


GENERAL SERVICES ADMINISTRATION PUBLIC BUILDINGS SERVICE SUPPLEMENTAL LEASE AGREEMENT	SUPPLEMENTAL AGREEMENT No. 1	DATE 14 NOV. 2011
TO LEASE NO. GS-09B-01964		
ADDRESS OF PREMISES 1010 S. Broadway, Suite "J", Santa Maria, CA 93454-0000		
<p>THIS AGREEMENT, made and entered into this date by and between Gordon Gill Associates</p> <p>Whose address is: 1010 South Broadway, Suite "G", Santa Maria, CA 93454-0000</p> <p>hereinafter called the Lessor, and the UNITED STATES OF AMERICA, hereinafter called the Government:</p> <p>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.</p> <p>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</p> <p>Part II, B. Term, 3 is deleted in its entirety and the following substituted therefore:</p> <p>"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 (5th) 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.</p> <p>Paragraphs 12 and 13 are added to Part II of GSA Form 3626</p> <p>12. Operating Cost: The base rate for the purposes of operating cost escalation is established at \$7.94 per rentable square foot per annum.</p> <p>13. Tax Adjustment: For purposes of tax escalation, the Government occupied 1754/10,056 rentable square feet (0.1743%)</p> <p>Continued on next page</p> <p>IN WITNESS WHEREOF, the parties subscribed their names as of the above date.</p>		
<p>LESSOR: Gordon Gill Associates</p> <p>BY <u><i>Gordon Gill</i></u> (Signature) <u><i>President</i></u> (Title)</p> <p>IN THE PRESENCE OF (witnessed by):</p> <p><u><i>Ann E. Hill</i></u> (Signature) </p>		
<p>UNITED STATES OF AMERICA: GENERAL SERVICES ADMINISTRATION</p> <p>By <u><i>Sherry Smith</i></u> Lease Contracting Officer -</p>		

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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.

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B. The Lessor shall furnish the Contracting Officer with copies of all notices which may affect the valuation of said land and buildings for Real Estate Taxes thereon, as well as all notices of a tax refund, deduction or credit, all tax bills and all paid tax receipts, or where tax receipts are not given, other similar evidence of payment acceptable to the Contracting Officer (hereinafter, evidence of payment), and a proper invoice (as described in the Prompt Payment clause of this lease, GSAR 552.232-75) of the tax adjustment including the calculation thereof, for each Tax Year. Lessor warrants the accuracy and completeness of any invoices submitted. Notices which may affect valuation and notices of a tax refund, deduction or credit are due within ten (10) business days of receipt. All other documentation shall be submitted by June 15 of each Tax Year. Failure to submit the proper invoice and evidence of payment within such time frame shall be a waiver of the right to receive payment resulting from an increased tax adjustment under this clause.

C. The Government shall make a single annual lump sum payment to the Lessor for its share of any increase in Current Year Taxes during the lease term over Base Year Taxes, or receive a rental credit or lump sum payment for its share of any decreases in Current Year Taxes during the lease term below the Base Year Taxes. The amount of lump sum payment or rental credit shall be based upon evidence of valuation and payment submitted by the Lessor to the Contracting Officer in accordance with paragraph (b).

1. In the event of an increase in Current Year Taxes over Base Year Taxes, the Lessor shall submit a proper invoice of the tax adjustment including the calculation thereof together with all tax bills and evidence of payment to the Contracting Officer. The Government shall be responsible for payment of any tax increase over the Base Year Taxes only if the proper invoice and evidence of payment is submitted by the Lessor on or before June 15 of the current year. The due date for making payment shall be the thirtieth (30th) calendar day after receipt of evidence of payment and all other required documentation by the Contracting Officer or the end of the Tax Year, whichever is later. No increase will be paid, due, or owing unless all evidence of valuation and payment have been previously submitted to the Contracting Officer.

2. In the event of a decrease in Current Year Taxes from Base Year Taxes, or in the event of any refund or tax deduction, the Lessor shall notify the Contracting Officer in accordance with paragraph (b) of this clause. The Government shall be entitled to and shall receive a credit for the prorata reduction in Real Estate Taxes, regardless of whether the Government has made a tax adjustment payment for that Tax Year. The Government's share of the credit will be determined in accordance with paragraph (d) of this clause and shall be taken as a deduction from the rent. Any credit due the Government after the expiration or earlier termination of the Lease (including but not limited to credits resulting from a decrease in Real Estate Taxes pursuant to a tax credit due the Lessor, a reduction in the tax assessment, or a tax appeal proceeding for a Tax Year of the Lease, or portion thereof) shall be made by a lump sum payment to the Government or as a rental credit to any succeeding lease as determined by the Contracting Officer. Lessor shall remit to the Government any lump sum payment resulting from a tax refund within fifteen (15) calendar days after payment by the taxing authority to Lessor or Lessor's designee. Lessor shall remit any other lump sum payment to Government by June 15 of the Tax Year during which the lease year terminates. If the credit due to the Government is not paid by the due date, interest shall accrue on the late payment at the rate established by the Secretary of the Treasury under Section 12 of the Contract Disputes Act of 1978 (41 U.S.C. 611) that is in effect on the day after the due date. The interest penalty shall accrue daily on the amount of the credit and be compounded in thirty (30) day increments inclusive from the first day after the due date through the payment date. The Government shall have the right to pursue the outstanding balance of any tax credit using all such collection methods as are available to the United States to collect debts. Such collection rights shall survive the expiration of this lease.

D. The Government shall pay its share of tax increases or receive its share of any tax decrease based on the ratio of the rentable square feet occupied by the Government to the total rentable square feet in the building or complex ("percentage of occupancy"). This percentage shall be subject to adjustment to take into account additions or reductions of the amount of space as may be contemplated in this lease or amendments hereto. If the lease terminates before the end of a Tax Year, payment for the tax increase due as a result of this Tax Adjustment clause for the Tax Year will be prorated based on the number of days the Government occupied the space.

E. The Government may direct the Lessor upon reasonable notice to initiate a tax appeal or the Government may decide to contest the tax assessment on behalf of the Government and the Lessor or for the Government alone. The Lessor shall furnish to the Government information necessary for appeal of the tax assessment in accordance with the filing requirements of the taxing authority. If the Government decides to contest the tax assessment on its own behalf or on behalf of the Government and the Lessor, the Lessor shall cooperate and use all reasonable efforts including but not limited to affirming the accuracy of the documents, executing documents required for any legal proceeding and taking such other actions as may be required. If the Lessor initiates an appeal on behalf of the Government, the Lessor shall be entitled to deduct the reasonable costs of the appeal from any resulting savings before allocation of the savings in accordance with paragraph (d) of this clause.

All other paragraphs remain in effect.

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