

GENERAL SERVICES ADMINISTRATION
PUBLIC BUILDINGS SERVICE
SUPPLEMENTAL LEASE AGREEMENT

SUPPLEMENTAL AGREEMENT
NO. 2

DATE

8-29-11

TO LEASE NO.
GS-09B-02625

ADDRESS OF PREMISES, 7000 South Palo Verde Road, Tucson, AZ 85756-5006

THIS AGREEMENT, made and entered into this date by and between:

whose address is: Palo Verde Corona, LLC
4750 N Oracle Road, Suite 210
Tucson, AZ 85705

Herein after called the Lessor, and the UNITED STATES OF AMERICA, hereinafter called the Government:

WHEREAS, the parties hereto desire to amend the above Lease to issue the Notice to Proceed of above mentioned premises:

NOW THEREFORE, these parties for the consideration hereinafter mentioned covenant and agree that the said Lease is amended, Upon Government Execution, and paragraph 36 is hereby added as follows:

This Supplemental Lease Agreement (SLA) No. 2 serves to provide the Notice to Proceed for tenant improvements in the amount of \$5,536,150.00. The aforementioned budget total exceeds the tenant improvement allowance delineated within the lease by \$3,828,188.51 and will be paid via lump sum payment by an RWA.

36. On August 4, 2011 the Government issued a written Notice to Proceed for the Tenant Improvement budget dated 7/19/2011 in the amount not to exceed \$5,536,150.00 and this SLA number two (2) shall serve as formal written approval for the aforementioned tenant improvement budget. This amount includes all materials, labor, and overhead, as described further in the Lessor's budget, to complete the work to the Government's satisfaction.

Per section 17 of the SF2 of this lease, **Tenant Improvement Allowance:** *The maximum Tenant Improvement Allowance has been established by Paragraph 3.2, "Tenant Improvements in Offer." The Tenant Improvement Allowance shall be amortized over the ten (10) year firm term of the lease agreement at a rate (amortization rate) of 5.95% per year. The remaining amount of \$3,828,188.51 shall be paid via a one-time lump sum. The approved budget is hereby attached and added to the lease (Exhibit "A"). Therefore the amortized Tenant Improvement cost to be amortized over the firm term is \$1,707,961.49 equating to \$3.576543 per rentable square foot per year.*

Continued on page 2

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

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LESSOR Palo Verde Corona, LLC

BY

(Signature)

(Title)

Members/managers

IN PRESENCE OF

Jessica Stapp
(Signature)

2020 W. Rutasill Rd., Tucson, AZ 85704
(Address)

UNITED STATES OF AMERICA GENERAL SERVICES ADMINISTRATION

BY

Deborah D. Orkowski
(Signature)

Lease Contracting Officer

(Official Title)

The Government, if approved by the Contracting Officer in writing, may adjust the amortized and lump sum amounts to reflect any additional Tenant improvement costs or credits during the course of the project. Any Tenant Improvement amount above the original tenant allowance will be paid pursuant to Paragraph 3.3 of the SFO.

Upon completion, inspection, and acceptance of the work by the Government, the Lessor shall be paid via a one-time lump sum payment in the amount not to exceed \$3,828,188.51.

A proper invoice must include the following: invoice date; name of the Lessor as shown on the Lease; Lease contract number, building address, and a description, price and quantity of the items delivered; annotation of GSA PS Number (will be sent after GSA executes this Supplemental Lease Agreement). If the invoice is not submitted on company letterhead, the person(s) with whom the Lease contract is made must sign it. The original invoice shall be submitted to:

GSA, Greater Southwest Finance Center (7BCP)
PO Box 17181
Fort Worth, Texas 76102 -0181

Alternatively, the Lessor may submit the Invoice electronically via the GSA Finance website at www.finance.gsa.gov.

Paragraph 10 of the Lease is hereby deleted in its entirety and replaced with the following:



10. The Government shall pay the Lessor annual rent as follows:

	Years 1-10			Years 11-15		
	\$/Year	\$/RSF	\$/USF	\$/Year	\$/RSF	\$/USF
Shell	\$944,091.87	\$14.872976	\$16.172326	\$1,136,933.94	\$17.910959	\$19.475717
Cost of Services	\$337,002.00	\$5.309041	\$5.772856	\$337,002.00	\$5.309041	\$5.772856
Tenant Improvement Allowance	\$227,028.21	\$3.576543	\$3.889001	\$0.00	\$0.000000	\$0.000000
Building Specific Security	\$8,407.41	\$0.132448	\$0.144019	\$0.00	\$0.000000	\$0.000000
Total Annual Rent	\$1,516,529.49	\$23.891008	\$25.978202	\$1,473,935.94	\$23.220000	\$25.248573

- For months zero (0) through five (5), the Lessor has provided free rent:
- For months six (6) through one hundred twenty (120), annual rent of \$1,516,529.49 at the rate of \$126,377.46 per month in arrears.
- For months one hundred twenty-one (121) through one hundred eighty (180), annual rent of \$1,473,935.94 at the rate of \$122,828.00.
- Rent for a lesser period shall be prorated. Rent shall be payable to:

MAS Real Estate Services Inc
4750 North Oracle Road, Suite 210
Tucson, AZ 85705-1676

All other terms and conditions of the lease shall remain in force and effect.

 & 
Govt Lessor