

**ATTACHMENT B:**

**FIRST AMENDMENT OF LEASE**

## FIRST AMENDMENT OF LEASE

THIS FIRST AMENDMENT OF LEASE ("Amendment") is dated \_\_\_\_\_, 2014, for reference purposes only, by and between JEFFERSON HOUSE LLC, a Washington State limited liability company ("Landlord"), and KING COUNTY, a municipal corporation ("Tenant") and is intended to amend that certain lease between Landlord and Tenant dated March 26, 2014 located at 1401 E. Jefferson Street, Suite 400 ("Lease") on the terms provided herein.

### RECITALS

Landlord and Tenant are parties to the above-mentioned Lease and wish to amend certain provisions thereof for the purpose of rectifying typographical errors and changing certain terms herein.

### AMENDMENT

NOW, THEREFORE, Landlord and Tenant agree to amend the Lease pursuant to the terms and conditions contained herein. All capitalized terms not otherwise defined in the Lease shall have the meaning set forth herein. In the event of a conflict between terms defined in the Lease and in this Amendment, the definitions herein shall control. The recitals are hereby incorporated into this Amendment as if fully set forth below.

1. The following sentence in Section 8.a (OPERATING COSTS) of the Lease is hereby amended to correct a typographical error as follows, as indicated by the bolded and underlined text:

Operating Costs shall not include: Landlord's income tax or general corporate overhead; depreciation on the Building or equipment therein; loan payments; real estate brokers' commissions; capital improvements to or major repairs of the Building shell (that is, the Building structure, exterior walls and roof) not otherwise permitted as described above; or any other costs regarding the operation, maintenance and repair of the Premises, the Building, or the Property paid directly by Tenant or other tenants in the Building.

2. The fourth paragraph of Section 8.b (OPERATING COSTS) of the Lease is hereby deleted in its entirety and replaced with the following paragraph and the change is indicated by the underlined and bolded text::

Within one-hundred twenty (120) days after receipt of the Operating Costs Statement, Tenant may give Landlord written notice (the "Review Notice") that Tenant intends to review Landlord's records of the Operating Costs for the calendar year to which the Operating Costs Statement applies. Within a reasonable time after receipt of the Review Notice, Landlord shall make all pertinent records available for inspection that are reasonably necessary for Tenant to conduct its review. If any records are maintained at a

location other than at the Building, Tenant may either inspect the records at such other location or pay the reasonable cost of Landlord copying and shipping the records. If Tenant retains a third party to review Landlord's records, the third party must be a CPA licensed to do business in the State of Washington, and may not be compensated on a contingent fee or percentage of recovery basis. Tenant shall be solely responsible for all costs, expenses and fees incurred for the audit unless such audit reveals Landlord's overcharge of the Operating Costs by 5% or more in which case all associated costs of the audit shall be paid by Landlord. **Except as required by the Washington Public Records Act, ch. 42.56 RCW, and other applicable law, any records provided by the Landlord and the information and results of any audit conducted by or on behalf of Tenant pursuant to this Section 8 shall be kept confidential by Tenant and any third party it retains.** With the exception of Tenant's auditors and legal counsel, Tenant shall not discuss the results of the audit with any third parties. Tenant shall not be entitled to inspect or audit the books and results of Landlord more than once per calendar year.

3. The following sentence in the fifth paragraph of Section 8.b (OPERATING COSTS) of the Lease is hereby amended as follows, as indicated by the bolded and underlined text:

If Tenant fails to give Landlord an Objection Notice within the 45 day period, or fails to provide Landlord with a Review Notice within the **120** day period described above, Tenant shall be deemed to have approved Landlord's Operating Costs Statement and shall be barred from raising any claims regarding the Operating Costs for the prior year.

4. The following paragraph is hereby added as the final paragraph in Section 8.b of the Lease:

If after good faith efforts, but not more than forty-five days after the submission of the Objection Notice to the Landlord, the parties are unable to reach agreement, the Tenant may submit the issue of the appropriate Operating Cost recovery to binding arbitration administered by the American Arbitration Association in accordance with its Commercial Arbitration Rules, to be conducted by a mutually acceptable single arbitrator with not less than ten (10) years' experience as a real estate attorney, or a retired judge with experience in commercial real estate litigation and/or leases. The parties agree that the arbitration shall be by document submission only. Any overcharge or undercharge determined by the arbitrator shall be paid by the appropriate party to the other within thirty (30) days of the arbitrator's decision. The arbitrator shall also determine the prevailing party and the non-prevailing shall pay to the prevailing party its reasonable attorneys' fees and costs as provided in this Lease.

5. The first paragraph of Section 16.a (DESTRUCTION OR CONDEMNATION) of the Lease is hereby deleted in its entirety and replaced with the following paragraph:

If the Premises are partially damaged, but not rendered untenable, by fire or other insurable casualty, then Landlord shall diligently restore the Premises and this Lease shall not terminate; provided that, in the event insurance proceeds are not sufficient to pay for the entire cost to restore the Premises to their former condition, then the Landlord may



elect to terminate this Lease and keep the insurance proceeds, by notifying Tenant within sixty (60) days of the date of such casualty. Notwithstanding any other provision of this Lease, upon such termination, the Tenant shall have no further obligations under this Lease. The Premises shall not be deemed untenable if less than twenty-five percent (25%) of the Premises are damaged

6. The third paragraph of Section 16.a (DESTRUCTION OR CONDEMNATION) of the Lease is hereby repealed in its entirety and replaced with the following paragraph and the change is indicated by the underlined and bolded text:

If Landlord restores the Premises under this Section 16(a), Landlord shall proceed with reasonable diligence to complete the work, and the base monthly rent shall be abated in the same proportion as the **damaged or destroyed** portion of the Premises bears to the whole Premises, provided that there shall be a rent abatement only if the damage or destruction of the Premises did not result from, or was not contributed to directly or indirectly by the act, fault or neglect of Tenant, or Tenant's officers, contractors, licensees, agents, servants, employees, guests, invitees or visitors.

7. The first sentence of Section 17 (INSURANCE) of the Lease is hereby deleted in its entirety and replaced with the following sentence and the change is indicated by the underlined and bolded text:

The Landlord acknowledges, accepts, and agrees that Tenant, a charter county government under the constitution of the State of Washington, hereinafter referred to as "Tenant," maintains a fully funded self-insurance program **as permitted by King County Code 2.21** for the protection and handling of the Tenant's liabilities including injuries to persons and damage to property.

8. Section 21.d is hereby deleted in its entirety and replaced with the following and the change is indicated by the underlined and bolded text:

Other Non-Monetary Defaults. Tenant breaches any agreement, term or covenant of this Lease other than one requiring the payment of money and not otherwise enumerated in this Section, and the breach continues for a period of thirty (30) days after notice by Landlord to Tenant of the breach, **provided, however, that if the nature of Tenant's obligation is such that a longer period of time is required for its performance, then Tenant shall not be deemed to be in default if it shall commence such performance within such thirty (30) day period and thereafter diligently prosecutes the same to completion.**

9. The paragraph that follows Section 21.e is hereby deleted in its entirety and replaced with the following and the change is indicated by the underlined and bolded text:


Landlord shall in no event be in default in the performance of any of Landlord's obligations under this Lease unless and until Landlord shall have failed to perform such obligations within thirty (30) days, or in the event of an emergency situation which

materially affects the use and occupancy of the Premises by Tenant, within five (5) days after notice by Tenant to Landlord specifying wherein Landlord has failed to perform any such obligations and specifying if Tenant believes it to be an emergency condition, provided, however, that if the nature of Landlord's obligation is such that a longer period of time is required for its performance, then Landlord shall not be deemed to be in default if it shall commence such performance within such thirty (30) day period, or such five (5) day period, as applicable, and thereafter diligently prosecute the same to completion. Notwithstanding the foregoing, in the event of an emergency, if a Landlord default results in a risk to the health or safety of persons in the Building, or poses an eminent risk of significant damage to the Building, the Tenant shall be permitted to take reasonable measures to protect such health and safety or prevent damage to the Building **and shall be entitled to payments from the Landlord for such costs upon presentation of reasonable supporting documentation.** Tenant shall use reasonable good faith efforts to notify Landlord or its property manager by telephone as soon as possible of any emergency affecting the Building or its occupants. In the event that any such default is not cured within the applicable cure period, Tenant may, without any obligation to do so, make such payments and do such work or otherwise perform Landlord's covenants all on behalf of and at the expense of Landlord. The Landlord agrees to pay to Tenant forthwith the amount of the payment so made and the costs and expenses incurred upon presentation of reasonable supporting documentation thereof.

- 10. All other terms, conditions, specifications and requirements of the Lease, as amended, shall remain unchanged and in full effect, except as specifically amended herein.

**LANDLORD:**  
**JEFFERSON HOUSE LLC**  
 a Washington Limited Liability Company

**TENANT:**  
**KING COUNTY**, a political subdivision of  
 the State of Washington

BY:   
 NAME: James Wolfe  
 ITS: Manager  
 DATE: 12/10/2014

BY: \_\_\_\_\_  
 NAME: \_\_\_\_\_  
 ITS: \_\_\_\_\_  
 DATE: \_\_\_\_\_

APPROVED AS TO FORM:  
 BY: \_\_\_\_\_



STATE OF WA )  
 ) ss  
COUNTY OF King )

On this 10 day of December, 2014, before me, the undersigned, a Notary Public in and for the State of WA, duly commissioned and sworn, personally appeared James Wolfe, to me known to be the Manager / member of Jefferson House LLC, who executed the foregoing instrument and acknowledge the said instrument to be the free and voluntary act and deed of said corporation, for the uses and purposes therein mentioned, and on oath stated that said person was authorized to execute said instrument for Jefferson House LLC.

WITNESS my hand and official seal hereto affixed the day and year in this certificate above written.

Melissa Lutz  
Printed Name: Melissa Lutz  
NOTARY PUBLIC in and for the State of WA, residing at Seattle  
My Commission Expires: 2/2/2016



STATE OF WASHINGTON )  
 ) ss  
COUNTY OF KING )

On this \_\_\_\_\_ day of \_\_\_\_\_, 2014, before me, the undersigned, a Notary Public in and for the State of Washington, duly commissioned and sworn, personally appeared \_\_\_\_\_, to me known to be the \_\_\_\_\_ of the Facilities Management Division, King County, a political subdivision of the State of Washington, who executed the foregoing instrument and acknowledge the said instrument to be the free and voluntary act and deed of King County, for the uses and purposes therein mentioned, and on oath stated that said person was authorized to execute said instrument for King County.

WITNESS my hand and official seal hereto affixed the day and year in this certificate above written.

\_\_\_\_\_  
Printed Name: \_\_\_\_\_  
NOTARY PUBLIC in and for the State of Washington, residing at \_\_\_\_\_  
My Commission Expires: \_\_\_\_\_

