitees, customers, and clients. Notwithstanding the foregoing, in the event that any such lien is recorded, Tenant shall, within thirty (30) days after notice of such lien, pay, satisfy or otherwise promptly discharge of record (by bonding or otherwise) such lien.

24. Compliance with Laws and Regulations. From and after the Lease Commencement Date, Tenant shall comply at Tenant's own expense with all laws, ordinances and regulations of any municipal, county, state, federal or other public authority respecting the use, maintenance and repairs of the Premises and any business conducted therein and all insurance requirements affecting the Premises. For clarification, Tenant shall be responsible, at Tenant's sole cost, for complying or causing compliance with all requirements (whether on-site or off-site and including, without limitation, all costs and fees) associated with any events at, or other uses of, the Premises (e.g., traffic control requirements, costs and fees imposed by the City in connection with events at the Premises). Landlord and Tenant agree that from and after the Lease Commencement Date Tenant shall be responsible for compliance with the Americans with Disabilities Act of 1990, together with its implementing regulations and guidelines (as amended from time to time, collectively, the "ADA") including, without limitation, the removal of architectural and communications barriers and the provision of auxiliary aids and services to the extent required. Tenant agrees that the allocation of responsibility for ADA compliance shall not require Landlord to supervise, monitor or otherwise review the compliance activities of Tenant with respect to its assumed responsibilities for ADA compliance as set forth above.

25. Utilities. Tenant shall pay before delinquency directly to the provider for all trash, sewer, heat, light, water, power, and other services or utilities used in the Premises during the term of this Lease. It is understood that Landlord does not warrant that any utilities or services will be free from interruption by virtue of a strike or a labor trouble or any other cause (an "Interruption of Service"). An Interruption of Service shall never be deemed an eviction or disturbance of Tenant's use or possession of the Premises, or any part thereof, nor shall it render Landlord liable to Tenant for damages, by abatement or reduction of rent or otherwise, nor shall it relieve Tenant from performance of Tenant's obligations under this Lease, nor shall Tenant be relieved from the performance of any covenant or agreement in this Lease because of such failure or interruption.

26. Taxes. Without limiting any other provision of this Lease, Tenant shall promptly pay before delinquency any taxes, assessments, fees, or other charges or amounts (whether currently in effect or later adopted) on Tenant's improvements and equipment and Tenant's income, operations, uses, or activities in, on or from the Premises and shall not allow any tax lien to attach to the Premises.

27. Repairs.

27.1 No Landlord Repairs. From and after the Lease Commencement Date, Landlord shall have no obligation to perform any maintenance, repairs or reconstruction to the Premises or any portion thereof except for those repair items referenced on the Landlord's Building Work Punchlist.

27.2 Tenant's Repairs. From and after the Lease Commencement Date, Tenant shall, at its sole cost, keep, the Premises, including, without limitation, Landlord's Work, Tenant's Work, the exterior and interior portions thereof, in good order, condition and repair. Tenant's maintenance, repair and replacement obligations shall include, without limitation, the entire shell and exterior of all buildings, the storm and sanitary sewer drainage system, all landscaping, all On-Site Parking (if any), all interior areas, and all improvements and alterations required to Premises comply with all laws, rules, orders and regulations of governmental authorities having jurisdiction thereof, as the same may change from time to time. For clarification, the costs of maintenance, repair and replacement of the Premises shall not be funded from the Regional Center Expansion Fund under the Interlocal Agreement. For clarification, Tenant shall be required to maintain all roofs, windows and all structural portions or elements of the Project. All equipment, facilities or fixtures shall, at Tenant's sole expense, be kept, repaired, maintained, replaced (if repair is uneconomical) or added to by Tenant at all times in accordance with all governmental requirements. In the event that Tenant fails to comply with the obligations set forth in this Section 27.2, after thirty (30) prior written notice from Landlord, Landlord may, but shall not be obligated to, perform any such obligation on behalf of, and for the account of Tenant, and Tenant shall reimburse Landlord for all reasonable costs and expenses paid or incurred on behalf of Tenant in connection with performing the obligations set forth herein.

28. Alterations.

28.1 Tenant's Alterations. Except to the extent otherwise expressly set forth below, Tenant shall not make any alterations or improvements (collectively, "Alterations") in, to, or about the interior or exterior of the Premises without obtaining the prior written consent of Landlord, not to be unreasonably withheld, delayed, or conditioned. Landlord's prior approval shall be granted or withheld within forty-five (45) days after Tenant makes a request therefore (together with plans and specifications); provided, however, if Landlord needs to consult with an outside consultant or expert with respect thereto, Landlord's consent shall be granted or denied not later than within sixty-five (65) days of such request.

28.2 Approval Not Required. Notwithstanding Section 28.1, with respect to any non-structural Alterations to the interior of the Premises consistent with the Permitted Uses (and the then-applicable Public Benefits Program), which in the aggregate would not cost in excess of \$10,000 when added together with the cost of all other such Alterations made by or for Tenant during the prior 12-month period (a "Permitted Alteration"), Tenant need not obtain Landlord's prior written consent, but must notify Landlord in writing within sixty (60) days prior to the commencement thereof.

28.3 General Terms. All such work shall be accomplished at Tenant's sole risk and expense, and Tenant shall indemnify, defend and hold harmless Landlord and the Project from and against any and all loss, cost, liability and expense (excluding consequential damages) relating to or arising from the Alterations. All Alterations shall become a part of the realty and Landlord's property upon installation thereof; provided, Landlord may require all Alterations be removed by Tenant at the end of the Lease Term.

28.4 General Conditions. Tenant shall at all times comply with the following requirements when performing any work pursuant to Section 27 and this Section 28:

28.4.1 Contractors. All contractors used by Tenant for any Alterations shall be licensed and reputable contractors who are experienced in the type of work to be performed and Tenant agrees to provide Landlord with the name and any other information reasonably requested by Landlord regarding any contractor. Tenant will cause prevailing wages to be paid for all Alterations to the extent required by law.

28.4.2 Insurance. Prior to commencement of any work, Landlord shall be provided certificates of insurance from Tenant, its contractors and subcontractors in form and amounts reasonably required by Landlord, naming Landlord, the City, and any other parties designated by Landlord as an additional insured.

28.4.3 Compliance with Laws. All Alterations shall at all times comply in all material respects with all laws, rules, orders and regulations of governmental authorities having jurisdiction thereof and all insurance requirements of this Lease, and, where applicable, shall comply in all material respects with the plans and specifications approved by Landlord.

28.4.4 Tenant's Responsibility. All Alterations shall be made and completed at Tenant's sole cost and expense, and Tenant shall keep the Premises lien-free at all times.

28.4.5 As-Built Drawings. Within one (1) month following the completion date of any Alterations, Tenant shall deliver to Landlord two (2) copies of complete as-built drawings, and including a digital/electronic copy of such as-built drawings.

29. Enter onto Premises. Upon 24 hours prior written notice to Tenant and during reasonable business hours, Landlord and its authorized agents and representatives shall be entitled to enter the Premises at all reasonable times to inspect them, to show them to prospective tenants, purchasers or lenders, to cure a default of Tenant, to post any notice provided by law that relieves a landlord from responsibility for the acts of a tenant, to comply with ADA requirements, and for any other lawful purpose relating to Landlord's rights and obligations under this Lease provided in no event shall Landlord or any agent or representative unreasonably interfere with the business operations of Tenant. Nothing in the preceding sentence shall imply or impose a duty to make repairs which Tenant has agreed to make hereunder.

30. Assignment of Lease and Subleasing.

30.1 Consent Required. Notwithstanding anything to the contrary contained in this Lease, except with respect to a Permitted Transfer (as defined below), Tenant shall not, without Landlord's prior written consent, which shall not be unreasonably withheld, delayed, or conditioned, either directly or indirectly or through one or more step transactions or tiered transactions, voluntarily or by operation of law, (i) assign, convey, sell, pledge, mortgage, hypothecate, or otherwise encumber, transfer or dispose of all or any part of this Lease or Tenant's leasehold estate hereunder, (ii) sublease, license or otherwise grant rights to use all or any part of the Premises, (iii) convey, sell, assign, transfer or dispose of any stock or partnership, membership or other interests (whether equity or otherwise) in Tenant (which shall include any

conveyance, sale, assignment, transfer or disposition of any stock or partnership, membership or other interests, whether equity or otherwise, in any persons or entities controlling Tenant), (iv) dissolve, merge or consolidate Tenant (which shall include any dissolution, merger or consolidation of any controlling person) with any other person, (v) sell, convey, assign, or otherwise transfer all or substantially all of the assets of Tenant (which shall include any sale, conveyance, assignment, or other transfer of all or substantially all of the assets of any controlling person(s)), or (vi) enter into or permit to be entered into any agreement or arrangement to do any of the foregoing or to grant any option or other right to any person to do any of the foregoing (each of the aforesaid acts referred to in clauses (i) through (vi) being referred to herein as a "Transfer"). Any actual or attempted Transfer without the Landlord's prior written consent or otherwise in violation of the terms of this Lease shall, at Landlord's election, be void and shall confer no rights upon any third person, and shall be a non-curable default under this Lease which shall entitle Landlord to terminate this Lease upon ten (10) days' written notice to Tenant at any time after such actual or attempted Transfer without regard to Landlord's prior knowledge thereof. The acceptance of Rent or any other amount by Landlord from any person or entity shall not be deemed to be a waiver by Landlord of any provision of this Lease or a consent to any Transfer. A consent by Landlord to one or more Transfers shall not be deemed to be a consent to any subsequent Transfer.

30.2 Request for Consent. If Tenant shall desire Landlord's consent to any Transfer, Tenant shall notify Landlord in writing, which notice shall include: (a) the proposed effective date (which shall be not less than thirty (30) days nor more than one hundred eighty (180) days after Tenant's notice); (b) the portion of the Premises subject to the Transfer; (c) all of the material terms of the proposed Transfer and the consideration therefore; (d) the name and address of the proposed transferee; (e) a copy of the proposed sublease, instrument of assignment and all other documentation pertaining to the proposed Transfer; (f) current financial statements of the proposed transferee certified by an officer, partner or owner thereof, which statements shall, to the extent allowed by public disclosure laws applicable to Landlord, be held in confidence by Landlord pursuant to a reasonable confidentiality agreement; (g) any information reasonably requested by Landlord to enable Landlord to determine the proposed transferee's financial responsibility, character, reputation, and experience with operating facilities similar to the Premises for the Permitted Uses and the nature of such transferee's business and the proposed use the Premises; and (h) such other information as Landlord may reasonably request. Landlord shall be entitled to reimbursement of all costs and expenses actually and reasonably incurred in connection with any requested consent to a Transfer, including attorneys' fees.

30.3 Permitted Transfers. Notwithstanding anything herein to the contrary, Landlord hereby acknowledges and consents to Tenant's right to do the following (each a "Permitted Transfer"):

30.3.1 Transfers of Ownership Interests. With prior written notice to Landlord, Tenant may sell, assign, transfer or dispose of, in one or more transactions, partnership, membership or other ownership interests in Tenant, whether or not for value, by operation of law, gift, will, or intestacy; provided, (i) the proposed owner, assignee or transferee of such partnership, membership or other ownership interests in Tenant (and any owners of any such proposed owner, assignee or transferee) has not been convicted of a crime, or found liable in any legal action, involving fraud, embezzlement, bribery, insider-trading, computer crime,

forgery, or malpractice, and (ii) after any such conveyance, sale, assignment, transfer or disposition, Dale Pullin continues to retain 100% control of Tenant and the day-to-day operations at the Premises and owns, directly or indirectly, fifty-one percent (51%) or more of the ownership interests in Tenant. Thirty (30) days prior to any proposed sale, assignment, transfer, or disposition of any partnership, membership or other ownership interests in Tenant, Tenant shall notify Landlord in writing, which notice shall include: (a) a written certification from Tenant evidencing compliance with the foregoing; (b) the proposed effective date of sale, assignment, transfer, or disposition (which shall be not less than thirty (30) days nor more than one hundred eighty (180) days after Tenant's notice); (c) the amount of the partnership, membership or other ownership interests in Tenant subject to the sale, assignment, transfer, or disposition; (d) the name of the proposed owner, assignee or transferee of such partnership, membership or other ownership interests in Tenant (and the names of any owners of any such proposed owner, assignee or transferee); and (e) any other information reasonably requested by Landlord to enable Landlord to determine whether the proposed owner, assignee or transferee (and any owners of any such proposed owner, assignee or transferee) has been convicted of a crime or found liable in any legal action involving fraud, embezzlement, bribery, insider-trading, computer crime, forgery, or malpractice. Landlord shall be entitled to reimbursement of all costs and expenses actually and reasonably incurred in connection with Landlord's review of any proposed owner, assignee or transferee.

30.3.2 Subleases. From time to time, with prior written notice to Landlord, Tenant may sublease up to twenty percent (20%) of the Premises; provided: (i) the rent or amounts payable by the subtenant for the use of the Premises is commercially reasonable, (ii) the uses of the Premises by the subtenant comply with all applicable federal, State, County, and City laws and regulations, (iii) thirty (30) days prior to any proposed sublease, Tenant provides Landlord a complete executed copy of the sublease, all other documentation pertaining to the sublease and such other information as Landlord may reasonably request in order to determine compliance with the conditions in this Section 30.3.2, and (iv) the terms of the sublease, the subleased area and uses of the Premises by the subtenant (a) do not interfere with any of the Public Benefits required to provided under this Lease or any of the other covenants of Tenant hereunder, (b) do not increase the amount of parking required for the Project under applicable zoning codes beyond those required for the Permitted Uses prior to such Transfer, and (c) do not disqualify the Project or the Regional Center as qualifying as a "regional center" under State law.

30.4 Continued Liability of Tenant. Unless otherwise agreed to by Landlord, in Landlord's sole discretion, in a separate signed writing, no Transfer, including any Permitted Transfer, shall relieve Tenant of its liability under this Lease and Tenant shall remain primarily liable to Landlord for the payment of all Rent and Additional Rent and the performance of all covenants and conditions of this Lease applicable to Tenant. In the event of any assignment which is consented to by Landlord, the assignee shall agree in writing to perform and be bound by all of the covenants of this Lease required to be performed by Tenant.

30.5 Transfer Pursuant to Bankruptcy Code. Anything to the contrary notwithstanding, if this Lease is assigned (or all or a portion of the Premises is sublet) to any person or entity pursuant to the provisions of the Bankruptcy Code, 11 U.S.C. 101 et. seq. (the "Bankruptcy Code"), any and all monies or other consideration payable or otherwise to be

delivered in connection with such assignment or subletting shall be paid or delivered to Landlord, shall be and remain the exclusive property of Landlord and shall not constitute property of Tenant or of its estate within the meaning of the Bankruptcy Code. Any and all monies or other consideration constituting Landlord's property under the preceding sentence not paid or delivered to Landlord shall be held in trust for the benefit of Landlord and be promptly paid or delivered to Landlord. Any assignee pursuant to the Bankruptcy Code shall be deemed to have assumed all of Tenant's obligations under this Lease. Any such assignee shall on demand by Landlord execute and deliver to Landlord a written instrument confirming such assumption.

31. Insurance.

31.1 Premises Liability Insurance. Tenant shall, during the Lease Term, at its sole expense, maintain in full force a policy or policies of commercial general liability (CGL) insurance, including covering liability arising from premises, operations, independent contractors, products-completed operations, personal injury, advertising injury, and property damage and contractual liability coverage, on an occurrence basis, with coverage at least as broad as the most commonly available ISO Commercial General Liability policy CG 00 01, at least Five Million and No/100 Dollars (\$5,000,000.00) per occurrence limit, Ten Million and No/100 Dollars (\$10,000,000.00) general aggregate limit and Five Million and No/100 Dollars (\$5,000,000.00) products-completed operations aggregate limit. There shall be no endorsement or modification for liability arising from explosion, collapse or underground property damage.

31.2 Automobile Liability Insurance. Tenant shall also maintain business automobile liability insurance including contractual liability coverage, on an occurrence bases, with coverage at least as broad as the most commonly available ISO form CA 00 01, in the amount of at least Two Million and No/100 Dollars (\$2,000,000.00) combined single limit/per accident, covering all owned, non-owned, hired, and leased vehicles for injury (or death) and property damage. Such limits may be achieved through the use of umbrella liability insurance otherwise meeting the requirements of this paragraph.

31.3 Worker's Compensation Insurance. Tenant shall at all times maintain worker's compensation insurance for all persons employed by Tenant at the Premises in compliance with federal, state and local law.

31.4 Property Insurance/Business Income. Tenant shall pay for and shall maintain in full force and effect during the Lease Term property insurance covering the Premises, including Landlord's Work, Tenant's Work, all Alterations thereto, as well as all furniture, fixtures, equipment, inventory and other personal property located on the Premises in an amount of not less than one hundred percent (100%) of the replacement cost (excluding excavation and foundation costs), with no coinsurance penalty, "Special Form—Causes of Loss", with earthquake insurance and with flood insurance if the Premises are located within an area identified (by governmental authorities or lenders) as an area having special flood hazards and to the extent available at commercially reasonable cost, with an Ordinance or Law endorsement, and replacement cost coverage to protect against loss of owned or rented equipment and tools brought onto or used at the Premises by Tenant. Tenant shall also obtain and maintain Business

Income and Extra Expense coverage sufficient to pay not less than twelve (12) months of the Money Rent due to Landlord.

31.5 Builder's Risk Insurance. During construction of Tenant's Work and during any subsequent restorations, alterations or changes in the Premises, Tenant shall pay for and shall maintain in full force and effect builder's risk insurance covering the entire work on the Project in an amount not less than one hundred percent (100%) of the replacement cost thereof, with no coinsurance penalty, "Special Form—Causes of Loss", with earthquake insurance and with flood insurance if the Project is located within an area identified (by governmental authorities or lenders) as an area having special flood hazards and to the extent available at commercially reasonable cost, with an Ordinance or Law endorsement, and replacement cost coverage to protect against loss of owned or rented equipment and tools brought onto or used at the Premises by Tenant.

31.6 Waiver of Claims and Subrogation. Tenant hereby waives, and Tenant shall cause its insurance policy or policies to include a waiver of such carrier's, entire right of recovery (i.e., subrogation) against Landlord, the City, and their respective board members, officers, directors, agents, representatives, employees, successors, and assigns, for all claims which are covered or would be covered by the insurance required to be carried by Tenant hereunder or which is actually carried by Tenant.

31.7 General Insurance Requirements. All policies of insurance required to be carried hereunder by Tenant shall be evidenced by an appropriate evidence of insurance acceptable to Landlord, and shall meet the following requirements:

31.7.1 Licensed in State. All policies shall be written by companies licensed to do business in the State of Washington.

31.7.2 "A" Rating. All policies of insurance required to be maintained by Tenant shall be issued by insurance companies with a current A.M. Best's financial strength rating of "A" or better and an A.M. Best's Financial Size Category of Class "VII" or higher.

31.7.3 Primary. All policies shall contain a clause that such policy and the coverage evidenced thereby shall be primary and non-contributing with respect to any policies carried by Landlord or the City.

31.7.4 Landlord Insurance to be Excess. Any insurance, self-insurance, or insurance pool coverage maintained by Landlord or the City shall be excess of Tenant's insurance and shall not contribute with it.

31.7.5 Occurrence Basis. All policies of insurance coverage shall be on an "occurrence basis"; "claims made" forms of insurance are not acceptable, and shall contain a severability of interest clause.

31.7.6 Additional Named Insured. All policies shall name Landlord, the City and any other parties requested by Landlord in writing as additional insureds utilizing endorsements that are acceptable to Landlord in Landlord's sole discretion ("certificate holder" status is not acceptable); provided that any increase in premiums caused by naming other

insureds beyond the Landlord and the City shall be paid by Landlord or the party seeking to be added as an additional insured.

31.7.7 Evidence of Insurance. Tenant shall furnish Landlord with original certificates and a copy of the amendatory endorsements, including but not necessarily limited to the additional insured endorsements, evidencing the insurance requirements of Tenant before Tenant or any other Tenant Party enters the Premises.

31.7.8 Subtenants, Licensees and Subcontractors. Tenant shall include all subtenants, licensees and subcontractors as insured under its policies or shall furnish separate certificates and endorsements for each subtenant, licensee and subcontractor. All coverages for subtenants, licensees and subcontractors shall be subject to all of the same insurance requirements as stated herein for Tenant.

31.7.9 Notice of Cancellation. All policies of insurance shall provide that they are not subject to cancellation or reduction in coverage except upon at least thirty (30) days prior written notice to each additional insured by certified mail, return receipt requested. Tenant shall provide certificates of insurance, together with satisfactory evidence of the payment of premiums thereon, to Landlord upon request. If Tenant fails to comply with the insurance requirements set forth in this Lease, Landlord shall have the right, but not the obligation, at any time and from time to time, following notice to Tenant of default under this Section 31, to procure such insurance and/or pay the premium for such insurance, in which event Tenant shall repay Landlord, immediately upon demand by Landlord, as Additional Rent, all actual sums so paid by Landlord together with interest thereon at the Default Rate and any reasonable costs or expenses incurred by Landlord in connection therewith, without prejudice to any other rights and remedies of the Landlord under this Lease.

32. Parking.

32.1 On-Site Parking. As part of the Exterior Improvements, Landlord may (or may not), at its election, construct parking areas on the Land (the "On-Site Parking"). The actual location, size and design of any On-Site Parking and any equipment, fixtures, improvements, and personal property to be installed in connection with any On-Site Parking will be agreed to by the parties in connection with the parties' approval of the Final Landlord Design-Build Documents. Any On-Site Parking may not include more than five parking spaces without the prior written consent of Tenant. As part of Tenant's maintenance, repair and replacement obligations under this Lease, Tenant shall be responsible, at its sole cost and expense, for the maintenance, repair and replacement of any On-Site Parking.

32.2 Off-Site Parking. If there is no On-Site Parking or any On-Site Parking is not sufficient under zoning codes for the use of the Premises for the Permitted Uses, as herein described, Landlord and/or Tenant may secure (by lease, license, easement, or other arrangement) off-site parking for the Project within a quarter (1/4) mile of the Project (the "Off-Site Parking") in an amount, together with any On-Site Parking, sufficient under zoning codes for the use of the Premises for the Permitted Uses. Any Off-Site Parking provided may be for non-exclusive use, on a first-come, first-served basis. Tenant shall not be responsible for the maintenance, repair and replacement of any Parking; provided Tenant shall be responsible, at its

sole cost and expense, for paying any amount payable to the owner of the Off-Site Parking with respect to the use of Off-Site Parking by Tenant and its employees, sublessees, licensees, invitees, customers, and clients.

32.3 Rules and Regulations. The use of the On-Site Parking and Off-Site Parking may be subject to such reasonable rules and regulations as may be adopted and promulgated from time to time by Landlord and such other rules as may be required by the owner of any Off-Site Parking.

33. Possession. Upon the Lease Commencement Date, Landlord shall assign or cause to be issued to Tenant all equipment, construction and/or other warranties relating to Landlord's Work and shall have no further obligation to perform any additional construction or other work to the interior or exterior of the Premises or elsewhere on the Land in preparation of Tenant's occupancy, excluding the completion of the items on the Landlord's Building Punchlist.

34. Ownership. Landlord's Work, Tenant's Work, any future Alterations, and all equipment, fixtures, improvements, and personal property constructed, installed or located on the Land from time to time, including without limitation, all additions, alterations, and improvements thereto or replacements thereof, whether constructed or installed by Tenant or Landlord, shall be, become and remain the property of Landlord at no cost to Landlord. Tenant shall deliver such bills of sale and other documentation regarding the ownership of the foregoing as Landlord may request from time to time. Notwithstanding the foregoing, the following items shall be and remain the property of Tenant and may be removed by Tenant at the expiration or earlier termination of the Lease Term (collectively, "Tenant's Personal Property"): all personal property (other than any building systems, equipment, fixtures, improvements and personal property attached to the Building and/or used in connection with maintenance, repair and operation of the Building) paid for by Tenant and that is not part of Landlord's Work or Tenant's Work.

35. Indemnity; Waiver.

35.1 Liability of Parties and Waiver. For purposes of this Section 35, (i) "Claims" means all liabilities, claims, damages (except consequential damages), losses, penalties, litigation, demands, causes of action (whether in tort or contract, in law or at equity or otherwise), suits, proceedings, judgments, disbursements, charges, assessments, and expenses (including attorneys' and experts' fees and expenses incurred in investigating, defending, or prosecuting any litigation, claim, or proceeding); (ii) "Tenant Parties" means Tenant, and Tenant's officers, members, partners, independent contractors, agents, employees, sublessees, licensees, invitees, customers, clients, and their respective family members or guests, and all persons and entities claiming through any of these persons or entities; and (iii) "Landlord Parties" means Landlord, the City, and the members, partners, venturers, trustees, officers, directors, shareholders, members, parents, and subsidiaries of any of them and any other affiliated entities, assigns, licensees, invitees, beneficiaries, agents, servants, employees and independent contractors of these persons or entities. The Landlord Parties shall not be liable to the Tenant Parties, and Tenant, on behalf of all Tenant Parties, waives all Claims against Landlord Parties, for any damage, injury, loss, compensation or claim arising out of or resulting from any cause whatsoever (other than a Landlord Party's sole negligence; provided, however,

that in such event the waiver will remain valid for all other Landlord Parties), including, but not limited to: (a) repairs to any portion of the Premises; (b) interruption in Tenant's use of the Premises or loss to Tenant's business; (c) any accident or damage resulting from the use or operation (by Landlord, Tenant or any other person or persons) of any equipment within the Premises, including without limitation, heating, cooling, electrical or plumbing equipment or apparatus; (d) the termination of this Lease by reason of the condemnation of the Premises in accordance with the provisions of Section 37; (e) any fire, robbery, theft, mysterious disappearance or other casualty; (f) the actions of any other person or persons; and (g) any leakage or seepage in or from any part or portion of the Premises, whether from water, rain or other precipitation that may leak into, or flow from, any part of the Premises, or from drains, pipes or plumbing fixtures in the Project. Any goods, property or personal effects stored or placed by the Tenant Parties in or about the Premises, including Tenant's personal property, shall be at the sole risk of Tenant. The Tenant Parties shall not be liable to the Landlord Parties, and Landlord, on behalf of all Landlord Parties, waives all Claims against Tenant Parties, for (i) the termination of this Lease by reason of the condemnation of the Premises in accordance with the provisions of Section 37; (ii) any fire, robbery, theft, mysterious disappearance or other casualty not caused by a Tenant Party to the extent covered by insurance in favor of Landlord; and (iii) the actions of any person or persons other than a Tenant Party to the extent covered by insurance in favor of Landlord. Any goods, property or personal effects stored or placed by any of the Landlord's Parties in or about the Premises (other than any goods, property or personal effects installed as part of Landlord's Work or Tenant's Work), including Landlord's personal property (other than any personal property installed as part of Landlord's Work or Tenant's Work), shall be at the sole risk of Landlord or the Landlord Party which owns such property.

35.2 Indemnification of Landlord Parties. Without limiting any other indemnification obligations hereunder, Tenant shall defend, indemnify and save and hold the Landlord Parties (as defined in Section 31.5 above) harmless from and against any and all liabilities, obligations, losses, damages, injunctions, suits, actions, fines, penalties, claims, demands, costs and expenses of every kind or nature, including reasonable attorneys' fees and court costs, incurred by any Landlord Party, arising directly or indirectly from or out of: (a) any failure by Tenant to perform any of the terms, provisions, covenants or conditions of this Lease, on Tenant's part to be performed including but not limited to the payment of any fee, cost or expense which Tenant is obligated to pay and discharge hereunder; (b) any accident, injury or damage which shall happen at, in or upon the Premises, however occurring; (c) any matter growing out of the condition, occupation, maintenance, alteration, repair, use or operation by any person of the Premises, or any part thereof, or the operation of the business contemplated by this Lease to be conducted thereon, thereat, therein, or therefrom; (d) any failure of Tenant to comply with any applicable legal requirements; (e) any contamination of the Premises, or the groundwaters thereof, first arising on or after the date Tenant takes possession of the Premises and occasioned by the use, transportation, storage, spillage or discharge thereon, therein or therefrom of any toxic or hazardous chemicals, compounds, materials or substances, whether by Tenant or by any agent or invitee of Tenant; (f) any discharge of toxic or hazardous sewage or waste materials from the Premises into any septic facility or sanitary sewer system serving the Premises first arising on or after the date Tenant takes possession of the Premises, whether by Tenant or by any agent of Tenant; or (g) any other act or omission of any Tenant Party, provided, however, Tenant shall not be liable for or be obligated to indemnify any Landlord Party from and against (i) any damages to the extent arising from such Landlord Party's sole negligence, or

(ii) any liabilities, obligations, losses, damages, injunctions, suits, actions, fines, penalties, claims, demands, costs and expenses of any kind or nature arising out of the initial construction of the Building and the Exterior Improvements by Landlord; provided, however, that in such event the indemnity will remain valid for all other Landlord Parties.

35.3 RCW 4.24.115. Should a court of competent jurisdiction determine that this Lease is subject to RCW 4.24.115, then, in the event of liability for damages arising out of bodily injury to persons or damages to property caused by or resulting from the concurrent negligence of Tenant and a Landlord Party, Tenant's waiver under Section 31.5 and Tenant's obligations under Section 35.2 with respect to such Landlord Party shall be only to the extent of the Tenant's Parties' negligence.

35.4 Notice of Claim or Suit. Tenant shall promptly notify Landlord of any claim, action, proceeding or suit instituted or threatened against Tenant or any Landlord Party of which Tenant receives notice or of which Tenant acquires knowledge. In the event any Landlord Party is made a party to any action for damages or other relief against which Tenant has indemnified the Landlord Party, as aforesaid, Tenant shall at its own expense using counsel reasonably approved by the Landlord Party, diligently defend the Landlord Party, pay all costs in such litigation or, at the Landlord Party's option, and expense, the Landlord Party may nonetheless engage its own counsel in connection with its own defense or settlement of said litigation in which event Tenant shall cooperate with the Landlord Party and make available to the Landlord Party all information and data which the Landlord Party deems necessary or desirable for such defense. In the event a Landlord Party is required to secure its own counsel due to a conflict in the interests of Tenant and the Landlord Party in any action for damages or other relief against which Tenant has indemnified the Landlord Party, Tenant shall pay all of the Landlord Party's costs in such litigation. Tenant is required to approve a settlement agreement for any such claim or suit as requested by the Landlord Party and which is consistent with applicable insurance company requirements, unless Tenant posts a bond or other security acceptable to the Landlord Party for any potentially uninsured liability amounts.

35.5 Obligations Independent of Insurance. The indemnification provided in this Section 35 shall not be construed or interpreted as in any way restricting, limiting or modifying Tenant's insurance or other obligations under this Lease, and the provisions of this Section 35 are independent of Tenant's insurance and other obligations. Tenant's compliance with the insurance requirements and other obligations under this Lease does not in any way restrict, limit or modify Tenant's indemnification obligations under this Lease.

35.6 Survival. The provisions of this Section 35 will survive the expiration or earlier termination of this Lease until all Claims against Landlord Parties involving any of the indemnified or waived matters are fully and finally barred by the applicable statutes of limitations.

35.7 Waiver of Immunity. TENANT HEREBY WAIVES ITS IMMUNITY WITH RESPECT TO THE PARTIES INDEMNIFIED UNDER THE PRECEDING SECTIONS UNDER ANY APPLICABLE WORKER'S COMPENSATION OR INDUSTRIAL INSURANCE ACTS (INCLUDING TITLE 51 RCW) AND EXPRESSLY AGREES TO ASSUME POTENTIAL LIABILITY FOR ACTIONS BROUGHT AGAINST AN

INDEMNIFIED PARTY BY THE INDEMNIFYING PARTY'S EMPLOYEES. THIS WAIVER HAS BEEN SPECIFICALLY AND MUTUALLY NEGOTIATED BY THE PARTIES, SHALL SURVIVE THE EXPIRATION OR TERMINATION OF THIS LEASE AND EACH PARTY HAS HAD THE OPPORTUNITY TO, AND HAS BEEN ENCOURAGED TO, CONSULT WITH INDEPENDENT COUNSEL REGARDING THIS WAIVER.

36. Damage and Destruction of Premises.

36.1 Repairs, Alterations and Further Improvements. In the event of damage to or destruction of the Premises or any improvements on the Land to be covered by the insurance described in Section 31, the following provisions in this Section 36 shall govern:

36.2 Damages Covered by Insurance. If sufficient funds are available from the property insurance required to be maintained by Tenant pursuant to Section 31 to effect the repair or restoration of the damaged improvements to the condition and form prior to such damage or destruction, then Tenant shall effect such repair and restoration, and Landlord and Tenant agree that all funds derived from insurance required to be maintained by Tenant pursuant to Section 31 shall be made available as provided below in this Section 36 to effect such repair and reconstruction of the structure or improvement so damaged or destroyed to substantially its condition prior to said damage or destruction, subject to any changes required to comply with applicable law. In order for Tenant to be required to effect such repair and restoration under this Section 36.2, the available insurance proceeds must be sufficient to cover the cost of all labor, materials and other construction costs, direct and indirect (including but not limited to overhead charges, contractors' fees, architects' fees, permits and taxes) so as to fully complete the repairing, restoring and/or rebuilding of the damage improvements.

36.3 Damage Not Covered by Insurance. If sufficient funds from the property insurance required to be maintained by Tenant pursuant to Section 31 to effect the repair or restoration of the damaged improvements to the condition and form prior to such damage or destruction are not available, or if such reconstruction or rebuilding of any such damage or destruction cannot be made under then existing laws, ordinances, statutes or regulations of any governmental authorities applicable thereto (and cannot be so made with minor and non-material changes to the improvements damaged or destroyed) to the former condition and form prior to such damage or destruction, then Tenant may (i) elect to terminate this Lease within sixty (60) days after such damage or destruction, or (ii) elect to reconstruct the Premises and Tenant shall provide the funds therefore in excess of any available insurance proceeds. Landlord and Tenant agree that all funds derived from insurance required to be maintained by Tenant pursuant to Section 31 shall be made available to effect such repair and reconstruction as provided below in this Section 36.

36.4 Prompt Repair. If Tenant pursuant to the terms hereof is obligated or elects to repair, replace, reconstruct or rebuild the Premises or any portion thereof as hereinabove provided, the same shall be effected at Tenant's cost and expense (which may be paid from insurance proceeds available as above provided), and Tenant shall, after commencing construction, diligently and continuously carry out such repair, replacement, reconstruction or rebuilding to full completion as soon as possible, except to the extent of delays due to strikes,

lockouts, shortages of labor or materials after due diligence in obtaining the same, governmental restrictions, fire, flood, casualty, riot, volcanic activity, act of God, act of the public enemy, terrorist acts, or other causes beyond the reasonable control of Tenant after the exercise of due diligence, including diligence in contracting, and the exercise of rights under contracts with contractors and suppliers.

36.5 Termination. This Lease and the Lease Term shall not terminate or be terminated because of damage to or destruction of all or any portion of the Premises except under and in accordance with the provisions hereinabove contained.

36.6 Insurance Money and Other Funds. All insurance proceeds received by Tenant shall be held by Tenant and, except as provided otherwise in Section 36.7 below, shall be applied as follows: (a) for the purpose of defraying the cost of repairing, restoring, replacing and/or rebuilding the Premises as provided in Section 36.7 hereof, and (b) second, if the damaged or destroyed structure or improvement is not repaired, restored, replaced or rebuilt as hereinafter provided, or if any such funds remain unapplied upon termination of this Lease, such funds shall be disposed of as provided in Section 36.7.

36.7 Application of Proceeds of Physical Damage Insurance. In the event of any repair, replacement, restoration, or rebuilding of the improvements pursuant to this Section 36 or otherwise, Tenant shall apply the proceeds of the insurance collected pursuant to Section 36.6 to the cost of such work upon certificate of satisfactory progress and/or completion in form satisfactory to Landlord by the licensed architect or engineer in charge of the work. Upon completion of such repair, replacement, restoration or rebuilding in accordance with the provisions of this Lease, and the full payment of the costs therefore, any insurance proceeds received by Tenant or Landlord with respect to such damage or destruction and not so used, shall remain the property of Landlord. If Tenant shall elect to terminate this Lease on account of damage or destruction pursuant to a right to do so, or this Lease shall otherwise terminate without repair of the damage or destruction, any such insurance proceeds received and held by Tenant or Landlord and not used for repair, replacement or reconstruction ("Available Proceeds"), shall be disposed of as follows:

36.7.1 First, to Landlord to pay off and retire in full all amounts due under any bonds or other financing secured or entered into by Landlord with respect to the Project or the Regional Center;

36.7.2 Second, to Landlord in an amount sufficient to remove any improvements not repaired and to return the Land to the level of adjacent properties;

36.7.3 Third, to Tenant in an amount equal to then depreciated value of Tenant's Work; and

36.7.4 Fourth, any remainder shall be paid to Landlord.

37. Eminent Domain.

37.1 Definition. If there is any taking or condemnation of or transfer in lieu thereof for a public or quasi-public use of all or any part of the Land or the Premises or any

interest therein because of the exercise or settlement due to threatened exercise of the power of eminent domain or inverse condemnation, whether by condemnation proceedings or otherwise (all of the foregoing being hereinafter referred to as "taking") before or during the Lease Term, the rights and obligations of the parties with respect to such taking shall be as provided in this Section 37.

37.2 Total Taking. If there is a taking of all or substantially all of the Premises, this Lease shall terminate as of the date of such taking. All Money Rent, Additional Rent and other amounts due under this Lease shall be paid by Tenant to the date of such taking.

37.3 Partial Taking. If less than all or substantially all of the Premises shall be taken, and a part thereof remains which is susceptible of occupation hereunder for the use permitted herein as reasonably determined by Landlord and Tenant in good faith, this Lease shall, as to the part so taken, terminate as of the date title shall vest in the condemnor or transferee, and the Minimum Monthly Money Rent payable hereunder shall be reduced by the proportion which the taken portion of the Premises bears to the entire the Premises before the taking.

37.4 Repair and Restoration. If this Lease is not terminated as provided in this Section 37, Tenant shall, at its sole expense, restore with due diligence the remainder of the Premises so far as is practicable to like quality, character, and condition as that which existed immediately prior to the taking.

37.5 Award. In the event of any taking, the entire award shall be payable to and be the property of Landlord and Tenant hereby assigns to Landlord all of its rights in and to any such award to Landlord; provided:

37.5.1 Landlord shall release, without undue delay, such portion of any such award necessary to effect the reconstruction and repairs by Tenant required under Section 37.4, but Tenant shall be obligated to effect such reconstruction and repairs regardless of the adequacy of the any such award. Landlord shall promptly deliver upon the request of Tenant or any governmental authority issuing such award a release and/or any other document evidencing the release of its interest in such award in favor of Tenant for purposes of effecting such reconstruction and repairs.

37.5.2 If this Lease is terminated on account a taking pursuant to Section 37.2, any such award received by Landlord shall be disposed of as follows:

37.5.2.1 First, to Landlord to payoff and retire in full all amounts due under any bonds or other financing secured or entered into by Landlord with respect to the Project or the Regional Center;

37.5.2.2 Second, to Landlord in an amount sufficient to remove any improvements not repaired and to return the Land to the level of adjacent properties;

37.5.2.3 Third, to Tenant in an amount equal to then depreciated value of Tenant's Work; and

37.5.2.4 Fourth, any remainder shall be paid to Landlord.

37.6 Waiver. Tenant hereby waives any statutory and common law rights of termination which may arise by reason of any partial taking of the Premises under the power of eminent domain.

38. Hazardous Substances.

38.1 Indemnity. Tenant shall be solely responsible and liable for, and shall indemnify, defend and hold harmless Landlord for, from and against any and all Hazardous Substances existing, after the date Tenant enters onto the Property to conduct any of Tenant's Work (the "Tenant Entry Date"), on the Premises or the Land or any other adjacent property, or present in or on the air, ground water, soil, buildings or other improvements or otherwise in, on, under or about the Premises or the Land or any other adjacent property, resulting from the Handling by Tenant's Permittees (as defined in Section 38.3) of any Hazardous Substance from and after the Tenant Entry Date. Without limiting the generality of the foregoing, Tenant shall, at any time during the Lease Term and at the end of the Lease Term, perform all work necessary to comply with this Section 38 in accordance with all present and then-applicable Environmental Laws.

38.2 Covenant. Tenant shall not cause or permit any Hazardous Substance to be Handled in, upon, under or about the Premises (or any part thereof) or any part of the Land in violation of applicable Environmental Law by Tenant's Permittees without the prior written consent of Landlord. Notwithstanding the foregoing, Tenant shall promptly, upon written request, deliver to Landlord true copies of all governmental permits and approvals relating to the Handling of Hazardous Substances and all correspondence sent or received by Tenant's Permittees regarding any Handling of Hazardous Substances in or about the Premises, including, without limitation, inspection reports and citations.

38.3 Definitions. As used in this Section 38, the following terms shall have the following definitions:

38.3.1 "Hazardous Substance" means any polychlorinated biphenyls, petroleum products, asbestos, and any other hazardous, toxic or radioactive substance or waste the release, discharge, emission, storage, handling or disposal of which is or becomes regulated by any existing or future Environmental Law. Notwithstanding the foregoing, Hazardous Substances do not include commercial products used or consumed in the normal course of general office use, to the extent and degree they are stored, used, and disposed of in a commercially reasonable manner in compliance with Environmental Laws.

38.3.2 "Handle" or "Handled" or "Handling" means generated, produced, brought upon, used, handled, stored, treated or disposed of.

38.3.3 "Tenant's Permittees" means and includes Tenant, Tenant's sublessee, Tenant's licensees, and their respective employees, licensees, contractors, subcontractors, representatives, agents, officers, partners, directors, subtenants, and invitees.

38.3.4 “Environmental Laws” means all applicable present and future laws, ordinances, rules, regulations, statutes, requirements, actions, policies, and common law of any local, state, Federal or quasi governmental agency, body, board or commission relating to the protection of human health as it relates to Hazardous Substances exposure or the environment.

38.4 Landlord’s Duties. If the presence of Hazardous Substances in, upon, under or about the Premises is discovered and it is determined that the presence of Hazardous Substances occurred prior to the Tenant Entry Date or were not the result of the Handling by Tenant’s Permittees (as defined in Section 38.3) of any Hazardous Substance from and after the Tenant Entry Date, Landlord shall promptly take all actions at its sole cost and expense as are necessary or appropriate to remediate (or cause the responsible party to remediate) such Hazardous Substances. In any event, any and all actions by Landlord to cause the remediation of any Hazardous Substances under this Section 38.4 shall be done in compliance with all Environmental Laws. It is the intent of Landlord and Tenant (and Landlord and Tenant hereby agree) that Tenant shall have no liability whatsoever for the existence or presence of Hazardous Substances in, upon, under or about the Premises that are not the result of the Handling by Tenant’s Permittees (as defined in Section 38.3) of any Hazardous Substance from and after the Tenant Entry Date. Landlord’s obligations under this Section 38 shall survive the termination of this Lease.

38.5 Tenant’s Duties. If Tenant breaches the obligations set forth in this Section 38, or if the presence of Hazardous Substances in, upon, under or about the Premises is caused or permitted by Tenant’s Permittees’ Handling thereof after the Tenant Entry Date, results in contamination of the Premises or any other property, or if contamination of the Premises or any other property by Hazardous Substances otherwise occurs or exists at any time during the Lease Term, resulting from Tenant’s Permittee’s Handling of any such Hazardous Substances at the Premises after the Tenant Entry Date, then Tenant shall indemnify, defend and hold Landlord harmless from and against any and all liabilities, costs, expenses, claims, judgments, damages, penalties, fines or losses (including without limitation, damages for the loss or restriction on use of rentable or usable space or of any amenity of the Premises or the Land, claims by any government agency or other third parties, and sums paid in settlement of claims, reasonable attorneys’ fees, consultants’ fees, experts’ fees and the like) which arise at any time during the Lease Term or after the Lease Term as a direct result there from. The foregoing obligation of Tenant to indemnify, defend and hold Landlord harmless shall survive and extend beyond the expiration or earlier termination of this Lease and includes, without limitation, indemnification against all costs incurred in connection with any investigation of site conditions or any studies, testing, reports, monitoring, clean-up, detoxification, decontamination, repairs, replacements, restoration and remedial work required by any federal, state or local governmental agency, authority or political subdivision because of any Hazardous Substance present in soil, ground water, air, buildings or other improvements or otherwise in, upon, under or about the Premises or the adjacent properties, air or water. Without limiting the foregoing, if the presence of any Hazardous Substance in, on, under or about the Premises or the Land due to the Handling of Hazardous Substances by Tenant’s Permittees after Tenant Entry Date results in contamination of the Premises or the Land or any other property, air or water, in violation of applicable Environmental Law, Tenant shall promptly take all actions at its sole cost and expense as are necessary or appropriate to cause the Premises to be in compliance with applicable Environmental Law, provided that Tenant obtains Landlord’s prior written approval of such

actions and of the contractors and other persons performing such actions, which approval shall not be unreasonably withheld. In any event, any and all actions by Tenant to return the Premises and the Land to the condition existing prior to the Handling of any such Hazardous Substance shall be done in compliance with all Environmental Laws. It is the intent of Landlord and Tenant (and Landlord and Tenant hereby agree) that Landlord shall have no liability whatsoever for the existence or presence of Hazardous Substances first occurring after the Tenant Entry Date and during the term of this Lease in, upon, under or about the Premises resulting from the Handling of any Hazardous Substances in connection with Tenant's Permittee's occupancy or use of the Premises, and that Tenant shall have sole and absolute responsibility for the existence or presence of Hazardous Substances first occurring after the Tenant Entry Date in, upon, under or about the Premises and shall fully indemnify and hold Landlord harmless from and against any liabilities, costs, expenses (including reasonable attorneys' fees), claims, judgments, damages, demand, penalties, fines and losses arising from or in connection with the existence or presence of such Hazardous Substances in, upon, under or about the Premises or the migration thereof from or to the Premises resulting from the Handling of any Hazardous Substances in connection with Tenant's Permittee's occupancy or use of the Premises. Tenant's obligations under this Section 38 shall survive the termination of this Lease.

38.6 Handling; Notices. Without in any way diminishing or waiving the limitations on and obligations of Tenant set forth in this Section 38, if Tenant's Permittees Handle Hazardous Substances in, upon, under or about the Premises, such Handling shall be done in full compliance with all Environmental Laws. Furthermore, Tenant shall promptly upon receipt thereof, provide to Landlord written notice of the following:

38.6.1 Any enforcement, clean-up or other regulatory action taken or threatened by any federal, state or local governmental or quasi-governmental authority with respect to the presence of any Hazardous Substances in, upon, under or about the Premises or the migration thereof from or to other property;

38.6.2 All demands or claims made or threatened by any third party against Tenant or the Premises relating to any loss or injury resulting from any Hazardous Substances;

38.6.3 Any spill, release, discharge or disposal of Hazardous Substances in, upon, under or about the Premises in violation of any Environmental Law; and/or

38.6.4 All matters with respect to which Tenant is required to give notice pursuant to any applicable Environmental Law.

38.7 Landlord shall have the right to join and participate in, as a party if it so elects, any legal proceedings or actions affecting the Premises initiated in connection with any Hazardous Substances or related laws; provided if Landlord elects to retain separate counsel, Landlord shall be solely responsible for the cost of such separate counsel.

39. Turn Over of Premises. At the expiration of the tenancy created hereunder, whether by lapse of time or otherwise, Tenant shall surrender the Premises broom clean and in the same or better condition than when originally constructed, and shall remove Tenant's

Personal Property. Tenant's obligations shall include the repair of any damage occasioned by the installation, maintenance or removal of Tenant's Personal Property and the removal, replacement, or remediation of any soil, material or ground water contaminated by Tenant's Permittees (as defined in Section 38.3). For clarification, Tenant shall not remove any appurtenant fixtures, machinery, or equipment permanently attached to or used in connection with operation of the Project, or any additions to or replacements thereof made during the Lease Term, it being the intent of the parties that upon expiration or earlier termination of this Lease, Landlord shall receive an operating Project. All operating manuals, computer programs and software, maintenance records, warranties and other personal property, tangible or intangible, necessary for operation of the Project or the systems within the Project shall be delivered to Landlord upon expiration or sooner termination of this Lease without cost to Landlord. Tenant's Personal Property not removed by Tenant at expiration or other termination of this Lease shall be considered abandoned and Landlord may dispose of such property in accordance with the law governing abandoned property then in effect at Tenant's cost.

40. Default.

40.1 Default. The occurrence of any or more of the following events shall constitute a material breach and default of this Lease (each, an "Event of Default"):

40.1.1 Any failure by Tenant to pay Money Rent Additional Rent, any deposits to the Event Center Maintenance Fund, or any other charge within three (3) days after written notice from Landlord; or

40.1.2 Any failure by Tenant, in any 12-month period, to operate the Premises for a minimum of three thousand (3,000) hours per calendar year (prorated for any partial calendar years) for appropriate activities for a "regional center" under State law; or

40.1.3 Any failure by Tenant to substantially provide the Public Benefit under the then-applicable Public Benefits Program and such failure continues for five (5) days after written notice from Landlord; or

40.1.4 Any failure by Tenant to observe or perform any other provision, covenant or condition of this Lease to be observed or performed by Tenant not provided for in Sections 40.1.1, 40.1.2 and 40.1.3 and Sections 40.1.5, 40.1.6 and 40.1.7 below where such failure continues for thirty (30) days after written notice thereof by Landlord to Tenant, provided that if the nature of such breach is such that although curable, the breach cannot reasonably be cured within a thirty (30) day period, an Event of Default shall not exist if Tenant shall commence to cure such breach and thereafter diligently and in good faith pursues such a cure of such breach; or

40.1.5 Abandonment or vacation of the Premises (which shall include Tenant's failure to take possession of the Premises within thirty (30) days after Substantial Completion of the Building and the Exterior Improvements) by Tenant; or

40.1.6 A general assignment by Tenant for the benefit of creditors, or the filing by or against Tenant of any proceeding under any insolvency or bankruptcy law, or the

appointment of a trustee or receiver to take possession of all or substantially all of Tenant's assets located upon the Premises or of Tenant's interest in this Lease; or

40.1.7 The occurrence of an Event of Default as defined in any other provision of this Lease.

40.2 Remedies.

40.2.1 Reentry and Termination. Upon and during the continuance of an Event of Default, Landlord, in addition to any other remedies available to Landlord at law or in equity, at Landlord's option, may without further notice or demand of any kind to Tenant or any other person:

1. Declare the Lease Term ended and reenter the Premises and take possession thereof and remove all persons there from, and Tenant shall have no further claim to the Premises; or

2. Without declaring this Lease ended, reenter the Premises and occupy the whole or any part thereof for and on account of Tenant and collect any unpaid Money Rent, rent, Additional Rent, and other charges, which have become payable, or which may thereafter become payable; or

3. Even though Landlord may have reentered the Premises, thereafter elect to terminate this Lease and all of the rights of Tenant in or to the Premises.

40.2.2 Express Termination Required. Should Landlord have reentered the Premises under the provisions of Section 40.2.1.2 above, Landlord shall not be deemed to have terminated this Lease, or the liability of Tenant to pay any Money Rent, Additional Rent or other charges thereafter accruing, or to have terminated Tenant's liability for damages under any of the provisions of this Lease, by any such reentry or by any action, in unlawful detainer or otherwise, to obtain possession of the Premises, unless Landlord shall have notified Tenant in writing that Landlord had elected to terminate this Lease. Tenant further covenants that the service by Landlord of any notice pursuant to the unlawful detainer statutes of the State where the Premises is situated and the surrender of possession pursuant to such notice shall not (unless Landlord elects to the contrary at the time of or at any time subsequent to the serving of such notices and such election is evidenced by a written notice to Tenant) be deemed to be a termination of this Lease.

40.2.3 Damages. Should Landlord elect to terminate this Lease pursuant to the provisions of Section 40.2.1.1 or 3 above, Landlord may recover from Tenant as damages, the following:

1. The worth at the time of award of any unpaid Money Rent, Additional Rent or other charges which had been earned at the time of such termination; plus

2. The worth at the time of award of the amount by which the unpaid Money Rent, Additional Rent or other charges which would have been earned after

termination until the time of award exceeds the amount of such loss Tenant proves could have been reasonably avoided; plus

3. The worth at the time of award of the amount by which the unpaid Money Rent, Additional Rent or other charges for the balance of the Lease Term after the time of award exceeds the amount of such loss that Tenant proves could be reasonably avoided; plus

4. Any other amount necessary to compensate Landlord for all the detriment proximately caused by Tenant's failure to perform Tenant's obligations under this Lease or which in the ordinary course of things would be likely to result there from, including, but not limited to any reasonable costs or expenses incurred by Landlord in (i) retaking possession of the Premises, including reasonable attorneys' fees, (ii) maintaining or preserving the Premises after the occurrence of an Event of Default, (iii) preparing the Premises for reletting to a new tenant, including repairs or alterations to the Premises for such reletting, (iv) leasing commissions, and (v) any other reasonable costs necessary or appropriate to relet the Premises; plus

5. At Landlord's election, such other amounts in addition to or in lieu of the foregoing as may be permitted from time to time by the laws of the State where the Premises are situated.

40.2.4 Alternative Damages. Should Landlord elect to bring an action against Tenant in unlawful detainer or for damages or both or otherwise (and Landlord may bring as many actions as Landlord may elect to bring throughout the Lease Term), without terminating this Lease, Landlord may recover from Tenant as damages the following:

1. The worth at the time of award of any unpaid Money Rent, Additional Rent or other charges which had been earned at the time Landlord recovered possession of the Premises; plus

2. The worth at the time of award of the amount by which the unpaid Money Rent, Additional Rent or other charges which would have been earned after the date Landlord recovered possession until the time of award exceeds the amount of such loss Tenant proves could have been reasonably avoided; plus

3. Any other amount necessary to compensate Landlord for all the detriment proximately caused by Tenant's failure to perform Tenant's obligations under this Lease, including but not limited to, any reasonable costs or expenses incurred by Landlord in (i) retaking possession of the Premises, including reasonable attorneys' fees, (ii) maintaining or preserving the Premises during an Event of Default, (iii) preparing the Premises for reletting to a new tenant, including repairs or alterations to the Premises for such reletting, (iv) leasing commissions, and (v) any other reasonable costs necessary or appropriate to relet the Premises; plus

4. At Landlord's election, such other amounts in addition to or in lieu of the foregoing as may be permitted from time to time by the laws of the State where the Premises are situated.

40.2.5 Definitions. As used in Sections 40.2.3.1 and 2 and Section 40.2.4.1 above, the “worth at the time of award” is computed by allowing interest at the rate set forth in Section 40.3. As used in Sections 40.2.3.3 and Section 40.2.4.2 above, the “worth at the time of award” is computed by discounting such amount at the discount rate of the Federal Reserve Bank situated nearest to the location of the Premises at the time of award plus one (1) percentage point.

40.2.6 Computation of Certain Sums. For all purposes of this Section 40, Additional Rent and other charges shall be computed on the basis of the average monthly amount thereof accruing during the immediately preceding sixty (60) month period, except that if it becomes necessary to compute such amounts before such a sixty (60) month period has occurred then such amounts shall be computed on the basis of the average monthly amounts accruing during such shorter period.

40.2.7 Use of Fixtures. Upon the occurrence of and during the continuation of any Event of Default, Landlord may, at Landlord’s option, permit all of Tenant’s fixtures, furniture, equipment, improvements, additions, alterations, and other personal property to remain on the Premises and Landlord shall have the right to take the exclusive possession of same and to use same, rent or charge free, until the Event of Default is cured or, at Landlord’s option, at any time during the Lease Term, require Tenant to forthwith remove same. In the event of any entry or taking possession of the Premises, Landlord shall have the right, but not the obligation to remove all or any part of the fixtures, furniture, equipment and other personal property located in the Premises and may place the same in storage at a public warehouse at the expense and risk of the owner or owners thereof.

40.2.8 Cumulative Remedies. The remedies given to Landlord in this Section 40 shall be in addition and supplemental to all other rights or remedies which Landlord may have under this Lease, at law, in equity or by statute and the exercise of any one remedy shall not preclude the subsequent or concurrent exercise of further or additional remedies.

40.2.9 No Waiver. The waiver by Landlord of any breach of any term, covenant or condition herein contained in this Lease shall not be deemed to be a waiver of such term, covenant or condition of any subsequent breach of the same or any other term, covenant or condition of this Lease. The subsequent acceptance of Money Rent, Additional Rent or other charges due hereunder shall not be deemed to be a waiver of any preceding breach by Tenant of any term, covenant or condition of this Lease, other than the failure of Tenant to pay the particular amount so accepted regardless of Landlord’s knowledge of such preceding breach at the time of acceptance of such amount. No covenant, term, or condition of this Lease shall be deemed to have been waived by Landlord unless such waiver shall be in writing and signed by Landlord.

40.3 Interest. Any sum accruing to Landlord under the terms and provisions of this Lease which shall not be paid when due shall bear interest at the interest rate provided herein from the date the same becomes due and payable by the terms and provisions of this Lease until paid, unless otherwise specifically provided in this Lease. The interest rate which shall apply shall be the lesser of (i) fifteen percent (15%) per annum, or (ii) the highest rate allowed by applicable law (the “Default Rate”).

41. Holding Over. If Tenant fails to surrender the Premises at the expiration or earlier termination of this Lease, occupancy of the Premises after the termination or expiration shall be that of a tenancy at sufferance. Tenant's occupancy of the Premises during the holdover shall be subject to all the terms and provisions of this Lease. No holdover by Tenant or payment by Tenant after the expiration or early termination of this Lease shall be construed to extend the Lease Term or prevent Landlord from immediate recovery of possession of the Premises by unlawful detainer, summary proceedings or otherwise. In addition to the payment of the amounts provided above, if Landlord is unable to deliver possession of the Premises to a new tenant or to the City as required under the Master Lease as a result of Tenant's holdover, Tenant shall be liable to Landlord for all damages, including, without limitation, consequential damages, that Landlord suffers from the holdover. Nothing herein shall be construed as consent to such holding over.

42. Master Lease. This Lease is subject at all times to all of the provisions of the Master Lease and Tenant shall not suffer any act or omission that will violate any of the provisions of the Master Lease. Tenant acknowledges that Landlord has provided Tenant with a full and complete copy of the Master Lease. Tenant shall not permit or perform any act or omission that would constitute a breach or default under the Master Lease. If the Master Lease terminates, this Lease shall terminate and the parties shall be relieved from all liabilities and obligations under this Lease, except for those indemnification and obligations that survive termination of this Lease; provided, however, that if the Master Lease terminates as a result of a default of Tenant then Tenant shall be liable to Landlord for all damages suffered by Landlord as a result of the termination of the Master Lease. To the extent the same has not been entered into as of the Lease Commencement Date, Landlord and Tenant shall enter into a non-disturbance and attornment agreement with the City, in form and substance reasonably acceptable to Landlord, Tenant and the City, addressing the non-disturbance of Tenant's occupancy under this Lease and Tenant's attornment to the City in the event the Master Lease is terminated due to a default under the Master Lease by Landlord.

43. Attorney Fees. In case suit or action is instituted to enforce compliance with any of the terms, covenants or conditions of this Lease, or to collect the rental which may become due hereunder, or any portion thereof, the losing party in such suit agrees to pay such sum as the trial court may adjudge reasonable as attorney fees to be allowed the prevailing party in such suit or action, and in the event any appeal is taken from any judgment or decree in such suit or action, the losing party on such appeal agrees to pay such further sum as the appellate court shall adjudge reasonable as attorney fees for the prevailing party on such appeal. Tenant agrees to pay and discharge all Landlord's costs and expenses, including Landlord's reasonable attorney fees that shall arise from enforcing any provisions or covenants of this Lease even though no suit or action is instituted.

44. Waiver. Any waiver by Landlord of any breach of any covenant herein contained to be kept and performed by Tenant shall not be deemed or considered as a continuing waiver, and shall not operate to bar or prevent Landlord from declaring a forfeiture for any succeeding breach, either of the same condition or covenant or otherwise.

45. Notices. All notices, demands, requests, or other writings in this Lease (each a "Notice") provided to be given or made or sent, or which may be given or made or sent, by either

party hereto to the other shall be in writing and shall be deemed to have been duly given if (i) delivered personally, (ii) sent by a nationally recognized overnight delivery service, (iii) electronically transmitted (including facsimile) with confirmation sent by another method specified in this Section 45, or (iv) if mailed or deposited in the United States mail and sent by registered or certified mail, return receipt requested, postage prepared to: depositing the same in the United States mails, certified, registered or equivalent, return receipt requested, postage prepaid, properly addressed, and sent to the following addresses or:

If to Tenant: Lewis County Event Center, LLC
 Attn: Dale Pullin, Managing Member
 2020 Borst Avenue
 Centralia, WA 98531
 Fax No.: (360) 736-1692

If to Landlord: Lewis County Public Facilities District
 c/o Lewis County Treasurer
 351 Northwest North Street
 P.O. Box 509
 Chehalis, WA 98532
 Fax No.: (360) 740-1493

or to such other address as either party may from time to time designate by Notice to the other given in the same manner provided above. All notices shall be deemed complete upon actual receipt or refusal to accept delivery.

46. Quiet Enjoyment. Subject to the provisions of this Lease and conditioned upon performance of all of the provisions to be performed by Tenant hereunder, Landlord shall secure to Tenant during the Lease Term the quiet and peaceful possession of the Premises and all rights and privileges appertaining thereto, free from hindrance or molestation by Landlord and those claiming by, through or under Landlord.

47. Estoppel Certificate. Within twenty (20) days after written request from Landlord, Tenant shall deliver a certificate, in form and content reasonably acceptable to Landlord certifying (if such be the case or if not the case, specifying with particularity any exception) to the following and such additional matters as may be reasonably requested by Landlord: (i) that this Lease is in full force and effect and has not been amended, modified, supplemented or superseded; (ii) that Landlord is not in default under this Lease; and (iii) the date through which Money Rent and other charges have been paid.

48. Gender. The words "Landlord" and "Tenant", as used herein, shall include the plural as well as the singular. Words used in the neuter gender include the masculine and feminine. If there be more than one Landlord or Tenant, the obligations hereunder imposed upon Landlord or Tenant shall be joint and several.

49. Limitation on Liability of Landlord. In the event Tenant is awarded a money judgment against Landlord, Tenant's sole recourse for satisfaction of such judgment shall be limited to execution against the Landlord's interest in the Premises. In no event shall any board

member, partner, member, officer, director, stockholder, or shareholder of Landlord, or any partner, affiliated person, or subsidiary thereof, be personally liable for the obligations of Landlord hereunder.

50. Successors. This Lease shall be binding upon and shall inure to the benefit of the parties hereto and their successors and permitted assigns. The term “successors” is used herein in its broadest possible meaning and includes, but is not limited to, every person succeeding to any interest in this Lease or the premises of Landlord or Tenant herein whether such succession results from the act or omission of such party. Every covenant and condition of this Lease shall be binding upon all assignees, subtenants, licensees, and concessionaires of Tenant.

51. Removal of Tenant’s Personal Property. Upon the expiration of the Lease Term or upon any earlier termination thereof, Tenant shall remove at its own expense all of Tenant’s Personal Property and, at the request of Landlord, any other trade fixtures, equipment, and personal property which were installed by Tenant or any subtenant, concessionaire or licensee in or upon the Premises. In case of any injury or damage to the Premises resulting from the removal of Tenant’s Personal Property, Tenant shall promptly pay to Landlord the reasonable cost of repairing such injury or damage upon the receipt of invoices outlining such costs. If Tenant fails to so remove Tenant’s Personal Property, Landlord may, at Landlord’s option, retain any or all thereof, and title thereto shall thereupon vest in Landlord without the execution of documents or sale or conveyance by Tenant; or Landlord may remove any or all items thereof from the Premises and dispose of them in any manner Landlord sees fit, and Tenant shall pay upon demand to Landlord the actual expense of such removal and disposition.

52. Effect of Conveyance. The Land, the Premises and/or Landlord’s interest under this Lease may be freely sold or assigned by Landlord. If, during the Lease Term, Landlord conveys its interest in the Land, the Premises or this Lease then, from and after the effective date of such conveyance, Landlord shall be released and discharged from any and all further obligations and responsibilities under this Lease; provided the transferee shall have assumed and agreed in a written assumption agreement, reasonably acceptable to the parties, to carry out any and all of the subsequent covenants and obligations of the Landlord under this Lease. Any security given by Tenant to secure performance of its obligations hereunder may be transferred and assigned by Landlord to such transferee.

53. Landlord’s Default.

53.1 Landlord’s Default. In the case of a default by Landlord, Landlord shall commence promptly to cure such default immediately after receipt of written notice from Tenant specifying the nature of such default and shall complete such cure within thirty (30) days thereafter, provided that if the nature of such default is such that it cannot be cured within said thirty (30) day period, Landlord shall have such additional time as may be reasonably necessary to complete its performance, so long as Landlord has proceeded with diligence after receipt of Tenant’s notice and is then proceeding with diligence to cure such default. In the event Landlord fails to cure such default within such thirty (30) day period or, if the nature of such default is such that it cannot be cured within said thirty (30) day period, fails to proceed with diligence to cure such default, Tenant shall have the right, but not the obligation, upon reasonable prior written notice to Landlord, to cure such default by Landlord hereunder upon written notice to

Landlord and Landlord shall reimburse Tenant its reasonable costs and expenses incurred in connection with any such actions taken by Tenant pursuant to this Section 53.1.

53.2 Independent Covenants; Limitation of Remedies and Landlord's Liability. The obligations of Landlord and Tenant, respectively, under this Lease are expressly agreed by the parties to be independent covenants. If Landlord fails to perform any obligation under this Lease required to be performed by Landlord, then, except to the extent otherwise stated in this Lease, Tenant shall have no right to: (i) terminate this Lease; (ii) avail itself of self-help or to perform any obligation of Landlord; (iii) abate or withhold any rent or any other charges or sums payable by Tenant under this Lease; or (iv) any right of setoff. If Landlord is in default hereunder, and as a consequence Tenant recovers a money judgment against Landlord, such judgment shall be satisfied only out of the proceeds of sale received on execution of the judgment and levy against the right, title and interest of Landlord in the Premises, and out of rent or other income from the Premises receivable by Landlord or out of the consideration received by Landlord from the sale or other disposition of all or any part of Landlord's right, title and interest in the Premises. Neither Landlord, nor any board member, agent, officer, director, partner, or employee of Landlord shall be personally liable for any portion of such a judgment.

54. Consent. In consideration of each covenant made elsewhere under this Lease wherein one of the parties agrees not to unreasonably withhold its consent or approval, the requesting party hereby releases the other and waives all claims for any damages (other than actual out-of-pocket damages, but excluding in all cases, consequential and punitive damages) arising out of or connected with any alleged or claimed unreasonable withholding or consent or approval, and the requesting party's sole remedy shall be to seek injunctive relief to have the consent granted.

55. Interpretation. The captions by which the articles and sections of this Lease are identified are for convenience only, and shall not affect the interpretation of this Lease. Wherever the context so requires, the singular number shall include the plural, the plural shall refer to the singular and the neuter gender shall include the masculine and feminine genders. If there is more than one signatory hereto as Tenant, the liability of such signatories shall be joint and several. If any provision of this Lease shall be held to be invalid by a court, the remaining provisions shall remain in effect and shall in no way be impaired thereby.

56. Entire Instrument. It is understood that there are no oral agreements between the parties hereto affecting this Lease, and this Lease supersedes and cancels any and all previous negotiations, arrangements, agreements, and understandings, if any, between the parties hereto or displayed by Landlord to Tenant with respect to the subject matter thereof, and none thereof shall be used to interpret or construe this Lease. This is the final and complete expression of the parties' agreement, all of the agreements heretofore and contemporaneously made by the parties are contained in this Lease, and this Lease cannot be modified in any respect except by a writing executed by Landlord and Tenant. All terms and conditions hereof shall apply on the date of mutual execution hereof except as otherwise expressly set forth herein. Time is of the essence hereof.

57. Easements. This Lease is made expressly subject to any conditions, covenants, restrictions, easements, and other matters now or hereafter of record against the Premises or the

Land. Landlord reserves the right from time to time to grant easements and other rights in, on, over, under, and through the Premises including for utilities serving the Project or the Regional Center provided said easements do not materially interfere with Tenant's use and occupation of the Premises as permitted hereunder. Tenant shall have no right to enter into any conditions, covenants, restrictions, easements and/or other agreements (whether or not of record) affecting the Premises.

58. Choice of Law; Venue. The laws of the state of Washington shall govern this Lease. Each party hereto (a) consents and submits itself to the personal jurisdiction of any Federal or state court located in or applicable to Lewis County, Washington, in any action, proceeding or counterclaim brought by either of the parties hereto on any matters whatsoever arising out of or in any way connected with this Lease, (b) agrees that it will not attempt to deny or defeat such personal jurisdiction by motion or other request for leave from any such court, and (c) agrees that it will not bring any action, proceeding or counterclaim on any matters whatsoever arising out of or in any way connected with this Lease in any court other than a Federal or state court located in Lewis County, Washington.

IN WITNESS WHEREOF, the parties hereto have executed this Lease effective as of the date set forth in the first paragraph of this Lease.

LANDLORD:

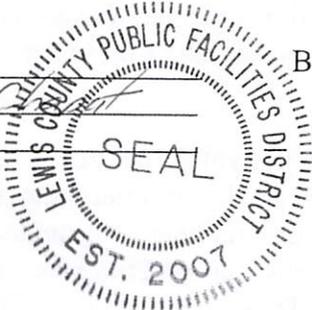
TENANT:

LEWIS COUNTY PUBLIC UTILITIES
DISTRICT

LEWIS COUNTY EVENT CENTER, LLC

By: *[Signature]*
Name: David Todd
Its: Chairman

By: *[Signature]*
Name: Dave Pavin
Its: Manager



ACKNOWLEDGEMENT OF TENANT

STATE OF WASHINGTON)
)
) :SS
COUNTY OF Lewis)

The undersigned, a Notary Public in and for the above state and county, hereby certifies that on the 2nd day of October, 2012, before me personally appeared Dale A Pullin, the Manager of LEWIS COUNTY EVENT CENTER, LLC, who is known to me as the person and officer described in and who executed the foregoing instrument on behalf of said entity, and who acknowledges that he held the position or title set forth in the instrument and certificate, that he signed the instrument on behalf of the entity by proper authority, and that the instrument was the act of the entity for the purposes therein stated.

IN WITNESS WHEREOF, I have hereunto set my hand and affixed my official seal on the day and year last aforesaid.



Michelle Travis
(Signature of Notary)

Michelle A Travis
(Legibly Print or Stamp Name of Notary)

Notary public in and for the State of Washington,
residing at Chehalis
My Commission expires 5-30-2016

EXHIBIT A

Legal Description of Land

Description for Parcel 2 of City of Centralia BLA No. BLA 2/259
Preliminary (12-9-2010)
(City of Centralia to City of Centralia)

A part of the Joseph Borst Donation Land Claim and Parcel No. 2 of City of Centralia Boundary Line Adjustment No. 2010-5, filed under Auditor's File No. 3348489, lying with in Section 6, Township 14 North, Range 2 West, W.M., Lewis County, Washington, more particularly described as follows:

Commencing at the Northeast Corner of the Joseph Borst Donation Land Claim; thence South 714.42 feet; thence West 1727.43 feet; thence South a distance of 131.74 feet to the True Point of Beginning; thence S89°14'57"E a distance of 180.02; thence South a distance of 301.51; thence West 332.95 feet to the Easterly margin of Allen Avenue; thence North along said margin a distance of 306.07 feet to a line 5.00 feet distant from and parallel to an existing block building known as the Block House; thence S89°14'57"E along said parallel line a distance of 152.96 feet to the True Point of Beginning.

Together with and subject to easements and reservations of Record.

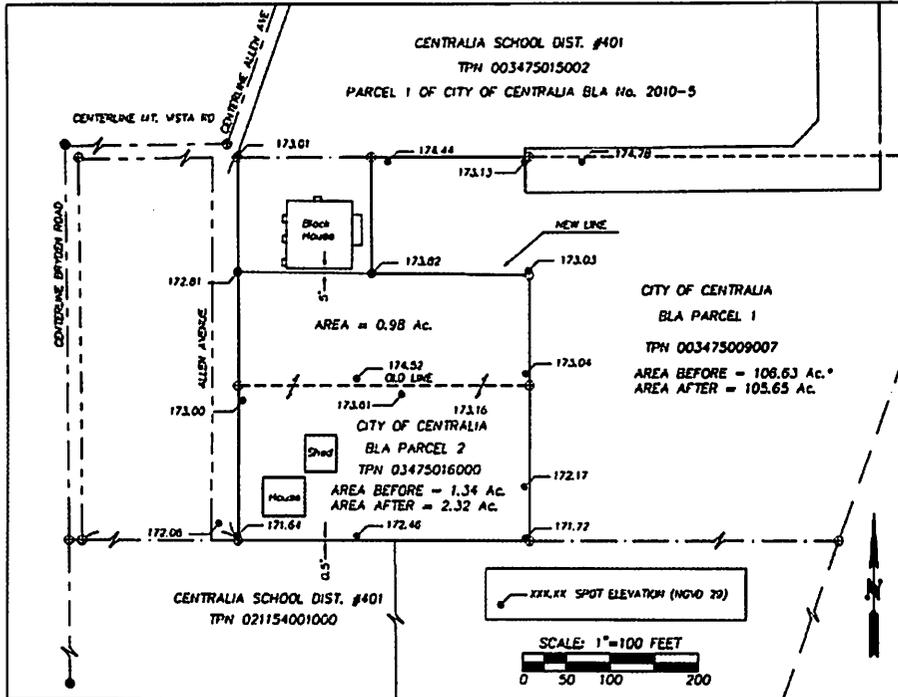


EXHIBIT B

Delivery of Premises

NAME OF TENANT: LEWIS COUNTY EVENT CENTER, LLC
NAME OF LANDLORD: LEWIS COUNTY PUBLIC FACILITIES DISTRICT
PREMISES: Lewis County Event Center, Centralia, WA

ACKNOWLEDGEMENT

As stipulated under Section 11 ("Lease Term") of that certain Event Center Lease Agreement dated _____, 2012, by and between Landlord and Tenant for the above-referenced Premises (the "Lease"), Tenant does hereby acknowledge that, as of the date below, Tenant is in receipt of the keys to said Premises and Landlord's Work is Substantially Complete (as defined in the Lease), which date is the Lease Commencement Date.

TENANT:

LEWIS COUNTY EVENT CENTER, LLC,
a Washington limited liability company

By: _____
Name: _____
Its: _____

Date: _____

EXHIBIT C

Permitted Uses

1. Basketball Leagues
2. Soccer Leagues
3. Softball Leagues
4. Badminton Leagues
5. Volleyball Leagues
6. Basketball Tournaments
7. Soccer Tournaments
8. Softball Tournaments
9. Badminton Tournaments
10. Volleyball Tournaments
11. Drop In (Open/Pick-up) Games: BB, S, SB, B, VB
12. Sports Camps
13. Batting Cage Rentals
14. Sports Themed Parties
15. Facility Rentals: Soccer/Softball Fields
16. Facility Rentals: Basketball/Volleyball/ Badminton Courts
17. Facility Rentals: Meeting Rooms
18. Facility Rentals: Full Facility
19. Concerts
20. Meetings
21. Conventions
22. Training Seminars
23. Expositions
24. Graduations
25. Other Special Events

EXHIBIT D

List of initial list of Property and Equipment from Tenant Cash Contribution

June 21, 2012

Items that LLC will be purchasing/investing in to make the Sports Center - operator ready for opening business day.

Exterior & Interior garbage cans
Interior directional & room/area signage
PA System
Security Camera System
Phone System
Computer System with Point of Sale
Office equipment
Office furniture
Tables & chairs, rolling racks for storage
Artwork and/or Display cases
Benches for changing/locker rooms
Paper towel/toilet paper dispensers
Hand sanitizer units
Soap dispensers
Baseball backstops, bases, netting
Basketballs
Volleyballs
Floor mats for entrances/exits
Soccer equipment/court dividers
Clocks

To date, we hope to be able to purchase most of this list with the \$50,000.00, but realize that not all will be feasible. Therefore, it will be up to the LLC as operator to complete this list of purchases with their own resources.

Respectfully Submitted,
Jenni Bodnar, rep for LLC

August 8, 2012
Lease Attachment
Provided by Dale Pullin on behalf of the LLC.

Lease Expectations: That these details are part of the building owner obligations.

Interior Finish Items

Bathrooms:

- Stalls with doors
- Electrical fixtures
- Plumbing fixtures

Future Elevator:

- Concrete well is complete.

Foundation:

- Sections determined for future mezzanine all have appropriate weight bearing load capacities to hold future build out.
 - support joists and decking (pan deck w/concrete)

Main floor will support areas where 30 foot high bleachers with maximum weight capacity will sit in the future.

Sleeves for volleyball nets and baseball bases.

Flooring:

- Sports flooring/basketball - volleyball all lines on floor and specs to what was presented in design team meetings.

Electrical:

- In main electrical room, 400 watt capacity for future special events.

Heating and lighting auto sensors.

Plumbing:

- Rough in to NW corner, East retail area, East entrance - water fountains.