SUPPLEMENT NUMBER 1 to LEASE NO. G5-02-15370

WHEREAS, the Lessor's offer of May 19, 1965, contemplated that the Lessor would recapture its capital investment in the leased premises during the first 20 year period of the lease; and

WHEREAS, the elements of costs described in paragraph 10 of Lease No. G5-02-15370 and upon which the annual rental intended to amortize the capital investment was estimated, were based on prevailing interest rates and construction costs; and

WHEREAS, as required by law, the Government submitted a prospectus to the Committees on Public Works of the Congress, which was approved on July 12 and September 9, 1965, by the Senate and House Committees respectively, which described the proposed transaction and recognized that those costs might be escalated above the then current prices, and it was considered prudent to provide for any such escalation and for contingency allowances to cover unforeseen construction difficulties, by means of annual rental payments which would allow the Lessor to recapture its capital investment, but a maximum rental of $3,149,600.00 for the first 20 year period and annually, for any authorized renewal period was included; and

WHEREAS, those costs on which these rental maximums were based have escalated substantially above the estimates of the Lessor which were made a part of the approved prospectus, and the Lessor may not be able to recover its costs during the first 20 year period; and

WHEREAS, the cost for the maximum rental during any authorized renewal may likewise increase; and

WHEREAS, the total cost escalation cannot be determined until construction of the leased premises is completed,

NOW, THEREFORE, in consideration of the aforesaid, it is agreed that after completion of construction of the leased premises and occupancy thereof by the Government, the Government will audit Lessor's records of costs described in paragraph 10 of the lease and if the Government determines from such audit that the Lessor's costs described in said paragraph 10 cannot be recaptured by the Lessor during said first 20 year period through payment of the maximum rental by the Government to the Lessor and further,
that if the Government determines that the Lessor's costs described in said paragraph 10 for authorized renewal period, will exceed [REDACTED], the Government will submit a revised prospectus to the Committees on Public Works of the Congress for their consideration, showing the costs incurred by the Lessor as audited by the Government, which revised prospectus, if approved by the Committees would constitute authorization to increase the maximum rental for the initial 20 year period, to allow Lessor to recapture its capital investment in the leased premises, and also to recover its costs, as described in said paragraph 10, for any authorized renewal period.

In the event such a revised prospectus is approved, paragraph 10 of Lease No. CS-623-15370 will be appropriately modified in accordance with the authorization contained in the revised prospectus.

It is further agreed that, if the Government shall submit to the Lessor any requirement which would necessitate a change in construction of the building as specified in Article 1 and paragraph 9 of the lease which would add to the cost of construction, after the price for such changes has been agreed upon by the parties, said sum shall be paid by the Government to the Lessor in a lump sum payment, and said sum shall not be included in computing any rental to be paid under said paragraph 10.

IN WITNESS WHEREOF, the parties hereto have hereunto subscribed their names as of ________________, 1970.

(Signature)

IN PRESENCE OF:

(Address)

THOUGHT THE ADMINISTRATOR OF GENERAL
Commissioner
Public Buildings Service
(Official Title)