

**FIRST AMENDMENT TO  
LEASE AGREEMENT WITH OPTION TO PURCHASE**  
(Merced, California)

This First Amendment to Lease Agreement with Option to Purchase ("Amendment") is made effective this \_\_\_\_ day of \_\_\_\_\_, 2013, by and between the MERCED DESIGNATED LOCAL AUTHORITY, AS SUCCESSOR AGENCY TO THE REDEVELOPMENT AGENCY OF THE CITY OF MERCED, a California public body, corporate and politic ("**Lessor**"), successor in interest to the former Redevelopment Agency of the City of Merced ("**Original Lessor**") and COSTCO WHOLESALE CORPORATION, a Washington corporation ("**Lessee**"), with reference to the following facts:

A. Original Lessor and Lessee entered into that certain Lease Agreement with Option to Purchase dated July 13, 1993, as amended by that certain Agreement to Renew Commercial Lease dated June 7, 2004 ("**Lease**") covering those certain premises consisting of approximately 82,000 square feet located in Merced, California ("**Property**"), as more particularly described in the Lease.

B. Pursuant to Assembly Bill 1x 26, as amended by AB 1484, the Original Lessor was dissolved as of January 31, 2012. Effective February 1, 2012, Lessor assumed the rights and obligations of the Original Lessor under the Lease.

C. Lessor and Lessee have previously entered into that certain First Amendment to Lease Agreement with Option to Purchase dated May 24, 2013 ("**May Amendment**"), which was not approved by the California Department of Finance in accordance with Assembly Bill 1x 26, as amended by AB 1484. This Amendment shall supersede and replace the May Amendment.

D. Lessor and Lessee each desire to modify the Lease in the manner provided below, in order to provide Lessor with additional time to complete its obligations with respect to the remediation of environmental hazards existing on the Property, as described in the Lease.

NOW, THEREFORE, in consideration of the foregoing facts and for other good and valuable consideration, the receipt and adequacy of which are hereby acknowledged, the parties hereby agree as follows:

1. Lease Term. The term of the Lease is hereby extended for an additional one (1) year period, commencing on July 13, 2013 and terminating on July 12, 2014 (the "**Second Renewal Term**"). In the event that Lessor has not provided Lessee with the written notification described in Section 13 of the Lease prior to the end of the Second Renewal Term, the Lease shall automatically extend on a year-to-year basis (each a "**Subsequent Renewal Term**"), until such time as the written notification described in Section 13 (herein the "**Written Notification**") has been delivered by Lessor to Lessee, provided however, that either Lessor or Lessee may terminate the Lease at any time after July 12, 2014 upon not less than twelve (12) months prior written notice to the other party, subject however to each party's obligations under the Lease, including but not necessarily limited to Section 11.

2. Rent. Rent for the Second Renewal Term shall be Sixty One Thousand One Hundred Dollars (\$61,100.00) per year, payable in monthly installments in accordance with the Lease. Rent for any Subsequent Renewal Term shall be determined in accordance with the procedures identified in Section 7 of the Lease. All said rent shall be paid to: Merced Designated Local Authority, c/o Kosmont Companies, 865 S. Figueroa Street, Suite 3500, Los Angeles, CA 90017.

3. Option to Purchase.

a. The Second Renewal Term and each Subsequent Renewal Term described herein shall each constitute a “renewal term” for all purposes under the Lease, including but not necessarily limited to Section 13 of the Lease.

b. Upon delivery of the Written Notification by Lessor to Lessee, Lessee shall have 365 days (herein the “**Option Period**”) to purchase all or part of the Property. Notwithstanding Section 1 above, upon delivery of the Written Notification, the Lease shall terminate upon the earlier of (a) closing of the Purchase of all or a portion of the Property by Lessee, or (b) the expiration of the Option Period.

c. In the event Lessee elects to purchase all or a portion of the Property, Lessee shall provide Lessor with at least sixty (60) days prior written notice (herein the “**Option Notice**”) of the date Lessee intends to close the purchase of all or a portion of the Property. The date of closing shall be determined by Lessee, provided that closing shall occur on or before the expiration of the Option Period, unless such expiration date is extended by the parties.

4. Counterparts. This Amendment may be signed upon any number of counterparts with the same effect as if the signatures to any counterpart were upon the same instrument.

5. Effect of this Amendment. Except as modified by the terms of this Amendment, all the provisions of the Lease shall remain unmodified and in full force and effect.

6. Defined Terms. Any term commencing with an initial capital letter which is not otherwise defined herein shall have the same meaning in this Amendment as such term has in the Lease.

7. Conflict or Inconsistency. In the event there is any conflict or inconsistency between the terms and conditions of this Amendment and the terms and conditions of the Lease, the terms and conditions of this Amendment shall control and govern the rights and obligations of Lessor and Lessee.

8. Termination of May Amendment. The May Amendment shall terminate upon the effectiveness of this Amendment, at which time this Amendment shall supersede and replace the May Amendment in its entirety.

IN WITNESS WHEREOF, this Amendment has been executed as of the date first set forth above.

LESSOR:

MERCED DESIGNATED LOCAL AUTHORITY,  
AS SUCCESSOR AGENCY TO THE  
REDEVELOPMENT AGENCY OF THE CITY OF  
MERCED, a  
California public body, corporate and politic

By: \_\_\_\_\_

Its: \_\_\_\_\_

LESSEE:

COSTCO WHOLESALE CORPORATION,  
a Washington corporation

By: \_\_\_\_\_ 

Its: Vice President /  
ASSISTANT SECRETARY

STATE OF CALIFORNIA )  
 )  
COUNTY OF \_\_\_\_\_ )

On \_\_\_\_\_, 2013, before me, \_\_\_\_\_, the undersigned, a notary public, personally appeared \_\_\_\_\_, the \_\_\_\_\_ of the Merced Designated Local Authority, personally known to me to be the person whose name is subscribed to the within instrument and acknowledged to me that he/she executed the same in his/her authorized capacity, and that by his/her signature on the instrument the person, or the entity upon behalf of which the person acted, executed the instrument.

WITNESS my hand and official seal.

\_\_\_\_\_  
Notary Public

\_\_\_\_\_  
Name (Typed or Printed)

(Notarial Seal)

STATE OF WASHINGTON )  
 )  
COUNTY OF KING )

On July 19, 2013, before me, Rick Jerabek, the undersigned, a notary public, personally appeared Richard J. Olin, Vice President and Assistant Secretary of Costco Wholesale Corporation, personally known to me to be the person whose name is subscribed to the within instrument and acknowledged to me that she executed the same in her authorized capacity, and that by his signature on the instrument the person, or the entity upon behalf of which the person acted, executed the instrument.

WITNESS my hand and official seal.



Rick Jerabek  
Notary Public

RICK JERABEK  
Name (Typed or Printed)

(Notarial Seal)