

GENERAL SERVICES ADMINISTRATION PUBLIC BUILDINGS SERVICE <b>SUPPLEMENTAL LEASE AGREEMENT</b>	<b>SUPPLEMENTAL AGREEMENT</b> No. 1	DATE 14 NOV. 2011
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TO LEASE NO. **GS-09B-01964**

ADDRESS OF PREMISES **1010 S. Broadway, Suite "J", Santa Maria, CA 93454-0000**

THIS AGREEMENT, made and entered into this date by and between **Gordon Gill Associates**

Whose address is: **1010 South Broadway, Suite "G", Santa Maria, CA 93454-0000**

hereinafter called the Lessor, and the **UNITED STATES OF AMERICA**, hereinafter called the Government:  
**WHEREAS**, the parties hereto desire to amend the above Lease to clarify tax adjustment, operating costs and delete Paragraph B. 3. Term and substitute therefore.

**NOW THEREFORE**, these parties for the considerations hereinafter mentioned covenant and agree that the said Lease is amended effective upon execution by the Government as follows

Part II, B. Term, 3 is deleted in its entirety and the following substituted therefore:

"Part II, B. Term, 3. TO HAVE AND HOLD the Premises with their appurtenances for the term beginning October, 1, 2011 through September 20, 2021 (ten years, five years firm). The Government may terminate this lease in whole or in part effective any time after the fifth (5<sup>th</sup>) year of this lease giving at least ninety (90) calendar days prior notice in writing to the Lessor. No rental shall accrue after the effective date of termination. Said notice shall be computed commencing with the day after the date of mailing.

Paragraphs 12 and 13 are added to Part II of GSA Form 3626

**12. Operating Cost:** The base rate for the purposes of operating cost escalation is established at \$7.94 per rentable square foot per annum.

**13. Tax Adjustment:** For purposes of tax escalation, the Government occupied 1754/10,056 rentable square feet (0.1743%)

Continued on next page

IN WITNESS WHEREOF, the parties subscribed their names as of the above date.

LESSOR: **Gordon Gill Associates**

BY *Gordon Gill* (Signature) *President* (Title)

IN THE PRESENCE OF (witnessed by:)

*Ann E. Hill* (Signature) 

**UNITED STATES OF AMERICA: GENERAL SERVICES ADMINISTRATION**

By *Sherry Smith* Lease Contracting Officer -

LESSOR: *[Signature]* GOVT:

### Page 2 to Supplemental Lease Agreement 1 to Lease GS-09B-01964

SOLICITATION FOR OFFERS GS-09B-01964 is amended as follows:

A. The following paragraphs are added.

**M. OPERATING COSTS ADJUSTMENT (JAN 2011)**

A. Beginning with the second year of the Lease and each year thereafter, the Government shall pay annual incremental adjusted rent for changes in costs for cleaning services, supplies, materials, maintenance, trash removal, landscaping, water, sewer charges, heating, electricity, and certain administrative expenses attributable to occupancy.

B. The amount of adjustment will be determined by multiplying the base rate by the annual percent of change in the Cost of Living Index. The percent change will be computed by comparing the index figure published for the month prior to the Lease commencement date with the index figure published for the month prior which begins each successive 12-month period. For example, a Lease which commences in June of 2005 would use the index published for May of 2005, and that figure would be compared with the index published for May of 2006, May of 2007, and so on, to determine the percent change. The Cost of Living Index will be measured by the Department of Labor revised Consumer Price Index for urban wage earners and clerical workers, U.S. city average, all items figure, (1982 to 1984 = 100) published by the Bureau of Labor Statistics. Payment will be made with the monthly installment of fixed rent. Rental adjustments will be effective on the anniversary date of the Lease; however payment of the adjusted rental rate will become due on the first workday of the second month following the publication of the Cost of Living Index for the month prior to the commencement of each 12-month period.

C. In the event of any decreases in the Cost of Living Index occurring during the term of the occupancy under the Lease, the rental amount will be reduced accordingly. The amount of such reductions will be determined in the same manner as increases in rent provided under this paragraph.

**N. TAX ADJUSTMENT (CALIFORNIA DEVIATION 10/98)**

A. For the purpose of this Tax Adjustment clause:

1. The term "Base Year" shall mean the first Tax Year for which a Full Assessment of the completed project is in effect for the entire Tax Year.
2. The term "Base Year Taxes" means the Real Estate Taxes paid for the Base Year. If an Improvement (other than an Improvement which results in a change of Base Year) or a Change in Ownership occurring during the Base Year is not fully reflected in Real Estate Taxes for the entire Base Year, Base Year Taxes shall be adjusted as follows: Base Year Taxes shall be increased by the amount of additional Real Estate Taxes which would have been paid for the Base Year if the Improvement or Change in Ownership had been fully reflected in the Real Estate Taxes for the entire Base Year.
3. The term "Change in Ownership" has the same definition as in California Revenue and Taxation Code, Part 0.5, Chapter 2, as amended or replaced from time to time.
4. The term "Current Year Taxes" means Real Estate Taxes paid for each Tax Year following the Base Year, excluding increases in Real Estate Taxes (whether the increases result from increased rate and/or valuation) attributable to any Improvement or Change in Ownership which occurs or is completed after the Base Year.
5. The term "Full Assessment" means that the taxing jurisdiction has considered all contemplated improvements to the assessed property in the valuation of the same. Partial assessments for New Construction will not be used for establishing the Base Year.
6. The term "Improvement" means any addition, alteration or improvement to real property, excluding however construction which (i) is performed by or at the request of the Government, (ii) is for the sole benefit of the Government, and (iii) is not required to make the property ready for occupancy by the Government in accordance with the terms of the lease or otherwise required by the lease.
7. The term "New Construction" has the same definition as in California Revenue and Taxation Code Section 70, as amended or replaced from time to time, which includes, without limitation, major rehabilitation and change in use.
8. The term "Real Estate Taxes" means only ad valorem taxes which are assessed against the building and/or the land upon which the building is located, without regard to benefit to the property, for the purpose of funding general Government services. "Real Estate Taxes" shall not include, without limitation, penalties for nonpayment or delay in payment, special assessments, business improvement district assessments, or any other present or future taxes or Governmental charges that are imposed upon Lessor or assessed against the Building and/or the land upon which the building is located.
9. The term "Tax Year" means the fiscal year used by the state of California for real estate taxes: July 1 through June 30.

LESSOR:  GOVT: 

