MEMORANDUM

CONTROLLER OFFICE
2017 OCT -2 AM 11:02
STATE OF IDAHO

DATE: September 28, 2017

TO: Renee Holt
Office of the State Controller

FROM: Linda Miller
Statewide Leasing Manager
Division of Public Works

SUBJECT: Request for Recognition of Assignment

Enclosed for the Board of Examiners' Subcommittee upcoming meeting in October 2017 is the following Request for Recognition of Assignment:

> <u>From the State of Idaho, Board of Land Commissioners to OLHF Ada 3, LLC</u>
> A transfer of interest in the real property lease of the State of Idaho, by and through the Idaho Endowment Fund Investment Board and the Idaho State Public Defense Commission as "Lessees," and Lessees' occupancy of 816 West Bannock Street, Boise, Idaho

A copy of the Lease Agreements are also enclosed for your information. The Department of Administration, Division of Public Works, requests that the Board approve the proposed Assignment at its next meeting.

If you have any questions or require further documentation, please contact me at 332-1929. Thank you in advance for your assistance.

Attachments

Cc: Nichole Delaney, PDC
Larry Johnson, EFIB
Lease File

ASSIGNMENT AND ASSUMPTION AGREEMENT

This **ASSIGNMENT AND ASSUMPTION AGREEMENT** ("**Assignment**") is entered by and between the **STATE OF IDAHO, BOARD OF LAND COMMISSIONERS**, by and through the **IDAHO DEPARTMENT OF LANDS**, whose mailing address is 300 N. 6th Street, Boise, Idaho 83702 ("**Assignor**"), and **OLHF Ada 3, LLC**, whose mailing address is P.O. Box 6300, Santa Ana, CA 92706 ("**Assignee**").

RECITALS

WHEREAS, Assignor and Assignee executed that certain Commercial Real Estate Purchase and Sale Agreement, dated December 1, 2016, for certain real property ("**Property**") located at **816 West Bannock Street, Boise, ID 83702**, and legally described as:

> **The Southeasterly one half of Lot 3 and the Northwesterly one half of Lot 4, in Block 53 of Boise City Original Townsite, according to the plat thereof, filed in Book 1 of Plats at Page 1, records of Ada County, Idaho.**

WHEREAS, said real property is the subject of current leases between Assignor, as lessor, and certain third party lessee(s)/tenant(s) that are currently leasing the real property or a portion thereof; and

WHEREAS, the parties desire to transfer all right, title and interest in and to the leases from Assignor to Assignee, and Assignee agrees to assume all rights and obligations of the leases in accordance with the terms and conditions of this Assignment.

AGREEMENT

NOW THEREFORE, for good and valuable consideration, the receipt and sufficiency of which is hereby acknowledged, the parties agree as follows:

1. Assignor is the Lessor and owner of the Property and the leases and other instruments, a list of which, if any, is attached hereto as "**Schedule 1**", and incorporated herein by reference (the "**Leases**"). A copy of the Leases, if any, are attached to, and made part of, Schedule 1.

2. Assignor hereby assigns and delivers to Assignee, its successors and assigns, and Assignee hereby receives and accepts from Assignor, all of Assignor's right, title and interest in and to the Leases.

3. Assignee hereby assumes all existing and future duties, liabilities and obligations under the Leases and agrees to fully pay, discharge, satisfy and perform when due, all obligations of Assignor under the Leases (collectively referred to as the "Obligations"). Assignee agrees to protect, hold harmless and indemnify Assignor from and against any and all claims, judgments, damages, liabilities, costs and expenses, including, without limitation, reasonable attorney fees and costs, in connection with the Obligations assumed by Assignee hereby.

4. All notices, requests, demands or other communications given by one party to the other party with regard to this Assignment shall be addressed to the party at the addresses provided herein; shall be provided by certified mail, return receipt requested, or by in connection herewith shall be in writing, shall be sent by registered or certified mail, return receipt requested, postage prepaid, or by hand delivery or expedited delivery service, with delivery charges prepaid and with acknowledged receipt of delivery.

5. This Assignment may be executed and delivered (including by facsimile transmission or as a "pdf" or similar attachment to an electronic transmission) in one or more counterparts, and by the different parties hereto in separate counterparts, each of which when executed shall be deemed to be an original, but all of which taken together shall constitute one and the same agreement. Any amendment or modification of this Agreement shall not be effective unless it is duly executed in writing by all parties hereto.

6. This Assignment shall be binding upon the successors and assigns of the parties. The parties shall execute and deliver such further and additional instruments, agreements and other documents as may be necessary to evidence or carry out the provisions of this Agreement.

7. The recitals herein are contractual in nature and incorporated herein by reference.

8. This Assignment shall be interpreted and governed by and in accordance with the laws of the State of Idaho.

9. All individuals executing this Assignment on behalf of each party have been duly and validly authorized by such party to execute this Assignment, and no further action by such party is required to approve this Assignment or to undertake the obligations contemplated hereby.

IN WITNESS WHEREOF, the parties have duly executed this Assignment.

[Remainder of page intentionally left blank]

ASSIGNEE:

Signature ____________________ Dated: ____________

Morgan K. Roach
Printed Name

____________________ Dated: ____________
Signature

____
Printed Name

STATE OF IDAHO)
):s
COUNTY OF Ada)

On this day 25th of January, in the year 2017, before me, a Notary Public in and for said State, personally appeared Morgan K Roach, known or identified to me to be the person(s) whose name(s) is/are subscribed to the within instrument and acknowledged to me that said person(s) executed the same.

IN WITNESS WHEREOF, I have hereunto set my hand and seal on the day and year last above written.

(SEAL) JANET L. BLOSCH NOTARY PUBLIC STATE OF IDAHO

Notary Public for Idaho
Residing at: Boise, Idaho
Commission expires: 3-17-2017

STATE OF IDAHO)
):s
COUNTY OF ____________)

On this day _____ of ______________, in the year _______, before me, a Notary Public in and for said State, personally appeared ______________________________, known or identified to me to be the person(s) whose name(s) is/are subscribed to the within instrument and acknowledged to me that said person(s) executed the same.

IN WITNESS WHEREOF, I have hereunto set my hand and seal on the day and year last above written.

(SEAL)

Notary Public for Idaho
Residing at: ____________
Commission expires: ____________

ASSIGNOR:

IN WITNESS WHEREOF, I, **C.L. "BUTCH" OTTER**, the Governor of the State of Idaho and President of the State Board of Land Commissioners, have hereunto signed my name and caused the Great Seal of the State of Idaho and the Seal of the State Board of Land Commissioners to be hereunto affixed, this 10 day of January, 201~~6~~17 dlo

Governor of Idaho and President of the State Board of Land Commissioners

COUNTERSIGNED:

Secretary of State

Director, Department of Lands

STATE OF IDAHO)
) ss.
County of Ada)

On this 10th day of January, in the year 2016, before me a Notary Public in and for said State, personally appeared **C.L. "BUTCH" OTTER**, known to me to be the Governor of the State of Idaho and President of the State Board of Land Commissioners, and **LAWERENCE E. DENNEY**, known to me to be the Secretary of State of the State of Idaho, and **THOMAS M. SCHULTZ, JR**, known to me to be the Director of the Department of Lands of the State of Idaho, who executed the said instrument and acknowledged to me that such State of Idaho executed the same.

TAMARA L. ARMSTRONG NOTARY PUBLIC STATE OF IDAHO

Notary Public for the State of Idaho
Residing at: Boise ID
My Bond expires: 12-26-18

SCHEDULE 1

1. Commercial Lease Agreement, Lease No. MC-600124, with Lawyers Land Company, LLC.
2. Commercial Lease Agreement, Lease No. MC-600123, with Zodiac Design LLC.
3. Commercial Lease Agreement, Lease No. MC-600122, with Prosperity Organic Foods, Inc.
4. Commercial Lease Agreement, Lease No. MC-600121, with "Breathing Room" A Pilates Studio, LLC.
5. Commercial Lease Agreement, Lease No. MC-600120, with State of Idaho, State Public Defense Commission.
6. Commercial Lease Agreement, Lease No. MC-600116, with Idaho Retailers Association.
7. Commercial Lease Agreement, Lease No. MC-600104, with Style, Inc.
8. Commercial Lease Agreement, Lease No. MC-600096, with Idaho Association of Commerce & Industry (IACI), an Idaho professional association.
9. Commercial Lease Agreement, Lease No. MC-6082, with TWIGA Foundation.
10. Commercial Lease Agreement, Lease No. MC-6068, with Endowment Fund Investment Board.
11. Commercial Lease Agreement, Lease No. MC-6029, with Idaho Bankers Association.
12. OTIS Elevator Maintenance Agreement, dated 01/14/2016, with Otis Elevator Company.

IDAHO DEPARTMENT OF LANDS

INSTRUMENT ADJUSTMENT

Instrument No.: **MC 6068**

Individual or
Entity of Record: **Endowment Fund Investment Board**

Current Conditions: 10 year lease expiring 6/30/2014

Current Cost: Yearly payment of $39,804.00

New Conditions: Ten year (10) lease extension with first two years' payments at a flat rate of $16.87 per square foot. Two percent (2%) increase per year in years 2 through 5. A three percent (3%) increase in years 6 through 10. If significant changes are made to 8th and Jefferson lot, e.g. Parking Garage or Office Tower, in the first 7 years, Leasee has the option to cancel contract upon 6 month's notice.

New Cost: $16.87 a square foot is based on 2,410 square feet for the first two years. (Or a yearly payment of forty thousand six hundred fifty seven dollars ($40,657) A combined total of original office space of 2,020 sf and newer conference room space of 390 sf. There will be a two percent (2%) increase in rent per year in years 3 through 5. A three percent (3%) increase in rent per year for years 6 through 10. Annual payments are:

7/1/14	$40,657.00	– 16.87 –
7/1/15	$40,657.00	– 16.87 –
7/1/16	$41,470.00	– 17.21 –
7/1/17	$42,300.00	– 17.55 –
7/1/18	$43,146.00	– 17.90 –
7/1/19	$44,440,00	– 18.44 –
7/1/20	$45,773.00	– 18.99 –
7/1/21	$47,146.00	– 19.56 –
7/1/22	$48,560.00	– 20.15 –
7/1/23	$50,016.00	– 20.75 –

9% 9%
18.43 = 9%
16.87

ave #18.43

Lease terms above are the same for yearly payments.

LEASE ADJUSTMENT

Lease Number: **MC- 6080**

Lessee Name: **Endowment Fund Investment Board**

Address: **816 W Bannock St, Suite 301, Boise Id 83702**

We, the undersigned, do hereby agree that this adjustment supersede previous adjustments and shall become a part of State of Idaho Lease Number **MC-6068**, and that beginning August 1, 2006, until June 30, 2014, the following conditions shall apply.

Former Conditions Were:

Date:	PSF	Sq.Ft.	Annual
7/1/04-6/30/05	$14.80	2,020	$29,896.00
7/1/05-6/30/06	$15.10	2,020	$30,502.00
7/1/06-6/30/07	$15.40	2,020	$31,108.00
7/1/07-6/30/08	$15.71	2,020	$31,734.20
7/1/08-6/30/09	$16.02	2,020	$32,360.40
7/1/09-6/30/10	$16.34	2,020	$33,006.80
7/1/10-6/30/11	$16.67	2,020	$33,673.40
7/1/11-6/30/12	$17.00	2,020	$34,346.87
7/1/12-6/30/13	$17.34	2,020	$35,033.81
7/1/13-6/30/14	$17.69	2,020	$35,734.00

Lessee had intended to expand the boardroom as shown on exhibit A attached hereto. Square footage was to be increased by 390 s.f. for a total leasable area of 2410s.f. The rate for the new square footage July1, 2006-June30, 2007 is $8.06/s.f., increasing 2% per year as follows:

Date:	PSF	Sq.Ft.	Annual
7/1/06-6/30/07	$15.40	2,020	$31,108.00
	$8.06	390	$3143.40
			$34,251.40
7/1/07-6/30/08	$15.71	2,020	$31,734.00
	$8.22	390	$ 3206.27
			$34,940.47
7/1/08-6/30/09	$16.02	2,020	$32,360.00
	$8.38	390	$3269.92
			$35,630.32

LEASE ADJUSTMENT

Lease Number: **MC- 6080**

Lessee Name: **Endowment Fund Investment Board**

Address: **816 W Bannock St, Suite 301, Boise Id 83702**

We, the undersigned, do hereby agree that this adjustment supersede previous adjustments and shall become a part of State of Idaho Lease Number **MC-6068**, and that beginning August 1, 2006, until June 30, 2014, the following conditions shall apply.

Former Conditions Were:

Date:	PSF	Sq.Ft.	Annual
7/1/04-6/30/05	$14.80	2,020	$29,896.00
7/1/05-6/30/06	$15.10	2,020	$30,502.00
7/1/06-6/30/07	$15.40	2,020	$31,108.00
7/1/07-6/30/08	$15.71	2,020	$31,734.20
7/1/08-6/30/09	$16.02	2,020	$32,360.40
7/1/09-6/30/10	$16.34	2,020	$33,006.80
7/1/10-6/30/11	$16.67	2,020	$33,673.40
7/1/11-6/30/12	$17.00	2,020	$34,346.87
7/1/12-6/30/13	$17.34	2,020	$35,033.81
7/1/13-6/30/14	$17.69	2,020	$35,734.00

Lessee had intended to expand the boardroom as shown on exhibit A attached hereto. Square footage was to be increased by 390 s.f. for a total leasable area of 2410s.f.. The rate for the new square footage July1, 2006-June30, 2007 is $8.06/s.f., increasing 2% per year as follows:

Date:	PSF	Sq.Ft.	Annual
7/1/06-6/30/07	$15.40	2,020	$31,108.00
	$8.06	390	$3143.40
			$34,251.40
7/1/07-6/30/08	$15.71	2,020	$31,734.00
	$8.22	390	$ 3206.27
			$34,940.47
7/1/08-6/30/09	$16.02	2,020	$32,360.00
	$8.38	390	$3269.92
			$35,630.32

7/1/08-6/30/09	$16.02	2,020	$32,360.00	
	$10.88	390	$4,243.00	
			$36,603.00	
7/1/09-6/30/10	$16.34	2,020	$33,007.00	
	$11.21	390	$4,372.00	
			$37,379.00	pd 6/29/09
7/1/10-6/30/11	$16.67	2,020	$33,673.00	
	$11.54	390	$4,501.00	
			$38,174.00	pd 6/7/10
7/1/11-6/30/12	$17.00	2,020	$34,340.00	
	$11.89	390	$4,637.00	
			$38,977.00	pd 6/9/11
7/1/12-6/30/13	$17.34	2,020	$35,027.00	
	$12.25	390	$4,777.00	
			$39,804.00	pd 5/24/12
7/1/13-6/30/14	$17.69	2,020	$35,734.00	
	$12.61	390	$4,918.00	
			$40,652.00	7/14 - 6/15

Lessor will improve the premises at its sole cost to enlarge the existing board room by 390 sq. feet, with improvements comparable to the existing finishes at a not to exceed price of $11,600.00. Materials will be presented to the Lessee for review and approval prior to commencement of construction.

Justification

Lessee desires to enlarge its Board Room to accommodate additional occupants. It will expand into a portion of the immediately adjacent vacant office suite to accomplish this. Lessor shall improve the premises at its sole costs. As a result, the Lessee has agreed to lease this expansion space at the rates quoted above.

Gary Lee Johnston   7/26/06

Lessee- Endowment Fund Investment Board   Date

Winston A Wiggins   8/4/06

Director, Idaho Department of Lands   Date

7/1/09-6/30/10	$16.34	2,020	$33,007.00
	$8.55	390	$3,334.00
			$36,341.00
7/1/10-6/30/11	$16.67	2,020	$33,673.00
	$8.72	390	$3,401.00
			$37,074.00
7/1/11-6/30/12	$17.00	2,020	$34,340.00
	$8.89	390	$3,467.00
			$37,807.00
7/1/12-6/30/13	$17.34	2,020	$35,027.00
	$9.06	390	$3,533.00
			$38,560.00
7/1/13-6/30/14	$17.69	2,020	$35,734.00
	$9.24	390	$3,604.00
			$39,338.00

Lessee was to improve the premises at it sole cost to enlarge the existing board room, with improvements comparable to the existing finishes at a not to exceed price of $7,500.00. Lessee was unable to complete the project due to timing and budget constraints.

New Conditions are:

Lessee intends to expand the boardroom as shown on Exhibit A attached hereto. Square footage will increase by 390 s.f. (as stated in the previous lease adjustment) for a total leasable area of 2410 s.f. The base rate for the new square footage August 1, 2006-June 30, 2014 is $10.26/s.f., increasing 2% per year as follows:

Date	PSF	Sq.Ft	Annual	
7/1/06-6/30/07	$15.40	2,020	$31,108.00	
	$10.26	390	$4,001.00	
			$35,109.00	
7/1/07-6/30/08	$15.71	2,020	$31,734.00	$10.47 pd in advance
	$10.56	390	$ 4,118.00	
			$35,852.00	= 35,817.30

7/1/08-6/30/09	$16.02	2,020	$32,360.00	
	$10.88	390	$4,243.00	
			$36,603.00	
7/1/09-6/30/10	$16.34	2,020	$33,007.00	
	$11.21	390	$4,372.00	
			$37,379.00	pd 6/29/09
7/1/10-6/30/11	$16.67	2,020	$33,673.00	
	$11.54	390	$4,501.00	
			$38,174.00	pd 6/7/10
7/1/11-6/30/12	$17.00	2,020	$34,340.00	
	$11.89	390	$4,637.00	
			$38,977.00	pd 6/9/11
7/1/12-6/30/13	$17.34	2,020	$35,027.00	
	$12.25	390	$4,777.00	
			$39,804.00	pd 5/24/12
7/1/13-6/30/14	$17.69	2,020	$35,734.00	
	$12.61	390	$4,918.00	7/14 - 6/15
			$40,652.00	

Lessor will improve the premises at its sole cost to enlarge the existing board room by 390 sq. feet, with improvements comparable to the existing finishes at a not to exceed price of $11,600.00. Materials will be presented to the Lessee for review and approval prior to commencement of construction.

Justification

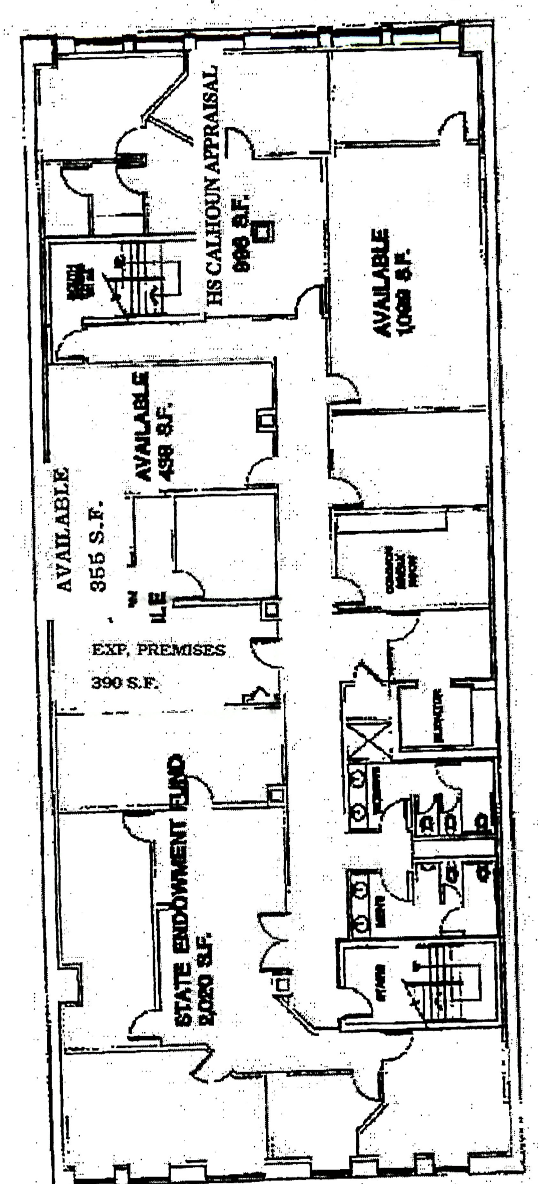
Lessee desires to enlarge its Board Room to accommodate additional occupants. It will expand into a portion of the immediately adjacent vacant office suite to accomplish this. Lessor shall improve the premises at its sole costs. As a result, the Lessee has agreed to lease this expansion space at the rates quoted above.

Garry Lee Bhuston — 7/26/06
Lessee- Endowment Fund Investment Board — Date

Winston A. Wiggins — 8/4/06
Director, Idaho Department of Lands — Date

EXHIBIT A

windows



windows

THIRD FLOOR PLAN
GARRO BUILDING
816 W. BANNOCK ST.

LEASE ADJUSTMENT

Lease Number:	**MC-6068**
Lessee Name:	**Endowment Fund Investment Board**
Address:	**816 West Bannock** **Boise, ID 83702**

We, the undersigned, do hereby agree that this addendum shall become a part of State of Idaho Lease Number MC-6068 and that, beginning **July 1, 2004**, until **June 30, 2014**, the following rates and conditions shall apply:

Article II, Term is modified to read as follows:

1. *Term.* To have and to hold the Premises for the term set forth starting July 1, 2004, and ending June 30, 2014, inclusive, unless terminated sooner as provided herein. After execution of this Lease, Lessee shall have the right to occupy the Premises and to take possession thereof in accordance with this Lease on July 1, 2004, or as soon thereafter as construction is materially complete.

2. *Option to Extend.*

a) In addition to the initial ten (10) year lease term set forth in Section 1, Lessee shall have the option to extend the term of this lease for one (1) five (5) year period at then negotiated rates, under the following terms and conditions and provided that:

All other provisions of Article II remain unchanged.

Article III, Rent is modified to read as follows:

1. *Annual Base Rent.* These figures represent a three percent (3%) discount for payment for rent paid annually, in advance.

	Date	Per Sq. Ft.	Annual
Year 1:	**07/01/04 - 06/30/05**	**$14.80**	**$29,896.00**
Year 2:	**07/01/05 - 06/30/06**	**$15.10**	**$30,502.00**
Year 3:	**07/01/06 - 06/30/07**	**$15.40**	**$31,108.00**
Year 4:	**07/01/07 - 06/30/08**	**$15.71**	**$31,734.20**
Year 5:	**07/01/08 - 06/30/09**	**$16.02**	**$32,360.40**
Year 6:	**07/01/09 - 06/30/10**	**$16.34**	**$33,006.80**
Year 7:	**07/01/10 – 06/30/11**	**$16.67**	**$33,673.40**
Year 8:	**07/01/11 – 06/30/12**	**$17.00**	**$34,346.87**
Year 9:	**07/01/12 – 06/30/13**	**$17.34**	**$35,033.81**
Year 10:	**07/01/13 – 06/30/14**	**$17.69**	**$35,734.48**

All other provisions of Article III remain unchanged.

EXHIBIT "A"
FLOOR PLAN – COMMON AREA – PARKING – OPERATING EXPENSES – PREMISES DESCRIPTION – PREMISES MAINTENANCE

COMMENCEMENT/OCCUPANCY

Occupancy shall be as of July 1, 2004, or as soon thereafter as construction is materially complete. Rent shall commence on February 1, 2005 or at such time as their current Lessor (Jefferson Place) is able to release or sublease Lessee's current space.

All other provisions of Exhibit A remain unchanged.

Justification:

To extend the term of the lease and itemize rental for extended term.

IDAHO DEPARTMENT OF LANDS

Lessor Date: 5/27/04

Approved By: **IDAHO DEPARTMENT OF ADMINISTRATION**

Division of Public Works Date: 6/1/04

ENDOWMENT FUND INVESTMENT BOARD

Matt J. Haertzen
Lessee Date: 5/26/04

STATE OF Idaho)
: ss.
County of Ada)

On this 26 day of May in the year 2004 before me, a Notary Public in and for said State, personally appeared Matt Haertzen, known to me to be the LESSEE that executed the within instrument, and acknowledged to me that they executed same.

IN WITNESS WHEREOF, I have hereunto set my hand and seal on the day and year last above written.

Donna L. Nielsen	Boise	6/15/2010
Notary Public	Residence	Commission Expires

DONNA L. NIELSEN
NOTARY
PUBLIC
STATE OF IDAHO

IDAHO DEPARTMENT OF LANDS

STATE AGENCY
COMMERCIAL LEASE AGREEMENT
ENDOWMENT FUND INVESTMENT BOARD
Lease No. MC-6068

This lease agreement is made and entered into by and between the State of Idaho, acting by and through the State Board of Land Commissioners (LESSOR), and the **Endowment Fund Investment Board** (LESSEE), 816 West Bannock Street, Suite 301, Boise, ID 83702, collectively referred to as the "Parties."

This lease shall commence **JULY 1, 2004**, and terminate **JUNE 30, 2011,** as set forth in Article II of this Lease.

The LESSOR, in consideration of the rent paid and the covenants, conditions and restrictions hereinafter set forth, does hereby lease unto the LESSEE, at the rate and for the use specified herein, certain Premises situated in the County of Ada, State of Idaho known as: Suite 301, 816 West Bannock Street, Boise, Ada County, Idaho.
[Garro Building] [NS, SHS]

In consideration of the foregoing, the covenants, restrictions and conditions described in Attachment A and Exhibits A through C, herein incorporated by reference, are hereby agreed to by LESSEE and LESSOR.

IN WITNESS WHEREOF, the parties hereto have caused these presents to be duly executed the day and year first above written.

IDAHO DEPARTMENT OF LANDS

Winston A. Wiggins
Lessor

Date: 2-26-04

APPROVED BY **IDAHO DEPARTMENT OF ADMINISTRATION**

Linda S. Miller
Division of Public Works

Date: 3/2/04

ENDOWMENT FUND INVESTMENT BOARD

Matt J. Haertzen
Lessee

Date: 2/24/04

STATE OF Id)
: ss.
County of Ada)

On this 24th day of February in the year 2004 before me, a Notary Public in and for said State, personally appeared Matt Haertzen known to me to be the LESSEE that executed the within instrument, and acknowledged to me that they executed same.

IN WITNESS WHEREOF, I have hereunto set my hand and seal on the day and year last above written.

TRICIA A. CALLIES
NOTARY
PUBLIC
STATE OF IDAHO

Tricia Callies
Notary Public

Boise
Residence

2/27/04
Commission Expires

ATTACHMENT "A"
(State Agency Lessee-Commercial Lease for Office Space)

Article I
Demised Premises

1. *Lessor's demise.* Upon the terms and conditions hereinafter set forth, and in consideration of the payment of the rents and the prompt performance by the Lessee of the covenants and agreements to be kept and performed by the Lessee, the Lessor does lease, let, and demise to the Lessee and the Lessee hereby leases from the Lessor, the following described office space and common area thereon, situate, lying, and being in Ada County, State of Idaho:

2. *Parking:* During the term of this lease, Lessee shall have parking as detailed in Exhibit "A."

3. *Definitions.* As used in this Lease, the following terms have the following meanings:

a) *Commencement Date*: The Commencement Date shall be as set forth in Exhibit A.

b) *Day*: As used herein shall mean a twenty four (24) hour calendar day.

c) *Premises*: The office space, common area and parking spaces as described in Exhibit "A," together with all easements, rights, privileges and appurtenances relating thereto, all located in Ada County, Idaho and leased to Lessee by Lessor pursuant to this Lease.

d) *Hazardous Material or Substance*: Any substance, waste or material defined or designated as hazardous, toxic, biomedical or dangerous (or any similar term) by any applicable federal, state or local law, regulation, rule or ordinance now or hereafter in effect.

e) *Improvements*: The buildings, structures, appurtenances and other improvements including, without limitation, all building machinery, equipment, floor coverings, heating, plumbing and air conditioning equipment, and any built-in appliances which may now or hereafter during the term of the Lease be erected or located on the Premises; provided, however, that the term "Improvements" shall specifically exclude non-fixture personal property.

f) *Legal Requirements:* All laws, statutes, codes, ordinances, orders, judgments, decrees, injunctions, rules, regulations, permits or licenses which now or at any time hereafter may be materially applicable to the Premises or any part thereof, or to any adjoining sidewalks, streets or walkways or to any material use or condition of the Premises or any part thereof.

g) *State of Idaho Department of Lands or Lands*: The Department of Lands is an entity of the Executive Department of the State of Idaho established pursuant to Idaho Code.

h) *Trade Fixtures:* Personal property placed in or annexed to the Premises by Lessee, the removal of which will not cause irreparable damage to the Premises, to be used by Lessee in the conduct of its business and includes, but is not limited to, shelves and reception counters.

i) *Rentable Area:* shall mean the "Usable Area" of an "Office Area" or "Store Area" with its associated share of "Floor Common Areas" and "Building Common Areas" as those terms are defined by the Building Owners Management Association (BOMA). For the purposes of this lease, including the manner in which the of rents due hereunder were calculated, the parties agree that the Rentable Area is

approximately **2,020 square feet**, and the calculation of rent and other terms of this lease which depend upon the Rentable Area shall use 2,020 square feet for such purposes.

4. *Lessee Improvements to Premises.* The parties agree that prior to the Commencement Date, Lessor shall make certain Lessee improvements to the Premises necessary to render such usable to Lessee. A list of such necessary Lessee improvements is annexed hereto as Exhibit "B" and incorporated herein.

5. *Acceptance of Premises.* Prior to or at occupancy of the Premises, Lessee shall provide Lessor with a written statement acknowledging inspection and acceptance of the Premises.

Article II
Term

1. *Term.* To have and to hold the Premises for the term set forth starting **July 1, 2004,** and ending **June 30, 2011**, inclusive, unless terminated sooner as provided herein. After execution of this Lease, Lessee shall have the right to occupy the Premises and to take possession thereof in accordance with this Lease on July 1, 2004, or as soon thereafter as construction is materially complete.

2. *Option to Extend.*

a) In addition to the initial seven (7) year lease term set forth in Section 1, Lessee shall have the option to extend the term of this lease for one (1) five (5) year period at then negotiated rates, under the following terms and conditions and provided that:

1. No default is existing or continuing in the performance of any of the terms of this lease; and

2. Each extension shall be on the same terms, covenants, and conditions as provided in this lease, except that there shall be no privilege to extend the term of this lease for any period of time beyond that previously specified; and

3. With respect to any second and any subsequent extension, this lease shall have previously been extended for the first and each immediately preceding extension term respectively.

b) Lessee shall exercise its option to extend the term of this lease according to the following terms and conditions:

1. At least one hundred twenty (120) days prior to the expiration of the initial term, and at least one hundred twenty (120) days prior to the expiration of any extended term, Lessee shall notify Lessor in writing of its election to exercise the right to extend the term of this lease for the first and subsequent extension terms, as the case may be; and

2. On the giving of such notice of election, this lease, subject to the terms of this provision, shall be deemed to be extended and the term thereof extended for a period of year(s) from the date of expiration of the initial term or from the date of expiration of the extension during which such notice is given as the case may be without the execution of any further lease or instrument.

c) In the event the term of this lease is extended pursuant to the terms of Section 2.2, the Base Rent payable under Section 3.1 of the lease for each year of any such extension period shall be calculated at then agreed upon rents.

Article III
Rent

1. *Annual Base Rent.* These figures represent a three percent (3%) discount for payment for rent paid annually, in advance.

	Date	PSF	Annual
Year 1:	**07/01/04 - 06/30/05**	**$14.80**	**$29,896.00**
Year 2:	**07/01/05 - 06/30/06**	**$15.10**	**$30,502.00**
Year 3:	**07/01/06 - 06/30/07**	**$15.40**	**$31,108.00**
Year 4:	**07/01/07 - 06/30/08**	**$15.71**	**$31,734.20**
Year 5:	**07/01/08 - 06/30/09**	**$16.02**	**$32,360.40**
Year 6:	**07/01/09 - 06/30/10**	**$16.34**	**$33,006.80**
Year 7:	**07/01/10 – 06/30/11**	**$16.67**	**$33,673.40**

2. *Due Date.* Lessee shall pay to Lessor as Rent for the Premises the amount specified in Article III, Section 1, which amount shall be paid in advance on the first day of each calendar year, from the commencement of the term and thereafter throughout the term of the Lease except as provided for in Exhibit A "Commencement/Occupancy"

3. *Place of payment.* Rent shall be payable at such place as the Lessor may specify, in writing, from time to time.

4. *No offset or netting of rents.* All rent due hereunder shall be paid to Lessor without offset or netting of any costs or expenses paid or incurred by Lessee, whether or not such payments were for obligations or to fulfill duties of Lessor. Lessee shall pay all costs, expenses, and obligations allocated to Lessee under this Lease of whatever kind or nature, which may arise or become due during the term of this Lease, and shall indemnify and hold harmless the Lessor from and against the same. If Lessor fails to pay any expense or cost which is its responsibility under this Lease and Lessee pays such expense or cost, Lessee shall then be entitled to submit a request to Lessor for a credit against annual rent, which if approved by Lessor, shall be credited against Lessee's annual rent for the next calendar year.

5. *Sufficient appropriation.* It is understood and agreed that both the Lessor and Lessee are government agencies, and this Lease shall in no way or manner be construed so as to bind or obligate the State of Idaho beyond the term of any particular appropriation of funds by the State of Idaho to the Lessee and/or the Department of Lands as may exist from time to time. Lessor and Lessee reserve the right to terminate this Lease if, in their judgment, the Legislature of the State of Idaho fails, neglects or refuses to appropriate sufficient funds as may be required for Lessor or Lessee to continue performance under this Lease. Any such termination shall take effect on ten (10) days' prior written notice after which all future rights and liabilities of the parties hereto shall cease.

Article IV
Liens

1. *No lien.* The Lessee shall not subject the Lessor's interest in the premises to any mechanics or material liens or other lien of any kind, except to the extent that the creation of such lien or liens is specifically authorized by a provision in this Lease.

2. *Release of lien.* The Lessee shall not allow a lien or claim of any kind to be filed or claimed against the Lessor's interest in the Premises during the continuance of this Lease. If such lien is claimed or filed, the Lessee shall cause the Premises to be released from the claim within thirty (30) days after the Lessor is given written notice that a claim has been filed, or within thirty (30) days after the Lessor is given written notice of the claim and transmits written notice of its receipt to the Lessee, whichever thirty (30) day period expires earlier. The Lessee shall cause such release either by paying to the court the amount necessary to relieve and release the Premises from the claim, or in any other manner which, as a matter of law, will result, within the thirty (30) day period, in releasing the Lessor and its title from the claim.

Article V
Governing Law, Cumulative Remedies

1. *Governing law.* All of the rights and remedies of the parties shall be governed by the provisions of this instrument and by the laws of the State of Idaho. Any action brought to enforce this Lease can only be brought in Idaho State Court in Ada County, Idaho.

2. *Cumulative remedies.* During the continuance of the Lease, the Lessor and Lessee shall have all rights and remedies which this Lease and the laws of the State of Idaho assure to them. All rights and remedies accruing to the Lessor and Lessee shall be cumulative; that is, the Lessor and Lessee may pursue all rights that the law and this Lease afford to them, in whatever order the Lessor and/or Lessee desires and the law permits without being compelled to resort to any one remedy in advance of any other.

Article VI
Indemnification

1. *Indemnification by Lessee.* Lessee agrees to indemnify and save Lessor harmless from and against any and all claims and demands (except for Lessor's proportionate share of any such claim which arises out of the negligence or intentional acts of Lessor or Lessor's agents, contractors, servants or employees) for, or in connection with, any accident, injury, or damage whatsoever caused to any person or property arising, directly or indirectly, out of the business activities conducted in or the use and/or occupancy of the Premises or occurring in, on or about the Premises or any part thereof, or arising directly or indirectly, from any negligent or intentional act of Lessee or its licensees, servants, agents, employees or contractors, and from and against any and all cost, including reasonable attorney's fees, expenses and liabilities incurred in connection with any such claims and/or proceedings brought thereon.

2. *Survival of Lessee's Indemnification.* The indemnity granted by Lessee pursuant to this Article VI shall survive termination of the Lease and shall continue for all such claims arising during the Term of this Lease or during any holdover period during which Lessee remains in possession, whether such claim is brought before or after termination of the Lease.

3. *Lessee's Exemption from Indemnification:* As of the date of execution of this Lease, Lessee is an agency of the State of Idaho insured through the Department of Administration, Office of Insurance Management, Risk Management (Risk Management). So long as Lessee remains an agency of the State of Idaho insured through Risk Management, Lessee shall be exempt from the indemnification requirements of this Article VI. This exemption from indemnification shall not apply to any sublessees or assignees of Lessee unless the same are also agencies of the State of Idaho insured through Risk Management. During any period this exemption applies, solely for purposes of loss allocation for calculation of Loss History by Risk Management, losses shall be allocated to an insured state agency as though such agency did indemnify under the terms of this Article VI.

4. *Indemnification by Lessor.* Lessor agrees to indemnify and save Lessee harmless from and against any and all claims and demands arising out of or relating to any negligent or intentional act or omission of Lessor or its licensees, servants, agents, employees or contractors during Lessor's ownership of the Premises and from and against any and all cost, including reasonable attorney's fees, expenses and liabilities incurred in connection with any such claims and/or proceedings brought thereon.

5. *Survival of Lessor's Indemnification.* The indemnity granted by Lessor pursuant to this Article VI shall survive termination of the Lease and shall continue for all such claims arising during the Term of this Lease, whether such claim is brought before or after termination of the Lease.

6. *Lessor's Exemption from Indemnification:* As of the date of execution of this Lease, Lessor is an agency of the State of Idaho insured through the Department of Administration, Office of Insurance Management, Risk Management (Risk Management). So long as Lessor remains an agency of the State of Idaho insured through Risk Management, Lessor shall be exempt from the indemnification requirements of this Article VI for any such claims arising during such period of exemption. During any period this exemption applies, solely for purposes of loss allocation for calculation of Loss History by Risk Management, losses shall be allocated to an insured state agency as though such agency did indemnify under the terms of this Article VI.

Article VII
Assignment

1. *Assignment.* Subject to the provisions of Article V Section 2 hereof, this Lease shall not be assigned nor shall the Premises be sublet, in whole or in part, without prior written consent of Lessor, which consent shall not be unreasonably withheld. In addition no assignment, sublease or transfer shall be valid unless the assignee or sublessee expressly assumes and agrees to perform every covenant of this Lease which, by its terms, the Lessee agrees to keep and perform. If this Lease is assigned or the Premises are sublet by Lessee, Lessor may and is hereby empowered to collect rent due from any assignee or sublessee.

2. *Direction of Department of Administration.* The parties to this Lease recognize and agree that Lessee, as an agency of the State of Idaho, is subject to the direction of the Idaho Department of Administration pursuant to Title 67, Chapter 57, Idaho Code, and specifically, Lessee is subject to the power of the Department of Administration to direct and require Lessee to remove its operations from the Premises and relocate to other facilities owned or leased by the State of Idaho. The Department of Administration may, upon thirty (30) days written notice to Lessor, relocate the Lessee and assign the lease to another state agency, department or institution. The provisions of this Lease shall continue in full force and effect upon such assignment by the Department of Administration. In no event, however, shall the Department of Administration assign the Premises to an individual and/or entity that is not a State of Idaho agency, department or institution.

Additionally, if the Department of Administration directs and requires Lessee to remove its operations from the Premises and relocate to other facilities owned or leased by the State of Idaho and if the Lessor transfers ownership of the Premises to an individual and/or entity that is not a State of Idaho agency, department or institution, it is agreed that, upon the occurrence of these events, Lessee may terminate this Lease Agreement, provided that Lessor is notified in writing ninety (90) days prior to the date such termination is to be effective. Such action on the part of the Lessee will relieve the Lessee and the State of Idaho of liability for any rental payments for periods after the specified date of termination or the actual date of surrender of the Premises, if later.

3. *Lessee's primary liability.* Lessee's making of any assignment, sublease, mortgage, pledge or encumbrance, in whole or in part, shall not relieve Lessee from the performance of every term, condition and obligation contained in this Lease.

4. *Limited consent.* Any consent by Lessor herein contained or hereafter given to any act or assignment, sublease, mortgage, pledge or encumbrance shall be held to apply only to the specific transaction hereby or thereby approved. Such consent shall not be construed as a waiver of the duty of Lessee, or its successors or assigns, to obtain from Lessor a consent to any other or subsequent assignment, sublease, mortgage or encumbrance or as a modification or limitation of the right of Lessor with respect to the foregoing covenant by Lessee.

Article VIII
Condemnation and Destruction of Premises

1. *Eminent Domain; cancellation.* If, at any time during the continuance of this Lease, all or any portion of the Premises is taken, appropriated or condemned by reason of eminent domain, the Lessor and Lessee shall divide the proceeds and awards in the condemnation proceedings, abate the rent, and make other adjustments in a just and equitable manner under the circumstances. If the parties cannot agree on a just and equitable division, annual abatement of rent, or other adjustments within thirty (30) days after the award has been made, the disputed matters shall, by appropriate proceedings, be submitted to a court having jurisdiction of the subject matter for its decision and determination.

2. *Damage or Destruction.*

a) *Repair.* In the event of damage or destruction to Improvements on the Leased Premises, which significantly impacts Lessee's authorized use of the Leased Premises under this Lease, Lessor will, within a reasonable time, not to exceed fifteen (15) days, repair or replace the damaged Improvement to the extent necessary to reinstate Lessee in occupancy and use, and during such time, the monthly rent shall be abated in the same proportion as any untenantable portion of the Premises bears to the whole thereof, and Lessor shall then have ninety (90) days from the date of such damage or destruction to complete the remainder of repairs as are necessary to restore the leased premises to its condition prior to such damage or destruction, provided, however, in the event such damage or destruction destroys more than fifty percent (50%) of the Leased Premises, Lessor or Lessee shall have the option to terminate this lease and in the event of such termination, Lessor shall have no obligation to repair or replace such Improvement. Lessor or Lessee will give notice within thirty (30) days after the happening of such casualty of any election to terminate.

If the building cannot be replaced or repaired within a reasonable time due to the inability of Lessor to obtain materials and labor needed therefor, or because of strikes, acts of God or governmental restrictions that would prohibit, limit or delay the construction, then the time for completion of the repair or replacement shall be extended accordingly. Lessee hereby expressly waives and releases any and all claims against Lessor for damages or destruction. Lessee hereby expressly waives and releases any and all claims against Lessor for damages in the event Lessor elects not to rebuild or restore the building in accordance with the provisions this Section, it being understood and agreed that Lessee's sole remedy therefore shall be to elect to terminate this Lease as of the date of occurrence of the damage or destruction, and rent shall abate as of such date.

In all cases, Lessor's obligation to rebuild or restore damaged Improvements on the Leased Premises shall be limited to the proceeds of any insurance policy covering the Improvements that is received and retained by Lessor; provided, however, in the event the proceeds are insufficient to rebuild or restore, Lessor shall have no obligation to do so unless Lessee provides funds sufficient to cover the difference between the amount of the insurance proceeds and the cost of such rebuilding or

restoration. If the damaged Improvements are not be replaced or repaired due to a lack of insurance funds, Lessor or Lessee shall have the option to terminate this lease and in the event of such termination, Lessor shall have no obligation to repair or replace such Improvement. Lessor or Lessee will give notice within thirty (30) days after the happening of such casualty of any election to terminate.

In the event a Building and other Improvements are not repaired, restored or replaced, for any reason, all proceeds of the fire and extended coverage insurance applicable to the Improvements shall be paid and given to Lessor. Lessee shall be entitled to any proceeds received by Lessee from any loss of business coverage carried by Lessee. Lessee agrees to execute and deliver any release or other document Lessor may request to obtain the release and/or control of said proceeds.

b) *Return of Unearned Rent.* In the event the Premises occupied by Lessee are rendered untenantable, as provided above, and this Lease is terminated, any unearned portion of the rent paid by Lessee shall be refunded within thirty (30) days after Lessee's vacation of the Premises.

Article IX
Construction and Alterations

1. *Alterations by Lessee.* Lessee shall have the right to make, at its sole cost and expense, additions, alterations and changes ("Alterations") in or to the Premises or to any Improvements thereon, provided Lessee shall not then be in default in the performance of any covenants or agreements in this Lease, subject, however, in all cases to the following:

a) *Consent of Lessor.* Alterations not specifically permitted under the terms of this Lease shall be made only with the prior written consent of Lessor, which consent shall not be unreasonably withheld, provided however this consent requirement does not apply to installation by Lessee of Trade Fixtures;

b) *Permits and Authorization.* Lessee shall ensure that all permits and authorizations of all municipal departments and governmental subdivisions having jurisdiction have been procured and paid for, and that all other Legal Requirements relating to such Alterations have been complied with, including payment to the Division of Building Safety or other governmental entity such plan check fees as may be imposed;

c) *Workmanship.* Any Alterations shall be made promptly (causes due to Force Majeure excepted) in a good and worker-like manner in compliance with all applicable Legal Requirements and requirements of Risk Management; and

d) *Payment for Construction.* The cost of any such Alterations shall be paid in cash or its equivalent, so that the labor and materials supplied or claimed to have been supplied to the Premises are paid. Lessor and Lessee shall keep the Premises free of any material, mechanic and contractor liens.

2. *Alterations by Lessor.* Lessor shall have the right to make, at its sole expense, alterations in or to the Premises and Improvements. Lessor shall ensure that all permits and authorizations of all municipal departments and governmental subdivisions having jurisdiction have been procured and paid for, and that all other Legal Requirements relating to such alterations have been complied with, including payment to the Division of Building Safety or other governmental entity such plan check fees as may be imposed. If such alterations will interfere with Lessee's Quiet Enjoyment of the Premises, Lessor shall first obtain the consent of Lessee before commencing such alterations, which such consent shall not be unreasonably withheld.

Article X
Title to Improvements, Use and Required Maintenance

1. *Lessee to bear expenses.* Except as otherwise provided in this Lease, the Lessee shall pay the entire cost of any Improvements constructed by or for Lessee on the Premises.

2. *Title to Improvements.* Upon expiration or termination of this Lease all Improvements constructed by Lessee shall revert by operation of law to the ownership of Lessor.

3. *Maintenance of Grounds and Improvements:* The Premises, including the grounds and all Improvements, shall be maintained during the term of this Lease in the same state as exists at the Commencement Date, normal wear and tear excepted. Without limiting the generality of the foregoing, maintenance of grounds and Improvements shall include the following:

a) *Landscaping:* Lessor agrees to maintain lawn, flower beds, garden areas, shrubbery, and all other landscaping on the Premises as of the date of this Lease or hereafter placed on the Premises by Lessor or Lessee (hereinafter collectively the "Landscaping"), including mowing, watering, weeding and fertilizing the Landscaping. Lessee shall not make any changes to the Landscaping of the Premises.

b) *Fencing, Parking and Other Grounds:* Lessor shall maintain any perimeter fence, any parking areas and all other areas of the grounds of the Premises during the term of this Lease, including repairs to any perimeter fence, any maintenance of parking areas (including grading and/or asphalt repair where necessary) controlling noxious weeds on the Premises and maintaining the appearance of the Premises in a neat and orderly manner commensurate with the appearances of the properties surrounding the Premises.

c) *Trash Removal:* Lessor shall maintain the Premises in a clean and sanitary condition, and shall have all trash and garbage removed from the Premises on a weekly basis. All garbage and trash is to be placed in a suitable, substantial, non-leaking container and placed for pick-up as directed by the trash removal company.

d) *Utilities:* Lessor shall be liable for any and all utility expense including, but not limited to, electric power service, natural gas, water and sewer.

e) *Advertising or Signs:* Lessee shall post no advertising or signs on the property without prior written approval of Lessor, and any such signs or advertisement must also comply with any and all applicable federal, state or local laws, regulations and ordinances.

f) *Ice and Snow Removal:* Lessor shall, prior to the start of each business day, remove ice and snow from common areas, parking areas and sidewalks, as may be reasonably required in accordance with standard business practices of office building management or as may be required by any city, county or state ordinances and/or laws.

g) *Cleaning.* Lessor shall keep and maintain the Leased Premises in substantially the same condition as when Lessor acquired the Building, or as thereafter improved, reasonable wear and tear excepted and shall provide cleaning and maintenance service for the Premises and the common areas and common facilities so as to maintain and keep the Premises and the common areas and common facilities in the condition as set forth herein. Cleaning shall be provided five (5) days per week (Monday through Friday).

h) *Maintenance of the Heating and Air Conditioning Equipment.* Lessor shall provide heat and air conditioning services to the Premises and Building to the extent required to maintain temperatures compatible with normal standards of comfort. Lessor shall be responsible for routine maintenance of the heating and air-conditioning equipment for the Improvements including changing filters, and cleaning

ducting, fans and motors.

i) *Maintenance of Electrical Fixtures.* Lessor shall be responsible for routine maintenance of electrical fixtures and replacement of inoperative light bulbs.

4. *Repairs.* Lessee shall not commit waste on the Premises, nor will it disfigure or deface any part of the building, grounds, or any other part of the Premises, including fixtures. Lessee further covenants that upon return, the Premises will be in the same condition as originally received, reasonable wear and tear excepted. Repairs, except those actually necessitated by Lessee's waste, disfigurement or defacement, shall be made as follows:

a) *Capital repairs.* Lessor shall be responsible for all capital repairs. Capital repairs shall be those repairs to the structure of the Premises, the HVAC system, the electrical system, the plumbing and sewer system and external lighting.

b) *Other Repairs.* Lessor shall be responsible for all other repairs to the Premises, except those actually necessitated by Lessee waste, disfigurement or defacement.

c) *Notice of repairs.* Lessee shall give the Lessor written notice of the need for any repairs to the Premises (irrespective of whether such repairs are Lessor's or Lessee's responsibility). Lessee shall also give immediate, oral notice of needed repairs where the need for repairs is to prevent ongoing, material damage to the Premises or to Lessee's belongings.

d) *Authorization for repairs.* Lessee shall not perform or authorize any repairs (irrespective of whether such repairs are Lessor's or Lessee's responsibility), without prior written approval of Lessor, unless such repair is necessary to prevent immediate and material damage to the Premises or to Lessee's belongings and Lessee is unable, after reasonable efforts, to contact Lessor and obtain written approval. In such event, Lessee shall contact Lessor at the earliest reasonable opportunity to notify Lessor of the needed repairs and of the actions taken by Lessee.

e) *Performance of repairs.* Any repairs done or authorized by Lessee shall be completed in a workmanlike manner and shall be of a quality comparable to equivalent professional repairs in the community. Repairs done or authorized by Lessee in violation of this paragraph shall be deemed to be at Lessee's own risk. Lessor shall have no obligation to reimburse Lessee for any such repairs.

5. *Use of Leased Premises:* In addition to any other restrictions on use of the Premises herein contained, Lessee shall use the Premises only for the purpose of carrying out Lessee's business which entails general office use for a State of Idaho agency. Lessee shall promptly comply with all statutes, ordinances, rules, orders, regulations, and requirements of the federal, state and municipal governments and of any and all of their departments and bureaus which are applicable to the use by Lessee of the Premises during the term or any renewal thereof.

Article XI
Mortgages

It is recognized that the Lessee is a state agency and that Lessee shall not mortgage the Premises.

Article XII
Default

1. *Effect of default by Lessee.* If at any time the Lessee defaults in the payment of any rent sixty (60) days after the day it is due and payable, or if the Lessee fails to perform any other covenant under

this Lease, the Lessor may declare the Lease term ended. In that event, the Lessor may re-enter upon any part of the Premises either with or without process of law, the Lessee waiving any demand for possession of the Premises. Upon termination of the Lease for default Lessor shall have the right to remove persons and property from the Premises and the Lessor shall also have all other remedies provided by law and this instrument. Such property belonging to Lessee may be removed and stored in a public warehouse or elsewhere at the cost of and for the account of Lessee.

2. *Lessor-Lessee relationship only.* The relationship between the parties is that of Lessor and Lessee. In the event of a default or breach of this Lease by Lessor, Lessee shall have all rights and remedies provided by law.

3. *Lessor's remedies.* Nothing herein shall be construed as authorizing the Lessor to declare this Lease in default, however, unless the default is for the nonpayment of rent in violation of the terms of this Lease and the nonpayment continues for sixty (60) days after the due date for payment of such rent. If the alleged default consists of any other violation, the Lessor may not declare this Lease in default until the violation continues for thirty (30) days after the Lessor gives the Lessee written notice thereof. However, nothing contained herein shall be construed as precluding the Lessor from having any other remedy that may be necessary to preserve its right and its interest in the Premises and this Lease, even before expiration of the grace or notice periods provided for in this paragraph, if under the then existing circumstances, the allowance of the grace or the giving of the notice would prejudice or endanger the Lessor's rights and estate in this Lease and the Premises.

4. *Default period.* All default and grace periods shall be deemed to run concurrently and not consecutively.

Article XIII
Additional Covenants of Lessee

1. *Legal use.* Lessee shall, at its own cost and expense, promptly comply with, or cause to be complied with, all Legal Requirements which may be applicable to Lessee, the Premises or the use of or manner of use of the Premises.

2. *Hazardous Materials.* Lessee shall not accumulate, handle, use, or store on the Premises Hazardous Materials except as in compliance with all Legal Requirements. Lessee shall comply with any lawful order by an entity reposed with authority to regulate the use, accumulation, storage or disposal of Hazardous Materials. Lessee shall first notify Lessor in writing before Lessee allows any hazardous materials upon the Premises.

3. *Zoning/Building Restrictions.* The Premises are not subject to local zoning laws, however, all construction, parking, or signs on the Premises shall be compatible with any applicable zoning or building regulations.

4. *Waste and Nuisance Prohibited.* Lessee shall comply during the term of this Lease with all applicable Legal Requirements affecting the Premises the breach of which might result in any penalty assessed on Lessor or forfeiture of Lessor's title to the Premises. Lessee shall not commit, or suffer to be committed, any waste or nuisance on the Premises.

5. *Keys and Locks:* Lessee shall pay for replacement of all lost or misplaced keys, and the cost, if any, including reasonable compensation for Lessor's time, of gaining admittance to the Premises in the event of a lost or misplaced key. Lessee may, at its sole expense, alter or change the existing locks or bolts on the Premises with locks or bolts of equal or greater quality, including but not limited to, installing a card key system or other such security device. Lessee shall provide Lessor a key to any such locks or bolts which are

altered or changed.

6. *Termination.* Upon termination of this Lease, the Lessee shall peaceably and quietly deliver to the Lessor possession of the Premises in substantially the same condition as originally received and accepted by Lessee hereunder, together with all fixtures and improvements. Lessee shall be entitled to remove all Trade Fixtures, furnishings and any and all other personal property belonging to Lessee, such removal shall be completed prior to the end of the term (by termination or otherwise) hereof. Should Lessee fail to remove any such Trade Fixtures, furnishings or other personal property prior to the end of the term hereof, such failure of the shall constitute an abandonment of Lessee's rights to such property, but shall not act to relieve Lessee from the obligation to remove any such improvement as required by Lessor.

7. *Attorney Fees.* In the event of any legal proceeding of any kind instituted under this Lease or to obtain performance of any kind under this Lease, the prevailing party shall be awarded such additional sums as the court may adjudge for reasonable attorney's fees and costs and disbursements incurred in such proceeding.

Article XIV
Quiet Enjoyment

So long as the Lessee keeps and performs all of its covenants and conditions under this Lease, it shall have quiet, undisturbed, and continued possession of the Premises, free from all claims against the Lessor and all persons claiming under, by, or through the Lessor.

Article XV
Right of Entry

The Lessor and its agents may enter upon the Premises, upon reasonable notice and at reasonable times, to examine their condition and use, so long as that right is exercised in a manner that does not interfere with the Lessee in the conduct of its business on the Premises.

Article XVI
Miscellaneous

1. *Force majeure.* If either the Lessor or Lessee are delayed, hindered, or prevented from performing any act required hereunder by reason of acts of God, strikes, lockouts, labor troubles, inability to procure materials, failure of power, restrictive government laws or regulations, riots, insurrection, the act, failure to act or default of the other party, war, or other reason beyond its control, (other than Lessee's financial condition) then performance of the act shall be excused for the period of the delay. In that event, the period for the performance of the act shall be extended for a period equivalent to the period of the delay.

2. *Officials, Agents, and Employees Not Personally Liable.*

a) *Lessor's Officials, Agents and Employees*: In no event shall any official, officer, employee or agent of Lessor, or of the State of Idaho, be in any way liable or responsible for any covenant or agreement herein contained, whether expressed or implied, nor for any statement, representation or warranty made herein or in any way connected with this Lease. In particular, and without limitation of the foregoing, no full-time or part-time agent or employee of Lessor shall have any personal liability or responsibility hereunder, and the sole responsibility and liability for the performance of this Lease and all of the provisions and covenants herein contained pertaining to the Lessor shall rest in and be vested with the State of Idaho.

b) *Lessee's Officials, Agents and Employees*: As of the date of execution of this Lease, Lessee is an agency of the State of Idaho. So long as Lessee is an agency of the State of Idaho, in no event shall any official, officer, employee or agent of Lessee, or of the State of Idaho, be in any way liable or responsible for any covenant or agreement herein contained, whether expressed or implied, nor for any statement, representation or warranty made herein or in any way connected with this Lease. In particular, and without limitation of the foregoing, no full-time or part-time agent or employee of Lessee shall have any personal liability or responsibility hereunder, and the sole responsibility and liability for the performance of this Lease and all of the provisions and covenants herein contained pertaining to the Lessee shall rest in and be vested with the State of Idaho.

3. *Covenants running with land; binding effect.* All covenants, conditions, and obligations contained herein or implied by law are covenants running with the land and shall attach and bind and inure to the benefit of the Lessor and Lessee and their respective heirs, legal representatives, successors, and assigns, except as otherwise provided herein.

4. *Non-waiver.* No waiver of a breach of any covenant in this Lease shall be construed to be a waiver of any succeeding breach of the same covenant. No delay or failure by either party to exercise any right under this Lease, and no partial or single exercise of that right, shall constitute a waiver of that or any other right, unless otherwise expressly provided herein.

5. *Impossibility.* In the event that any construction of law, ordinance, regulation, zoning change or other governmental or administrative rule or restriction exist or hereafter be enacted that would prevent Lessor from carrying out the purposes of this Lease, Lessor shall notify Lessee in writing of Lessor's intent to terminate this Lease and all obligations hereunder shall cease.

6. *Interest.* All arrearages in the payment of rent shall bear interest from sixty (60) days after the date due, and all other sums due Lessor hereunder shall bear interest from sixty (60) days after the date invoiced. Such interest to accrue until paid at the interest rate provided for in Idaho Code § 67-2302(7). The lease payments shall be paid pursuant to the Lessor's timely submission of invoices for payment. Lessor specifically acknowledges that State vouchers are processed by the State Controller, not Lessee. Therefore, any payment that is made no later than sixty (60) days after it is actually due shall not be considered an event of default. Lessee shall use its best efforts to expedite payment.

7. *Written modifications.* No modification, release, discharge, change or waiver of any provision hereof shall be of any force, effect, or value unless signed in writing by Lessor and Lessee, or their duly authorized agent or attorney. Notwithstanding anything else contained herein, any action taken by Lessee to modify or amend this lease shall be of no force and effect until approved in writing by the Department of Administration, Division of Public Works.

8. *Entire agreement.* This instrument contains the entire agreement between parties. The execution hereof has not been induced by either party by representations, promises, or understandings not expressed herein. There are no collateral agreements, stipulations, promises, or undertakings whatsoever upon the respective parties in any way touching the subject matter of this instrument which are not expressly contained in it.

9. *Notices.* All notices between the parties in connection with this Lease shall be in accordance with its terms. Notice shall be given by registered or certified mail, deposited in the United States mails with postage prepaid. The notices shall be addressed as follows:

For the Lessor: For the Lessee:

Complete Property Management
1542 South Times Square Court #103
Boise, Idaho 83709

Endowment Fund Investment Board
816 West Bannock Street
Suite 301
Boise, ID 83702

Program Manager
Commercial and Surface Leasing
Bureau of Surface & Mineral Resources
Idaho Department of Lands
P.O. Box 83720
Boise, Idaho 83720-0050

Either party may change the place for giving notice by written notice in the manner set forth in this paragraph. Copies of all notices shall be sent to the Department of Administration, Division of Public Works.

10. *Mutual Cooperation.* The parties hereto agree to do those things, including execution any other documents, reasonably required to fully perform the intentions of this agreement.

11. *Binding Effect.* This Lease shall be binding upon and shall inure to the benefit of the heirs, personal representatives, successors and assigns of the parties.

12. *Liability Continued.* All references to the Lessor and Lessee mean the persons who, from time to time, occupy the positions, respectively, of Lessor and Lessee. However, this shall not be construed as relieving a person of any liability incurred by reason of or in connection with it having been Lessor or Lessee at one time.

13. *Asbestos and Health Hazards.* Lessor agrees to comply promptly with all requirements of any legally constituted public authority made necessary by any unknown or existing health hazard including, but not limited to, such hazards which may exist due to the use or suspected use of asbestos or asbestos products in the Premises. The Lessor warrants that it has inspected the Premises for health hazards, specifically for the presence of asbestos, and the inspection has not detected asbestos, or if Lessor's inspection has revealed asbestos, then Lessor warrants that it has been removed or removal is presently not required in accordance with current law and regulations. In the event that asbestos or another health hazard is discovered on the Premises, the Lessor agrees to take such corrective action as is required in accordance with current law and regulations. It is agreed that, in the event the Lessee is unable to continue occupancy of the Premises due to the presence of asbestos or any other health hazard, or because of any governmental, legislative, judicial or administrative act, rule, decision or regulation, this Lease may be terminated by the Lessee upon ten (10) days' written notice to the Lessor. Any asbestos abatement costs, and any other repair or renovation costs associated with asbestos or other health hazard will be at the sole expense of the Lessor.

14. *Handicap Accessibility.* Upon the Commencement Date, the Premises shall meet or exceed standards for handicap accessibility as set out in the American National Standards Institute A117-1, 1992; Americans With Disabilities Act, Public Law 101-336 and applicable regulations; Uniform Building Code Chapter 11; and federal regulations applicable to Lessee.

15. *Severability.* In the event any provision of this Lease shall be held invalid or unenforceable according to law, the validity, legality or enforceability of the remaining provisions and the application thereof shall not in any way be affected or impaired.

16. *Counterparts.* This Lease may be simultaneously executed in several counterparts, each of which shall be an original and all of which shall constitute but one and the same instrument.

17. *Headings.* Headings in this Lease are for convenience and reference only and shall not be used to interpret or construe its provisions.

18. *Recording Copy.* Either Party may, at its option and expense, record this Lease or a Memorandum of Lease.

19. *Time of essence.* Time is expressly declared to be of the essence of this Lease.

EXHIBIT "A"
FLOOR PLAN – COMMON AREA – PARKING – OPERATING EXPENSES – PREMISES DESCRIPTION – PREMISES MAINTENANCE

COMMENCEMENT/OCCUPANCY
Occupancy shall be as of July 1, 2004, or as soon thereafter as construction is materially complete. Rent shall commence on February 1, 2005 or at such time as their current Lessor (Jefferson Place) is able to release or sublease Lessee's current space.

OPERATING EXPENSE ALLOCATION
There is no operating expense allocation.

DESCRIPTION OF PARKING
Lease includes four (4) parking spaces.

PREMISES DESCRIPTION
See Attached Floor Plan and Common Area Map.

LESSOR: Idaho Department of Lands

BY: [signature]

DATE: 2-24-04

LESSEE: Endowment Fund Investment Board

BY: [signature]
Authorized Representative

DATE: 2/24/04

State of Idaho, Department of Administration
APPROVED BY DIVISION OF PUBLIC WORKS

BY: [signature]

DATE: 3/2/04

THIRD FLOOR PLAN · SPACE 1

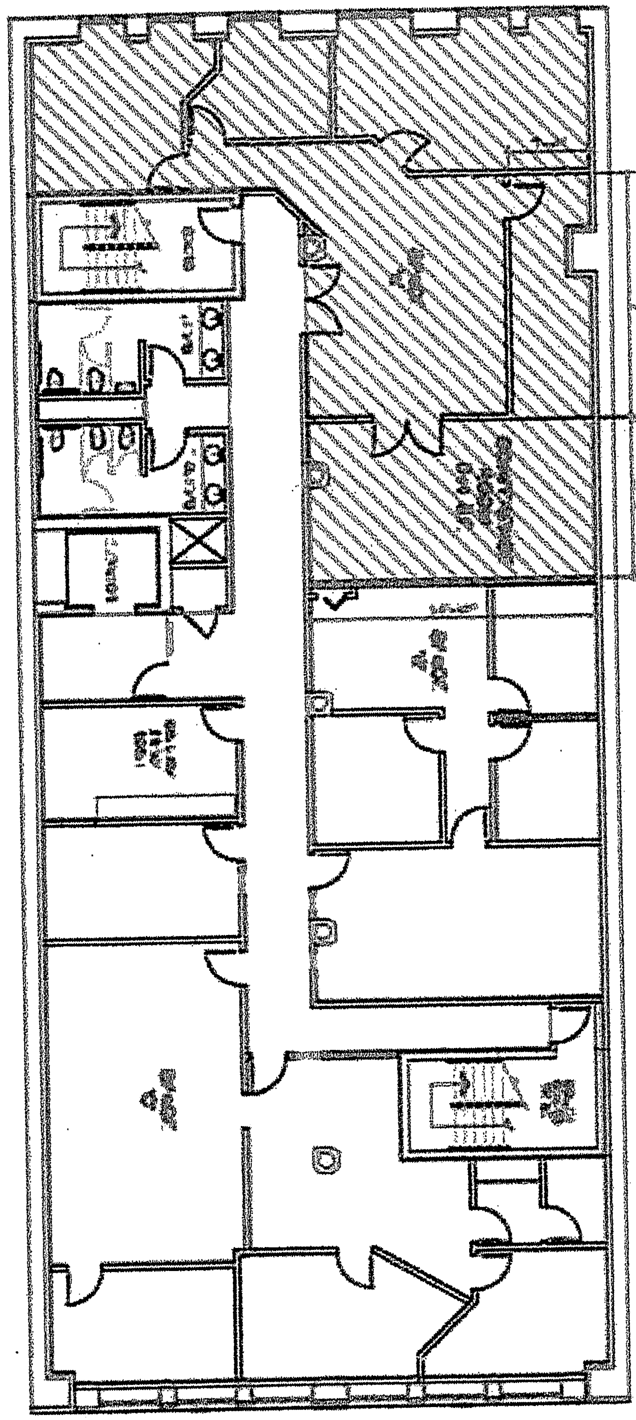


EXHIBIT A-2

EXHIBIT "B"

LESSEE IMPROVEMENTS TO BE PERFORMED BY LESSOR

Lessor agrees to provide the following, prior to Occupancy Date:

Lessor shall cause Lessee's space to have the basic design/layout per the attached drawing along with providing for: adequate electrical, phone and data outlets in all rooms including the supply room, new carpet and pad (minimum 26 oz grade), new cherry base (fir stained cherry), case and door trim (fir stained cherry), cherry doors (fir stained cherry), new paint throughout, new cherry wood blinds, new supply room formica counter top and cherry look cabinets, three (3) foot window from office in space A to be removed (Matt's office), approximately 8 x 2 ft. window in Matt's office wall allowing light into conference room to be added, one approximately 5 x 3 foot window in the second office allowing light into hallway to be added, one double entry French-style door into conference room, new double entry door into suite including two (2) sidelights, vinyl logo on door and side-light, all glass where chosen is to be frosted, lighting over new reception-area kiosk with privacy counter with solid-surface material countertop and rounded edges – cabinets to be in a cherry finish, six (6) foot formica counter with lower cherry look cabinets in conference area (or where Lessee chooses), including a white board and pull down screen, six (6) recessed can lights with dimmer over conference table in conference room, and ceiling tile will be replaced if necessary. Lessor's allowance for all work shall not exceed $32,000.00 in costs. Any costs over this amount will be billed to the Lessee. Payment of any amount over the allowance shall be paid by Lessee to Lessor within ninety (90) days. Lessee requires carpets in their space to be cleaned every six (6) months, touch up paint as needed and a re-paint at every five (5) years, including any extension or renewal, all at sole cost of the Lessor.

Exclusive of this allowance, Lessor to install new T-8 light fixtures in hall and in suite, paint in hall to include walls, any doors and trim not replaced, new carpet and carpet base in hall, improve restrooms, and improve elevator and ceiling tiles in hall to be replaced as necessary.

LESSOR: Idaho Department of Lands

BY: Winston A. Wiggins

DATE: 2-24-04

LESSEE: Endowment Fund Investment Board

BY: Matt J. Haertzen
Authorized Representative

DATE: 2/24/04

State of Idaho, Department of Administration
APPROVED BY DIVISION OF PUBLIC WORKS

BY: [signature]

DATE: 3/2/04

EXHIBIT B

EXHIBIT "C"
RULES AND REGULATIONS

1. No awning, shade, sign, placard, picture, advertisement, name, or notice shall be inscribed, painted, installed or displayed on or outside the Building without written consent of Lessor. Lessor shall have the right to remove any such unapproved item without notice and at Lessee's expense. All approved signs or lettering on doors and fascia shall be printed, painted, affixed or inscribed at the expense of Lessee by a person chosen or approved by Lessor in accordance with Lessor's Signage Policy. All requests for listing on the Building directory shall be submitted to the office of Lessor in writing and shall be subject to Lessor's approval, not to be unreasonably refused. Any change requested by Lessee of Lessor of the name or names posted on directory, after initial posting, will be charged to Lessee.

2. Lessee, its employees, agents, contractors and invitees shall comply with all parking regulations promulgated by Lessor from time to time for the orderly use of the vehicle parking areas including, without limitation, the following: Parking shall be limited to automobiles, passenger or equivalent vans, motorcycles, light four wheeled pickup trucks, and (in designated areas) bicycles. No vehicles shall be left in the parking lot overnight. Parked vehicles shall not be used for vending or any other business or other activity while parked in the parking areas. Vehicles shall be parked only in striped parking spaces, except for loading and unloading, which shall occur solely in zones marked for such purpose, and be so conducted as to not unreasonably interfere with traffic flow to, from or adjacent to the Building or with loading and unloading areas of other Lessees. Employee and Lessee vehicles shall not be parked in spaces marked for visitor parking or other specific use. All vehicles entering or parking in the parking areas shall do so at the vehicle owner's sole risk, and Lessor assumes no responsibility for any damage, destruction, vandalism or theft. Lessee shall cooperate with Lessor in any measures implemented by Lessor to control abuse of the parking areas including, without limitation, access control programs, Lessee and guest vehicle identification programs, and validated parking programs, provided that no such validated parking program shall result in Lessee being charged for spaces to which it has a right to free use under its Lease. Each vehicle Lessor shall promptly respond to any sounding vehicle alarm or horn, and failure to do so may result in temporary or permanent exclusion of such vehicle from the parking areas. Any vehicle which violates the parking regulations may be cited, towed at the expense of the Lessor, temporarily or permanently excluded from the parking areas, or subject to other lawful consequence.

3. Lessee shall not use any method of heating or air conditioning other than that supplied by Lessor without the consent of Lessor.

4. Lessee will not install or use any window coverings except those provided or approved by Lessor. Lessee shall not place anything against or near glass partitions or doors or windows which may appear unsightly from outside the Premises.

5. Lessee shall not use or keep in the Premises any kerosene, gasoline or flammable or combustible fluid or material other than those limited quantities necessary for the maintenance of office equipment. Lessee shall not use or permit to be used in the Premises any foul or noxious gas or substance, or permit or allow the Premises to be occupied or used in a manner offensive or objectionable to Lessor or other occupants of the Building by reason of noise, odors or vibrations nor bring or keep or permit to be brought or kept in the Building any animal form, other than human, except seeing eye dogs when in the company of their masters.

6. Lessee shall not alter any lock or install any new locks or bolts on any door at the Premises without the prior consent of Lessor. All re-keying of office doors, after occupancy, shall be at the expense of Lessee. Lessee, upon termination of its tenancy, shall deliver to Lessor the keys of all locks for doors on the Premises, and in the event of loss of any keys furnished by Lessor, shall pay Lessor therefore.

7. Canvassing, soliciting and distribution of handbills or any other written material, and peddling in the Building are prohibited, and Lessee shall cooperate to prevent same.

8. Lessor reserves the right to exclude or expel from the Building any person who, in Lessor's judgment, is intoxicated or under the influence of liquor or drugs or who is in violation of the Rules and Regulations of the Building.

9. Lessee shall comply with all safety, fire protection and evacuation procedures and regulations established by Lessor or any governmental agency. No person shall go on the roof without Lessor's permission.

10. Lessee assumes any and all responsibility for protecting its Premises from theft, robbery and pilferage, which includes keeping doors locked and other means of entry to the Premises closed. If Lessee requires telegraphic, telephonic, burglar alarm or similar services, it shall first obtain, and comply with Lessor's instructions in their installation. Lessee shall make provision for prompt termination of any sounding alarm and failure to do so shall constitute grounds for Lessor to require that Lessee's alarm be modified as reasonably directed by Lessor or removed. Unless specifically permitted under its Lease, Lessee shall not install any radio or television antenna, loudspeaker or other devices on the roof or exterior walls of the Building. Lessee shall not interfere with radio or television broadcasting or reception from or in the Building or elsewhere.

11. Lessee shall not install, maintain or operate upon the Premises any vending machine without the prior written consent of Lessor.

12. Business machines and mechanical equipment belonging to Lessee which cause noise or vibration that may be transmitted to the structure of the Building, to such a degree as to be objectionable to Lessor or other Lessee, shall be placed and maintained by Lessee at Lessee's expense, on vibration eliminators or other devices sufficient to eliminate noise or vibration.

13. All goods, including material used to store goods, delivered to the Premises of Lessee shall be immediately moved into the Premises and shall not be left in parking or receiving areas overnight. Lessee shall not use or permit the use of any portion of the Property for outdoor storage.

14. Lessee shall store all its trash and garbage within its Premises or in the designated areas established by Lessor. Lessee shall not allow refuse, garbage or trash to accumulate outside of the Premises except on the day of scheduled scavenger pick-up services, and then only in areas designated for that purpose by Lessor. Lessee shall not place in any trash box or receptacle any material which cannot be disposed of in the ordinary and customary manner of trash and garbage disposal within the Building. Lessee shall notify Lessor in advance of any unusually large amount of trash to be disposed of in the designated trash areas including, without limitation, trash associated with any permitted construction by Lessee in the Premises, Lessee's moving in or out of the Premises or delivery to Lessee's Premises of furniture, fixtures and equipment, and Lessee shall bear the expense of any special trash pick up necessary to remove such trash.

15. Lessee shall not drive nails, screw or drill into the partitions, woodwork or plaster or in any way deface the Premises or any part thereof except that pictures, certificates, licenses and similar items normally used in Lessee's business may be carefully attached to the walls by Lessee. The cost of any special electrical circuits for items such as copying machines, computers, microwave, etc., shall be borne by Lessee unless the same are part of the building standard improvements. Prior to installations of equipment Lessee must receive written approval from Lessor. Lessor reserves the right to direct electricians as to where and how telephone and telegraph wires are to be introduced to the Premises. Lessee shall not cut or bore holes for wires. Lessee shall not affix any floor covering to the floor of the Premises, in any manner except as approved by Lessor. Lessee shall repair or be responsible for the cost of repair of any damage resulting from noncompliance with this rule.

16. Tractor trailers which must be unhooked or parked with dolly wheels beyond the concrete loading areas must use steel plates or wood blocks under the dolly wheels to prevent damage to the asphalt paving surfaces. Such trailers shall remain parked only for the time necessary to unload. No parking or storing of such trailers will be permitted in the auto parking areas of the Building or on streets adjacent thereto.

17. Forklifts which operate on asphalt paving areas shall not have solid rubber tires and shall only use tires that do not damage the asphalt.

18. The toilet rooms, toilets, urinals, wash bowls and other apparatus shall not be used for any purpose other than that for which they were constructed and no foreign substance of any kind whatsoever shall be thrown therein. The expense of any breakage, stoppage or damage resulting from the violations of this rule shall be borne by Lessee who, or whose employees or

invitees, shall have caused same.

19. The sidewalks, parking lots, driveways and entrances shall be used only as a means of ingress and egress and shall remain unobstructed at all times. The entrance and exit doors of all suites are to be kept closed at all times except as required for orderly passage to and from suite and for loading and unloading at drive-in or dock-hi doors. Loitering in any part of the Building or obstruction of any means of ingress or egress shall not be permitted.

20. Lessor may waive any one or more of these Rules and Regulations for the benefit of Lessee or any other Lessee, but no such waiver by Lessor shall be construed as a waiver of such Rules and Regulations nor prevent Lessor from thereafter enforcing any such Rules and Regulations against any or all of the Lessees of the Building.

21. Lessee shall be deemed to have read these Rules and Regulations and to have agreed to abide by them as a condition to his occupancy of their Premises.