

**SECOND AMENDMENT TO THE LEASE BETWEEN
THE COUNTY OF SAN LUIS OBISPO AND
POTRATZ PROPERTIES, LLC**

This **SECOND AMENDMENT** is to that Lease dated October 16, 2012, subsequently amended on April 22, 2014, by and between the County of San Luis Obispo, a political subdivision of the State of California, hereinafter referred to as "County", and Potratz Properties, LLC, a California limited liability company, hereinafter referred to as "Lessor."

WHEREAS, the County currently leases approximately 18,282 square feet of improved office space in Suites A, B and C, and approximately 1,790 square feet of warehouse space in Suite E, from Lessor, located at 3563 Empleo Street, San Luis Obispo, California (the "Property"); and

WHEREAS, the Term of the Lease is for a period of fifteen (15) years, which commenced on December 1, 2012 and expires on November 30, 2027; and

WHEREAS, the Lease provides an Option to Extend the Term for two (2) additional five-year periods; and

WHEREAS, the Lease provides the County with the first right to lease any additional space that may become available at the Property; and

WHEREAS, Lessor informed County that it has approximately 818 square feet of additional improved office space at the Property available in Suite D beginning March 1, 2016; and

WHEREAS, County has a need for additional improved office space at 3563 Empleo Street, San Luis Obispo and desires to exercise the option consistent with paragraph 34 of the Lease; and

WHEREAS, Lessor and County are in agreement with the above and below terms.

NOW, THEREFORE, in consideration of mutual covenants, promises and conditions herein set forth, the parties hereto mutually covenant and agree as follows:

The Lease between the County of San Luis Obispo and Potratz Properties, LLC, a California limited liability company, be and hereby is amended as follows:

1. The Premises, as stated in Paragraph 1 of the Lease, shall be expanded effective March 1, 2016 to include approximately 19,100 square feet of improved office space (the "Office Space Premises"), and approximately 1,790 square feet of warehouse space (the "Warehouse Space Premises") as depicted on Exhibit "A" attached hereto, located at 3563 Empleo

Street, San Luis Obispo, California.

2. Exhibit "A" to the Lease is amended to include the additional 818 square feet of improved office space, shown as Suite D.

3. Paragraph 4. Rental is deleted in its entirety and replaced with the following:

"Paragraph 4. Rental:

A. Beginning March 1, 2016, County shall pay Lessor Twenty-Five Thousand Four Hundred Ninety-Eight Dollars and Fifty Cents (\$25,498.50) Gross rent per month for the "Office Space Premises", and County shall pay Lessor One Thousand Four Hundred Nineteen Dollars and Twenty-Two Cents (\$1,419.22) Gross rent per month for the "Warehouse Space Premises."

B. Beginning December 1, 2016, and every subsequent annual anniversary date thereafter ("Adjustment Date"), the preceding year's "Office Space Premises" rent shall be adjusted upward according to any percentage rise in the Consumer Price Index (CPI) not to exceed four (4%) percent annually, and the preceding year's "Warehouse Space Premises" rent shall be adjusted upward according to any percentage rise in the Consumer Price Index (CPI) not to exceed two (2%) percent annually. The adjustment shall be by a percentage equal to the percentage increase of the Consumer Price Index between the published CPI for the most immediately available month prior to the adjustment date and the corresponding CPI for the same period twelve months previous. If there is a decrease or no change in the CPI, then the preceding year's rent will not be adjusted.

The term "Consumer Price Index" refers to the Consumer Price Index for Urban Wage Earners and Clerical Workers, Los Angeles - Anaheim - Riverside Statistical Area, California, based on the period of 1982-84 = 100 as published by the Bureau of Labor Statistics of the U.S. Department of Labor.

The index for the adjustment date shall be the one reported in the U.S. Department of Labor's most comprehensive official index then in use and most nearly answering the foregoing description of the index to be used. If it is calculated from a base other than the base period (1982-84=100), the base figure used for calculating the adjustment percentage shall first be converted under a formula supplied by the Bureau.

If the described index is no longer published, another generally recognized as authoritative shall be substituted by agreement of County and Lessor. If County and Lessor are unable to agree within 30 days after demand by either party, on application of either party the substitute index shall be selected by the chief officer of the San Francisco regional office of the Bureau of Labor Statistics or its successor.

C. Lessor shall provide written notice to County of each adjusted rental amount on an annual basis. If the rent is not adjusted at the time for said adjustment as provided herein, County shall continue to pay the annual rent established for the prior period until such adjustment is made, at which time County shall promptly pay to Lessor any deficiency and shall henceforth pay at the adjusted rate of rent.

D. Additionally, at the end of each five year period, regardless of exercised options and extensions, the rental rate shall be reviewed and adjusted, if necessary, by

mutual agreement, to reflect the market rental rate for rental property of similar quality and location. If Lessor and County are unable to agree on the rental rate at any five year interval, each shall appoint a competent and disinterested real estate appraiser with at least five years full-time commercial appraisal experience. The rent shall be the average of the two appraisers' determination of fair market rent."

4. Paragraph 31. Americans With Disabilities Act is deleted in its entirety and replaced with the following:

"Paragraph 31. Americans With Disabilities Act:

Lessor shall be responsible for alterations necessary to comply with the Americans With Disabilities Act of 1990, 42 U.S.C. sect. 12101 et seq., as currently enacted as of October 16, 2012 and in accordance with then applicable laws. In accordance with Civil Code Section 1938, Lessor represents that the property:

- has not undergone inspection by a Certified Access Specialist (CASp); or
- has undergone inspection by a Certified Access Specialist (CASp), and has been determined to meet all applicable construction-related accessibility standards pursuant to Section 55.53."

All other provisions of said Lease shall continue in full force and effect.

//////////////////////////////////NOTHING FURTHER PAST THIS POINT//////////////////////////////////

IN WITNESS WHEREOF, County and Lessor have executed this Second Amendment to Lease this ____ day of _____, 2016.

COUNTY OF SAN LUIS OBISPO

LESSOR:

By: _____
Chairperson of the Board of Supervisors

Potratz Properties, LLC , a California limited liability company

APPROVED BY THE BOARD OF SUPERVISORS

By:  _____
Steven O. Potratz,
Managing Member

This ____ day of _____, 2016

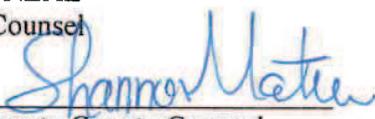
Date: January 25, 2016

ATTEST:

Clerk of the Board of Supervisors

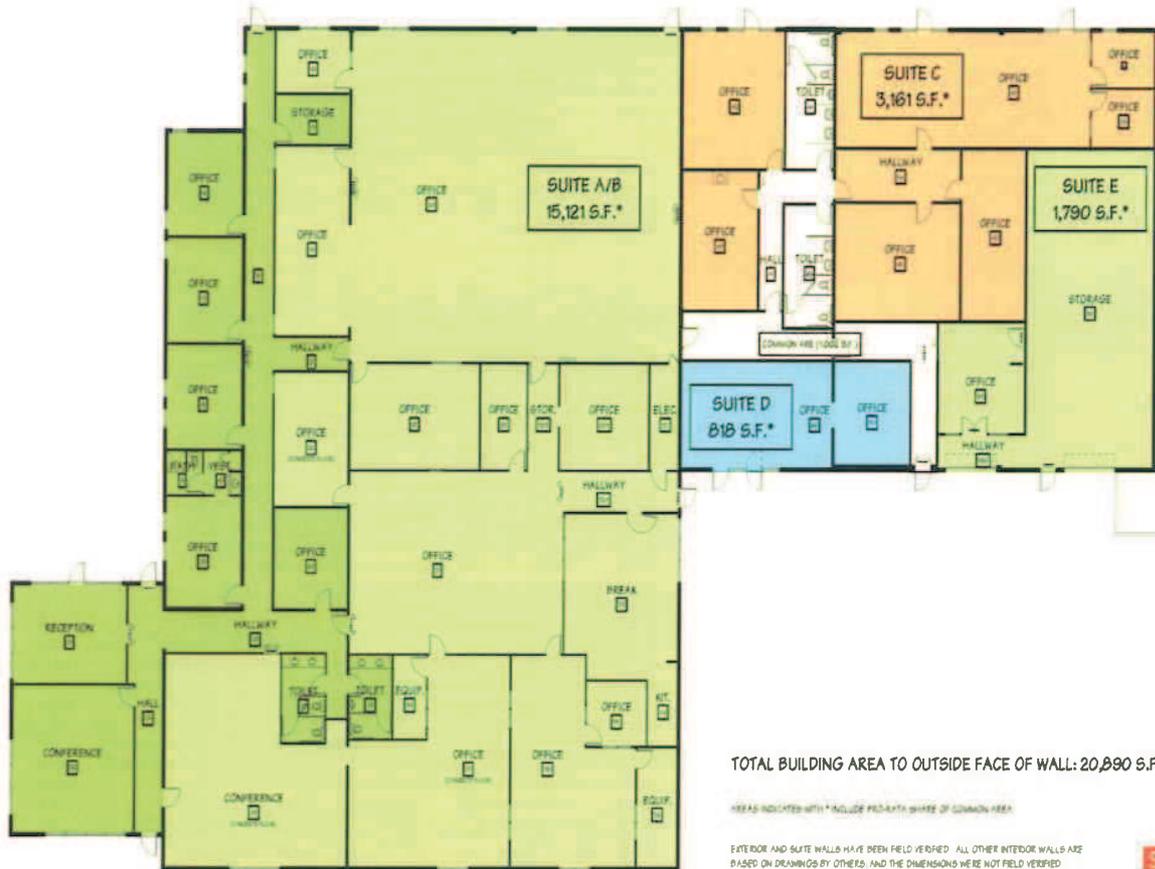
APPROVED AS TO FORM AND LEGAL EFFECT:

RITA L. NEAL
County Counsel

By:  _____
Deputy County Counsel

Date: 1/20/16

EXHIBIT "A"
FLOOR PLAN OF LEASED PREMISES



TOTAL BUILDING AREA TO OUTSIDE FACE OF WALL: 20,090 S.F.

AREAS INDICATED WITH * INCLUDE PRO-RATA SHARE OF COMMON AREA

EXTERIOR AND SUITE WALLS HAVE BEEN FIELD VERIFIED. ALL OTHER INTERIOR WALLS ARE BASED ON DRAWINGS BY OTHERS AND THE DIMENSIONS WERE NOT FIELD VERIFIED.



LEASING AREA EXHIBIT
 PARABLE BUILDING • 3653 EMPLEO STREET

