REGIONAL SERVICES

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METRO

November 5, 1993

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

Re: Bilateral Buyout Option for Subleases

Dear Ms. Kowolik:

Brad Pihas has put together estimates of tenant improvement costs for Metropolitan Family Services and Downstream Editorial which indicate that they expect to spend about $120,000 of their own money above our $15.00 per square foot cap. Assuming an equal annual amortization of their cost over five years, the buyout cost to AMCO at the end of five years would approximate $60,000. It appears that the other major tenant, Parametrix, would be satisfied with a five year lease with an option to extend.

Brad also estimates that, if we were to lose Metropolitan Family Services or Downstream Editorial due to the change in the lease term, Metro would lose $55,000 in rents from each of these two firms while he looks for a replacement tenant or tenants willing to sign a shorter term lease. I would look to AMCO to compensate Metro for this lost revenue based on its change in position on lease duration. This scenario suggests that the bilateral buyout option after five years may be more desirable to AMCO.

The above costs are provided to assist you in your decision-making process. Brad Pihas will test the acceptability of the buyout option with Metropolitan Family Services and Downstream Editorial, but I also need some indication from you as to its acceptability to AMCO. I will contact you early next week to arrange a meeting to review these issues.

Sincerely,

Neil Saling, Director
Regional Facilities