

GENERAL SERVICES ADMINISTRATION  
PUBLIC BUILDINGS SERVICE  
SUPPLEMENTAL LEASE AGREEMENT

SUPPLEMENTAL  
AGREEMENT  
No.14

DATE

12/7/2011

TO LEASE NO GS-09B-02392

**ADDRESS OF PREMISES:** 41 Paseo De Yucatan, Rio Rico, AZ 85648 (Block A) and address 57 Paseo de Yucatan (Block B), Rio Rico AZ 85648 as determined by Santa Cruz County

THIS AGREEMENT, made and entered into this date by and between **Nogales Imperial, LLC**, whose address is 7825 Fay Ave, Suite 250, La Jolla, CA 92037-4259

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 amend the address of Block B of this lease, amend termination rights for Block B, establish Beneficial Occupancy for Block B, adjust the full rental rate for Block B, and adjust the commission and commission credit:

NOW THEREFORE, these parties for the considerations hereinafter mentioned covenant and agree that the said Lease is amended, effective November 14, 2011, as follows:

**Paragraphs 1,2,3,4, and 21 are hereby deleted and replaced with the following:**

1. The Lessor has hereby leases to the Government the following described premises:

Block A ( ): 24,152 rentable square feet (r.s.f) yielding approximately 23,393 ANSI/BOMA office Area square feet and related space located at 41 Paseo De Yucatan, Rio Rico, AZ 85648 (with a legal description of Portion of Lot "L" (lot 1), Block 149, Rio Rico Estates #8, as determined by Santa Cruz County), Rio Rico, AZ 85648, together with fifty two (52) on site secured parking spaces for ( ) which is now identified as Block A.

Block B ( ): 5,361 rentable square feet (r.s.f) yielding approximately 3,070 ANSI/BOMA Office Area square feet of general use space and approximately 1,750 ANSI/BOMA Office Area square feet related of warehouse space for a total of 4,820 ANSI/BOMA Office Area square at address 57 Paseo De Yucatan, Rio Rico, AZ 85648 (with a legal description of (with a legal description of Portion of Lot "L" (lot 3), Block 149, Rio Rico Estates #8, as determined by Santa Cruz County, together with five (5) on-site surface reserved parking spaces to be used for SUCH PURPOSES AS DETERMINED BY THE GENERAL SERVICES ADMINISTRATION."

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IN WITNESS WHEREOF, the parties hereto have hereunto subscribed their names as of the date first above written.

**LESSOR: Nogales Imperial, LLC**

BY

(Signature)

IN PRESENCE OF:

(Signature)

Paul R. Engh, Managing Member  
(Print Name and Official title)

Michelle L. Snyder, Project Manager  
(Print Name and Official title)

**UNITED STATES OF AMERICA:** GENERAL SERVICES ADMINISTRATION, Public Buildings Service

BY

(Signature)

Contracting Officer

(Official title)

2. TO HAVE AND TO HOLD the said Premises, BLOCK A, with their appurtenances for the term commencing on June 23, 2011 through June 22, 2026 for the fifteen (15) years, ten (10) years firm of this lease, subject to termination and renewal rights as maybe hereinafter set forth.

TO HAVE AND TO HOLD the said premises, BLOCK B, with their appurtenances for the term commencing on November 14, 2011 through June 22, 2026, subject to termination and renewal rights as maybe hereinafter set forth.

3. The Government shall pay the Lessor annual rent for **Block A** at the rate evidenced in the table below, per month in arrears for years (1) through fifteen (15). Rent for a lesser period shall be prorated.

	Annual Rent (yrs 1-10)	Monthly (yrs 1-10)	Annual rent (yrs 11-15)	Monthly (11-15)
Shell Rental Rate	\$777,597.61	\$64,799.80	\$907,873.68	\$75,656.14
TI Rental Rate	\$130,276.07	\$10,856.34	0	0
Base Operating Cost Rate	\$140,081.60	\$11,673.47	\$140,081.60	\$11,673.47
Full Service Rent	\$1,047,955.28	\$87,329.61	\$1,047,955.28	\$87,329.61

The Government shall pay the Lessor annual rent for **Block B** at the rate evidenced in the table below, per month in arrears for years (1) through fifteen (15). Rent for a lesser period shall be prorated.

	Annual Rent (yrs 1-10)	Monthly (yrs 1-10)	Annual rent (yrs 11-15)	Monthly (11-15)
Shell Rental Rate	\$172,624.20	\$14,385.35	\$201,519.99	\$16,793.33
TI Rental Rate	\$44,791.58	\$3,732.63	0	0
Base Operating Cost Rate	\$43,263.27	\$3,605.27	\$31,093.80	\$2,591.15
Full Service Rent	\$260,679.05	\$21,723.25	\$232,613.79	\$19,384.48



Rent checks shall be payable to:

Nogales Imperial, LLC  
7825 Fay Ave, Suite 250  
La Jolla, CA 92037

4. The Government may terminate Block A of this lease at any time by giving at least (90) days' prior notice on or after June 23, 2021, 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.

The Government may terminate Block B of this lease at any time by giving at least (90) days' prior notice on or after November 14, 2021, 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.

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 &   
Govt & Lessor



**21. Commission and Commission Credit:**

**BLOCK A:**

The Lessor and the Broker have agreed to a cooperating lease commission of [REDACTED] of the first five years of the firm term value of this lease valued at \$5,239,776.40 and [REDACTED] of the second five years of the firm term value of this lease valued at \$5,239,776.40. The total amount of the commission for is [REDACTED]. The Lessor shall pay the Broker no additional commissions associated with lease transaction. In accordance with the "Broker Commission and Commission Credit" paragraph, the Broker has agreed to forego [REDACTED] of the commission that it is entitled to receive in connection with this lease transaction ("Commission Credit"). The Commission Credit is [REDACTED] and shall be credited in three equal amounts of [REDACTED] over the first three monthly rent payments. Notwithstanding Paragraph 3 of this Supplemental Lease Agreement, the shell rental payments due and owing under this lease shall be reduced to fully re-capture this Commission Credit.

**BLOCK B:**

The Lessor and the Broker have agreed to a cooperating lease commission of [REDACTED] of the first five years of the firm term value of this lease valued at \$1,303,395.25 and [REDACTED] of the second five years of the firm term value of this lease valued at \$1,303,395.25. The total amount of the commission for is [REDACTED]. The Lessor shall pay the Broker no additional commissions associated with lease transaction. In accordance with the "Broker Commission and Commission Credit" paragraph, the Broker has agreed to forego [REDACTED] of the commission that it is entitled to receive in connection with this lease transaction ("Commission Credit"). The Commission Credit is [REDACTED] and shall be credited in three equal amounts of [REDACTED] over the first three monthly rent payments. Notwithstanding Paragraph 3 of this Standard Form 2, the Firm Term Rental payments shall be reduced to fully re-capture this Commission Credit.

For both Blocks A & B, the total Commission is [REDACTED]; the total Commission Credit is [REDACTED].

The reductions shall commence with the first month and continue as indicated as follows:

**For Block A ([REDACTED])**

First Month's Rental Payment shall be [REDACTED] (or the monthly payment of \$87,329.61 minus a commission rent credit of [REDACTED]).

Second Month's Rental Payment shall be [REDACTED] (or the monthly payment of \$87,329.61 minus a commission rent credit of [REDACTED]).

Third Month's Rental Payment shall be [REDACTED] (or the monthly payment of \$87,329.61 minus a commission rent credit of [REDACTED]).



**For Block B ([REDACTED])**

First Month's Rental Payment shall be [REDACTED] (or the monthly payment of \$21,723.25 minus a commission rent credit of [REDACTED]).

Second Month's Rental Payment shall [REDACTED] (or the monthly payment of \$21,723.25 minus a commission rent credit of [REDACTED]).

Third Month's Rental Payment shall be [REDACTED] (or the monthly payment of \$21,723.25 minus a commission rent credit of [REDACTED]).

**ALL OTHER TERMS AND CONDITIONS OF THE LEASE SHALL REMAIN IN FORCE AND EFFECT.**

 &   
Govt      Lessor