

**METRO**

November 3, 1993

Helen Kowolik  
AMCO  
1211 SW Fifth Avenue  
Suite 2900  
Portland, OR 97204

Re: Metro Center Sublease Provisions

Dear Ms. Kowolik:

I have reviewed with Metro General Counsel your proposal for incorporating language in the Sublease format which would allow AMCO to terminate individual leases after the first five (5) years. Two of the three major prospective tenants plan to make significant investments in tenant improvements above our allowance. These investments cannot be justified for five-year subleases. Brad Pihas has proceeded with his negotiations based upon ten-year subleases. To change or weaken this position now would probably result in the loss of at least these two major tenants.


I have also considered your proposal to limit the subleases to the term of the Metro/AMCO Master Lease. This change would result in a different marketing strategy and a different set of tenants. Brad Pihas estimates that such a change could add an additional six months to the subleasing of the building. Should AMCO desire to pursue this latter alternative, I would ask for some offset to compensate for the lost effort expended to date as well as the delay in realizing sublease income.

As I indicated to you, Mr. Cooper will explore the alternatives to the presently proposed sublease language with Steve Janik. However, I am skeptical of any provision, however carefully worded, which would allow AMCO to terminate the subleases after five years without cause. Brad Pihas has suggested language which would allow a bilateral buyout at the end of five years as a means for providing compensation for damages resulting from the truncated lease. This may have some merit. I will ask Mr. Janik to report to you their discussion and conclusions.

I must take the final version of the sublease to the Metro Council for approval along with the changes to the Master Lease as soon as possible to be able to meet the construction schedule and move-in dates anticipated by the prospective tenants. You have suggested that Metro may wish to act as your agent for a ten-year period, extending its lease to manage the building and share in the profits. From a business standpoint this may have merit; however, I do not believe the Metro Council wants the agency in the landlord business once our losses are recouped.

Please consider the AMCO position on this matter carefully and advise me of your decision as quickly as possible.

Sincerely,



Neil Saling, Director  
Regional Facilities