GENERAL SERVICES ADMINISTRATION
PUBLIC BUILDINGS SERVICE
SUPPLEMENTAL LEASE AGREEMENT

ADDRESS OF PREMISES
ROBERT DUNCAN PLAZA
333 SW First Ave.
Portland, OR 97204

THIS AGREEMENT, made and entered into this date by and between MARZER VENTURE
whose address is 111 SW Columbia, Suite 1380
Portland, OR 97204
hereinafter called the Lessor, and the UNITED STATES OF AMERICA, hereafter called the Government:

WHEREAS, the parties hereto desire to amend the above Lease.

NOW THEREFORE, these parties for the consideration hereinafter mentioned covenant and agree that the said Lease is amended, effective upon execution, as follows:

At the request of the Government, this Supplemental Lease Agreement (SLA) No. 59 provides for alterations of the leased space to accomplish the co-location of the [ ] with the [ ] at Robert Duncan Plaza.

In addition, pursuant to this SLA No. 59, the Government shall increase the space under lease by 3,151 net usable square feet for additional area acquired on the ground floor.

This SLA No. 59 is continued on attached pages 2 through 6, attached to and made a part of this SLA No. 59.

Except as modified by this SLA 59, all other terms and conditions of the lease shall remain in force and effect.

IN WITNESS WHEREOF, the parties subscribed their names as of the above date.

LESSOR: MARZER VENTURE, Mark Group Partnership No.
IN PRESENCE OF:
BY ________________________________
(Address)

CONTRACTING OFFICER
GENERAL SERVICES ADMINISTRATION
(Official Title)

GSA Form 276 (Jul. 67)
1. Paragraph 1 of the Lease, as amended by SLA’s No. 15, No. 21, No. 23, No. 25 and No. 45, is deleted and replaced by the following:

   “1. The Lessor hereby leases to the Government the following described premises:

   321,355 net usable square feet of office and general purpose type space in Robert Duncan Plaza, 333 SW First Avenue. Lessor and Lessee hereby mutually agree that the space (the “Premises”) is shown shaded on the fourteen floor plans attached to SLA 15 as “Exhibit A – SLA 15,” and the sheet attached to SLA 23 as “Exhibit A – SLA 23,” and to the sheet attached to SLA 25 as “Exhibit A – SLA 25,” and the sheet attached to SLA 45 as “Exhibit A – SLA 45,” and the sheet attached hereto as “Exhibit A – SLA 59,” situated on floors P-1, P-2, 1, 2, 3, 4, 5, 6, 7, 8, 9, 10, for a total of 18 sheets, and that the GSA net useable space shown has been calculated in accordance with Paragraph 24 of SFO MOR80344.

   The inclusion in the Premises of the 3,151 nuf of space shown on the sheet attached hereto as “Exhibit A – SLA 59” (the “Floor 1 Additional Space”) shall be effective on April 5, 2001 at which time the Government shall have occupancy of that space. As provided below in paragraph 5 of this SLA 59, Lessor shall provide the Government with a tenant improvement allowance for this space in the amount of $56,718.00.

   The Premises also includes all of the parking space on the P-2 level. The Government acknowledges the city-approved parking layout and requirements as outlined on Exhibit B-SLA 15, Sheet A2-1, dated 8/23/91. The Government has control of the P-2 level parking and acknowledges that the portion of the P-2 level that is situated under the sidewalk is subject to a revocable permit in favor of the City of Portland and shall be responsible for compliance with all City of Portland requirements.”
2. Paragraph 9 of the Lease, as amended in SLA No. 15, No. 16, No. 23, No. 24, No. 25, and No. 45 is deleted and replaced by the following:

"9. The Government shall pay Lessor annual rent until April 5, 2001 in the amount of $6,050,079.08 in monthly installments of $504,173.26, payable in arrears. Commencing April 5, 2001 and continuing thereafter, the Government shall pay Lessor annual rent in the amount of $6,128,349.92 (prior rent plus 3,151 nusf X $24.84/nusf) in monthly installments of $510,695.83 payable in arrears. The above rent figures are subject to adjustment as provided elsewhere in this Lease.

Additional rent means amounts determined under Paragraphs 10 and 11 of this Lease and any other sums payable by Tenant to Lessor under this Lease. The rent includes recurring overtime utility service to the areas outlined in red on Floors 2, 3, 7 and 9 on Exhibit D-SLA 15(4) sheets and above standard janitorial service for the daycare center and paper supplies for 35 GSA towel dispensers."

3. Paragraph 10 of the Lease, as amended in SLA No. 45 is deleted and replaced by the following:

"10. The annual rent will be increased by $1.40 per square foot which is equal to $449,897.00 per year during years 11 through 20 of the Lease, and this increase will be paid in monthly installments of $37,491.42. This rental increase during the last ten years of the Lease will be in addition to all operating cost escalation and real estate tax escalations as specified in Paragraph 11 (from the start of the Lease, using the original base and tax base year)."
4. Paragraph 11 of the Lease, as amended in SLA No. 15, No. 25, and No. 45 is deleted and replaced by the following:

"11.A. OPERATING COST

For purposes of the operating cost escalation in Paragraph 23 of SFO MOR 80334 (page 8 of 33 pages) and the agreed-upon P-2 rent increase, Lessor and the Government agree that the Base Rate for operating cost adjustment is $1,727,752.50 (3,151 sf x $5.38 = $16,952.38 + $1,710,800.12 = $1,727,752.50). The Base is derived from GSA Form 1217, negotiated rates for above standard services ($1,699,642.00, SLA No. 15) plus 1,916 square feet (increases from SLA Nos. 15 and 25) and 158 square feet (SLA No. 45) and plus 3,151 sf (increase from this SLA No. 59) at the rate of $5.38 per square foot. Lessor and the Government agree that the anniversary date for escalation shall continue annually on September 18.

11.B. TAX ADJUSTMENT

For purposes of Tax Adjustment as outlined in Paragraph 22 of SFO MOR 80344 (page 7 of 33 pages), the Lessor and the Government mutually agree that the Government’s share of the tax increase is 98.076% (321,355/327,659) or the ratio of the net usable square feet occupied by the Government to the total net usable square feet in the building is .98076."

5. A new Paragraph 18 is added to the Lease as follows:

"18. At the request of the Government, Lessor has agreed to make alterations to certain portions of the Premises. The alterations to be performed by the Landlord are those set forth in the following referenced documents which are hereby incorporated: the design intent package prepared by SERA Architects dated August 8, 2000, referenced in SLA No. 57, as amended by subsequent direction from the GSA Contracting Officer and reflected in the following: 100% Contract Documents prepared by SERA Architects and Interface Engineering dated January 4, 2001; Addendum #1 Revisions dated January 19, 2001; and variances from those documents, [290x467]4G:\users\DZIER\RDP\correspondence\SLA attach 2 22 01 rev 26.doc
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LEASE GS-10B-05541

itemized on attached Exhibit B – SLA 59 (collectively, the "Alteration Work"). The Lessor agrees to perform the Alteration Work for a lump sum amount of $5,984,086 (the "Cost of the Alteration Work"), excluding any change orders. This sum includes a tenant allowance of $56,718 ($18.00/sf X 3,151/sf) for tenant improvements to the Floor 1 Additional Space. The Alteration Work shall be accomplished in accordance with the attached General Conditions for Lease Alterations, Exhibit C.

The Lessor shall commence the Alteration Work not later than February 28, 2001, shall complete the Alteration Work in the Floor 1 Additional Space by April 5, 2001 and shall complete all of the Alteration Work by not later than January 31, 2002.

The Government may request changes in the Alteration Work by written directive to the Lessor showing the change requested and providing construction documents complete for building permit review. The Lessor will promptly provide the Government with a written statement of the lump sum price adjustment for the change order and whether the price adjustment increases or decreases the Cost of the Alteration Work. In the event that the Government approves of the lump sum price adjustment, the parties shall prepare a Supplemental Lease Agreement reflecting the change, and the change shall not be binding until the Lessor and the Government’s Contracting Officer signs the SLA. The Government shall pay for any lump sum price increase over the Cost of the Alteration Work on a percentage of completion basis.

With respect to the original Cost of the Alteration Work, the Lessor shall pay $56,718 as a tenant improvement allowance, the Government shall pay $2,795,490 between the effective date of this SLA 59 and September 17, 2001, based upon the percentage of completion as certified to the Government by Lessor each calendar month. In the event that 46.7% of the
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Alteration Work is not completed by September 17, 2001, then the Government’s obligation to make progress payments shall be extended until the Alteration Work is 46.7% complete.

The balance of the original Cost of the Alteration Work ($3,131,878) shall be amortized over 120 months at 10% interest commencing September 18, 2001 and the Government shall pay Lessor, as rent payable in arrears, 120 monthly payments of $41,388, with the first payment including the partial month of September 2001 for a total first payment of $59,322.80.

The Government shall have 7 days to inspect work covered by an invoice and shall have 30 days to pay for invoiced approved work, pursuant to GSA Form 3517 (paragraph 26, Prompt Payment).

Lessor waives any obligation by the Government to restore the Premises to its condition prior to the installation of the Alteration Work.

The Government acknowledges that the Alterations Work includes the installation of equipment which will require services, maintenance, and power usage in excess of that which was originally contemplated by the Lease. The Government will pay the additional costs related to the additional equipment, as reasonably estimated by Lessor. Lessor and the Government will work together in good faith to determine the amount of the increased costs and will determine such amount prior to the Government’s initial occupancy of the Floor 1 Additional Space, and will confirm the amount in an additional Supplemental Lease Agreement."