

**METRO**

March 17, 1994

Mr. Roger Meier, President AMCO
Ms. Helen E. Kowolik, CPA
Pacwest Center
1211 SW Fifth Avenue
Suite 2900
Portland, OR 97204

Dear Roger and Helen:

I appreciated the opportunity to meet with you and enjoyed our conversation regarding Metro's lease for your building at 2000 SW First Avenue. As we discussed, it is certainly in our mutual interest to work together to find a solution to our current situation.

As I indicated in our meeting, Metro is following a three-pronged approach to deal with the building:

- Relocate the existing tenants as quickly as possible (and not later than June 30, 1994) and then **"mothball" the building**. (The fire life safety requirements for a multi-tenant building; the comparatively large expense for tenant improvements and the difficulty in limiting operating expenses with multiple tenants make it impractical/inappropriate to pursue a multiple-tenant strategy with only a little more than 2 years remaining on our lease term.)
- **Locate a new single-tenant** occupant for the building. Preferably, we would like to work with you to jointly find an acceptable long-term tenant. (In the interim, we are in conversations with two prospects about potential subleases for the balance of our existing lease term. As of this moment, both of these prospects are very questionable. I'll let you know if they start to look more promising.)
- **Pursue a negotiated settlement for early termination of our lease** with you.

Metro's approved budget for this fiscal year and the Executive Officer's proposed budget for next fiscal year provide adequate staffing and funding to meet all of our obligations under the terms of our lease assuming no tenants and, therefore, minimal operating costs. The Metro Council is scheduled to hold a second budget hearing for the Regional Facilities Department on March 30th and a final one on April 18th; a special Council meeting is scheduled for May 5th to approve the budget and we may not know until that time what they will approve.

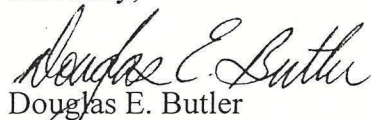
In the interim, I propose that we join forces to seek an acceptable long-term tenant for the building. I understand that you have some reluctance to work jointly with Metro but I ask that you set those feelings aside to work together on an effort that will meet both of our needs. In specific, I would suggest that we do three things immediately:

1. Work together to define the terms and parameters for a mutually-acceptable lease. I will review our agreed-upon terms informally with the Executive Officer, the Presiding Officer, and the Council Finance and Regional Facilities Committee Chairs to give you comfort that I am operating within acceptable parameters from Metro's perspective.
2. Develop a mutually-acceptable leasing strategy including the formal selection of a broker and execution of a listing agreement, if appropriate. Again, I will review anything we agree upon informally with the Executive Officer, the Presiding Officer, and the Council Finance and Regional Facilities Committee Chairs.
3. Begin serious discussions about an early termination of our lease for the building. I am told (although I find nothing written in the files) that you had indicated to Neil Sailing a number of months ago that you would agree to terminate our lease for a fee of \$1.1 million. This is significantly higher than would make sense from Metro's perspective.

Our projected costs for leasing and maintaining the building next year are \$394,000. I would be willing to recommend to the Executive Officer and to the Council that we retain all costs and operational responsibilities for the building through June 30, 1994 and that we pay you a fee of \$394,000 on July 1, 1994 in exchange for your agreement to terminate the current lease on that date. You should understand that this is not offered in the spirit of generating a new number from which to negotiate but rather it represents the best offer that I would be prepared to recommend for approval.

Whether you find the above offer acceptable or not, I believe that we should pursue the first two recommendations immediately. I would like to get together to begin this work right away and will give you a call in the next few days to schedule a time.

Sincerely,



Douglas E. Butler


Interim Director, Regional Facilities

503/797-1715

We the undersigned, have reviewed the above document. While we cannot approve any of the outlined terms or conditions without formal public review and approval by the full Metro Council, we believe that they are reasonable and are prepared to recommend any agreements which are substantially in compliance with the terms outlined.



Rena Cusma
Executive Officer



Judy Wyers
Presiding Officer



Rod Monroe
Finance Chair



Sandi Hansen
Regional Facilities Chair