

LEASE AGREEMENT NO. 00049377

BETWEEN

IDAHO STATE UNIVERSITY

AND

BATTELLE ENERGY ALLIANCE, LLC

FOR

THE CENTER FOR ADVANCED ENERGY STUDIES

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LEASE AGREEMENT

THIS LEASE, made and entered into this ___ day of October 2006, by and between the **IDAHO STATE UNIVERSITY** an institution of higher education and agency of the State of Idaho (**Lessor**), with the acknowledgment and consent of the University of Idaho and Boise State University, all three collectively referred to herein as the Idaho Universities Consortium, and **BATTELLE ENERGY ALLIANCE, LLC**, a limited liability company organized under the laws of the State of Delaware, (**Lessee or BEA**) collectively referred to as the **Parties**.

WHEREAS, BEA is the management and operating contractor for the Idaho National Laboratory (**INL**) under Contract with the U.S. Department of Energy (**DOE**); and

WHEREAS, the Idaho State Legislature, through appropriation of funds for the design and ultimate construction of a facility that will contain the Center for Advanced Energy Studies (**CAES**) at the Idaho Falls Center for Higher Education campus, has approved a facility to be jointly occupied by the Idaho Universities Consortium (**Consortium**) and BEA in a collaboration intended to foster the deployment of new technology beneficial to the residents of the state, to encourage further collaborative research between the Consortium and BEA, and to enhance educational offerings at the Idaho Falls Center for Higher Education campus;

WHEREAS, the Consortium contemplates the construction of a multipurpose building at the Idaho Falls Center for Higher Education campus in the City of Idaho Falls, Bonneville County, Idaho; and

WHEREAS, BEA, with the intent of collaborating with the Consortium, is desirous of renting general office, and dry and wet laboratory space in the facility, and BEA is willing to lease said space upon the terms and conditions and for the purposes hereinafter set forth;

NOW, THEREFORE, it is agreed:

ARTICLE 1 - DESCRIPTION OF PREMISES

Lessor, for and in consideration of the rental payments herein provided and the covenants and agreements herein contained, hereby agrees to lease to Lessee approximately _____ square feet or _____ of the gross square feet of space located in the facility that will contain CAES (**Premises or Building**), as more fully described in Exhibit A, Description of Premises, and by this reference made a part hereof. The Parties agree that Lessee will make available to the Lessor its leased laboratory and class room space on a non-interference basis and without cost; provided however, (1) such non-interference use by Lessor of Lessee's leased space must be pre-authorized in writing by Lessee's Director of the Center for Advanced Energy Studies, and (2) if Lessor's use of any of Lessee's leased space and associated equipment results in any damage (which includes the

release or disposal of any hazardous or regulated substance but excludes reasonable wear and tear), Lessor agrees to reimburse Lessee for such damage. All parking areas provided for Lessee's use are included in and subject to the terms and conditions of this Lease.

ARTICLE 2 - TERM

A. The term of this Lease shall be, subject to the provisions of Article 8 herein, for twenty (20) years beginning on the ____ day of _____, 200_ (**Effective Date**) and expiring on the ____ day of _____, 202_.

B. The Effective Date of this Lease shall be established by mutual agreement of the Parties signing a "Commencement Date Agreement" (see Exhibit B). The commencement date established in Exhibit B shall be when the requirements for beneficial occupancy have been met. The term "requirements for beneficial occupancy" means (1) the Lessor has met all requirements established in the Lease in order to place the Premises in a condition of occupancy and (2) a "Certificate of Occupancy" for the Premises has been issued by the City of Idaho Falls.

C. Rental payments, as described in Article 3, shall not accrue until the first day prescribed in the Commencement Date Agreement. However, if the Parties have not signed the Commencement Date Agreement by March 1, 2009 (assuming this Lease has not been terminated prior to March 1, 2009), Base Rent, established in section 3.A below, shall be payable monthly by Battelle Memorial Institute (**Battelle**); provided however, that Battelle shall have no obligation to pay Base Rent (or any other obligation) if the requirements for beneficial occupancy have not been met as a result of the actions or inactions of Lessor or its contractors responsible for the construction of the Premises.

ARTICLE 3 - PAYMENT

A. **Base Rent.** The Parties agree to amend this Lease by mutual agreement by signing Exhibit C of this Lease, which shall establish the base monthly rental (**Base Rent**). The Lessee covenants and agrees to pay Lessor as rental for the Premises the Base Rent to be established in Exhibit C. Base Rent shall be due on the fifth business day of each month, payable in arrears. Base Rent payments shall be made directly to the trustee identified in Article 24 (**Trustee**) for bonds to be issued by Lessor to finance the Premises (**Bonds**). Lessor agrees that Lessee's Base Rent payments to trustee are deemed to be payments to Lessor for purposes of satisfying Lessee's Base Rent obligations under this Lease.

B. **Service Rent.** In addition to the Base Rent, the Lessee shall pay a pro rata share (based on the relative percentage of the Parties' occupancy of the Premises as indicated in Article 1) of all actual maintenance and operations costs, utilities, parking (if charged in the future), and insurance (subject to change) on an annual basis. Such monthly payment shall be based initially on one twelfth (1/12) of the estimated annual cost, with payment due at the same time as the Base Rent, and the Service Rent subsequently being adjusted to actual annual cost within sixty (60) days after the end of each Lessor fiscal year. If the actual cost was less than the amount that the Lessee paid, such excess shall be allowed as a credit against the Service Rent charges next coming due or if at the end of the Lease such excess repaid to Lessee.

C. If Lessee fails to make payment to Trustee as required by Article 3.A, Lessor agrees to provide notice to Battelle and WG (as these terms are defined in Article 33.A) to the persons listed in Article 24 within ten (10) business days of such failure. Notwithstanding the foregoing requirement, a failure of the Lessor to give such notice shall not impact in any way (except as provided in the following proviso) the obligations of Battelle or WG hereunder; provided however, the obligations of Battelle or WG to make guaranty payments under this Lease shall not be triggered until Lessor or Trustee provide the Notice(s) required in Article 33.D.

ARTICLE 4 - TITLE

The Lessor warrants it has title to the Premises, or sufficient interest and rights in the Premises to guarantee the Lease with no interference to the Lessee's rights of possession under the Lease. Should the Lessee suffer any damages or expenses as the result of any defect in the Lessor's title or rights and interests in the Premises, the Lessor shall reimburse the Lessee for all such damages or expenses.

ARTICLE 5 - APPLICABLE LAWS, CODES AND ORDINANCES

The Lessor, as part of the Lease consideration, agrees to comply with all applicable laws, codes, ordinances, rules, regulations and requirements of all federal, state and municipal governments and their appropriate departments, commission, boards and officials applicable to the ownership and establishment of the Premises and at its own expense, to obtain all necessary permits and related items. The Lessee agrees to comply with all laws, codes, ordinances, rules, regulations and requirements of all federal, state and municipal governments and their appropriate departments, commissions, boards and officials applicable to its tenancy and use of the said Premises.

ARTICLE 6 - WARRANTY AS TO MECHANICAL EQUIPMENT AND UTILITIES

The Lessor warrants that the mechanical equipment and utilities will be in good serviceable and proper operating condition on the Effective Date, and agrees Lessor will maintain the equipment and utilities and perform regular preventative maintenance on all equipment and devices as recommended by the original equipment manufacturer during the Lease term, and any extension periods of this Lease. The equipment and utilities include all plumbing, heating, cooling systems, and electrical and mechanical devices and fixtures.

ARTICLE 7 - USE OF PREMISES

A. Lessee agrees that the Premises are to be used as laboratory facilities and associated offices. Lessee shall not allow use of the Premises in a manner which would increase insurance premiums (unless Lessee pays the increased premium through Service Rent) or for any illegal purpose.

B. Lessor shall provide Lessee with written notice of Lessor's requirements imposed upon the Premises by Lessor's environmental permits applicable to activities conducted on the Premises. Lessee shall ensure that all Lessee activities conducted on the Premises are in full compliance with Lessor's requirements contained in such written notification. In return, Lessor shall provide

adequate advance notice and opportunity to Lessee to comment upon any proposed change(s) to such environmental permits and shall cooperate fully with Lessee in making reasonable changes and accommodations with regard to such permits to facilitate Lessee's continued use of the Premises.

C. Lessee shall cooperate with the Lessor in the Lessor's development of general Premises policies and procedures (i.e., hazardous chemicals handling and disposal, reporting and tracking, fitness for duty, safety, etc.) for the management and operation of the Premises. Any subsequent modification or adjustment to such policies and procedures shall be in writing and shall be developed by Lessor in cooperation with Lessee. The Lessee, its agents, officers, employees, subcontractors, licensees, and invitees shall comply with such Premises policies and procedures for the management and operation of CAES and the Premises. Lessee's failure to comply with such policies and procedures shall be grounds for default as set forth in Article 22, "Default", including Lessee's continued non-compliance after Lessor's 60 days' notice.

D. Lessor and Lessee agree that each Party will allow the other to use designated areas of the Premises on a basis that does not interfere with planned activities of the other Party.

ARTICLE 8 - TERMINATION

A. Termination by Lessee. Lessee shall have the right upon 365 days' advance written notice to terminate this Lease for any reason.

B. Battelle Memorial Institute's/Washington Group International's Obligations. If Lessee (or its successors or assignees) terminates this lease under Article 8.A. of this Lease prior to payment in full of the principal and interest of the Bonds, the terms of Article 33 of this Lease shall apply effective the day after the last day of Lessee's occupation of the Premises.

C. Termination by Lessor. Lessor may terminate this Lease as allowed by Article 22 of this Lease.

ARTICLE 9 - COMMON AREAS AND ALTERATIONS TO PREMISES BY LESSOR

A. The Lessee shall have nonexclusive use of all areas of the Premises designated by the Lessor as common areas for the use generally of the tenants of the Premises. The Lessor shall maintain the common areas in good condition.

B. Prior to the commencement of the original leasehold term, in order to ready the Premises for Beneficial Occupancy, the Lessor shall, at its own expense, complete the work that is necessary to establish Beneficial Occupancy as generally described in Exhibit B.

C. With the approval of Lessor, the Lessee has the right during the Lease term or any option or extension to make alterations or to attach fixtures and erect signs in or upon the Premises; and Lessor's approval shall not be unreasonably withheld except as may be required by law. The fixtures, alterations and/or signs placed in, upon or attached to the Premises are and remain the

property of the Lessee or the United States Government (**Government**) and may be removed by the Lessee prior to or upon the expiration of this Lease. At the option of Lessee, and with the written consent of Lessor, Lessee's improvements may be left on the Premises upon termination or expiration of the term or any option of this Lease. If left after Lessee vacates the Premises, the improvements become the property of the Lessor. If the improvements are removed by the Lessee, the Lessee agrees to restore the Premises to their condition prior to installation of Lessee's property, reasonable wear and tear excepted. Plans for structural change will be submitted to the Lessor for approval and approval will not be unreasonably withheld.

D. Title to property of the Government will not be affected by the incorporation of the property or its attachment to any property not owned by the Government. Government property will not become a fixture or lose its identity as personalty because of affixation to realty. Any damage to the Premises caused by the removal of Government property will be repaired and restored by Lessee to its condition prior to attachment of government property, less normal wear and tear.

E. If major capital alterations or modifications are desired and mutually agreed upon the Lessor will provide them and a new rental rate will be negotiated to cover the cost of installation. Any real estate taxes or assessments, if any, resulting from capital improvement of the Premises by Lessor are the responsibility of Lessor.

ARTICLE 10 - IMPROVEMENTS

A. After the commencement of any leasehold term, and at Lessee's own expense, the Lessee may make additions or improvements to the Premises after having obtained Lessor's prior written approval to do so. Lessor's concurrence of any additions or improvements shall eliminate any right to request restoration or removal upon termination of this Lease.

B. Lessee may, during any leasehold term, install in the Premises such furnishings, machinery, equipment and fixtures as Lessee deems necessary for its use of the Premises, provided such furnishings, machinery, equipment, or fixtures do not materially damage the Premises, are not hazardous to other tenants or users of the property upon which the Premises are situated, are not in conflict with Lessor's permits or any other applicable regulatory requirements, and do not unduly interfere with any other tenant's use and enjoyment of their use of the Premises. Should Lessee's installation of any such furnishings, machinery, equipment and/or fixtures require service upgrades to the Premises to support the same, Lessee shall be responsible for all costs related to such service upgrades. During the term of the Lease, the furnishings, machinery, equipment, and fixtures shall remain the personal property of the Lessee. Upon early termination or expiration of the respective leasehold term, if there is no default by the Lessee in the Lease, the Lessee shall have the right to remove all such furnishings, machinery, equipment and fixtures from the Premises regardless of whether this personal property is attached to the Premises by piping, wiring, bolts, or otherwise. If so removed, Lessee shall repair any damage to Premises caused by the removal.

ARTICLE 11 - JANITORIAL SERVICES, MAINTENANCE AND REPAIR

A. All matters regarding maintenance and repair of the Premises (and Common areas if applicable) shall be referred to:

Name: Greg Horton, Manager, Facilities Operations

Office Address: ISU/UI Center for Higher Education, Room #100
P.O. Box 8150
Idaho Falls, ID 83402

Work Phone Number: (208) 282-7823

E-mail Address: hortgreg@isu.edu

Cell Number: (208) 221-4061

Home Address: 1850 Carmel Drive
Idaho Falls, ID 83402

Emergency Phone Number: (208) 282-2515

Said individual or his/her designee shall be available at all times to receive such contacts.

B. The Lessor shall provide and pay for janitorial services, maintenance, repair and replacement of the Premises, including the building interior, exterior, grounds, and all equipment, fixtures, and appurtenances furnished by the Lessor under this Lease in order to keep the same in good repair and habitable condition, except for damage resulting from willful abuse or negligence of the Lessee. The appropriate share of these expenses (as provided in Article 3.B) will be billed to Lessee in the Service Rent. The Lessor shall have the right to enter upon the Premises at reasonable times in order to inspect the same and to perform such maintenance and repair, as well as replacement, but this right shall be exercised in a manner that does not unreasonably interfere with Lessee's use of the Premises.

C. Lessee shall operate and maintain the information technology (IT) infrastructure of the Premises. The cost for providing this service shall be allocated between the Parties pursuant to the terms of Article 3.B above and shall be accounted for in calculating Lessee's Service Rent. Lessor agrees that Lessee shall have 7 x 24 access to the entire Premises in order to operate and maintain the IT infrastructure.

D. Janitorial services, maintenance, repair, and replacement services by the Lessor, in accordance with Articles 11.B and 11.C, shall be agreed to in writing by the Parties. Such written agreement, which shall become Exhibit D of this Lease, shall specify the (i) scope and level of maintenance services to be performed and (ii) the Parties' pro-rata share of the costs of such services.

ARTICLE 12 - ASSUMPTION OF RISK

A. Lessor shall not be responsible for any injuries or damages incurred by Lessee, its agents, officers, employees, invitees or licensees arising from acts or omissions of any sublessee of the Lessee or from any cause other than the negligence or willful misconduct of Lessor or its employees.

B. Lessor shall take reasonable measures to maintain the Premises in safe and habitable condition and shall be responsible for injuries or damages incurred by Lessee, its agents, officers, employees, invitees or licensees arising out of or resulting from, and to the extent of, the negligence or willful misconduct of Lessor or its employees. Lessee shall be responsible for occupying and utilizing the space leased hereunder in a safe manner and shall be responsible for injuries or damages incurred by Lessor, its agents, officers, employees, invitees or licensees arising out of or resulting from, and to the extent of, the negligence or willful misconduct of Lessee or its employees.

ARTICLE 13 - LIENS

Each Party shall keep the Premises and the property on which the Premises are situated, free from any liens or encumbrances arising out of any work performed, materials furnished or obligations incurred by that Party. If any such lien is filed against the Building, Lessee's leasehold interest or Lessor, the Party responsible for incurring such lien shall cause the same to be discharged within twenty (20) days after the date of filing the same.

ARTICLE 14 - LIABILITY INSURANCE

A. Lessee shall provide and maintain at its sole cost and expense the following minimum insurance coverage throughout the original term of the lease agreement and any extensions thereof:

1. Comprehensive or Commercial Form General Liability Insurance (contractual liability included) in the minimum amount of five million dollars (\$5,000,000) per occurrence, and with an aggregate limit of not less than five million dollars (\$5,000,000);
2. Workers compensation insurance in accordance with the laws of the state of Idaho;
3. Comprehensive business automobile liability insurance, including operation of owned, scheduled, non-owned, and hired automobiles, covering bodily injury and property damage with a combined single limit of not less than five million dollars (\$5,000,000) per occurrence;

B. All insurance required hereunder shall be maintained in full force and effect through a company or companies reasonably satisfactory to Lessor. All insurance required under paragraphs A.1 and A.3, above, shall name (the State of Idaho and the Idaho State Board of Education, in its capacity as

an executive department of state government, and in its capacity as the Board of Regents of the University of Idaho, the Board of Trustees of Boise State University, and the Board of Trustees of Idaho State University, and each of their respective officers, employees, agents, and assigns (all of whom are collectively referred to as the **University Insureds**) as additional insureds), and shall contain a clause requiring written notice to Lessor thirty (30) days in advance of the cancellation, non-renewal, or material modification of said insurance as evidenced by return receipt of United States certified mail; provided, however, that Lessee's insurance shall name the University Insureds as additional insureds solely with regard to claims arising out of the Lessee's use of the Premises under this Lease; and provided further that nothing in this paragraph B shall be construed to extend Lessee's insurance policies to any of the University Insureds with regard to any claims that arise out of or result from the sole actions/inactions of the University Insureds. Coverage on a claims made basis shall survive for a period of not less than three (3) years after termination of this Lease. Certificates of insurance evidencing compliance with this Article shall be supplied contemporaneously to Lessor with the execution and delivery of this Lease. Said certificates shall evidence compliance with all sections of this Article.

ARTICLE 15 - PROPERTY INSURANCE

The Lessor shall provide and maintain "All Risk" property and casualty insurance on the Building, together with rental interruption insurance, insuring the Building against damage or loss resulting from fire or other casualty; provided, however, that Lessee shall pay its pro rata share of such cost of insurance as part of the Service Rent as provided in Article 3.B. Lessee shall be a named insured on such insurance. Lessor shall not provide personal property insurance on any of Lessee's personal property used, stored or otherwise situated within the Building, and Lessee shall bear all responsibility for any damage or loss to said personal property, regardless of the cause. Lessor will provide copies of the insurance policies to Lessee, Battelle, and WG.

ARTICLE 16 - CONDEMNATION

In the event the Premises are condemned for public use, whether the right condemned shall consist of the fee title or interest less than fee simple but of such nature as to render operations by the Lessee impractical or unfeasible, then this Lease shall forthwith terminate, without any further obligation by Lessee, Battelle, or WG under any provision of this Lease. Lessor shall not be obligated in any way to Lessee or Battelle as a result of such condemnation, except (i) to pay to Lessee any sums actually paid to Lessor by the condemning authority for rent paid by Lessee but not yet earned by Lessor, or for leasehold improvements owned by Lessee and (ii) to apply the condemnation proceeds, to the extent available, to pay in full the then-outstanding principal and interest of the Bonds.

ARTICLE 17 - DAMAGE OR DESTRUCTION

A. Except as provided in Article 15, if the Premises are damaged or destroyed by fire or any cause other than an act or omission of Lessee, its employees, agents, invitees, or licensees, Lessor shall restore the Premises, except for such fixtures, improvements and alterations as are installed by Lessee, as nearly as practicable to their condition immediately prior to such damage or destruction.

Lessee, at Lessee's expense, may so restore all such fixtures, improvements, and alterations installed by the Lessee. With regard to losses not covered by insurance, Lessor, at Lessee's expense, shall so restore the Premises with respect to all damage caused by any act or omission of Lessee, its employees, agents, invitees or licensees, and Lessee agrees to reimburse Lessor upon demand for all sums expended for such restoration. The obligations to restore provided in this paragraph shall be subject to Lessor's termination rights provided below. Any restoration shall be promptly commenced and diligently prosecuted, subject to availability of funds (which includes the proceeds of any applicable insurance policy) and to the terms and conditions of any applicable bond purchase or related agreement. Lessor shall not be liable for any consequential damages by reason of any such damage or destruction.

B. Notwithstanding any of the foregoing provisions of this Article, in the event the Premises shall be destroyed or damaged to such an extent that Lessor deems that it is not economically feasible to restore the same, then Lessor may terminate this Lease as of the date of the damage or destruction by giving the Lessee notice to that effect. Upon such termination, neither Lessee, Battelle, nor WG shall have any further obligation to Lessor under any provision of this Lease.

C. If Lessor undertakes to restore the Premises as provided within this Article, then commencing with the date of the damage or destruction and continuing throughout the period of restoration, the Service Rent and Base Rent for the Premises shall be abated for such period in the same proportion as the untenable portion of the Premises bears to the whole thereof, except that there shall be no abatement to the extent that any such damage or destruction is caused by any act or omission of the Lessee, its employees, agents, invitees or licensees, in which case the Parties expect that rental interruption insurance shall apply.

D. If the damage to or destruction of the Premises (i) renders that portion of the Premises covered by this Lease untenable in any degree and (ii) such loss or destruction is covered by insurance, the proceeds of such insurance shall be applied as follows: (a) the proceeds from the property and casualty insurance shall be applied to restore the Premises if Lessor determines to restore the Premises; and if Lessor determines not to restore the Premises, such insurance proceeds shall be applied first to payment in full of the then-outstanding principal and interest of the Bonds, with any remainder of the insurance proceeds payable to Lessor, and (b) the proceeds from the rental interruption insurance shall be used to pay the principal and interest coming due on the Bonds.

E. If the damage to or destruction of the Premises renders that portion of the Premises covered by this Lease untenable in any degree and such loss or destruction is not covered by insurance, Battelle and WG shall be responsible to make payment of the principal and interest on the Bonds as they come due in proportion to their respective obligations described in Article 33.

ARTICLE 18 - CLOSURE AND SURRENDER OF PREMISES

Subject to the covenants and conditions set forth within this Lease, Lessee, at the expiration or sooner termination of this Lease, shall quit and surrender the Premises in good, neat, clean and

sanitary condition, except for reasonable wear and tear, and damage not caused by acts or omissions by Lessee, its employees, agents, invitees or licensees.

ARTICLE 19 - ACCESS TO PREMISES

Lessee will allow Lessor free access at all reasonable times to said Premises for the purpose of inspection and to fulfill any of Lessor's obligations under this Lease. Lessor shall have the right to place and maintain "For Rent" signs in a conspicuous place on said Premises for ninety (90) days prior to expiration of this Lease.

ARTICLE 20 - HOLDOVER

If Lessee lawfully holds over after the expiration of the term of this Lease, such tenancy shall be a month to month tenancy. During such tenancy Lessee agrees to pay Lessor the same rates as the just expired term, and to be bound by all the applicable terms, covenants and conditions herein specified. Such tenancy may be terminated by either Party upon giving thirty (30) days prior written notice to the other Party.

ARTICLE 21 - DISPUTES AND GOVERNING LAW

A. Pending resolution of a disputed matter, the Parties shall continue performance of their respective obligations pursuant to this Lease. Disputes regarding any factual matter relating to this Lease shall be discussed by the Parties' authorized representatives who shall use their reasonable efforts to amicably and promptly resolve the dispute. If the authorized representatives are unable to resolve any controversy or claim arising out of or relating to this Lease, or the breach thereof, the Parties agree that the controversy or claim shall be submitted to non-binding mediation by a mediator satisfactory to both Parties.

B. This Lease shall be governed by the law of the State of Idaho. Any action arising from this Lease shall be filed in State District Court in Bonneville County, Idaho.

ARTICLE 22 - DEFAULT

A. If any rents reserved, or any part thereof, shall be and remain unpaid when the same shall become due, or if Lessee shall violate or default in any of the covenants and agreements herein contained, then the Lessor may terminate this Lease upon giving sixty (60) days prior notice, and re-enter and take possession of said Premises. Notwithstanding such re-entry by Lessor, the liability of Lessee for the Base Rent and Service Rent provided herein shall not be extinguished for a period of 365 days. Lessee shall continue to pay the Base Rent and Service Rent as they become due, and covenants and agrees to make good to the Lessor any deficiency arising after re-entry and re-letting of the Premises at a lesser rental than herein agreed to for a period of no more than 365 days; provided however, to the extent Lessor's duty to mitigate damages is satisfied through the receipt of rentals from another tenant, Lessee's obligation to pay rentals (Base Rent and Service Rent) shall be reduced commensurately. The Lessee shall pay such deficiency each month as the

amount thereof is ascertained by the Lessor. Nothing in this section 22.A shall be construed to affect Battelle's or WG's obligations under Article 33.

B. The rights and remedies of the Lessor in this Article are in addition to any other rights or remedies provided by law and under this Lease.

C. Lessor will not be in default under this Lease unless Lessor fails to perform an obligation required of the Lessor under this Lease within thirty (30) days after written notice by registered mail from Lessee to Lessor and to the Trustee specifying the obligation that the Lessor has failed to perform. If more than thirty (30) days are reasonably required for performance or cure, Lessor shall not be in default if it commences performance within thirty (30) days after written notice. If Lessee's beneficial use of a substantial portion of the Premises is materially impaired by Lessor's default, the opportunity to cure cannot exceed one hundred eighty (180) days. If, at the end of such 180-day cure period, Lessor has not cured the default, this Lease (including all obligations of Lessee, Battelle, and WG to Lessor) may at the Lessee's option (and with notice to the Lessor and the Trustee) be terminated. In the case of damage or destruction of any portion of the Premises, Lessor shall not be considered to be in default hereunder if it is reasonably proceeding with repair or replacement of the damaged or destroyed Premises.

ARTICLE 23 - LIMITATION OF LIABILITIES

A. Neither Party shall be liable to the other Party for indirect, consequential, or special damages whether based on tort, contract, strict liability or other legal or equitable theory or action.

B. Neither Party shall be liable under this Lease for, or be considered to be in material breach or default under this Lease on account of any delay in or failure of performance due to Force Majeure. Force Majeure is defined as any event, cause or condition beyond a party's reasonable control (such events, causes or conditions include but are not limited to: fire, flood, earthquake, volcanic activity, wind, and other acts of the elements; court order and act or failure to act of civil, military or governmental authority; strike, lockout and other labor disputes; riot, insurrection, sabotage and war; breakdown of or damage to facilities or equipment; and any act or omission of any person or entity except an act or omission of such party or of such party's contractors or suppliers of any tier or anyone acting on behalf of such party that is within the reasonable control of such party or of such party's contractors or suppliers of any tier acting on behalf of such party), which prevents or delays the party claiming the Force Majeure from performing its obligations under this Lease; provided, however, that any party claiming Force Majeure shall be entitled to a delay only to the extent, despite the exercise of due diligence, it is unable to overcome the effects of the Force Majeure event. In the event of Force Majeure, the time for performance thereby delayed shall be extended by a period of time reasonably necessary to compensate for such delay. Nothing in this paragraph shall require either party to settle any strike, lockout or other labor dispute. Each party shall give the other party prompt written notice of any event it considers to be a Force Majeure.

ARTICLE 24 - NOTICES

All notices, demands, and requests to be given by either party to the other shall be in writing and served either personally or sent by United States mail, postage pre-paid, to the addresses below or such other addresses as may be designated by the parties from time to time:

TO LESSOR at: Vice President for Financial Services
Idaho State University
Campus Box 8219
Pocatello, ID 83209

TO LESSEE at: Battelle Energy Alliance, LLC
ATTN: Director, Supply Chain Management
P.O. Box 1625
Idaho Falls, ID 83415

TO TRUSTEE at: U.S. Bank National Association
ATTN: corporate Trust Department
P.O. Box 7928
Boise, ID 83707

TO Battelle at: Russell P. Austin
Battelle Memorial Institute
505 King Avenue
Columbus, Ohio 43201-2693

TO WG at: Washington Group International
ATTN: Associate General Counsel
106 Newberry Street, SW
Aitken, SC 29801

ARTICLE 25 - WAIVER OF RIGHTS

The failure of either Party to insist upon strict performance of any of the covenants and agreements of this Lease, or to exercise any option or right herein conferred, shall not be construed to be a waiver or relinquishment of any such option or right, or any other covenants or agreements, but the same shall be and remain in full force and effect.

ARTICLE 26 - TRANSFER OF OBLIGATION

The covenants and agreements of this Lease shall be binding upon the heirs, legal representatives, successors and agreed assigns of any or all the Parties hereto.

ARTICLE 27 - HAZARDOUS SUBSTANCES TRACKING AND COMMUNICATION

A. Lessee is responsible for tracking, recording, and proper use and disposal of all of the hazardous substances that are received, stored, handled or disposed of by Lessee on or from the Premises, including spills or accidents involving hazardous substances within the Premises, and both planned and unplanned releases to the environment. Lessee shall maintain appropriate inventory and material balance records for their material, accordingly.

B. Lessee shall provide Lessor with current data documenting such tracking and recording required under Paragraph A above, and cooperate with Lessor to integrate such data into a CAES computerized data base system.

ARTICLE 28 - ORDER OF PRECEDENCE

The Contract comprises the following documents in the order of precedence set forth below:

1. CAES Lease Agreement and Amendments thereto
2. Exhibit C, Base Rental Rate Agreement
3. Exhibit A, Description of Premises
4. Exhibit B, Commencement Date Agreement
5. Exhibit D, Janitorial Services, Maintenance and Repair

The above order of precedence controls in the event of any conflict, inconsistency or ambiguity in the terms and conditions set forth within these documents.

ARTICLE 29 - SHARED USE OF SPACE AND EQUIPMENT

The Parties acknowledge and agree that the cooperation, collaboration, and shared use of space, equipment and personnel for research are important to the successful operation of this facility. In that regard, the provisions of this Lease shall be interpreted in such a manner as to support such purposes.

ARTICLE 30 - ARTICLES INCORPORATED BY REFERENCE

The following Federal Acquisition Regulation (FAR) clauses and Federal Acts are incorporated herein by reference.

1. Affirmative Action for Workers With Disabilities, FAR 52.222-36 (Jun 1998)
2. Americans with Disabilities Act, 28 CFR Part 36, (as revised July 1, 1994).
3. Equal Opportunity, FAR 52.222-26 (Feb 1999)
4. Limitations on Payments to Influence Certain Federal Transactions, FAR 52.203-12 (Jun 1997)
5. Anti-Kickback Act of 1986 (Jul 1995)
6. Equal Opportunity for Special Disabled Veterans, Veterans of the Vietnam Era, and Other Eligible Veterans (Dec 2001), FAR 52.222-35. (Dec 2001)

ARTICLE 31 - EXAMINATION OF RECORDS

Unless exempted by applicable law, Lessor and Lessee agree that the State of Idaho and the Comptroller General of the United States or the DOE Inspector General or any duly authorized representatives shall have access to and the right to examine any books, documents, papers, and records of Lessor or Lessee that are relevant to each such Party's performance under this Lease.

ARTICLE 32 - ASSIGNMENT

Except as otherwise provided in this Lease, the interest of either Party in this Lease shall not be assigned to a third-party without the written consent of the other Party, which consent shall not be unreasonably withheld.

ARTICLE 33 - STATUS OF BATTELLE MEMORIAL INSTITUTE AND WASHINGTON GROUP INTERNATIONAL

A. Parent Company Assurance:

1. Battelle Memorial Institute. For the purpose of providing partial financing to assist in construction of the Building, Battelle Memorial Institute (**Battelle**) is a party to this Lease for the sole and limited purpose of providing secondary security, as provided in Article 33.D below, for the payment of principal and interest on the Bonds in the principal amount of \$8.88 million (**Battelle Guaranty**), payment of principal and interest on such Bonds being referred to hereafter as **Bond Debt**. The primary security for the Bond Debt is the Base Rent due Lessor under this Lease. Except as provided in Article 33.D, Battelle has no obligation to Lessor under this Lease. The Guaranty is being made by Battelle for good and valuable consideration.
2. Washington Group International. For the purpose of providing partial financing to assist in construction of the Building, Washington Group International (**WG**) is a party to this Lease for the sole and limited purpose of providing secondary security, as provided in Article 33.D below, for the payment of principal and interest on the Bonds in the principal amount of \$1.12 million (**WG Guaranty**), payment of principal and interest on such Bonds being referred to hereafter as Bond Debt. The primary security for the Bond Debt is the rentals due Lessor under this Lease. Except as provided in Article 33.D, WG has no obligation to Lessor under this Lease. This Guaranty is being made by WG for good and valuable consideration, including without limitation, satisfaction of WG's obligations to assist in the development of projects such as CAES.
3. Pro-Rata Obligations. The obligations of Battelle and WG to pay the Bond Debt are pro-rated such that any insufficiency in the Base Rent hereunder to pay the Bond Debt shall be satisfied 88.8% by Battelle and 11.2% by WG.

- B. Amortization of Bond Debt. The Parties agree that the Base Rent paid to Lessor under Article 3.A of this Lease shall be applied to pay the Bond Debt of both Battelle and WG in proportion to the Bond Debt each has guarantied as provided in Article 33.A above. Payments made to Lessor under Article 3.B for maintenance of the Building shall not be considered rental payments for purposes of this Article 33.B
- C. Successor Contractor. If (i) the Lessee's contract with DOE (Contract No. De-AC07-05ID14517) expires or is terminated before payment in full of the Bond Debt and (ii) Lessee is succeeded by another contractor, Lessor hereby consents to Lessee's assignment of this Lease to the successor contractor; and Battelle's and/or WG's obligations described in paragraph D below apply to the assigned Lease. The payments of Base Rent made to Lessor by such successor contractor shall be applied as prescribed in Article 33.B above. Lessor agrees that despite assignment of this Lease to any successor contractor, the provisions of this Article 33 with respect to the release of Battelle and/or WG upon payment in full of the Bond Debt is made for the express benefit of Battelle and WG and is enforceable by Battelle and WG with respect to their respective portions of the Bond Debt.
- D. Battelle's/WG's Obligations and Rights.
1. If the Base Rent payments made under this Lease, as provided in Articles 33.B and 33.C above, are insufficient at any time or from time to time to pay in full the Bond Debt, as and when the same shall come due (in whole or in part), or if Lessee (or its successors or assignees) terminates the Lease pursuant to Article 8, Battelle and WG shall be responsible, in proportion to their respective guaranties of the Bond Debt as provided in Article 33.A above, for making payment to the Trustee (as assignee of Lessee) of amounts sufficient to pay in full the Bond Debt. These assurances of payment by Battelle and WG are guaranties of payment when due and not just collection from Lessee. These guaranties of payment of the Bond Debt shall survive the termination of this Lease, except as otherwise expressly provided herein.
 2. If Lessee's Base Rent payments are insufficient for Trustee to make any semi-annual payment on the Bond Debt when such payment comes due, Lessor shall notify Battelle and WG of (i) the total amount of such deficiency and (ii) the amount of such deficiency that is allocable to Battelle and WG in proportion to their respective guaranties of the Bond Debt as provided in Article 33.A above.

Battelle and WG agree to pay to the Trustee their respective share of such insufficiency within 15 days of their receipt of notice by the Lessor or the Trustee of such insufficiency.

3. The Parties agree that the sole obligation of Battelle and WG under Article 33.D.2 shall be to make payments, in their respective proportions as provided in Article 33.A, necessary to cure the deficiency in Lessee's Base Rent payments necessary to make the semi-annual payment on the Bond Debt when the same has come due. In the event that Battelle or WG shall fail for any reason to pay their respective share of the Bond Debt within 60 days of their receipt of notice of insufficiency, the Lessor may, at its sole option, demand payment from Battelle or WG, as the case may be, of the full amount of their respective shares of the Bond Debt then outstanding plus interest thereon (at the Bond interest rate) to the next date upon which the Bonds may be redeemed.
 4. If Battelle's/WG's guaranty obligations hereunder are triggered by the Lessee's termination of the Lease, Battelle and/or WG, at their sole discretion, reserve the right to assume assignment of the Lease. Upon acceptance of assignment of this Lease, Battelle and/or WG shall succeed to the rights and obligations of Lessee or any successor contractor under this Lease; provided however, that Battelle and/or WG shall accept assignment of this Lease solely for the time necessary to amortize the Bond Debt and once the Bond Debt is amortized, Battelle and/or WG shall be immediately and automatically released from any and all obligations under this Lease.
- E. Release of Battelle/WG. Once the Bond Debt is paid in full as provided under the terms of this Lease, Battelle and WG shall be released from any and all obligations under this Lease.
- F. Sublease. The Parties agree that (i) Lessee or (ii) Battelle and/or WG provided Battelle and/or WG become the Lessee under Article 33.D above, may enter into subleases under this Lease regarding the Leased Premises; provided that any such sublease shall be consistent with the CAES mission as expressed in either this Lease or the BEA prime contract.
- G. Individual Guaranties. The Parties acknowledge and agree that the obligations of Battelle and WG under this Lease, including without limitation their respective guaranties, are

individual and separate as opposed to joint and several. Therefore, (i) in the event Battelle fails to meet its Battelle Guaranty obligation, no Party shall have any right to pursue WG for the same and (ii) in the event WG fails to meet its WG Guaranty obligation, no Party shall have any right to pursue Battelle for the same.

ARTICLE 34 – APPLICATION OF CONSTRUCTION CONTINGENCY FUNDS

If, upon completion of the construction of the Building, Lessor's construction manager has any funds in its account that were contributed by Lessee, the Parties agree that such remaining funds shall be applied to the next-due Bond payment; provided, the Parties agree to make a corresponding adjustment to the next-due Base Rent payment.

ARTICLE 35 - ENTIRE AGREEMENT

This Lease and Exhibits "A", "B", "C" and "D" hereto contain the entire and integrated agreement of the Parties and may not be modified or amended except in writing signed and acknowledged by both Parties.

In the process of securing financing, certain provisions of this Lease may require amendment or conformance with the financing documents. Both Parties agree to cooperate and act in good faith in considering and approving required amendments. In addition, Lessee, Battelle and WG agree to make reasonable disclosures related to and necessary for the process of securing financing.

ARTICLE 36 – BOARD AND CONTRACTING OFFICER APPROVAL

This Lease is executed by the designated representatives of the Parties and entities identified in the signature article below subject to (i) the final approval of the Lease by the State Board of Education and (ii) the Lease satisfying the limiting conditions prescribed in a certain Department of Energy letter dated October 4, 2006 from the contracting officer regarding the Lessee's signature authority for this Lease. Upon the satisfaction of the two foregoing contingencies, this Lease shall be effective immediately and without further consent of or action by the Parties.

ARTICLE 37 – COUNTERPART SIGNATURES

The signatories to this Lease, below, agree that this Lease may be executed in any number of counterparts with the same effect as if all the signatories had signed the same document, and all counterparts shall be construed together and shall constitute one written document.

 President 10/23/06
LESSOR: Idaho State University Title Date

LESSEE: Battelle Energy Alliance, LLC Title Date

BATTELLE MEMORIAL INSTITUTE Title Date

WASHINGTON GROUP Title Date
INTERNATIONAL


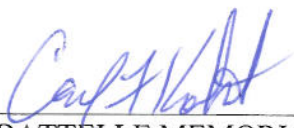

ACKNOWLEDGED AND CONSENTED TO:

University of Idaho Title Date

Boise State University Title Date

ARTICLE 37 – COUNTERPART SIGNATURES

The signatories to this Lease, below, agree that this Lease may be executed in any number of counterparts with the same effect as if all the signatories had signed the same document, and all counterparts shall be construed together and shall constitute one written document.

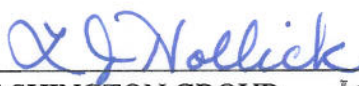
_____ LESSOR: Idaho State University	_____ Title	_____ Date
 _____ LESSEE: Battelle Energy Alliance, LLC	<u>President & Leasing Director</u> _____ Title	<u>10/19/06</u> _____ Date
 _____ BATTELLE MEMORIAL INSTITUTE	<u>President & CEO</u> _____ Title	<u>10/13/06</u> _____ Date
 _____ BATTELLE MEMORIAL INSTITUTE	<u>EVP & CFO</u> _____ Title	<u>10/12/06</u> _____ Date
_____ WASHINGTON GROUP INTERNATIONAL	_____ Title	_____ Date

ACKNOWLEDGED AND CONSENTED TO:

_____ University of Idaho	_____ Title	_____ Date
_____ Boise State University	_____ Title	_____ Date

ARTICLE 37 – COUNTERPART SIGNATURES

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_____ LESSOR: Idaho State University	_____ Title	_____ Date
_____ LESSEE: Battelle Energy Alliance, LLC	_____ Title	_____ Date
_____ BATTELLE MEMORIAL INSTITUTE	_____ Title	_____ Date
 _____ WASHINGTON GROUP INTERNATIONAL	Legal Department Date: <u>10/11/06</u> Attorney: <u>Ma</u> _____ Sr. V.P., Strategic Programs, for President of Energy & Environment Title	<u>Oct. 11, 2006</u> Date

ACKNOWLEDGED AND CONSENTED TO:

_____ University of Idaho	_____ Title	_____ Date
_____ Boise State University	_____ Title	_____ Date

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LESSOR: Idaho State University Title Date

LESSEE: Battelle Energy Alliance, LLC Title Date

BATTELLE MEMORIAL INSTITUTE Title Date

WASHINGTON GROUP Title Date
INTERNATIONAL

ACKNOWLEDGED AND CONSENTED TO:



University of Idaho Title Vice President Finance and Administration Date 16 Oct 06

Boise State University Title Date

ARTICLE 37 – COUNTERPART SIGNATURES

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LESSOR: Idaho State University Title Date


LESSEE: Battelle Energy Alliance, LLC Title Date

BATTELLE MEMORIAL INSTITUTE Title Date

WASHINGTON GROUP
INTERNATIONAL Title Date

ACKNOWLEDGED AND CONSENTED TO:

University of Idaho Title Date



Boise State University Title Date 10/15/06

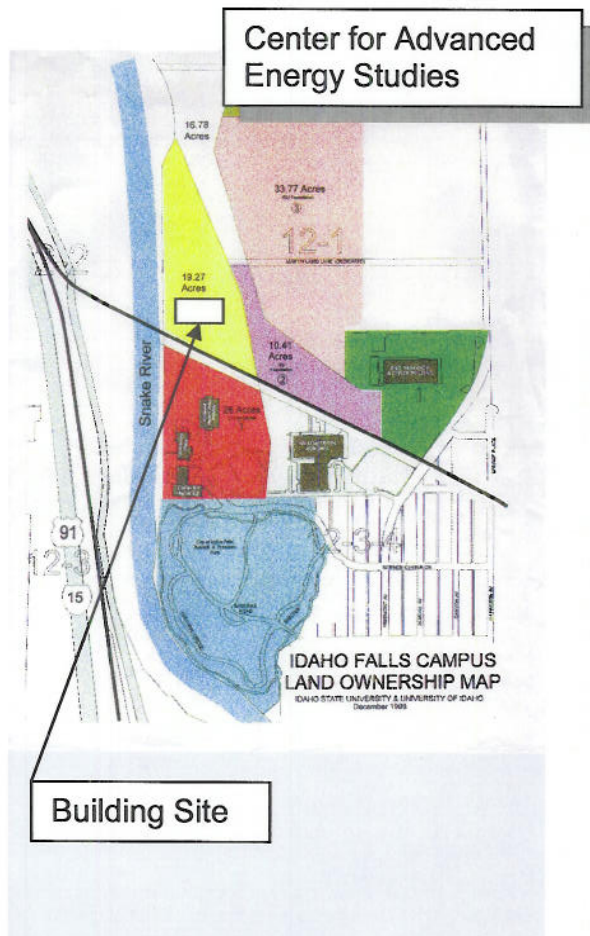
Exhibit A

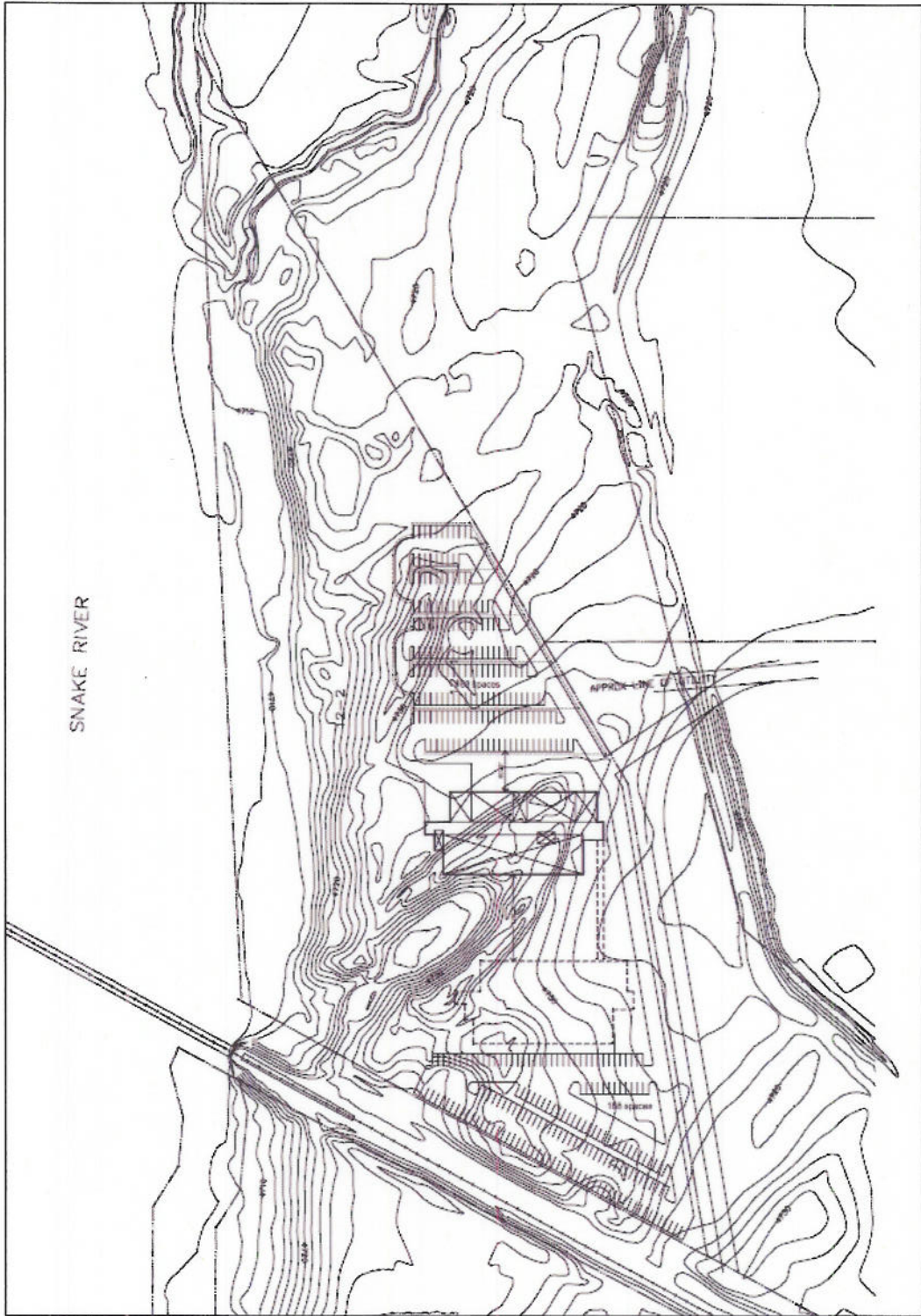
LEASE AGREEMENT NO. 00049377

DESCRIPTION OF PREMISES

The Center for Advanced Energy Studies (CASE) building will be at least 55,000 square feet located on seven acres of State of Idaho property in Idaho Falls, Idaho. The property is part of approximately 19 acres adjacent to land owned by the Idaho State University Foundation. The CAES building is located at 1000 University Boulevard in Idaho Falls, Idaho 83402.

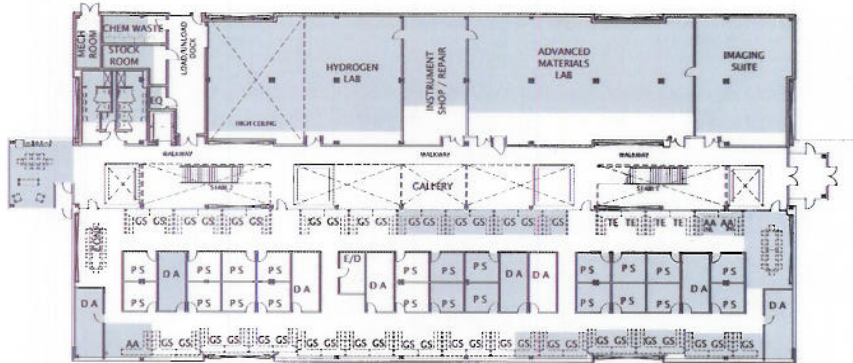
The legal description of the seven acres is: Beginning at the Southeast corner of Lot 1, Block 1, Bureau of Land Management Administration Building Site, Division No. 1, Bonneville County, Idaho; running thence N.10°05'38"W. along the Lot line 707.53 feet; thence N.32°17'32"W. along the Lot line 247.90 feet; thence S.89°52'14"W. 300.96 feet; thence S.10°05'38"E. 693.95 feet to the South line of said Lot 1, thence S.62°58'40"E. along said South line 498.18 feet to the point of beginning.





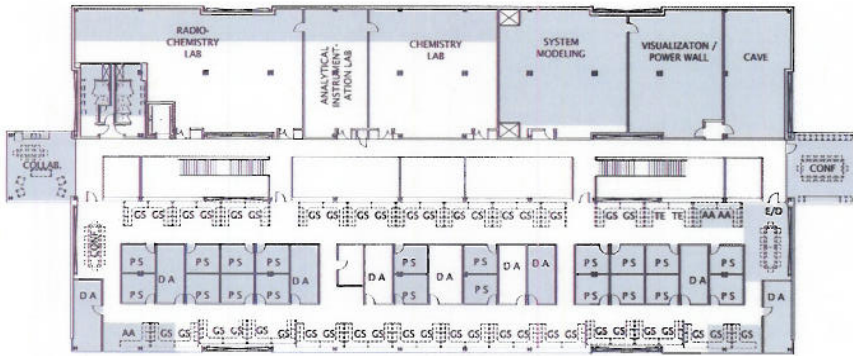
Site Location for the Center for Advanced Energy Studies Building

When completed, the CAES building will consist of offices for senior administrators, researchers, and graduate students. It will also have laboratories for research in hydrogen, advanced materials, chemistry, radiochemistry, system modeling, visualization, analytical instrumentation, and imaging to be used collaboratively by members of the CAES team. Space will also be provided for collection and temporary storage of hazardous waste.



FIRST FLOOR PLAN
1"=20' @ 11x17

LEGEND
 ■ INL
 □ UNIVERSITIES
 Assumes average gross-up factor of 1.5



SECOND FLOOR PLAN
1"=20' @ 11x17

LEGEND
 ■ INL
 □ UNIVERSITIES
 Assumes average gross-up factor of 1.5

The CAES site will provide approximately 168 parking spaces for the building occupants and users.

EXHIBIT B

LEASE AGREEMENT NO. 00049377

COMMENCEMENT DATE AGREEMENT

WHEREAS, by Lease Agreement dated _____, 2006 ("Lease") Lessor leased to Lessee approximately _____ gross square feet of particular space, located in the City of Idaho Falls, Bonneville County, Idaho, (hereinafter called the "Premises") for a period of twenty (20) years ("Term") to commence and expire as provided in Article 2. A of the Lease; and

WHEREAS, Article 2.B of the Lease states that the Commencement Date shall be when the requirements for beneficial occupancy have been met. By fixing a commencement date and termination date and signing this document, Lessor and Lessee agree that those requirements have been met.

NOW, THEREFORE, Lessor and Lessee hereby agree that the Commencement date of the Term shall be _____, 2008, and the Expiration date shall be _____, 2028, unless terminated as otherwise provided in the Lease.

IN WITNESS WHEREOF, the Parties hereunto have executed this Agreement as of the date first above written.

LESSEE:

LESSOR:

BATTELLE ENERGY ALLIANCE, LLC

IDAHO STATE UNIVERSITY

By: _____

By: _____

Title: _____

Title: _____

Date: _____

Date: _____

EXHIBIT C
LEASE AGREEMENT NO. 00049377
BASE RENT

Agreement made this 11th day of December 2006, by and between Idaho State University, an institution of higher education and agency of the State of Idaho, hereinafter called "Lessor" and Battelle Energy Alliance, LLC, a Limited Liability Company organized under the laws of the State of Delaware, hereinafter call "Lessee".

WHEREAS, by Lease Agreement dated October 23, 2006 ("Lease") Lessor leased to Lessee a certain amount of gross square feet (as provided in Article 1 of the Lease), located in the City of Idaho Falls, Bonneville County, Idaho, (hereinafter called the "Premises") for a period of twenty (20) years to commence and expire as provided in Article 2.A of the Lease; and

WHEREAS, Article 3.A of the Lease provides for the Lessor and the Lessee to execute this Exhibit C once the exact monthly rental rate (Base Rent) is known.

NOW, THEREFORE, Lessor and Lessee hereby agree that the Base Rent that Lessee shall pay Lessor, in accordance with the terms of the Lease, is (i) \$44,333.00 from September 5, 2008 through March 5, 2009 and (ii) \$70,842.00 from April 5, 2009 through March 5, 2028 (except as provided below in the following paragraph), which equals approximately 1/6th of the semiannual interest next due on the Bonds and 1/12th of the annual principal payment next due on the Bonds, plus Trustees fees; provided however, at the time the Parties sign the Commencement Date Agreement (Exhibit B of the Lease), the Parties may revise this Exhibit C to specify the actual Base Rent based on the actual Commencement Date. In addition, Lessor and Lessee shall pay Service Rent as provided in Article 3.B of the Lease.

Lessor and Lessee hereby further agree that if the Bond Debt is amortized entirely before the termination of the Lease, the Base Rent shall be \$1.00 per square foot per year. Total square footage leased by Lessee shall be determined by Article 1 of this Lease.

IN WITNESS WHEREOF, the Parties hereunto have executed this Agreement as of the date first above written.

LESSEE:

BATTELLE ENERGY ALLIANCE, LLC

By: 

Title: Director, Supply Chain Management

Date: 12/12/2006

LESSOR:

IDAHO STATE UNIVERSITY

By: 

Title: Financial Vice President

Date: 12/13/06

EXHIBIT "D"

AGREEMENT REGARDING MAINTENANCE
AND OPERATIONS SERVICES

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Signature Block:

1. Introduction

The Center for Advanced Energy Studies (CAES) is a Joint Institute, which brings together the talents, facilities and capabilities of Idaho State University, University of Idaho, Boise State and the Idaho National Laboratory, (including the prime contractor, Battelle Energy Alliance (BEA)). The mission of CAES is to address critical science issues that resolve the many challenges associated with providing an appropriate mix of advanced energy technologies in relation to critical United States and global energy needs. CAES will address a variety of energy sources that are areas critical to ensuring U.S. energy security. Areas of particular concern include, but are not limited to: affordability, limited mission environmental impacts, and leadership in the global energy arena. Advanced energy sources to be researched include nuclear, hydrogen, fossil fuels (coal, oil and gas), and the full spectrum of renewable energy sources.

CAES will advance the education of the next generation of scientists and engineers, engage in long-term university-based research activities, and host a range of national and international events. Activities are being designed to facilitate an informed debate, which will address the questions and issues concerning the best energy technology mix necessary to meet U.S. global needs. This dialogue will present facts about the benefits of various energy sources including nuclear, fossil, renewable, energy in the world energy, and environmental debate, and conduct a wide range of academic and public activities. The Center will serve as a hub for an Idaho universities network and as a conduit for developing collaboration, partnerships and connectivity between researchers.

The CAES facility is located on the Idaho Falls Center for Higher Education campus in Idaho Falls, Idaho. Contributing members of the Center use the building and grounds to collaborate, conduct research and education in support of the Center's mission.

2. Purpose

Pursuant to Article 11 of the Lease Agreement Between Idaho State University and Battelle Energy Alliance, LLC for the Center for Advance Energy Studies, (the "Lease"), the Parties have agreed to set forth in Exhibit "D" of the Lease, the scope and level of maintenance services to be performed by ISU and the parties' pro-rata share of the costs of such services. The purpose of this Exhibit D is to set forth those services and costs and to outline and agree upon basic policies and procedures for the operation and maintenance of the Center for Advanced Energy Studies facility. The CAES Steering Committee (CAESSC) recommends changes to policies and procedures outlined in this Exhibit D, and the Parties hereto must agree in writing, to any amendments.

3. Organization

3.1 Center for Advanced Energy Studies Steering Committee

The CAESSC is responsible for the oversight of the Building's operations and management. The CAESSC consists of one representative from each CAES member, as set forth in the Memorandum of Agreement previously entered into between BSU, ISU, U of I and BEA.

The CAESSC is the first level of institutional partnership and will meet as scheduled by the chair. The CAESSC is responsible for governance and recommendations of:

1. Space assignment and use;
2. Major renovations or remodeling (changes to interior or exterior structure and organization);
3. Policy issues regarding the management and operation of the CAES facility; and
4. Resolution of facility use conflicts.

3.2 Idaho State University

Idaho State University (ISU) is the Lessor pursuant to the Lease and is responsible for collecting rents and managing funds for bond repayment and

facility maintenance. ISU will also administer facility maintenance, renovation, and remodeling projects, and will coordinate with the Idaho Division of Public Works and other Idaho state agencies as necessary.

Safety and security will be administered by ISU Public Safety. Control of hazardous materials will be coordinated as set forth in Section 6.2 herein and in compliance with the terms set forth in the Lease.

3.3 Idaho Falls Center for Higher Education Facilities Maintenance and Management Staff

Day-to-day operation and maintenance of the Building is the responsibility of ISU. The facility administrator and the maintenance and operations staff at the Idaho Falls Center for Higher Education will operate, clean, and maintain the Building. Backup support will be provided through contracted service agreements and from the ISU Pocatello campus.

4. Space Assignments, Utilization and Equipment

4.1 Assignment of Space Within the CAES Building

Facilities within the CAES building are classified as assigned, multi-use, and common.

4.1.1 Assigned Space

Use of offices and research laboratory spaces not leased by BEA will be requested from the CAESSC through the CAES Director. The CAES Director will review all such requests and assign space based on need.

4.1.2 Multi-use Space

Multi-use spaces include all laboratory and laboratory-support spaces not leased to BEA or to other CAES Members or to third parties. These spaces may be temporarily assigned by the CAES Director or left open for occasional use. The cost of maintenance and operations will be the responsibility of the agency to which the space is assigned.

4.1.3 Common Space

Subject to the terms of Article 9.A of the Lease, space used by all building occupants (such as restrooms, hallways, mechanical rooms and custodial closets) are common spaces.

4.2 Service Rent (Occupancy Costs)

Service Rent shall be allocated between the Parties as provided in Articles 3.B and 11 of the Lease.

4.3 Equipment & Furnishings

4.3.1 Furnishings

Lessor and Lessee will provide their own office furnishings. Furnishings must be of high quality to match the decor of the CAES building.

4.3.2 Equipment

Lessor and Lessee will provide their own laboratory equipment, as needed. Equipment will be inventoried into the building by ISU. Subject to the terms of Article 9.C of the Lease, the equipment ownership will be retained by the providing agency and will be inventoried into their respective systems. Maintenance and replacement of the equipment will be under the direction of the owners in coordination with the CAES Director. Once placed in the laboratories, the equipment use will be coordinated with the CAES Director.

5. Facility Maintenance and Operations

5.1 Maintenance

5.1.1 Routine Maintenance

Building maintenance, landscape, and custodial services will be accomplished with ISU employees and/or service contractors under the supervision of ISU.

5.1.2 Renovation and Remodeling

Renovations and improvements shall occur as prescribed in Articles 9 and 10 of the Lease.

5.2 Building Operation

5.2.1 Energy Conservation

The Building is constructed to the highest energy conservation standards reasonable under budget restrictions. The programs operating within the Building are involved in advanced CAES studies of energy sources and systems. In keeping with the spirit of the mission, the Building should operate at peak energy efficiency. All reasonable actions will be taken to keep the Building operating within acceptable energy standards and still support the efforts of the occupants.

5.2.2 Telephone Support

Telephone service and support will be provided by ISU with actual costs covered by Lessor and Lessee in accordance with their respective use.

5.2.3 Signage

Except as provided in Article 11.C of the Lease, ISU shall be responsible for constructing and installing signs in and around the Building. Room numbers and laboratory names will be installed during construction. The cost for name plaques and other agency signs will be the responsibility of the users. All signage, other than name plaques, requires the approval of the CAES Director.

5.2.4 Parking

Parking permits will be required for the Building's parking lot. Lessor shall issue a sufficient number of parking permits to Lessee at no cost to Lessee. The standard Idaho Falls Center for Higher Education permit will be used and is valid

on the Idaho Falls and Pocatello campuses. Sufficient visitor and disability parking will be identified and the lot controlled during special events.

6. Public Safety and Security

6.1 Public Safety

6.1.1 Safety

Safety is the responsibility of all users of the facility. Consistent with Article 7, all users of the facility shall follow ISU safety policies and procedures found electronically at <http://www.isu.edu/departments/pubsafe/>. Regarding the leased Premises, Lessee may supplement these procedures, but ISU policies and procedures must be followed as a minimum. When ISU, UI, or BSU employees are using space assigned to BEA, such employees shall follow BEA-established safety requirements.

General laboratory procedures will be the responsibility of the ISU Technical Safety Office and developed under the direction of the CAESSC in coordination with the Director of CAES and consistent with Article 7 of the Lease.

6.1.2 Security

The CAES facility is designed as open-access to facilitate collaboration. Security badges and check points will not be required unless directed by the CAESSC. A receptionist will be strategically located to assist visitors.

For the convenience of Lessee, crime prevention and reporting policies and procedures can be found electronically at <http://www.isu.edu/departments/pubsafe/>.

6.2 Hazardous and Radioactive Materials

Consistent with Article 27 of the Lease, each Party will be responsible for tracking, recording, and proper use and disposal of all hazardous substances used by that Party, including spills or accidents involving

hazardous substances within the premises, and both planned and unplanned releases to the environment. The Parties shall maintain appropriate inventory and material balance records for their own materials. The Parties shall integrate such data into a CAES computerized database system.