

GENERAL SERVICES ADMINISTRATION PUBLIC BUILDINGS SERVICE SUPPLEMENTAL LEASE AGREEMENT	LEASE AMENDMENT NO. # 1	DATE: 11/07/2012
TO LEASE NO. LCO-14639		

ADDRESS OF PREMISES 185 Suttle Street, Suite 2
Durango, CO 81303-7911

THIS AGREEMENT, made and entered into this date by and between: **Durango Threadworks, Inc**

whose address is: 2565 County Road 250
Durango, CO 81301-8566

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 the effective date and final TI's to be amortized.

NOW THEREFORE, these parties for the considerations hereinafter mentioned covenant and agree that the said Lease is amended, effective: **October 1st, 2012.**

Paragraph 1 of the SF-2 dated 01-20-2012 --"Premises" is here by deleted in its entirety and replaced with the following:

"The Lessor hereby leases to the Government the following described premises:

- A total of 9,801 rentable square feet (RSF) / 8,589 ABOA of office and related space, in order to meet the requirements of the SFO the Lessor hereby agrees to give the Government 901 RSF / 789 ABOA at no cost. Taking the total square footage (9,801 RSF / 8,589 ABOA) less the no cost square footage (901 RSF / 789 ABOA) yields 8,900 RSF / 7,800 ABOA (USF) of space at:

Durango Threadworks Building, 185 Suttle Street, Suite 2, Durango, CO 81303-7911

as indicated on the attached Floor Plan, to be used for such purposes as determined by the General Services Administration.

- Included in the rent at no additional cost to the government are 5 RESERVED AND 31 UN-RESERVED parking spaces for exclusive use of the Government employees and patrons AND are included in the rent.
- The common area factor for the leased premises occupied by the Government is established as 1.14102564 (8,900 RSF / 7,800 ABOA).
- The leased premises occupied by the Government for real estate tax adjustments is established as 45% (see also "Percentage Occupancy" paragraph of the lease)."

(Continued on the next page)

All other terms and conditions of the lease shall remain in force and effect. IN WITNESS WHEREOF, the parties subscribed their names as of the above date.

LESSOR, **Durango Threadworks, Inc**

BY

Robert A. Tibb

(Signature)

President

(Title)

11-16-2012

(Date)

IN PRESENCE OF

Mary Ann Carroll

(Signature)

2565 CR 250, Durango, CO

(Address)

(Date)

11-16-2012

UNITED STATES OF AMERICA, GENERAL SERVICES ADMINISTRATION, PUBLIC BUILDINGS SERVICE, REAL ESTATE DIVISION

BY

[Signature]

(Date)

11/19/12

(Signature)

KRISTIN HOWES, LEASE CONTRACTING OFFICER

GSA, PUBLIC BUILDING SERVICES

(Official Title)

Paragraph 2 of the SF-2 dated 01-20-2012 --"To Have and to Hold" is here by deleted in its entirety and replaced with the following:

"TO HAVE AND TO HOLD the said premises with their appurtenances for a term of **Ten (10) YEARS; FIVE (5) YEARS FIRM**, commencing on **October 1st, 2012** through **September 30th, 2022**. Subject to the termination rights as may be hereinafter set forth."

Paragraph 3 of the SF-2 dated 01-20-2012 --"Rental Schedule" is here by deleted in its entirety and replaced with the following:

The Government shall pay the Lessor annual rent according to the rent schedule below:

Year/s	SF	Shell	psf	Operating Expenses**	psf	Taxes***	psf	Tenant Improvements*	psf	Total Annual Rent	psf	Monthly Rent
1-5	8,900	\$133,277.28	\$14.97	\$50,819.00	\$5.71	\$10,477.00	\$1.18	\$6,483.90	\$0.73	\$201,057.18	\$22.59	\$16,754.77
6-10	8,900	\$165,753.28	\$18.62	\$50,819.00	\$5.71	\$10,477.00	\$1.18	\$6,483.90	\$0.73	\$233,533.18	\$26.24	\$19,461.10

*The Tenant Improvements Allowance is amortized at a rate of 6.00% per annum for 10 years.

** Operating Expenses subject to CPI adjustment per the SFO.

*** Taxes subject to adjustment per the SFO.

****Per square foot (psf) rates are approximate.

Paragraph 4 of the SF-2 dated 01-20-2012 --"Termination Rights" is here by deleted in its entirety and replaced with the following:

"The Government shall have the right to terminate this lease in whole or in part at any time on or after **October 1st, 2017** (the 5 year firm term) by giving at least 120 days notice in writing to the Lessor, and no rent shall accrue after the effective date of termination. Said notice shall be computed commencing with the day after the date of mailing."

Paragraph 7 of the SF-2 dated 01-20-2012 --"Tenant Improvements" is here by deleted in its entirety and replaced with the following:

"In accordance with the SFO paragraph entitled Tenant Improvement Rental Adjustment, Tenant Improvements in the amount of \$48,668.94 are amortized over ten (10) years or 120 months at the rate of 6.00%. The annual payments are in the amount of \$6,483.90 (Approximately \$540.33 per month). The amortized cost of these improvements is included in the stated rent in Paragraph 3 -- "Rental Schedule" above and total \$64,839.00 including interest.

The Tenant Improvements are to be amortized over ten (10) years; however the Government shall be obligated to repay the amortized tenant improvements only during the five (5) year firm term. The amortization of the tenant improvements outside of the firm term is considered to be at the Lessor's sole discretion.

The Government shall continue to make payments on tenant improvements as per the Rental Schedule beyond the 5 year firm term, except upon the termination of this lease as allowed per paragraph 4 -- "Termination Rights." If termination rights are exercised as per paragraph 4- Termination Rights, no rent including the tenant improvement amortization shall accrue after the effective date of the termination."

Paragraph 7 of the SF-2 dated 01-20-2012 --"Tax Base and Percentage of Occupancy" is here by deleted in its entirety and replaced with the following:

"In accordance with the SFO paragraph entitled Tax Adjustment, the tax base is established as \$10,477.00 per annum (Approximately \$1.18 per RSF) and the Government shall pay it's pro rata share of any tax adjustment. The percent of the building occupied by the Government is agreed to be 45% (8,900 / 19,769)."

(End of Amendment)

BS
KTH