

## LEASE ADDENDUM

This LEASE ADDENDUM ("Addendum"), dated May 6, 2010, is between Jefferson House, L.L.C., a Washington limited liability company ("Lessor"), as successor in interest to Jefferson Company, a Washington partnership, and King County, a political subdivision of the State of Washington ("Lessee").

### RECITALS

Lessor and Lessee are parties to that certain lease, dated December 1, 1998, concerning certain premises located in the Jefferson Building, located at 1401 E. Jefferson St., Seattle, WA. Such lease as amended is referred to herein as the "Lease". The parties desire to modify the Lease to modify the Monthly Rent, and to extend the Term and to modify other terms as described herein.

### AMENDMENT

For good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the parties hereby agree as follows:

1. **Defined Terms:** The defined terms used herein (e.g. "Lease," "Lessor," "Lessee") shall have the same meaning as used in the 1998 Lease, unless stated otherwise or unless the context requires otherwise.
2. **Premises:** The premises have not changed and include Suite 500 located on the 5<sup>th</sup> floor of the Jefferson Building, as shown on Exhibit "A" attached hereto and made a part of this Modification (the "Premises"), which the Parties agree contains 6,218 rentable square feet ("RSF"), in accordance with the ANSI/BOMA Z65.1-1996 Standard of Floor Measurement.
3. **Term:** The term of this Lease shall be extended for 5 years and 3 months, commencing May 1, 2010, and shall terminate on the 31<sup>st</sup> day of July, 2015.
4. **Rent:** As of January 1, 2010, the monthly rent shall be as follows;

Lease Months	Annual Rental Rate Per RSF	Minimum Annual Rent	Monthly Rent
5/1/10 to 07/31/10	\$-0.00-	\$0.00	\$0.00
8/1/10 to 7/31/12	\$21.50	\$133,687.00	\$11,140.58
8/1/12 to 7/31/14	\$22.50	\$139,905.00	\$11,658.75
8/1/14 to 7/31/15	\$23.50	\$146,123.00	\$12,176.92

5. **Operating Expenses and Lessee's Pro Rata Share:** In addition to the monthly rent, Lessee agrees to pay Lessee's Pro Rata Share (as defined below) of all increases in the Operating Expenses (as defined below) above the Operating Expenses of the Base Year, which shall be the calendar year of 2010. If the average occupancy level of the Jefferson Building is not at least ninety five percent (95%) for the Base Year, or for any subsequent year during the remaining Lease term, then the 2010 Base Year Operating Expenses, and the actual Operating Expenses for any such subsequent year, that vary according to the occupancy level of the Jefferson Building shall be proportionately increased by Landlord, in its

reasonable discretion, to reflect those increased Operating Expenses which Landlord estimates would have been incurred had the Jefferson Building been on average 95% occupied throughout the year in question. "Operating Expenses" shall mean Lessor's costs of operating, maintaining and repairing the Jefferson Building and other improvements located at the property where the Premises are located, and shall include but shall not be limited to, all utilities, real estate taxes and assessments, building insurance, common area expenses, building maintenance, and janitorial costs. As of January 1, 2010, the Lessee's Pro Rata Share of the Building shall be thirteen point one three percent (13.13%). Tenant shall pay one-twelfth of its estimated amount of Operating Expenses for a given year (as determined by Landlord) with its monthly rent payment on the sixteenth day of every month starting January 16, 2011. The final Operating Expenses for the year of 2011, and for all future years, will be reconciled following each calendar year's end, and the estimated Operating Expenses for coming years will be determined by Landlord, and billed to Tenant, on a monthly basis.

6. Lessee Improvements: The Premises are leased in their current "as is" condition, except that the Lessor agrees to provide to Lessee a tenant improvement allowance of up to \$10.00 per RSF (\$62,180.00) (the "Allowance") to be used for tenant improvements to the Premises. The Lessee shall be solely responsible to complete all tenant improvements, and all tenant improvements shall be subject to the Lessor's prior written approval. All tenant improvements costing in excess of the Allowance shall be at the sole expense of the Lessee. After Lessee completes any eligible tenant improvements under this paragraph, and submits to Lessor evidence of paid invoices for eligible costs incurred on the tenant improvements, and, if required by Lessor, any lien waivers or releases from any contractors or suppliers providing labor or materials for the tenant improvements, then Lessor shall reimburse Lessee for its tenant improvement costs, in an amount not to exceed the Allowance. The Allowance shall be used solely for building improvements to the Premises and the Jefferson Building and shall not be used for rent credits or for other non-building improvements, including data and phone cabling. In addition to the Allowance, Lessor shall also pay Weaver Architects for a space plan, corresponding work letter and construction documents. The Lessor, at Lessor's expense and not part of the Allowance, also agrees to replace any exterior window glass where the seal has failed and the glass has turned foggy. Lessee will not commence tenant improvement work until receipt of approval of this Lease by King County Council.

7. Parking: Section 7 of the Lease is replaced with the following: During the term of the Lease, the Lessor shall provide up to a maximum of 7 stalls of parking to Lessee, of which 5 stalls shall be in the outside lot located just south and adjacent to the Jefferson Building, and 2 stalls shall be inside the Jefferson Building garage located on the bottom floors of the Jefferson Building

8. Option to Renew: Lessee shall have one option to renew the Lease for three (3) or five (5) years at the then market rate by providing Lessor with not less than six (6) months written notice. Lessee's Notice shall specify whether Lessee wishes to extend the term for three years or for five years. The extended term of the Lease shall be on the same terms and conditions set forth in the Lease, except that at the beginning of the extended term the monthly rent for the extended term shall be adjusted to the then current market rent (as defined below) for comparable buildings in the City of Seattle located east of Interstate 5 for such term; provided that in no event shall the monthly rent payable during the extended term be less than the scheduled monthly rent payable at the end of the immediately preceding term. Lessee's right to extend the term of the Lease shall be subject to the express conditions that: (a) at the time of exercise, and at all times prior to commencement of the extended term, no event of default by Lessee shall have continued beyond any applicable notice and cure period; and (b) the extension option is personal to Lessee and may not be transferred by Lessee without Lessor's consent given in accordance with this Lease.

For purposes of this Lease, the term "market rent" shall mean the rate per rentable square foot that tenants are paying for comparable space in comparable buildings in the City of Seattle located east of Interstate 5 for leases having a similar term, and for leases using a base year concept for passing

through operating expense increases. Lessor shall advise Lessee in writing of Lessor's determination of market rent for the Premises not later than thirty (30) days after Lessee exercises its extension right by giving Lessor the notice described in the preceding paragraph. Within thirty (30) days after receiving Lessor's determination of market rent, Lessee shall notify Lessor in writing whether or not Lessee accepts Lessor's determination of market rent. If Lessee disagrees with Lessor's determination of market rent, Lessee shall advise Lessor of Lessee's determination of market rent in the notice required pursuant to the preceding sentence. If Lessee fails to so notify Lessor prior to expiration of its thirty (30) day response period, then Lessee's notice exercising its renewal rights under this Section shall be deemed null and void. If Lessee so notifies Lessor but does not accept Lessor's determination of market rent, the parties shall promptly meet and attempt to resolve their differences. If the parties have not agreed on the market rent within fifteen (15) days after Lessee notifies Lessor that it does not accept Lessor's determination of market rent, then the matter shall be determined by arbitration as provided below. The last day of such fifteen (15) day period is the "Arbitration Commencement Date."

The arbitration will be conducted by an independent, state certified commercial real estate appraiser selected by Lessor who has been active over a ten (10) year period ending on the Arbitration Commencement Date in the appraisal of office properties in King County, Washington. Within fifteen (15) days after his or her appointment, the appraiser shall determine market rent by selecting the market rent rate proposal of either Lessor or Lessee, whichever the appraiser determines to more closely reflect a market rent for the Premises. The appraiser may not determine market rent in any other manner, and the appraiser's determination shall be binding on the parties. The cost of the arbitration will be paid by the party whose market rent proposal is not selected by the arbitrator.

9. Insurance: Lessee at its sole cost and expense shall carry and maintain commercially general liability insurance in the amount of not less than \$2 million per person, \$4 million per accident, and \$2 million for property damage. The insurance shall be maintained on an occurrence basis and shall include a contractual liability endorsement. If Lessee is self insured, then Lessee shall show proof of said insurance capacity. The Lessor acknowledges, accepts, and agrees that Lessee, a charter county government under the constitution of the State of Washington, hereinafter referred to as "Lessee," maintains a fully funded self-insurance program as defined in King County Code 4.12 for the protection and handling of the Lessee's liabilities including injuries to persons and damage to property. Lessor acknowledges, agrees and understands that Lessee is self-funded for all of its liability exposures. Lessee agrees, at its own expense, to maintain, through its self-funded program, coverage for all of its liability exposures for this Lease. Lessee agrees to provide Lessor with at least thirty (30) days prior written notice of any material change in Lessee's self-funded program and will provide Lessor with a certificate of self-insurance as adequate proof of coverage. Lessor further acknowledges, agrees and understands that Lessee does not purchase Commercial General Liability insurance and is a self-insured government entity; therefore, Lessee does not have the ability to add Lessor as an additional insured. Should Lessee elect cease self-insuring its liability exposures and purchase Commercial General Liability insurance, Lessee agrees to add Lessor as an additional insured.

10. Right of Refusal: Section 5 of the Lease is deleted and replaced with the following: Lessee shall have an ongoing right of first refusal to lease the vacant NE corner of the 5th floor of the Jefferson Building, which contains approximately 1,730 RSF (the "ROFR Space") on the terms set forth in this paragraph. If Lessor receives an offer to lease the ROFR Space on terms satisfactory to Lessor (the "ROFR Proposal"), then Lessor shall give notice thereof to Lessee, and shall include in the notice the material terms contained in the ROFR Proposal. Lessor need only give to Lessee in the ROFR Proposal those lease terms typically found in a letter of intent or term sheet, and Lessor shall not be obligated to fully negotiate a lease on the ROFR Space with a third party before providing the ROFR Proposal to

Lessee under this paragraph. Lessee shall have ten (10) business days after receipt of the ROFR Proposal in which to notify Lessor that Lessee wishes to lease the ROFR Space on the terms contained in the ROFR Proposal, provided Lessee's failure to provide written notice of its intention to lease the ROFR Space during this ten (10) business day period shall be deemed to be Lessee's irrevocable election not to lease such space on the terms offered. If Lessee elects not to, or is deemed to have not elected to, lease the ROFR Space on the terms offered, then Lessor is free to lease the ROFR Space to the interested prospective third party tenant pursuant to the ROFR Proposal. If Lessor does not subsequently enter into a lease agreement with the third party on the ROFR Space on substantially the terms contained in the ROFR Proposal, then Lessor shall again offer Lessee the opportunity to lease the ROFR Space on terms provided in this paragraph upon Landlord's receipt of an acceptable proposal from an alternate third party lessee. If Lessee timely accepts the ROFR Proposal, then Lessor shall prepare for Lessee's signature an amendment to this Lease to incorporate the ROFR Space into this Lease on the terms contained in the ROFR Proposal. Notwithstanding the foregoing, if the term of the ROFR Space offered exceeds the remaining term of the Lease at the time of Lessee's acceptance, then that portion of the term of the ROFR Space proposal shall be eliminated, so that Lessee's lease of the ROFR Space is co-terminus with the term of this Lease. If the ROFR Proposal is for a term less than the remaining term on this Lease, then the Lease amendment incorporating the ROFR Space shall provide that, following the expiration of the term under the ROFR Proposal, and until the expiration of the term of this Lease, Tenant shall lease the ROFR Space on the same terms and conditions as are provided for the Premises under this Lease. Lessor and Lessee shall execute a Lease Amendment for the ROFR Space within thirty (30) days after Lessee's notice to Lessor that it accepts the ROFR Proposal.

11. Lessor's Address: The Lessor's address for both Notices and for Rent Payments shall be as follows:

Jefferson House LLC  
c/o MaKensay Real Estate Services Inc  
76 S. Washington Street, Suite M-102  
Seattle, WA 98104

12. Property Manager: The Property Manager has changed and is now as follows:

MaKensay Real Estate Services Inc  
76 S. Washington Street, Suite M-102  
Seattle, WA 98104

13. Representation: MaKensay Real Estate Services Inc. represents the Lessor in this Addendum and Washington Partners, Inc. represents the Lessee. The Lessee acknowledges that they have previously received and reviewed the pamphlet entitled "The Law of Real Estate Agency".

14. Cancellation Policy: Section 2.3 of the Lease is deleted and replaced with the following: Lessor's obligations to Lessee, if any, that extend beyond a current year (initially to be the calendar year of 2010) are contingent upon approval of the Lease by the King County Council or appropriation by the King County Council of sufficient funds to pay such obligations. Should such approval or appropriation not occur, or if grant funding is cancelled or not renewed, Lessee shall immediately so advise Lessor, and in any event such notice shall be given to Lessor at least forty-five (45) days prior to the end of the then-current calendar year. In the event of such a timely notice from Lessee, the Lease and all obligations hereunder (except those that expressly survive expiration or sooner termination of the Lease) will terminate at the end of the calendar year in which such approval or appropriations is not given, except that Lessee shall reimburse Lessor prior to the end of such calendar year an amount equal to the unamortized tenant improvement costs, architectural fees and commissions incurred by Lessor, which amount shall be determined by Lessor on a straight line basis, based on the total number of full or partial months elapsed between May 1, 2010 and the date of early termination, as compared to the total number

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of months in the Lease term created in this Addendum (i.e., 63 months). Lessor shall not expend any funds which will create an expense to be amortized (tenant improvement costs, architectural fees, and commissions) until this Lease has been approved by the King County Council.

15. Dispute Resolution; Costs and Attorney's Fees: Dispute resolution shall be governed by Paragraph 13 of the Lease which provides for mandatory arbitration; any legal action as referenced in Paragraph 23 shall be limited to enforcement of the arbitration agreement or an arbitration award, jurisdiction and venue of which shall lie in the King County Superior Court. The maximum costs and attorney's fees as defined by Paragraph 23 of the Lease shall be capped at \$25,000 per incident with an annual calendar year maximum of \$25,000.00. The costs and attorney's fees shall be assessed against the losing party in any binding dispute resolution proceeding including mandatory arbitration.

16. Except as modified by this Addendum, the terms of the Lease remain in full force and effect. In case of a conflict between the terms of this Addendum and the terms of the Lease, the terms of this Addendum shall control.

EXECUTED as of the date first set forth above.

Lessor: Jefferson House LLC

By: [Signature]  
Its: Manager

Lessee: King County

By: [Signature]  
Its: Manager, Red Estate Services

Approved as to Form:

[Signature]  
Senior Deputy Prosecuting Attorney

JUVENILE COURT SERVICES

By: Bruce Knuth

Date: 4/8/10

STATE OF WASHINGTON

ss.

COUNTY OF KING

I certify that I know or have satisfactory evidence that James R. Wolfe is the person who appeared before me, and said person acknowledged that said person signed this instrument, on oath stated that said person was authorized to execute the instrument and acknowledged it as the Manager/member for the Lessor who is Jefferson House LLC, a Washington limited liability company, to be the free and voluntary act of such limited liability company for the uses and purposes mentioned in the instrument.

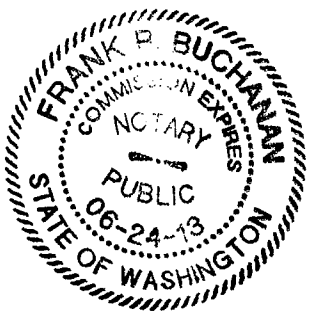
Dated this 6<sup>th</sup> day of May, 2010.

Frank R. Buchanan  
(Signature of Notary)

Frank R. Buchanan

(Legibly Print or Stamp Name of Notary)

Notary public in and for the state of Washington,  
residing at Meru Island, WA  
My appointment expires 6-24-13



STATE OF Washington

ss.

COUNTY OF King

I certify that I know or have satisfactory evidence that Stephen Salyak is the person who appeared before me, and said person acknowledged that said person signed this instrument, on oath stated that said person was authorized to execute the instrument and acknowledged it as the manager of King County Real Estate Services Section, to be the free and voluntary act of such county for the uses and purposes mentioned in the instrument.

Dated this \_\_\_\_\_ day of May, 2010.

Mark R. Phillips  
(Signature of Notary)

Mark R. Phillips

(Legibly Print or Stamp Name of Notary)

Notary public in and for the state of Washington  
residing at Bellevue  
My appointment expires 7/1/12

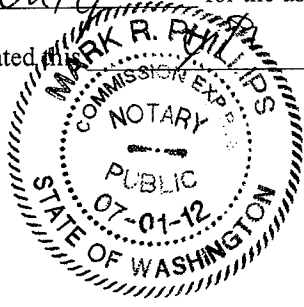
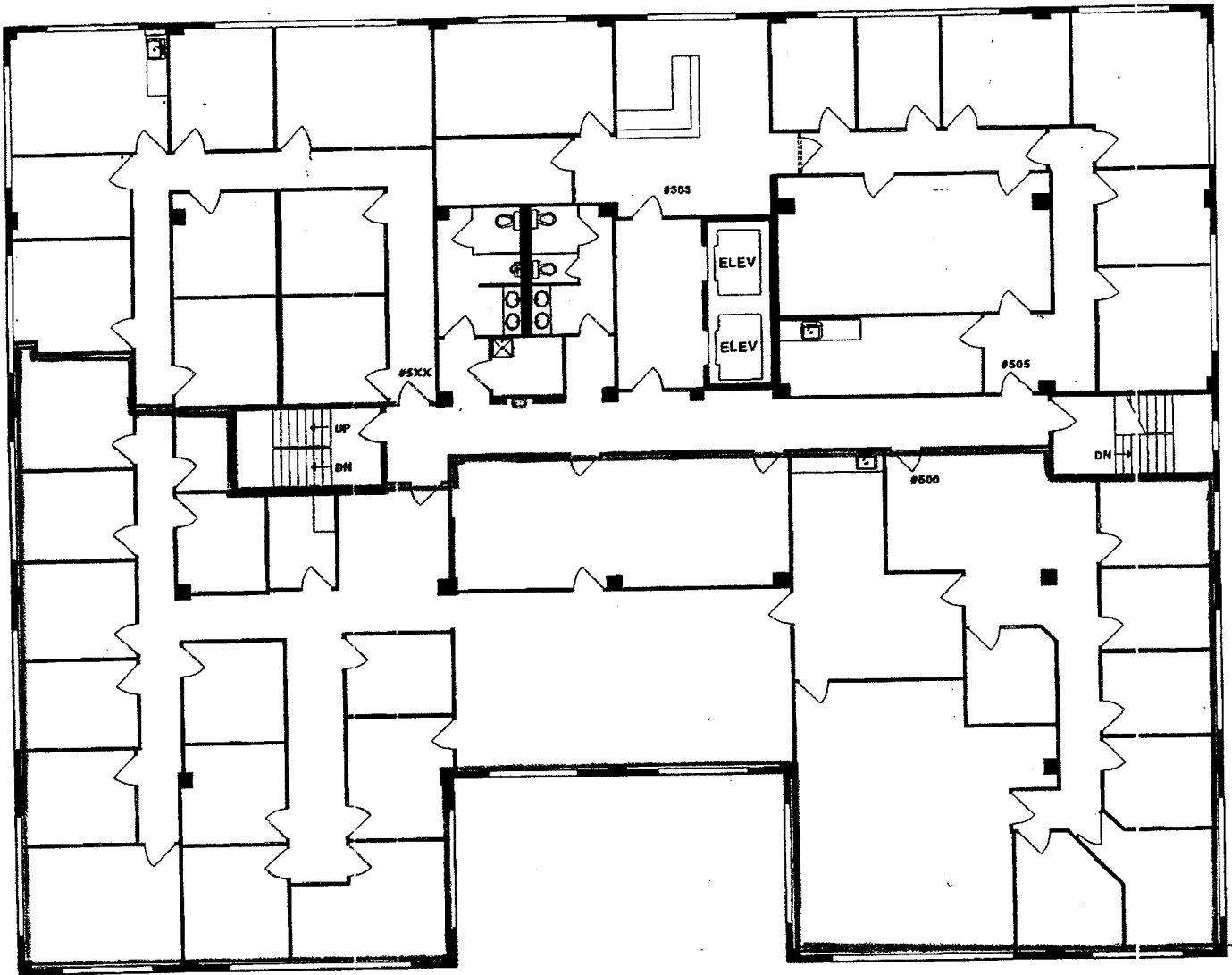


EXHIBIT "A"

THE JEFFERSON BUILDING

5th FLOOR



  
**AS BUILT**  
**FLOOR PLANS**  
SEATTLE  
(20) 1286-4067