

## SUPPLEMENTAL LEASE AGREEMENT

SUPPLEMENTAL LEASE AGREEMENT NO. 2	TO LEASE NO. GS-09B-03185	DATE	PAGE 1 of 4
ADDRESS OF PREMISES 3240 S. Higuera Street, San Luis Obispo, CA 93401			

**THIS AGREEMENT**, made and entered into this date by and between: **Walter Bros. Construction Co., Inc.,**  
**DBA: Charles I Walter Center**

whose address is P.O. Box 809  
San Luis Obispo, CA 93406

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 establish Beneficial Occupancy, to restate the Rent, to replace Section 1.04 BROKER COMMISSION AND COMMISSION CREDIT, to establish the termination date of the lease, to issue a Notice To Proceed for Change Orders 1-15, and to establish the total cost of the TI's and BSAC.

NOW THEREFORE, these parties for good and valuable consideration, the receipt and sufficiency of which is hereby acknowledged, covenant and agree that the said Lease is amended, effective March 1, 2017 as follows:

**[1]** The LEASE TERM paragraph on the first page of the Lease is deleted in its entirety and replaced below.

### LEASE TERM

To Have and To Hold the said Premises with its appurtenances for the term beginning March 1, 2017 and continuing through February 29, 2032, subject to termination rights as hereinafter set forth.

CONTINUED ON ATTACHED PAGES.

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

This Lease Amendment contains 53 pages including Exhibit 'A'

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

**FOR THE LESSOR**

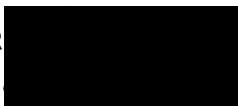
Signature:

Name:

Title:

Entity Name:

Date:

  
Donald C. Walter  
President  
2-27-2017


**FOR THE GOVERNMENT:**

Signature:

Name:

Title:

Date:

  
Linda Luong  
Lease Contracting Officer  
General Services Administration  
3/2/2017

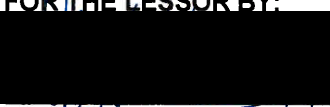
**WITNESSED FOR THE LESSOR BY:**

Signature:

Name:

Title:

Date:

  
Patricia Takhar  
Controller  
2-27-17

[2] Lease Paragraphs 1.03, 1.04, and 1.05 are deleted in their entirety and replaced with the following:

### 1.03 RENT AND OTHER CONSIDERATION (SEP 2013)

A. The Government shall pay the Lessor annual rent, payable in monthly installments in arrears, at the following rates:

	FIRM TERM YRS 1-5	FIRM TERM YRS 6-10	NON FIRM TERM YRS 11-15
	ANNUAL RENT	ANNUAL RENT	ANNUAL RENT
SHELL RENT <sup>1</sup>	\$165,438.72	\$190,235.38	\$218,765.90
TENANT IMPROVEMENTS RENT <sup>2</sup>	\$64,334.64	\$64,334.64	\$0.00
OPERATING COSTS <sup>3</sup>	\$79,272.72	\$79,272.72	\$79,272.72
BUILDING SPECIFIC AMORTIZED CAPITAL (BSAC) <sup>4</sup>	\$3,203.34	\$3,203.34	\$0.00
PARKING <sup>5</sup>	\$0.00	\$0.00	\$0.00
<b>TOTAL ANNUAL RENT</b>	<b>\$312,249.42</b>	<b>\$337,046.08</b>	<b>\$298,038.62</b>

<sup>1</sup>Shell rent calculation:

(Firm Term Yrs 1-5) calculation: \$17.28 per RSF multiplied by 9,574 RSF

(Firm Term Yrs 6-10) calculation: \$19.87 per RSF multiplied by 9,574 RSF

(Non Firm Term) \$22.85 per RSF multiplied by 9,574 RSF

<sup>2</sup>The Tenant Improvement Allowance of \$461,742.33 is amortized at a rate of 7 percent per annum over 10 years.

<sup>3</sup>Operating Costs rent calculation: \$8.28 per RSF multiplied by 9,574 RSF.

<sup>4</sup>Building Specific Amortized Capital (BSAC) of \$22,991 is amortized at a rate of 7 percent per annum over 10 years.

<sup>5</sup>Parking costs described under sub-paragraph H below.

In instances where the Lessor amortizes either the TI or BSAC for a period exceeding the Firm Term of the Lease, should the Government terminate the Lease after the Firm Term or does not otherwise renew or extend the term beyond the Firm Term, the Government shall not be liable for any costs, including unamortized costs beyond the Firm Term.

B. Intentionally Deleted.

C. Intentionally Deleted.

D. Intentionally Deleted.

E. If the Government occupies the Premises for less than a full calendar month, then rent shall be prorated based on the actual number of days of occupancy for that month.

F. Rent shall be paid to Lessor by electronic funds transfer in accordance with the provisions of the General Clauses. Rent shall be payable to the Payee designated in the Lessor's Central Contractor Registration (CCR), now the System for Award Management (SAM). If the payee is different from the Lessor, both payee and Lessor must be registered in SAM.

G. Lessor shall provide to the Government, in exchange for the payment of rental and other specified consideration, the following:

1. The leasehold interest in the Property described in the paragraph entitled "The Premises."

2. All costs, expenses and fees to perform the work required for acceptance of the Premises in accordance with this Lease, including all costs for labor, materials, and equipment, professional fees, contractor fees, attorney fees, permit fees, inspection fees, and similar such fees, and all related expenses.

3. Performance or satisfaction of all other obligations set forth in this Lease; and all services, utilities, and maintenance required for the proper operation of the Property, the Building, and the Premises in accordance with the terms of the Lease, including, but not limited to, all inspections, modifications, repairs, replacements, and improvements required to be made thereto to meet the requirements of this Lease.

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H. Parking shall be provided at a rate of \$0 per parking space per month (structured/inside) and \$0 per parking space per month (surface/outside).

#### 1.04 BROKER COMMISSION AND COMMISSION CREDIT (JUN 2012)

A. **Jones Lang LaSalle Americas, Inc.** (Broker) is the authorized real estate Broker representing GSA in connection with this Lease transaction. The total amount of the Commission is [REDACTED] and is earned upon Lease execution, payable according to the Commission Agreement signed between the two parties. Only [REDACTED] of the Commission will be payable to **Jones Lang LaSalle Americas, Inc.** with the remaining [REDACTED] which is the Commission Credit, to be credited to the shell rental portion of the annual rental payments due and owing to fully recapture this Commission Credit. The reduction in shell rent shall commence with the first month of the rental payments and continue until the credit has been fully recaptured in equal monthly installments over the shortest time practicable.

B. Notwithstanding the "Rent and Other Consideration" paragraph of this Lease, the shell rental payments due and owing under this Lease shall be reduced to recapture fully this Commission Credit. The reduction in shell rent shall commence with the first month of the rental payments and continue as indicated in this schedule for adjusted Monthly Rent:

Month 1 Rental Payment <b>\$26,020.79</b> minus prorated Commission Credit of [REDACTED]	equals	[REDACTED] adjusted 1 <sup>st</sup> Month's Rent.*
Month 2 Rental Payment <b>\$26,020.79</b> minus prorated Commission Credit of [REDACTED]	equals	[REDACTED] adjusted 2 <sup>nd</sup> Month's Rent.*
Month 3 Rental Payment <b>\$26,020.79</b> minus prorated Commission Credit of [REDACTED]	equals	[REDACTED] adjusted 3 <sup>rd</sup> Month's Rent.*
Month 4 Rental Payment <b>\$26,020.79</b> minus prorated Commission Credit of [REDACTED]	equals	[REDACTED] adjusted 4 <sup>th</sup> Month's Rent.*
Month 5 Rental Payment <b>\$26,020.79</b> minus prorated Commission Credit of [REDACTED]	equals	[REDACTED] adjusted 5 <sup>th</sup> Month's Rent.*

\* Subject to change based on adjustments outlined under the paragraph "Rent and Other Consideration."

#### 1.05 TERMINATION RIGHTS (AUG 2011)

The Government may terminate this Lease, in whole or in part at any time effective after February 29, 2027, by providing not less than **90** days prior written notice. The effective date of the termination shall be the day following the expiration of the required notice period or termination date set forth in the notice, whichever is later. No rental shall accrue after the effective date of termination.

[3] The Government approves Change Orders No. 1-15 (attached as Exhibit 'A') in the total amount not to exceed \$104,000.00. Total cost includes all Lessor fees, overhead and profit. Per this Lease Amendment the Change Orders have been reviewed and found fair and reasonable.

C/O #	Description	Amount
1	Move TI funds from Division 1 to Division 9	[REDACTED]
2	Miscellaneous changes per Chamblin-Landes Construction Change - A/E	
3	Furniture move room 109 per Chamblin-Landes Construction CO-2	
4	Door lockset change room 107 and credit for deleted locksets on 3 doors per Chamblin-Landes CO-3	

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5	Staining in room ODAR room 102 per Chamblin-Landes Construction CO-4	
6	Additional framing and drywall change per Chamblin-Landes Construction CO-5	
7	Extended GC Delays	
8	Digital Technologies additional travel per Chamblin-Landes Construction CO-7	
9	Thoma Electric additional 20 amp receptacles per Chamblin-Landes Construction CO-8	
10	Change out existing switches and cover plate to white per Chamblin-Landes CO-9	
11	Modification of entry counter and ODAR TV/Shelf per Chamblin-Landes CO-10	
12	Added interior signage per Chamblin-Landes Construction CO-11	
13	Added corner guards per Chamblin-Landes Construction CO-12	
14	Misc. additions/changes per Chamblin-Landes CO-13	
15	Furnish and Install VCT in server room path in to existing tile and pattern	
<b>TOTAL</b>		<b>\$104,000.00</b>

**INVOICE FOR LUMP-SUM PAYMENT.** Upon completion and acceptance of Tenant Improvements identified herein, the Lessor shall submit for Lump Sum payment, an original and one copy of the invoice. Lessor shall contact the GSA Contracting Officer for the "PS Number", which must be annotated on the invoice. The Original Invoice, in the amount **not to exceed \$104,000.00** shall be submitted to:

GSA, Greater Southwest Finance Center (7BCP)  
PO BOX 17181  
Fort Worth, TX 76102

Alternatively, the Lessor may submit the Invoice electronically, via the GSA Finance website at [www.finance.gsa.gov](http://www.finance.gsa.gov)

A copy of the Invoice shall be simultaneously submitted to the Contracting Officer at:

GSA, Real Estate Division – Los Angeles  
Attention: Samantha Singleton  
300 N Los Angeles Street, Suite 4300  
Los Angeles, CA 90012

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
- The invoice will reference GSA PS # (to be provided by GSA upon completion of COs)

If the invoice is not submitted on company letterhead, the person(s) with whom the Lease contact is made must sign it. The Lessor hereby waives restoration as a result of all improvements.

All other terms and conditions shall remain in full force and effect.

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