

LEASE TERMINATION AGREEMENT

DATED: May 5, 1994

BETWEEN: AMCO-Portland, Inc.
an Oregon corporation
1211 SW Fifth Avenue
Portland, OR 97204 ("Lessor")

AND: Metropolitan Service District
a municipal corporation of the
State of Oregon
600 NE Grand Avenue
Portland, OR 97214 ("Lessee")

Lessor and Lessee entered into that Lease Agreement dated February 14, 1985 (the "Lease") pursuant to which Lessor leased to Lessee and Lessee leased from Lessor the building and land described in the Lease (the "Premises"). The Lease is currently in full force and effect and has a term which is presently scheduled to end on June 30, 1996.

Lessee desires to terminate the Lease effective June 30, 1994. Lessor is willing to accept the early termination of the Lease effective June 30, 1994.

NOW, THEREFORE, in consideration of the mutual promises of the parties set forth in this Lease Termination Agreement (the "Agreement"), Lessor and Lessee agree as follows:

SECTION 1 EARLY TERMINATION

Lessor and Lessee hereby agree to terminate the Lease as of June 30, 1994.

SECTION 2 CONSIDERATION

Lessee agrees to pay Lessor as consideration for the early termination of the Lease the sum of \$394,000 on or before June 1, 1994.

SECTION 3 LESSOR'S RIGHT OF ACCESS

From the date of this Agreement until June 30, 1994, Lessor shall have the right to come upon and enter the Premises, at any time and for any purpose, including but not limited to: showing the Premises to prospective tenants or purchasers, inspecting the Premises, demolishing improvements within the Premises, and constructing improvements or alterations to the Premises, subject only to the possessory rights of subtenants of Lessee who may be in occupancy of portions of the Premises.

SECTION 4 SATISFACTION OF LEASE OBLIGATIONS

4.1 End of the Term Obligations

The Lease shall remain in full force and effect until June 30, 1994 and, accordingly, Lessee shall be obligated to perform all of its obligations through June 30, 1994. With respect to those obligations under the Lease which were to have been performed on or before the end of the initial term (June 30, 1996), those obligations shall be performed by Lessee on or before June 30, 1994, including but not limited to Lessee's obligations under Section 8, Section 11, and Section 20.

4.2 Survey of Premises

With respect to Lessee's obligation to maintain the Premises in accordance with the terms of the Lease, Lessor and Lessee will jointly conduct a survey of the Premises so as to determine if there is any deferred maintenance or other work which is required to be performed by Lessee under the terms of the Lease which has not yet been performed by Lessee, and to determine if Lessee has satisfactorily met its repainting

obligation under Section 8.7 of the Lease. The joint survey shall occur on May 30, 1994 and shall continue for as long as necessary to complete the survey. On or before June 3, 1994, the Lessor shall submit to the Lessee a written statement of the maintenance, repair work, or other work which must be performed by Lessee under the terms of the Lease. On or before June 10, 1994, the Lessee must respond to the Lessor and indicate which items of work the Lessee does not agree are required to be performed by Lessee under the terms of the Lease (the "Disputed Items"). The parties agree to resolve the Disputed Items through the use of Mr. Thomas Bard, as an arbitrator (the "Arbitrator"). The Arbitrator shall determine which of the Disputed Items must be performed by the Lessee under the terms and conditions of the Lease. The parties shall be allowed to submit written and oral information and argument to the Arbitrator. The Arbitrator shall render a decision no later than June 30, 1994 and the decision shall be final and binding on the parties and unappealable. Lessee agrees to perform those Disputed Items which the Arbitrator determined must be performed by the Lessee under the terms of the Lease as soon as possible and at Lessee's cost. The Lessor shall allow the Lessee reasonable access to the Premises to perform the Disputed Items which the Arbitrator requires to be performed. The fee of the Arbitrator shall be shared equally by Lessor and Lessee.

4.3 Previous Alterations

With respect to improvements or alterations made to the Premises by the Lessee, Lessee is required pursuant to Section 20 of the Lease to remove those alterations and improvements which Lessor required to be removed at the time that Lessor gave consent to such improvements or alterations pursuant to Section 7.1 of the Lease. On or before May 30, 1994, the Lessor shall provide Lessee with a written statement of the alterations and improvements that must be removed by Lessee by June 30, 1994. In the event that Lessee disputes Lessor's determination that some alterations or improvements must be removed by Lessee, then the matter shall be sent to arbitration before the Arbitrator in the same manner as set forth in Section 4.2.

SECTION 5 GENERAL PROVISIONS

5.1 Complete Agreement

This Agreement constitutes the complete and final agreement of the parties with respect to the matters covered by this Agreement and supersedes and replaces all prior written and oral agreements between the parties on the same subject matter.

5.2 Termination of Lease

The Lease shall remain in full force and effect until Lessee has performed all of its obligations under this Agreement, and the Lease will only terminate when Lessee has performed all of its obligations under this Agreement.

5.3 Attorneys' Fees

In the event either party institutes litigation to enforce or interpret its rights under this Agreement, or the Lease, then the prevailing party, in addition to all other costs, damages, and awards, shall be entitled to recover its reasonable attorneys' fees (and paralegal fees and expert witness costs) as determined by the judge at trial or upon any appeal or petition.

5.4 Waiver

In order for there to be a binding waiver, the waiver must be in writing and signed by the party to be bound. A waiver of the application of a term of this Agreement shall be a waiver for that instance only and not a general waiver of that term nor a waiver of any other term or provision.

5.5 Captions

The captions in this Agreement are for convenience only and shall not be used to interpret or construe the terms of this Agreement.

5.6 Time

Time is of the essence of this Agreement.

5.7 No Brokerage Commissions

5.7.1 Lessor represents and warrants to Lessee that Lessor has not entered into any agreement with any real estate broker or finder with respect to the Premises or the transaction set forth in this agreement and that no commission is owed to any such broker or finder on account of a claimed agreement with Lessor. Lessor agrees to defend, indemnify, and hold Lessee

harmless from any brokerage commission or fee asserted by a broker or finder based on a claimed agreement with Lessor.

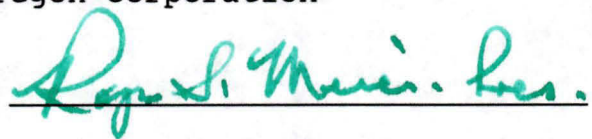
5.7.2 Lessee represents and warrants to Lessor that, except for CB Commercial, Lessee has not entered into any agreement with any other real estate broker or finder with respect to the Premises or the transaction set forth in this Agreement and that no commission is owed to any such broker or finder on account of claimed agreement with Lessee. Lessee agrees to defend, indemnify, and hold Lessor harmless from any brokerage commission or fee due CB Commercial and any brokerage commission or fee due any other broker or finder based on a claimed agreement with Lessee.

IN WITNESS WHEREOF, the parties have executed and delivered this Agreement to be effective on the date first set forth above.

Lessor:

AMCO-Portland, Inc.,
an Oregon corporation

By:



Lessee:

Metropolitan Service District
a municipal corporation of the
State of Oregon

By:

