

**BEFORE THE
WASHINGTON UTILITIES AND TRANSPORTATION COMMISSION**

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)	
In the Matter of the Petition of)	Docket No. UE-15_____
)	
Avista Corporation, d/b/a Avista Utilities)	PETITION OF AVISTA
)	CORPORATION
For an Order Approving the Lease Agreement)	
Between Avista Corporation and Mobius Science)	
Center)	

I. INTRODUCTION

1 In accordance with WAC 480-143-120, Avista Corporation, doing business as Avista
Utilities ("Avista" or "Company"), at 1411 East Mission Avenue, Spokane, Washington,
hereby petitions the Commission for an order approving the lease agreement related to the
Post Street Annex between Avista and the Mobius Spokane ("Mobius"). A copy of the lease
agreement is provided as Attachment A.

2 Avista provides service to approximately 367,000 electric customers and 229,000 natural
gas customers in a 26,000 square-mile area in eastern Washington and northern Idaho. The
Company also serves approximately 97,000 natural gas customers in Oregon. The largest
community served by Avista is Spokane, Washington, which is the location of its corporate
headquarters.

3 Rules and statutes that may be brought at issue in this Petition include RCW 80.01.040,
RCW 80.28.020, and WAC 480-07-370(1)(b).

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Please direct all correspondence related to this Petition as follows:

David J. Meyer, Esq.
Vice President and Chief Counsel for
Regulatory & Governmental Affairs
Avista Corp.
P. O. Box 3727
1411 E. Mission Avenue, MSC 27
Spokane, Washington 99220-3727
Telephone: (509) 495-4316
Facsimile: (509) 495-8851
E-mail: david.meyer@avistacorp.com

Kelly Norwood
Vice President
State and Federal Regulation
Avista Corp.
P. O. Box 3727
1411 E. Mission Avenue, MSC 27
Spokane, Washington 99220-3727
Telephone: (509) 495-4267
Facsimile: (509) 495-8851
E-mail: kelly.norwood@avistacorp.com

II. BACKGROUND

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Located on the banks of the Spokane River in downtown Spokane, and adjacent to the Monroe Street Hydroelectric Development, is the Post Street Substation. This substation has provided electric service to our downtown Spokane customers since 1909. Immediately adjacent to the substation is the Post Street Annex, which was built in 1911. The Post Street Annex is a 3-story facility, with the top floor being at street level, and the bottom level being close to river level. Pictures of the Annex have been provided as Attachment B.

6

The original purpose for the Post Street Annex was to provide housing for back-up power equipment for the Post Street Substation. However, for the past 60 years, approximately two-thirds of the building has been used for storage and Company-vehicle parking, while the remaining one-third has been used as the operations center for the downtown Spokane electric network.

7

Mobius, a non-profit science center, opened in Spokane in 2012 and provides educational resources and opportunities for students and lifelong learners who are inspired to explore the scientific world. In its former location, Mobius occupied over 20,000 square feet of exhibit,

classroom and administrative space in a retail building in downtown Spokane. In 2014, Mobius hosted more than 134,000 visitors of all ages, approximately 12,700 school-age children on educational field trips, and interacted electronically with nearly 10,000 students in communities all throughout the Inland Northwest.

8 The current lease between Mobius and its landlord, however, expired on March 31, 2015. Until such time as Mobius finds a new location, it is temporarily housed in the Spokane Public Library in downtown Spokane. Prior to the expiration of Mobius' lease, Avista met with Mobius' executive leadership in a effort to both provide Mobius with a longer term solution for their location (i.e., the Post Street Annex), as well as to provide Avista with a channel for educating our electric and natural gas customers on a number of energy-related issues, impacting them now and in the future, as discussed in more detail below.

III. AVISTA AND MOBIUS EDUCATIONAL PARTNERSHIP

9 The lease of the Post Street Annex to Mobius provides Avista with a unique opportunity to partner with Mobius in an effort to better educate our customers and the community on a number of energy-related issues, such as conservation, safety, and energy efficiency. In the process, Avista will be able to leverage the knowledge and expertise of the Mobius staff in the development of meaningful outreach programs on energy-related issues, based on exhibits and displays within the Mobius-occupied space. This will ensure a large audience for purposes of communicating with the public on energy-related issues. Under the terms of the lease agreement discussed later, Mobius will provide Avista with permanent exhibition space. This

exhibition space will allow Avista, through Mobius, to provide educational opportunities for our customers on issues including, but not limited to, the following:¹

10 Spokane River FERC License Education – under the terms of Avista’s Federal Energy
Regulatory Commission (“FERC”) License for the Spokane River, Avista is required to
provide educational materials and outreach on a number of items. Some of those include:

11 Under FERC License Article 408, Avista implements the Spokane River Wild
Rainbow Trout Public Education and Outreach Plan. The purpose of the plan is
to educate the public about Avista’s Washington Spokane River Hydroelectric
Development’s protection and enhancement measures for wild rainbow (redband)
trout, and the measures that the public can take to minimize their impacts on the
trout and their habitat.

12 Avista coordinates educational components with entities involved in aquatic weed
management on Lake Spokane. Avista also implements education and outreach
activities relevant to minimizing the spread of aquatic weeds as part of its
comprehensive Interpretation and Education Plan required by FERC License
Article 418.

13 The Interpretation and Education Plan, required by FERC License Article 418,
identifies themes and messages that can be used to increase the public’s
understanding and appreciation of natural and historical resources, enhance their
experiences, inform them of recreational opportunities and increase their safety
and enjoyment. Potential themes for interpretation include bald eagle protection
and habitat, fisheries protection and enhancement, Ice age flood events, water
quality and invasive species, and historic and archaeological appreciation.

14 Energy Efficiency – As a part of the Company’s electric and natural gas energy
efficiency tariffs Avista provides energy efficiency education to our customers, as well as

¹ Under the terms of the lease, section 8b states that “as a material condition of, this Lease, Tenant agrees that at all times during the Lease Term and any extension thereof, Tenant shall develop, construct and display in a prominent location and in collaboration with Landlord, exhibits demonstrating and promoting electric and gas utility operations, energy efficiency, public awareness of safety issues, scientific and technological innovations related to the utility industry, Spokane River hydroelectric operations, including related protection and enhancement measures, understanding and appreciation of natural and historic resources, and water quality and fisheries protection. Tenant shall develop and offer at least three (3) different educational programs per year that coordinate with such displays and exhibits in collaboration with Landlord. Landlord shall have input into all such displays, exhibits and educational programs including the location and placement thereof.”

training and informational activities that enhance electric efficiency. This may include technology or customer-segment specific seminars, literature, trade-show or community events, advertising or other approaches to increase the awareness and adoption of resource efficient measures and behaviors.

15 Electric and Natural Gas Safety – Avista promotes ongoing communication and education related to utility operations and safety. This includes, among other things, 811 Call before you Dig, the chemistry of natural gas, compressed and liquefied natural gas, electric circuitry, hydroelectric operations, electric transformation, etc.

16 New Technologies –The exhibit space would provide for exhibit and educational opportunities for people of all ages in the areas of science, technology, engineering and math (“STEM”), consistent with Governor Inslee’s Policy Brief from January 2014, specifically “getting more students more real-world experience in STEM fields”.² These may include how electric vehicles work, LED lighting, smart grid technologies, and advanced metering, among other things.

IV. THE BUILDING AND ITS LOCATION

17 The Post Street Annex is adjacent not only to the Monroe Street Hydroelectric Project and to Post Street Substation, but also to Riverfront Park, Huntington Park, City of Spokane’s City Hall, and Riverpark Square. The location of the Post Street Annex therefore provides Mobius with a well-established and convenient venue, which we believe will provide Mobius much better exposure than it had at its old location. This is ideal for Avista’s dedicated exhibition space for energy-related exhibits. With an excellent location and a higher level of

² http://www.governor.wa.gov/sites/default/files/policy_briefs/pb_EducationBrief_2014.pdf

foot traffic, Avista's educational materials will be able to reach more members of our community and the public.³

18 In consideration of the value that Avista will receive from having the dedicated exhibition space, as well as having Mobius' technical and professional expertise in designing and displaying energy-related educational materials, Mobius and Avista have negotiated a nominal lease rate of \$1 per year for the first floor of the Post Street Annex, with an option to extend and/or expand the lease for additional space in the future.

19 As shown on Attachment B, the Post Street Annex is a 3-story facility, with the top floor being at street level, and the bottom level being close to river level. Each floor is approximately 60 feet by 135 feet, or 8,100 square feet. The Company will incur approximately \$550,000 of make-ready costs in order to facilitate the basic mechanical and structural improvements of the building necessary to accommodate its use by a third party. At present, the leased space is used for the parking of Avista vehicles and those of its employees. Mobius, itself, will be responsible for all tenant improvements to make the space suitable for its purposes. It is currently estimated that Mobius will spend approximately \$1.1 million on its own tenant improvements.

V. TERMS OF THE LEASE

20 A summary of the primary terms of the lease is as follows (see attachment A):

- a) Lease Term – 10 years, with two additional 10 year options to renew.

³ The new Mobius location faces Riverfront Park, which serves as the hub for many community events – e.g., the annual Bloomsday race (approximately 50,000 participants), Hoopfest (approximately 27,000 participants), etc.

- b) Space – Avista will lease Mobius the street level (first floor) of the three story Post Street Annex. The first floor space is approximately 60 feet by 135 feet, or 8,100 square feet. Avista will continue to use the other two floors of the Post Street Annex in a similar manner, as it is today, however Mobius has the option for the lease of additional space in the Post Street Annex, if Avista determines that it no longer requires use of the additional space and if Mobius wishes to lease the additional space.
- c) Annual Lease Payment - \$1 per year.
- d) Operations and Maintenance – Any operations and maintenance costs related to occupation of the space by Mobius will be the responsibility of Mobius. Any operations and maintenance costs related to the common areas of the building and grounds surrounding the building will continue to be Avista’s responsibility.
- e) Tenant Improvements – Mobius will make all improvements and renovations required for the permitted uses specified in the Lease at its own cost and expense, but with prior approval from Avista.
- f) Exhibit Space – Mobius will develop, construct and display in a prominent location and in collaboration with Avista, exhibits demonstrating and promoting electric and gas utility operations, energy efficiency, public awareness of safety issues, scientific and technological innovations related to the utility industry and Spokane River hydroelectric operations, including related protection and enhancement measures, understanding and appreciation of natural and historic resources, and water quality and fisheries protection. Mobius will develop and offer at least three (3) different educational programs per year that coordinate with such exhibits in collaboration

with Avista. Avista will have input into all displays, exhibits and educational programs including the location and placement.⁴

- g) Board Position – Mobius agrees that during the term and any extended term of the lease, Avista will have a permanent seat on its Board of Directors in order to ensure that Avista’s interests related to exhibit space are promoted. (See Attachment A, Post Street Annex lease, section 7.)

VI. APPROVAL OF THE LEASE IS IN THE PUBLIC INTEREST

21 As explained above, this lease is in the public interest. The space that will be leased to Mobius is currently being used for employee parking and storage. Repurposing this space into a facility that will provide our customers and the community with important educational resources. As discussed above, exhibit space will be dedicated for energy-related educational items such as:

- Spokane River FERC License Education
- Energy Efficiency
- Electric and Natural Gas Safety
- New Technologies


Finally, the Company retains a board position with Mobius, which helps to ensure the Company’s rights under the lease are protected. The leased space will provide an important avenue for reaching the public with meaningful information pertaining to the safe and efficient use of energy and will further educate the public on a variety of energy-related matters.

⁴ See footnote 1.

VII. REQUEST FOR RELIEF

22 WHEREFORE, for the above mentioned reasons, Avista respectfully requests that the Commission issue an Order approving the lease agreement between Avista and Mobius.

DATED this 1st day of May 2015

By: 
Kelly Norwood
Vice President, State & Federal Regulation
Avista Corporation

Petition of Avista Corporation

Lease Between Avista Corporation and Mobius Science
Center

Attachment A – Copy of Signed Lease Agreement

May 2015

Lease Post Street Annex

THIS LEASE is made this 1st day of May, 2015, by and between Avista Corporation, or its designated subsidiary, a Washington corporation, as "Landlord" and Mobius Spokane, a Washington 501(c) (3) non-profit corporation, as "Tenant".

Background and Purpose: Tenant operates the Mobius Children's Museum and the Mobius Science Center in Spokane, Washington, and Tenant wishes to secure a new location for the Mobius Science Center. Landlord owns a partially unoccupied building adjacent to its Post Street Substation and its Monroe Street Hydroelectric Development which, with certain rehabilitation work, could be a suitable space to house the Mobius Science Center. Landlord agrees to lease the street level portion of the building, further defined herein as the Premises, to Tenant provided that:

- a. Tenant shall accept the Premises in As-Is condition;
- b. Tenant shall make all improvements and renovations required for the permitted uses specified in this Lease at its own cost and expense;
- c. Tenant agrees that at all times during the Lease Term and any extension thereof, Tenant shall develop, construct and display in a prominent location and in collaboration with Landlord, exhibits demonstrating and promoting electric and gas utility operations, energy efficiency, public awareness of safety issues, scientific and technological innovations related to the utility industry and Spokane River hydroelectric operations, including related protection and enhancement measures, understanding and appreciation of natural and historic resources, and water quality and fisheries protection. Tenant shall develop and offer at least three (3) different educational programs per year that coordinate with such exhibits in collaboration with Landlord. Landlord shall have input into such displays, exhibits and educational programs including the location and placement thereof;
- d. Tenant agrees that Landlord shall have one seat on the Board of Directors of Mobius Spokane throughout the Lease Term and any extensions thereof; and
- e. Tenant understands and agrees that this Lease is subject to final approval of the Washington Utilities and Transportation Commission (WUTC) under its authority to regulate the rates and services of Landlord, and this Lease shall not commence unless and until such approval is granted. Landlord shall submit this Lease to the WUTC for approval promptly after execution.

Now Therefore, Landlord and Tenant agree:

1. Basic Lease Terms: This section contains the Basic Lease Terms of this Lease between Landlord and Tenant. Other sections, paragraphs, and exhibits explain and define the Basic Lease Terms in greater detail and are to be read in conjunction with the Basic Lease Terms.
 - a. Building: Address: 331 N. Post Street
Spokane, WA 99201
 - b. Area of Premises: Suite A (See Exhibit "A") consisting of the street level only.
 - c. Term:
 - i. Commencement Date: The later of the day after Landlord receives full and final approval to enter into this Lease from the WUTC or the date that Landlord substantially completes its rehabilitation and construction work and so notifies Tenant.

- ii. Expiration Date: 10 consecutive years from the Commencement Date unless option to renew is exercised by the Tenant.
- iii. Initial Space: Approx. 8,065 Rentable Square Feet
- iv. Number of Years: 10 consecutive years with option to renew.
- v. Rent Commencement Date: The Commencement Date
- vi. Parking Spaces: No parking is provided. Tenant must secure its own parking.
- vii. Option to Renew See Exhibit "D"
- viii. Option to Expand See Exhibit "D"
- d. Base Rent: \$1.00 annually
- e. Security Deposit: None
- f. Permitted Use: Any lawful purposes consistent with a 501(c) (3) non-profit children's museum and science center providing hands-on arts, culture, science, and technological education including electric and gas operations, energy efficiency, safety and scientific and technological related to the utility industry.
- g. Tenant's Initial Estimated Share of Building Operating Costs: \$0.00
- h. Brokerage Commissions:
 - Lessor: Brokerage Firm: None
Commission paid by: Not Applicable
 - Lessee: Brokerage Firm: None
Commission paid by: Not Applicable

Notice Addresses:

Landlord: Avista Corporation
 Attn: Real Estate Department MSC-25
 1411 East Mission Ave.
 Spokane, WA 99202-1902

Tenant: Mobius Science Center

Attn: Phil Lindsey

 Spokane, WA 99___

808 W. MAIN AVE.
 SPOKANE, WA 99201
 62015

The foregoing Basic Lease Terms are a part of the Lease. Each reference in the Lease to any of the Basic Lease Terms shall mean the respective information set forth above. Tenant acknowledges that it has read and understands all of the provisions contained in the Lease and all exhibits which are a part thereof and agrees that the Lease, including the Basic Lease Terms and all exhibits, reflects the entire understanding and reasonable expectations of Tenant and Landlord regarding the Premises and the relationship of the parties.

2. PARTIES: This Lease is made between Landlord and Tenant.

3. PREMISES. Landlord agrees to lease to Tenant the "Premises" described in paragraph 1.b. and depicted in Exhibit "A," consisting of approximately the number of rentable square feet designated in paragraph 1.c.iii. The parties agree that the Base Rent shall not be adjusted as a result of any variance between the actual rentable square footage and the square footage stated in paragraph 1.c.iii. The Premises are a part of the "Building" which Building is located on the real property described in Exhibit "B" (the "Property"). As used herein, the term "Building" includes all Buildings and other improvements located on the Property.

4. TERM: The Term of this Lease shall commence on the date specified in paragraph 1.c.i. The Lease Term shall expire on the Expiration Date specified in paragraph 1.c.ii. unless sooner terminated or extended as provided herein. Notwithstanding any other term or condition in this Lease, Tenant understands and agrees that the Lease Term shall not commence under any circumstances unless and until Landlord receives full and final approval to enter into this Lease by the WUTC, which approval may be granted, denied or conditioned at the sole discretion of the WUTC. Landlord shall submit this Lease to the WUTC for approval promptly after execution. In the event that the WUTC does not approve the Lease or requires conditions that, in Landlord's sole opinion, are unreasonable and cost prohibitive, the Lease shall terminate without further obligation to Landlord or Tenant. The Lease Term may only be extended in accordance with the provisions of Exhibit "D".

5. POSSESSION:

a. Upon Commencement, Tenant shall accept the Premises in "As-Is" condition and may occupy the Premises, provided that Landlord shall have and retain a right of access and use of the Premises for continuing rehabilitation and

construction purposes until September 30, 2015, unless a later date is agreed by the parties. Landlord and Tenant agree to coordinate activities within the Premises during this period of Landlord's access and use. This Lease shall not be void or violable nor shall Landlord be liable to Tenant for any loss or damage resulting Landlord's continued access and use as provided in this section.

b. Tenant expressly acknowledges that Landlord provides the Premises in "As-Is" condition. Landlord makes no representation or warranty, express or implied, as to the commercial suitability, physical condition, layout, square footage, cost of operations or any other matter related to the Premise including whether the Premises is suitable or fit for the permitted use. Tenant shall perform its own due diligence to determine whether the Premises is suitable for its intended use. Notwithstanding the foregoing, Landlord will share its rehabilitation plans with Tenant and shall notify and coordinate with Tenant if such plans materially change after the Commencement Date.

c. If Landlord permits Tenant to occupy the Premises prior to the Commencement Date, such occupancy shall be subject to all the provision of this Lease and shall not advance the Expiration Date of this Lease.

6. RENT: Without prior notice or demand, in advance, Tenant agrees to pay to Landlord the Base Rent specified in paragraph 1.d. on or before the first day of each calendar year of the Lease Term. Payment of Base Rent shall begin on the Rent Commencement Date specified in paragraph 1.c.v., subject to postponement pursuant to section 5 hereof. Rent for any period during the Lease Term which is for less than one (1) year shall not be prorated. All costs and expenses which Tenant assumes or agrees to pay to Landlord under this Lease shall be deemed Additional Rent (which, together with the Base Rent is sometimes referred to as the "Rent"). Rent shall be paid to Landlord at the address to which notices to Landlord are to be given, without deduction or offset, in lawful money of the United States of America, or to such other person or such other place as Landlord may from time to time designate in writing.

7. BOARD of DIRECTORS: Tenant agrees that Landlord shall have one seat on the Board of Directors of Mobius Spokane throughout the Lease Term and any extensions thereof.

8. PERMITTED USE:

a. Tenant shall use the Premises for the purposes specified in paragraph 1.f. above and hereby agrees that it has determined to its satisfaction that, as of the Commencement Date of this Lease, the Premises can lawfully be used for the stated purposes. Tenant waives any right to terminate this Lease in the event the Premises cannot be used for such purposes during the Lease Term. The Premises may not be used for any other purpose without Landlord's written consent.

b. In consideration of, and as a material condition of, this Lease, Tenant agrees that at all times during the Lease Term and any extension thereof, Tenant shall develop, construct and display in a prominent location and in collaboration with Landlord, exhibits demonstrating and promoting electric and gas utility operations, energy efficiency, public awareness of safety issues, scientific and technological innovations related to the utility industry, Spokane River hydroelectric operations, including related protection and enhancement measures, understanding and appreciation of natural and historic resources, and water quality and fisheries protection. Tenant shall develop and offer at least three (3) different educational programs per year that coordinate with such displays and exhibits in collaboration with Landlord. Landlord shall have input into all such displays, exhibits and educational programs including the location and placement thereof.

c. Tenant shall not do or permit anything to be done in or about the Premises or bring or keep anything therein which will in any way increase the existing rate of or affect any fire or other insurance upon the Building or any of its contents, or cause cancellation of any insurance policy covering the Building or any part thereof or any of its contents.

d. Tenant shall not do or permit to be done in or about the Premises which will obstruct or interfere with the rights of other tenants or occupants of the Building or injure or unreasonably annoy or aggravate them or use or allow the Premises to be used for any improper, immoral, unlawful or objectionable purpose. Tenant shall not commit or suffer to be committed any waste, damage, or injury in, to or upon the Premises. Tenant shall not place upon or install in windows or other openings or exterior sides of doors or walls of the Premises any signs, symbols, drapes, or other materials without written consent of Landlord, which consent shall not be unreasonably withheld or delayed.

e. Landlord gives Tenant and its employees, authorized representatives, and business invitees a

nonexclusive right to the reasonable use and enjoyment of the Common Areas, if any, subject to Landlord's right set forth herein.

9. BUILDING OPERATING COSTS. Tenant will pay no general building operating costs during the Initial Term, but shall pay its proportional share of building operating costs if and when the parties agree to renew or expand the Premises in accordance with Exhibit "D". These building operating costs relate to the Common Areas of the Building (if any) as described in Exhibit "A".

10. REPAIR RESPONSIBILITY

a. By taking possession of the Premises, Tenant shall be deemed to have accepted the Premises as being in good, sanitary order, condition and repair. Tenant shall surrender the Premises to Landlord in good, sanitary order, condition and repair, subject to ordinary wear and tear, upon the expiration or sooner termination of the Lease. During the Lease Term, Tenant shall immediately address and complete any repairs to the Premises.

b. Except as specifically provided in an exhibit, if any, to this Lease, Landlord shall have no obligation whatsoever to alter, remodel, improve, repair, decorate, or paint the Premises or any part thereof and the parties hereto affirm that Landlord has made no representations to Tenant respecting the condition of the Premises or the Building, except as specifically herein set forth. Except as provided herein, Tenant shall, at its expense, clean, maintain, and keep in good repair throughout the Lease Term the entire Premises and Tenant improvements, including, without limitation, basic plumbing, air conditioning, heating, and electrical systems serving the Premises, signage, windows, doors, skylights, and trade fixtures.

c. Notwithstanding the provisions of paragraph 10.a. above, Landlord shall repair and maintain the following structural portions of the Building: the exterior walls, foundations and roof structure repairs, unless such maintenance and repairs are caused in part or in whole by the act, neglect, fault, or omission of any duty by the Tenant, its agents, servants, employees, or invitees, in which case Tenant shall pay to Landlord the reasonable cost of such maintenance and repairs. Landlord shall not be liable for any failure to make any such repairs or to perform any maintenance unless such failure shall persist for an unreasonable time after written notice of the need of such repairs or maintenance is given to Landlord by Tenant. Except as specifically provided elsewhere herein, there shall be no abatement of Rent and no liability of Landlord by reason of any injury to or interference with Tenant's business arising from the

making of any repairs, alterations, or improvements in or to any portion of the Building, the Premises, the Property, or to fixtures, appurtenances, and equipment therein, unless such injury or interference is caused by the negligence of Landlord, its agents, invitees, or licensees. Except in cases of emergency and Landlord cannot be contacted, Tenant waives the right to make repairs at Landlord's expense under any law, statute, or ordinance now or hereafter in effect.

11. MAINTENANCE AND MANAGEMENT:

a. Landlord shall maintain the Common Areas in good condition at all times. Landlord shall have the right to establish and enforce reasonable rules and regulations applicable to all tenants concerning the maintenance, management, use, and operation of the Common Areas; and to make changes to the Common Areas, including, without limitation, changes in the location of driveways, entrances, and exits.

b. Common Areas, as used in this Lease, mean all parts of the Building, and related land areas and facilities outside the individual Premises, including, without limitation;

i. the interior spaces in the Building which are not normally considered rentable area, including, corridors, stairwells, foyers, elevators, mechanical rooms, etc. Unless otherwise agreed by the parties, there are no interior Common Areas in the Building to which Tenant shall have access.

ii. the Property, pedestrian walkways and patios, landscaped areas, and sidewalks located on the Property;

iii. the following structural components of the Building: the foundation, bearing and exterior wall (excluding glass) and roof;

iv. the unexposed electrical, plumbing, and sewage systems lying outside the Premises and any HVAC system serving any area outside the Premises and other leased space;

v. window frames, gutters, and downspouts on the exterior of the Building.

c. Landlord shall not be liable, nor shall the Rent be abated, because of interruption of services caused by emergency, accident, strikes, necessity for repairs, or for any other reason not caused by the negligence of Landlord, its employees, agents, invitees or licensees.

12. UTILITIES: Tenant shall be responsible for all utilities for gas, electricity, water, sewer and garbage to and for the Premises. Tenant shall, at its sole expense, obtain other services as Tenant may

desire, such as telephone, security system and internet.

13. ALTERATIONS AND IMPROVEMENTS BY TENANT: After obtaining the prior written consent of Landlord, Tenant shall make, at its sole expense, all additional non-structural improvements and alterations to the Premises which it may deem necessary or desirable to the extent consistent with the permitted Use. Tenant shall submit all plans and specifications to Landlord for review and approval, and Tenant shall not begin any construction or repair until the plans and specifications are approved in writing by Landlord. If any Tenant wishes to attach any exhibit or display to a wall, the floor, the ceiling or any other structural component of the Premises, such attachment must be reapproved by Landlord in writing. All work performed shall be done in a workmanlike manner, by professional licensed contractors and shall become the property of the Landlord. Landlord may require Tenant to remove any improvements or alterations at the expiration of the Lease Term, such removal to occur at Tenant's sole costs and expense; and Tenant shall repair all damage to the Premises or Building occurring as a result of such removal.

14. LIENS: Tenant shall keep the Premises, Building, and Property free from any liens arising out of any work performed, materials furnished, or obligation incurred by Tenant. Landlord may require, at Landlord's sole option, that Tenant provide to Landlord, at Tenant's sole cost and expense, a lien and completion bond in an amount equal to one and one-half (1.5) times any and all estimated costs for any improvements, additions, or alteration in the Premises, to insure Landlord against any liability for mechanics' and materialmen's liens and to insure completion of the work.

15. INSURANCE:

a. Tenant may not do or permit to be done any act or thing upon the Premises, Building, or Property, that will invalidate or conflict with Landlord's fire insurance policies covering the Building and fixtures and personal property therein, or which could increase the premiums for fire insurance applicable to the Property to an amount higher than it otherwise would be. If, as a result of any act or omission by Tenant or violation of this Lease, the premium for fire insurance applicable to the Building is increased to an amount higher than it otherwise would be, Tenant shall reimburse Landlord for that increase. Premium increase reimbursements are Additional Rent payable within 5 days after demand by Landlord, which demand shall be accompanied by written evidence of the

basis for the premium increase from Landlord's insurer.

b. Each party shall, at its sole cost and expense, include in its property insurance policies appropriate clauses pursuant to which the insurance companies:

i. In the case of Tenant's insurance policies, waive all right of subrogation against Landlord and any tenant of space in the Property with respect to losses payable under such policies; and

ii. In the case of Landlord's insurance policies, waive all right of subrogation against Tenant with respect to losses payable under such policies; and

iii. In each case, agree that such policies will not be invalidated if, prior to a loss, the insured waives, in writing, any or all right of recovery against any party for losses covered by such policies.

c. Notwithstanding any other provision of this Lease to the contrary, provided that Landlord's right of full recovery under its fire insurance policy is not adversely affected or prejudiced thereby, Landlord hereby waives any and all right of recovery which it might otherwise have against Tenant, its servants, agents and employees, for loss or damage occurring to the Building and the fixtures, appurtenances and equipment therein, to the extent the same is covered by Landlord's insurance, notwithstanding that such loss or damage may result from the negligence or fault of Tenant, its servants, agents or employees. Notwithstanding any other provision of this Lease to the contrary, provided that Tenant's right of full recovery under its fire insurance policy is not adversely affected or prejudiced thereby, Tenant hereby waives any and all right of recovery which it might otherwise have against Landlord, its members, partners, directors, servants, agents and employees, and against every other tenant at the Building who has executed a waiver similar to the waiver set forth in this section for loss or damage to Tenant's furniture, furnishings, fixtures and other property removable by Tenant, or to tenant improvements, to the extent the same is required to be covered by Tenant's insurance under this Lease, notwithstanding that such loss or damage may result from the negligence or fault of Landlord, its servants, agents or employees, or such other tenant and the servants, agents or employees thereof.

d. Tenant agrees to procure on or before the Commencement Date and maintain throughout the Lease Term, at Tenant's sole cost and expense,

the following insurance coverages naming Landlord, Landlord's mortgagee, if any, and Tenant as insured parties:

i. A comprehensive general liability policy ("Liability Policy"), including, without limitation, blanket contractual liability coverage, broad form property damage, independent contractor's coverage and personal injury coverage of not less than \$2,000,000 combined single limit per occurrence for bodily or personal injury (including death) and property damage, protecting Landlord, its agents, and Tenant against any liability whatsoever occasioned by any occurrence on or about the Premises or any appurtenances thereto;

ii. The deductible amount relating to any such policies shall not exceed ten thousand dollars (\$10,000.00). Tenant shall provide Landlord with a certificate of such insurance. These policies shall be issued by good and solvent insurance companies licensed to do business in the State of Washington and which are reasonably satisfactory to Landlord. All such policies shall contain endorsements requiring thirty (30) days written notice to Landlord prior to any cancellation or any reduction in amount of the coverage. Tenant will, within 10 days after a request from Landlord, furnish Landlord with such additional information as Landlord may reasonably request from time to time as to the value of Tenant improvements in the Premises and all of the furniture, trade fixtures, and other personal property of Tenant located in the Premises.

e. Landlord agrees to maintain insurance covering the Building. Such insurance shall be for the sole benefit of Landlord and under its sole control.

16. INDEMNIFICATION OF LANDLORD:

a. Tenant, as a material part of the consideration to be rendered to Landlord, hereby agrees to defend, indemnify, and hold harmless Landlord and Landlord's members, partners, directors, parent, agents, employees, contractors and invitees from and against any and all claims, costs, demands, actions, judgments, and other liabilities, including reasonable attorney's fees, for damage or injury (1) arising from Tenant's use of the Premises, (2) from the conduct of Tenant's business, (3) from any activity, work, or thing done, permitted, or omitted by Tenant or any of Tenant's agents, contractors, or employees in or about the Premises, Building, or Property, and/or (4) occurring in or about the Premises, except to the extent caused by the negligence of Landlord or Landlord's members, partners, directors, parent, employees, agents, contractors or invitees. Tenant shall further

indemnify, defend and hold Landlord harmless from all claims, liabilities, costs, attorney's fees and expenses arising from any breach or default in the performance of any obligation to be performed by Tenant under the terms of this Lease, or arising from any act or omission of Tenant or of its agents or employees. For purposes of this Lease, Tenant specifically waives its immunity under any Industrial Insurance Act, or other worker's compensation, disability benefit or other similar laws and Tenant shall defend, indemnify and hold the Landlord harmless from and against damage or loss arising out of any claim asserted by any of Tenant's employees. In case any action or proceeding is brought against Landlord by reason of any such claim, Tenant, upon notice from Landlord, shall defend the same at Tenant's expense, by counsel approved in writing by Landlord. The provisions of this paragraph shall survive the expiration or termination of this Lease with respect to any events occurring prior to such expiration or termination.

b. Neither Landlord nor any member, partner, director, parent, officer, contractor, agent or employee of Landlord will be liable to Tenant, or its members, partners, directors, officers, contractors, agents, employees, invitees, sublessees or licensees, for any loss, injury, or damage to Tenant or to any other person, or to its or their property, irrespective of the cause of such injury, damage or loss, except to the extent resulting from the negligence of Landlord or its employees in the operation or maintenance of the Premises, Building or Property. Furthermore, neither Landlord, nor any member, partner, director, parent, officer, agent or employee of Landlord will be liable (i) for any damage caused by other tenants or persons in or about the Building or caused by quasi-public work; or (ii) for consequential damage arising out of any loss of the use of the Premises or any equipment or facilities therein by Tenant or any person claiming through or under Tenant.

c. Any and all liability of Landlord under this Lease shall be and hereby is limited to Landlord's ownership interest in the Property; in no event shall Landlord or Landlord's members, partners, directors, parent, officers, employees or agents have any personal liability for any obligation of Landlord hereunder. In the event Landlord breaches its obligations hereunder, Landlord's liability is limited to the reasonable actual cost incurred by Tenant in performing Landlord's obligations hereunder for the remainder of the Lease Term, excluding any option or renewal period. **In no event shall Landlord be responsible for any claim based on Tenant's lost profits, the interruption of Tenant's**

business, or incidental or consequential damages attributable to the breach of Landlord's obligations hereunder.

17. DESTRUCTION: If the Premises or the Building is destroyed by fire, earthquake, or other casualty to the extent that they are unrentable in whole or in part, then Landlord may, at Landlord's option, proceed with reasonable diligence to rebuild and restore the Premises or such part thereof, provided that within thirty (30) days after such destruction or injury, Landlord shall in writing notify Tenant of Landlord's intention to do so. During the period from destruction or damage until restoration, the Rent shall not be abated. Landlord shall not be required to repair any damage by fire or other cause or to make any repairs or replacements of any panels, decoration, office fixtures, painting, floor covering, or any other property installed in the Premises by Tenant. Tenant shall not be entitled to any compensation or damages from Landlord for loss of the use of the whole or any part of the Premises or Tenant's property, or any inconvenience or annoyance occasioned by such damage, repair, reconstruction, or restoration unless such loss shall be caused by the negligence of Landlord, its agents, employees, invitees, or licensees.

18. CONDEMNATION: If all or part of the Premises are taken under power of eminent domain, or sold under the threat of the exercise of said power, this Lease shall terminate as to the part so taken as of the date the condemning authority takes possession. If more than 25% of the floor area of Premises is taken by condemnation, Tenant may, by a written notice within ten (10) days after notice of such taking (or absent such notice, within ten (10) days after condemning authority takes possession), terminate this Lease as of the later of: the date the condemning authority takes possession; or, the date of Tenant's notice of termination if Tenant was not notified of the taking prior to the condemning authority's taking possession. If Tenant does not so terminate, the Lease shall remain in effect as to the portion of the Premises remaining with no reduction in Base Rent. In the event that Tenant elects not to terminate the Lease with respect to any part of the Premises remaining after condemnation, Landlord shall have no responsibility to restore such part of the Premises to its condition prior to condemnation. Any award for the taking of all or part of the Premises under the power of eminent domain, including payment made under threat of the exercise of such power, shall be the property of Landlord, whether made as compensation for diminution in value of the leasehold or for the taking of the fee or as

severance damages. Landlord shall not be liable to Tenant for the loss of the use of all or any part of the Premises taken by condemnation.

19. ASSIGNMENT AND SUBLETTING: Tenant shall not assign, let, or sublet this Lease or any part thereof, either by operation of law or otherwise, or permit any other party to occupy all or any part of the Premises, without first obtaining the written consent of Landlord, which consent may be withheld or conditioned at Landlord's sole option and may be subject to additional review, conditions and approval by the WUTC. Landlord and Tenant agree that Landlord may charge Tenant a reasonable sum to reimburse Landlord for legal and administrative costs incurred in connection with Landlord's review of Tenant's request and instruments accomplishing said assignment or subletting. Such additional costs are Additional Rent payable within 5 days after demand by Landlord. Tenant shall provide Landlord at Landlord's request, financial statements documenting credit of any proposed sublessee or assignee, and the parties agree that Landlord's consent may be withheld if, in Landlord's reasonable judgment, the proposed sublessee or assignee is not sufficiently credit-worthy. If consent is once given by the Landlord to the assignment of this Lease, or any interest therein, or to subletting of all or any portion of the Premises, Landlord shall not be barred from afterwards refusing to consent to any further assignment or subletting. Landlord shall be entitled to any rental and other proceeds paid to Tenant in excess of the Rent to be paid to the Landlord under the terms of this Lease. Subject to the provisions above, this Lease shall be binding upon and inure to the benefit of the parties, and their heirs, successors and assigns.

20. DEFAULT:

a. The occurrence of any one or more of the following events shall constitute a material default and breach of the Lease by Tenant:

i. vacation of the Premises (defined as an absence for at least thirty 30 consecutive days without prior notice to Landlord) or abandonment of the Premises (defined as an absence of thirty 30 or more consecutive days while Tenant is in default of some other term of this Lease);

ii. failure by Tenant to make any payment required as and when due, where such failure shall continue after ten (10) days written notice from Landlord;

iii. failure by Tenant to remedy any condition which is noxious or which creates a nuisance, or to cease to carry on any unlawful business, where such failure shall continue after ten

(10) days written notice from Landlord, provided however that any hazardous condition must be remedied within twenty four (24) hours after notice from Landlord;

iv. (1) the making by Tenant of any general assignment or general arrangement for the benefit or creditors; (2) the filing by or against Tenant a petition in bankruptcy, including reorganization or arrangement, unless, in the case of a petition filed against Tenant, the same is dismissed within sixty (60) days; (3) the appointment of a trustee or receiver to take possession of substantially all of Tenant's assets located at Premises or of Tenant's Interest in this Lease; (4) the seizure by any department of any government or any officer thereof of the business or property of Tenant; or (5) adjudication that Tenant is bankrupt.

v. Tenant's interest in this Lease or the Premises, or any part thereof, is taken by execution or other process of law directed against Tenant, or is taken upon or subjected to any attachment by any creditor of Tenant, if such attachment is not discharged within 15 days after being levied; or

vi. failure by Tenant to observe or perform any of the covenants, conditions, or provisions of this Lease, other than those described in the foregoing subparagraphs, where such failure shall continue for a period of thirty (30) days after written notice from Landlord; provided, that if the nature of Tenant's obligation is such that more than thirty (30) days are required for performance, Tenant shall not be in default if Tenant commences performance within thirty (30) days of Landlord's notice and thereafter completes Tenant's performance within a reasonable time.

b. Landlord shall not be in default unless Landlord fails to perform its obligations within thirty (30) days after notice by Tenant specifying wherein Landlord has failed to perform its obligations; provided, that if the nature of Landlord's obligation is such that more than thirty (30) days are required for performance, Landlord shall not be in default if Landlord commences performance within thirty (30) days of Tenant's notice and thereafter completes Landlord's performance within a reasonable time.

c. Any and all liability of Landlord under this Lease shall be and hereby is limited to Landlord's ownership interest in the Premises, Building and Property; in no event shall Landlord or Landlord's members, partners, directors, parent, officers, employees or agents have any personal liability for any obligation of Landlord hereunder. In the event Landlord breaches its obligations hereunder, Landlord's liability is limited to the reasonable cost

incurred by Tenant in performing Landlord's obligations hereunder. In no event is Landlord responsible for any claim based on Tenant's lost profits, the interruption of Tenant's business, or any incidental or consequential damages attributable to the breach of Landlord's obligations hereunder.

21. LANDLORD'S REMEDIES IN DEFAULT: In the event of any material default or breach, not timely cured after notice, Landlord shall have the following remedies, which shall be cumulative, and none shall exclude any other right or remedy allowed by law.

a. Landlord may terminate Tenant's interest under the Lease, but no act by Landlord other than written notice from Landlord to Tenant of termination shall terminate this Lease. The Lease shall terminate on the date specified in the notice of termination. Upon termination of this Lease, Tenant shall remain liable to Landlord for damages in an amount equal to the Rent and other sums that would have been owing by Tenant under this Lease for the balance of the Lease Term, less the net proceeds, if any, of reletting of the Premises by landlord subsequent to the termination (as defined below). Landlord shall be entitled to collect damages from Tenant in an amount necessary to compensate Landlord for all the detriment proximately caused by Tenant's failure to perform its obligations under the Lease, or which in the ordinary course would be likely to result from the event of Default, including without limitation Reletting Expenses described in the following subsection.

b. Landlord may continue this Lease in full force and effect and without demand or notice, re-enter and take possession of the Premises or any part thereof, force the Tenant from the Premises and anyone claiming through or under the Tenant, and remove the personal property of either. Landlord may relet the Premises, or any part of them, in Landlord's name for the account of Tenant, for such period of time and at such other terms and conditions as Landlord, in its discretion, may determine. Landlord may collect and receive the Rent for the Premises. Re-entry or taking possession of the Premises by Landlord under this section shall not be construed as an election on Landlord's part to terminate this Lease, unless a written notice of termination is given to Tenant. Landlord reserves the right following any re-entry or reletting, or both, under this section to exercise its right to terminate the Lease. During the event of Default, Tenant will pay Landlord the Rent and other sums which would be payable under this Lease if repossession had not occurred, plus the net proceeds, if any, after reletting the Premises, after

deducting Landlord's Reletting Expenses. "Reletting Expenses" means all expenses incurred by Landlord in connection with reletting the Premises, including without limitation, all repossession costs, brokerage commissions, attorneys' fees, remodeling and repair costs, costs for removing and storing Tenant's property and equipment, and rent concessions granted by Landlord to any new tenant, prorated over the life of the new lease.

c. Tenant, for itself, and on behalf of any and all persons claiming through or under Tenant, including creditors of all kinds, hereby waives and surrenders all rights and privileges which they may have under any present or future law, to redeem the Premises or to have a continuance of this Lease for the Lease Term, as it may have been extended.

d. All costs which Tenant agrees to pay to Landlord pursuant to this Lease shall in the event of nonpayment be treated as if they were payments of Rent, and Landlord shall have all the rights herein provided for in case of nonpayment of Rent.

22. ACCESS: Tenant shall permit Landlord, upon reasonable notice, to enter the Premises at reasonable times for the purpose of inspecting, altering, and repairing the Premises and the Building and ascertaining compliance with the provisions hereof by Tenant, but nothing herein shall be construed as imposing any obligation on Landlord to perform any such work or duties. Landlord may also show the Premises to prospective purchasers or tenants at reasonable times, provided that Landlord shall not unreasonably interfere with Tenant's business operations. **Notwithstanding the foregoing, Tenant understands that Landlord operates the Post Street Substation and the Monroe Street HED on the Property and agrees that Landlord may enter the Premises at any time, without notice, in the event of an emergency that occurs within or upon the Premises, the Building, and/or the Property. Furthermore, if Landlord determines that public safety may be at risk, Landlord may take any action that, in its sole discretion, is necessary to address the public safety risk including without limitation, closing the Premises and the Building until such time as Landlord determines that such public safety risk no longer exists.**

23. HOLD-OVER TENANCY: If (without execution of a new lease or written extension) Tenant shall hold over after the expiration of the Lease Term with Landlord's written consent which shall not be unreasonably withheld or delayed, Tenant shall be deemed to be occupying the Premises as a Tenant

from month to month, which tenancy may be terminated as provided by law. If Tenant shall hold over after expiration of the Lease Term without Landlord's written consent, Tenant's Rent payable shall be increased to the current market rate for the Premises at the time the holding over. During any such tenancy, Tenant agrees to be bound by all of the terms, covenants, and conditions as specified, insofar as applicable.

24. COMPLIANCE WITH LAW: Tenant shall not use the Premises or permit anything to be done in or about the Premises which will in any way conflict with any law, statute, ordinance, or governmental rule or regulation now in force or which may hereafter be enacted or promulgated. Tenant shall, at its sole cost and expense, promptly comply with all laws, statutes, ordinances, and governmental rules, regulations, or requirements now in force or which may hereafter be in force, relating to, or affecting the conditions, use, or occupancy of the Premises, provided that Landlord shall be responsible for structural repairs and modifications to the extent required by law, statute, ordinance, or governmental rule or regulation until Tenant elects to lease Additional Space, after which time Tenant shall be responsible for such structural repairs and modifications. The judgment of any court of competent jurisdiction in any action against Tenant, whether Landlord be a party thereto or not, that Tenant has violated any law, statute, ordinance, or governmental rule, regulation, or requirement, shall be conclusive of the fact as between the Landlord and Tenant.

25. RULES AND REGULATIONS. Tenant shall faithfully observe and comply with the rules and regulations that Landlord shall from time to time reasonably promulgate. The current rules and regulations are attached as Exhibit "C". Landlord reserves the right from time to time to make all modifications to the rules. The additions and modifications to the rules shall be binding upon Tenant upon delivery of a copy of them to Tenant. Landlord shall not be responsible to Tenant for the nonperformance of any said rules by any other tenants or occupants.

26. NO SMOKING POLICY: Landlord and Tenant agree to maintain a policy throughout the Building allowing no smoking by any tenant, employee or customer in the Premises. Furthermore, Tenant agrees to prohibit its employees from smoking in any courtyard of the Building, or within 20 feet of any entrance of the Building.

27. PARKING: Landlord does not provide parking on or around the Premises. Tenant shall secure parking from other sources and ensure that parking

is adequate for the Permitted Uses under all relevant laws and codes.

28. MORTGAGES, DEEDS OF TRUST, PURCHASERS (ESTOPPEL STATEMENT): It is understood and agreed that Landlord may sell, mortgage, or grant deeds of trust with respect to the Premises, the Building, or the Property. Tenant agrees to execute, within ten (10) days following Landlord's request, such reasonable certificates as may be required by a mortgage or trust deed beneficiary stating that the Lease is in full force and effect and the dates to which the Rent and charges have been paid. Upon a foreclosure or conveyance in lieu of foreclosure, and a demand by Landlord's successor, Tenant shall attorn to and recognize such successor as Landlord under this Lease.

29. SUBORDINATION: Tenant agrees that this Lease shall be subordinate to the lien of any mortgage, deeds of trust, or ground leases now or hereafter placed against the Property or Building of which the Premises comprises a part, and to all renewals and modifications, supplements, consolidations, and extensions thereof; provided, however, in the event that any mortgages or trust deed beneficiary shall so elect, Landlord reserves the right to subordinate said mortgage lien to this Lease upon the terms required by such mortgagee or trust deed beneficiary. Notwithstanding the subordination of the Lease pursuant to the provisions of this paragraph, so long as Tenant is not in default under any provision of this Lease, the mortgagee, trust deed beneficiary, ground lessor, or purchaser at any foreclosure sale may agree that this Lease shall remain in full force and effect.

30. TENANT'S PROPERTY: Furnishings, trade fixtures, exhibits, artwork, sculpture and equipment installed by Tenant shall be the property of Tenant. Upon termination of the Lease, Tenant shall remove any such property. Tenant shall repair or reimburse Landlord for the cost of repairing any damage to the Premises resulting from the installation and removal of such property. At the expiration of this Lease, Tenant shall return Premises to Landlord in substantially the same condition as when Tenant took occupancy, reasonable wear and tear excepted.

31. REMOVAL OF PROPERTY: All personal property of Tenant remaining on the Premises, the Building or the Property after reentry or termination of this Lease shall conclusively be deemed abandoned and may be removed by Landlord. Landlord may store such property in any place selected by Landlord, including, but not limited to, a public warehouse, at the expense and risk of Tenant or the owner of such property, with the right

to sell such stored property without notice to Tenant. The proceeds of such sale shall be applied first to the cost of such sale, second to the payment of the cost of removal and storage, if any, and third to the payment of any other sums of money which may then be due from Tenant to Landlord under any of the terms hereof, and the balance, if any, to be paid to Tenant.

32. PERSONAL PROPERTY TAXES: Tenant shall pay, or cause to be paid, before delinquency, any and all personal property taxes levied or assessed and which become payable during the Lease Term upon Tenant's leasehold improvements, equipment, exhibits, furniture, fixtures, and personal property located in the Premises. In the event any or all of the Tenant's leasehold improvements, equipment, exhibits, furniture, fixtures, and personal property shall be assessed and taxed with the Building, Tenant shall pay to Landlord its share of such taxes within ten (10) days after delivery to Tenant by Landlord of a statement in writing setting forth the amount of such taxes applicable to Tenant's property.

33. NOTICES: All notices, consents, approvals or other instruments required or permitted to be given by either party pursuant to this Agreement shall be in writing and given by (i) hand delivery, (ii) facsimile, (iii) express overnight delivery service or (iv) certified or registered mail, return receipt requested, and shall be deemed to have been delivered upon (a) receipt, if hand delivered, (b) transmission, if delivered by facsimile, (c) the next Business Day, if delivered by express overnight delivery service, or (d) the third Business Day following the day of deposit of such notice with the United States Postal Service, if sent by certified or registered mail, return receipt requested. Notices shall be sent or delivered to Landlord and to Tenant at the addresses and/or facsimile numbers specified in paragraph 1. or to such other address or facsimile number as either party may designate to the other in writing from time to time. Any notice delivered via facsimile shall also be sent via regular U.S. Mail within 1 business day after such facsimile delivery.

34. CONDITION OF PREMISES; HAZARDOUS SUBSTANCES:

a. Tenant accepts the Premises, the Property, the Building, improvements, and all other aspects of the Premises in their present condition, AS IS, without any representations or warranties, express or implied; provided that Landlord shall indemnify, hold harmless and defend Tenant from any claims, liabilities, losses, damages, cleanup costs, and expenses (including reasonable

attorney's fees) to the extent directly related to the existence of any Hazardous Substances, as defined below, on the Property prior to Tenant's taking possession of the Premises.

b. Tenant shall not generate, release, spill, store, deposit, transport, or dispose of (collectively "Release") any hazardous substances, sewage (except as generated through normal use of the plumbing fixtures in the Premises, Building), petroleum products, hazardous materials, toxic substances or any pollutants or substances, defined as hazardous or toxic under applicable federal, state and local laws and regulations ("Hazardous Substances") in, on or about the Premises, the Building or the Property. Notwithstanding the foregoing, Tenant may use chemicals, including certain Hazardous Substances, that are generally used in scientific experiments at Tenants sole option and risk and only under the direct supervision of an adult supervisor or qualified scientist, in accordance with all local, state and federal laws, following good laboratory practices and in accordance with the directions of use on current Material Safety Data Sheets (MSDS). All experiments must be designed to minimize the impact of the experiment and the substances on the environment. Tenant shall indemnify, hold harmless and defend Landlord from any and all claims, liabilities, losses, damages, cleanup costs, and expenses (including reasonable attorney's fees) arising out of or in any way related to a Release by Tenant, or any of its agents, representatives, or employees, or the presence of such Hazardous Substances (including those used in scientific experiments) in, on or about the Premises occurring at any time after Tenant takes possession of the Premises.

c. The provisions of this section 34 shall survive the expiration or termination of this Lease with respect to any events occurring prior to such expiration or termination.

35. SIGNAGE: Tenant may place signage with its business name on the main door to the Premises, subject to Landlord's written consent to the content, design, placement and quantity of such signage. Tenant may not place signage elsewhere in or on the Building, whether or not visible from the exterior of the Building, without the express written consent of Landlord, which may be withheld or conditioned in Landlord's sole discretion.

36. GENERAL PROVISIONS:

a. Attorney's Fees. In the event either party requires the services of an attorney in connection with enforcing the terms of this Lease, or in the event suit is brought for the recovery of any Rent

due under this Lease or for the breach of any covenant or condition of this Lease, or for the restitution of said Premises to Landlord and/or eviction of Tenant during said Lease Term or after the expiration thereof, the prevailing party will be entitled to recover from the non-prevailing party its reasonable attorney's fees, witness fees, and court costs, including costs of appeal.

b. Choice of Law; Jurisdiction. This Lease shall be governed by the laws of the State of Washington. Any suit to enforce this Lease shall be brought in Spokane County, Washington.

c. Cumulative Remedies. No remedy or election hereunder shall be deemed exclusive but shall, whenever possible, be cumulative with all other remedies at law or in equity.

d. Exhibits. Exhibits, if any, affixed to this Lease are a part thereof.

e. Inability to Perform. This Lease and the obligations of the parties hereunder shall not be affected or impaired because either party is unable to fulfill any of its obligations hereunder or is delayed in doing so, to the extent that such inability is caused by reason of strike, labor problem, acts of God, or any other cause beyond the reasonable control of the affected party, including in the case of the Landlord, the approval of the WUTC.

f. Interpretation. This Lease has been submitted to the scrutiny of the parties and their counsel, if desired, and shall be given a fair and reasonable interpretation, without consideration or weight being given to its having been drafted by either party or its counsel.

g. Joint Obligation. If there be more than one Tenant, the obligations hereunder imposed upon Tenants shall be joint and several.

h. Keys. Upon termination of this Lease, Tenant shall surrender all keys to the Premises to Landlord at the place then fixed for payment of Rent and shall inform Landlord of all combination locks, safes, and vaults, if any, in the Premises.

i. Light, Air and View. Landlord does not guarantee the continued present status of light, air, or view over any improvements adjoining or in the vicinity of the Premises, the Building or the Property.

j. Marginal Headings. The marginal headings and section titles in the sections of this Lease are not a part of this Lease and shall have no effect upon the construction or interpretation of any part hereof.

k. Name. Tenant shall not use the name of the Building for any purpose other than as an address of the business to be conducted by the Tenant in the Premises without Landlord's prior written approval.

l. Prior Agreements. This Lease contains all of the agreements of the parties hereto with respect to any matter covered or mentioned in this Lease, and no prior agreements of understandings pertaining to any such matters shall be effective for any purpose. No provision of this Lease may be amended or added to except by an agreement in writing signed by the parties hereto or their respective successors in interest. This Lease shall not be effective or binding on either party until fully executed by both parties.

m. Recordation. Tenant shall not record this Lease or any memorandum of this Lease without Landlord's prior written consent, and such unauthorized recordation shall, at the option of Landlord, constitute a non-curable default of Tenant hereunder.

n. Sale. In the event of any sale of the Building or Property, or any assignment of this Lease by Landlord, Landlord shall be and is hereby entirely freed and relieved of all liability under any and all of its covenants and obligations contained in or derived from this Lease arising out of any act, occurrence, or omission occurring after the consummation of such sale or assignment; and the purchaser or assignee at such sale or assignment or any subsequent sale or assignment of Lease, the Property, or Building, shall be deemed, without any further agreement between the parties or their successors in interest or between the parties and any such purchaser or assignee, to have assumed and agreed to carry out any and all of the covenants and obligations of the Landlord under this Lease.

o. Severability. Any provision of this Lease which shall prove to be invalid, void, or illegal shall in no way effect, impair, or invalidate any other provision hereof and such other provisions shall remain in full force and effect.

p. Time. Time is of the essence of this Lease and each and all of its provisions in which performance is a factor.

q. Waiver. The waiver by either party of any term, covenant, or condition herein contained shall not be deemed to be a waiver of such term, covenant, or condition on any subsequent breach of the same or any other term, covenant, or condition herein contained. The subsequent acceptance of Rent hereunder by Landlord shall not be deemed to be a waiver of any preceding breach by Tenant of

any term, covenant, or condition of this Lease, other than the failure of the Tenant to pay the particular Rent payment so accepted, regardless of Landlord's knowledge of such preceding breach at the time of acceptance of such Rent. No covenant, term or condition of this Lease shall be deemed to have been waived by Landlord unless such waiver shall be in writing and signed by Landlord's duly authorized representatives.

37. COMMISSIONS: Commissions payable, if any, shall be paid to those Brokers(s) and Agents(s) and by the party(ies) specified in paragraph 1.h. pursuant to a separate commission contract. Each party represents that it has not had dealings with any other real estate broker or salesman with respect to this Lease, and each party shall defend, indemnify, and hold harmless the other party from all costs and liabilities including reasonable attorney's fees resulting from any such claims to the contrary.

38. AUTHORITY OF TENANT:

Tenant and each individual executing this Lease on behalf of Tenant represents and warrants that it is/they are duly authorized to execute and deliver this Lease, if Tenant is a corporation, in accordance with a duly adopted resolution of the board of directors of said corporation or in accordance with the bylaws of said corporation, if Tenant is a partnership or limited liability company, in accordance with a properly conducted vote of the partners or members, and that this Lease is binding upon said Tenant in accordance with its terms.



AGREED AND ACKNOWLEDGED:

TENANT:

Mobius Spokane

By: 

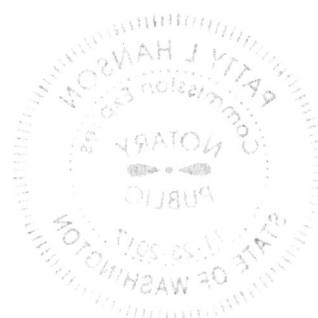
Its: CEO

LANDLORD:

Avista Corporation (or its designated subsidiary)

By: 

Its: Chairman, President and Chief Executive Officer



LANDLORD'S ACKNOWLEDGMENT

STATE OF WASHINGTON)
) ss.
COUNTY OF SPOKANE)

I certify that I know or have satisfactory evidence that Scott Morn's is the person who appeared before me, and said person acknowledged that he signed this instrument, on oath stated that he was authorized to execute the instrument and acknowledged it as the Chairman, President & CEO of Avista, to be the free and voluntary act of such party for the uses and purposes stated therein.

Dated May 1, 2015

Patty L. Hanson
Printed Name: Patty L. Hanson
NOTARY PUBLIC, State of Washington
My appointment expires 11-23-2017



TENANT'S ACKNOWLEDGMENT

STATE OF WASHINGTON)
) ss.
COUNTY OF SPOKANE)

I certify that I know or have satisfactory evidence that Phil Lindsay is the person who appeared before me, and said person acknowledged that he signed this instrument, on oath stated that he was authorized to execute the instrument and acknowledged it as the Executive Director & CEO of Mobius, to be the free and voluntary act of such party for the uses and purposes stated therein.

Dated May 1, 2015

Patty L. Hanson
Printed Name: Patty L. Hanson
NOTARY PUBLIC, State of Washington
My appointment expires 11-23-2017



Exhibit "A"
Area of Premises
Map/Floor Plan including Common Areas

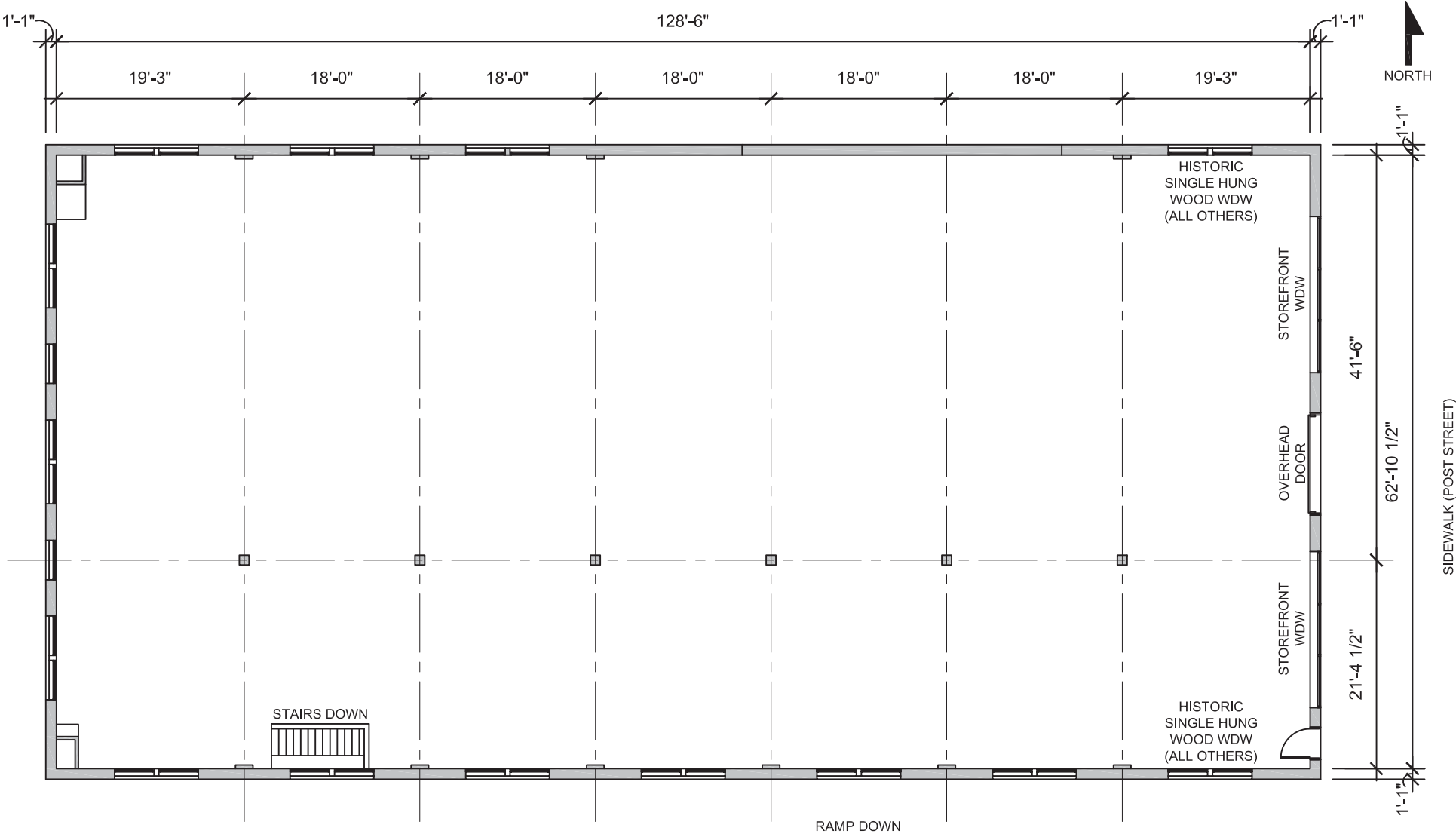


EXHIBIT "B"
Legal Description

Description for AVISTA Annex building

Portions of Lots 6 and Lot 7 and a portion of vacated Flume Street between Block 14 and Block 15 of "Map of Resurvey and Extension of Post's Addition to Spokane Falls" recorded in Volume "A" of plats at Page 21 in the Southwest Quarter of Section 18, Township 25 North, Range 43 East, Willamette Meridian, City of Spokane, Spokane County, Washington, more particularly described as follows:

COMMENCING at the Southeast corner of said Lot 6, thence along the East line of said Lot 6, North 02°57'08" West to a point as shown on Record of Survey recorded in Book 150 at page 79, from which a point as shown on said Record of Survey bears South 87°03'28" West a distance of 180.06 feet; thence continuing North along said East line, North 02°57'08" West a distance of 19.80 feet to the **POINT OF BEGINNING**;

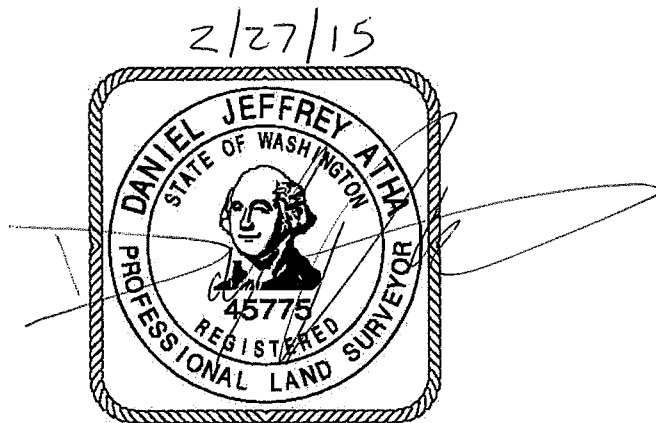
Thence leaving said East line, South 87°03'03" West a distance of 130.59 feet;

Thence North 02°52'08" West a distance of 65.17 feet;

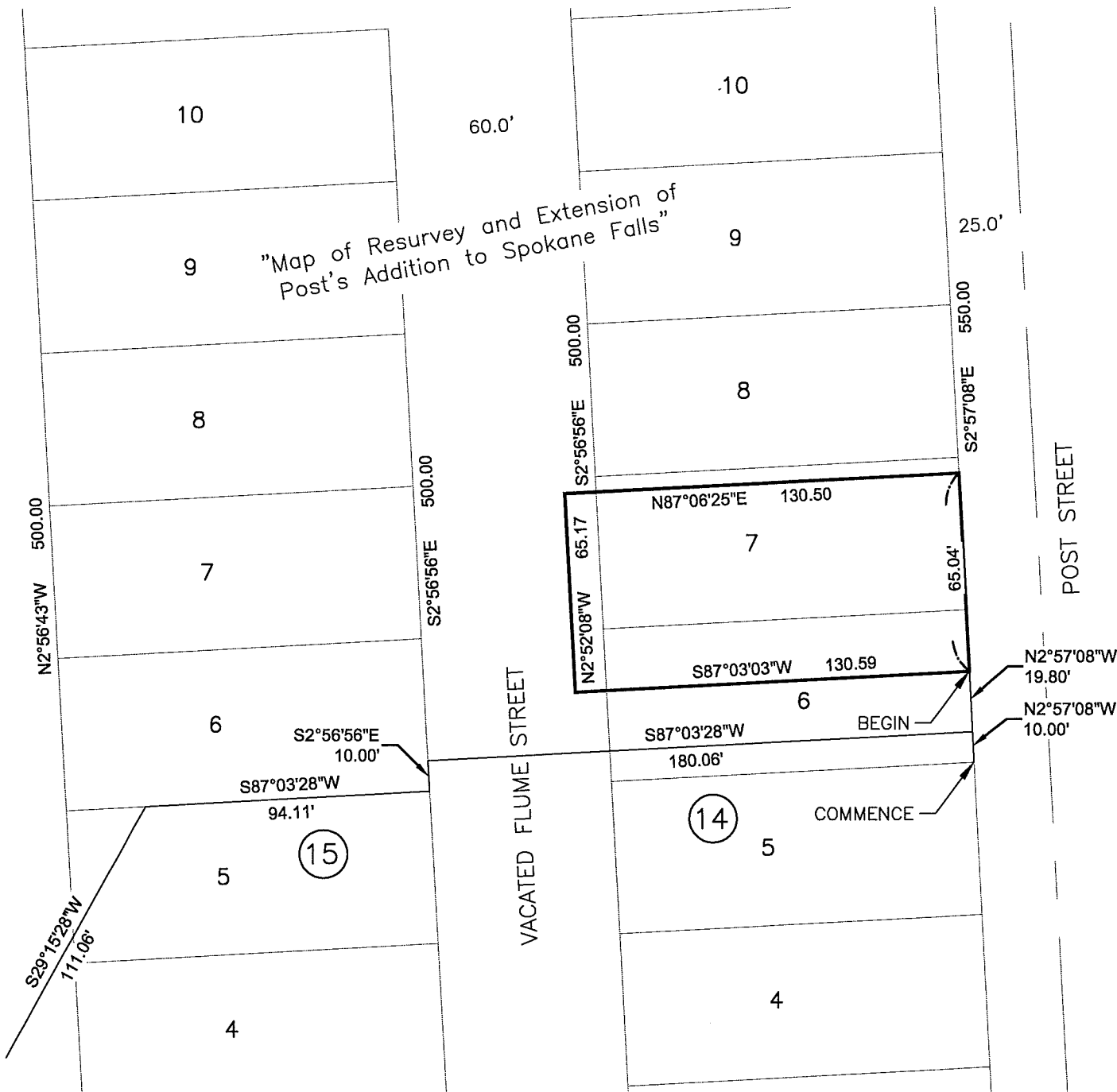
Thence North 87°06'25" East a distance of 130.50 feet to the East line of said Lot 7;

Thence along the East line of said Lot 7 and Lot 6, South 02°57'08" East a distance of 65.04 feet to the **POINT OF BEGINNING** for this description.

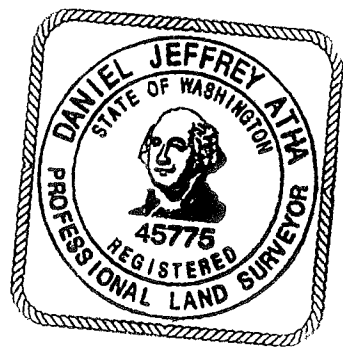
New Parcel Area is 8,499.01 S.F. of land more or less.



"Map of Resurvey and Extension of Post's Addition to Spokane Falls"



SCALE: 1"=50'



COFFMAN
ENGINEERS
10 N. Post Street Suite 500
Spokane, Washington 99201
509 328 2994 Fax 509 328 2999

project	AVISTA POST STREET GARAGE	by	DJA	sheet no.
location	SPOKANE, WA	date	2/25/2014	
client	AVISTA REAL ESTATE	checked	DJA	job no.
		date		

Exhibit “C”
Rules and Regulations

1. Access to Premises. Tenant shall access the Premises through a main entry door on the street level of Post Street at a location approved by Landlord. No other access is provided without Landlord’s prior approval.
2. Deliveries. Tenant must schedule deliveries so that they do not interfere with Landlord’s business and operations on the Property.
3. Specialty Improvements. If any Tenant improvements are to be attached to a wall, the floor or the ceiling of the Premises, including without limitation any objects of art, sculptures, exhibits, displays, paintings, fountains or other objects, the attachment of such items must be reapproved by Landlord, which approval may be denied or conditioned in Landlord’s sole judgment.
4. Reimbursement of Costs. Tenant must pay any and all costs of any service or items provided by Landlord at Tenant’s request and for Tenant’s use and occupation of the Premises during the Lease Term.
5. Advertising and Promotion. All advertising and promotion relating to the Premises, the Building and/or the Property must be preapproved by Landlord. Tenant is granted no right to use Landlord’s name for any purposes without Landlord’s prior written approval. Each party shall designate a primary representative to be responsible for such purposes and approvals.
6. Emergency Action Plan. An Emergency Action Plan shall be developed by Landlord and provided to Tenant on or before the Commencement Date. The Emergency Action Plan must be customized and agreed to by Tenant, in writing, prior to Tenant occupying the Premises.
7. Site Security Plan. A Site Security Plan shall be developed by Landlord and provided to Tenant on or before the Commencement Date. The Site Security Plan must be agreed to by Tenant, in writing, prior to Tenant occupying the Premises.
8. Use of Driveways. Tenant shall not use the driveways located on the Property for any purpose without Landlord’s prior approval on each occasion.
9. Use of Common Areas. Tenant shall not have access to Common Areas within the Building without Landlord’s prior approval on each occasion.

Exhibit "D"

Option to Renew

Provided that Tenant is not in breach of any term, condition or covenant of the Lease, this Lease may be renewed and extended for up to two (2) additional successive ten (10) year terms (each an "Extended Term"). All provisions of this Lease shall remain in full force and effect during any Extended Term. Tenant shall provide six (6) months written notice Landlord prior to the expiration of the then current Lease Term of its request to renew and extend the Lease. If Tenant fails for whatever reason to provide six (6) months written notice to Landlord, the Extended Term shall not commence and this Lease shall expire at the end of the then-current Lease Term.

Expansion Option

Provided that Tenant is not in breach of any term, condition or covenant of the Lease, Tenant shall have the first option and may elect to lease the middle and/or bottom floors of the Building ("Additional Space") if and when Landlord agrees that the Additional Space is available and further provided that the parties agree to supplementary terms and conditions whereby Tenant undertakes Landlord's obligations of operation, care, repair, maintenance and management of the Building, including the Premises and the Additional Space. Tenant shall be solely responsible for all costs related to any such move.

If and when Landlord determines that the Additional Space is available, Landlord shall provide written notice to Tenant and Tenant shall have thirty (30) days from delivery of the written notice to determine whether or not to secure the Additional Space. If Tenant responds in the negative or if Tenant does not respond within the thirty (30) day period, then Landlord shall presume that Tenant will not lease the Additional Space and Landlord may advertise the space for lease or offer such space to any other party.

If Tenant responds within the thirty (30) day period that it wishes to lease the Additional Space, then Landlord and Tenant shall execute an amendment to the Lease that specifies the changes to the Premises and each party's responsibilities with respect to the Additional Space.

Petition of Avista Corporation

Lease Between Avista Corporation and Mobius Science
Center

Attachment B – Post Street Annex Pictures

May 2015



Above: The post Street Annex is the building on the left.



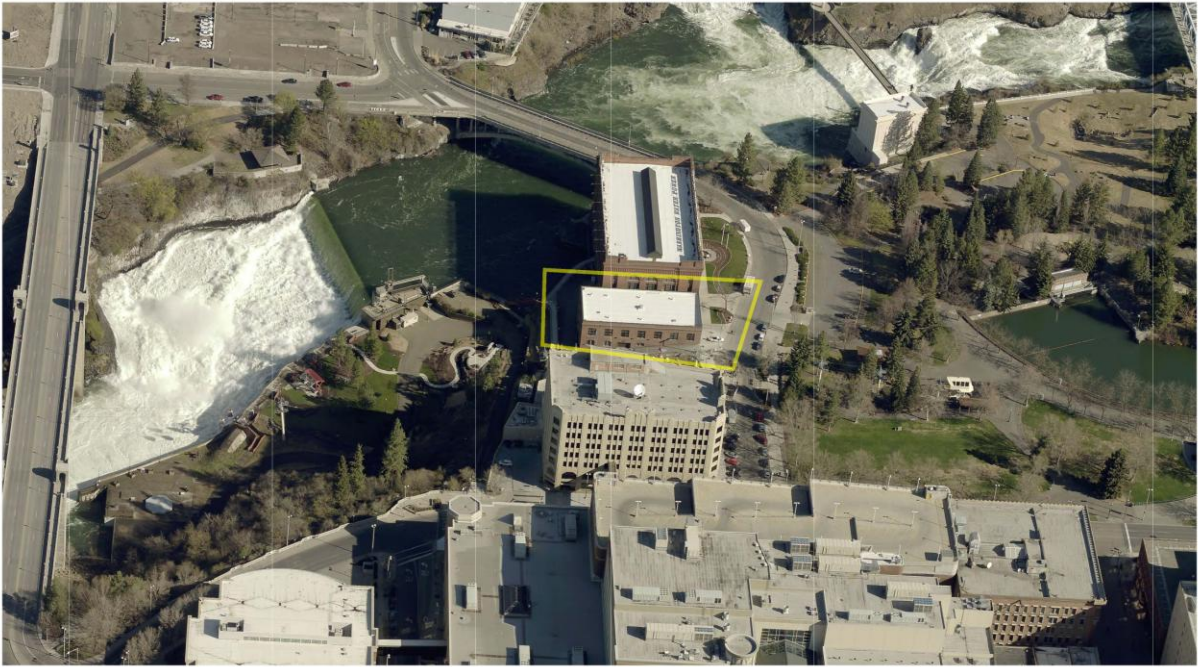
Above: The Post Street Annex is the building in the foreground.



Above: The Post Street Annex is the building in the foreground



Above: The Post Street Annex is the building in the foreground.



Above: The Post Street Annex is building circled in yellow.



Above: Current interior view of the street level (first floor) of the Post Street Annex.