

U.S. GOVERNMENT
LEASE FOR REAL PROPERTY

DATE OF LEASE: 3/24/2010

LEASE No. GS-09B-02356

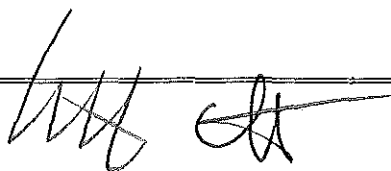
THIS LEASE, made and entered into this date between **Spindrift Partners, Inc.**

whose address is: **1020 Prospect Street, Suite 250**
La Jolla, CA 92037-4328

and whose interest in the property hereinafter described is that of OWNER, hereinafter called the LESSOR, and the UNITED STATES OF AMERICA, hereinafter called the GOVERNMENT:

WITNESSETH: The parties hereto for the considerations hereinafter mentioned, covenant and agree as follows:

1. The Lessor hereby leases to the Government the following described premises:
3,770 rentable square feet (RSF), yielding approximately 3,442 ANSI/BOMA Office Area square feet and related space located on parcel ID 205-14-012E, the first floor at 1405 East Ash Street, Globe, AZ 85501-1413, as depicted on Exhibit A, together with a minimum of nineteen (19) onsite, surface, reserved parking spaces at no additional cost to the Government to be used for SUCH PURPOSES AS DETERMINED BY THE GENERAL SERVICES ADMINISTRATION.
2. PARAGRAPH 2 INTENTIONALLY OMITTED
3. PARAGRAPH 3 INTENTIONALLY OMITTED
4. The Government may terminate this lease at any time on or after the initial ten (10) year firm term by giving at least sixty (60) days prior notice 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.
5. PARAGRAPH 5 INTENTIONALLY OMITTED
6. The Lessor shall furnish to the Government as part of the rental consideration, the following:
 - A. The parking spaces described in Paragraph 1 and parking spaces required by local code.
 - B. All labor, materials, equipment, design, professional fees, permit fees, inspection fees, utilities, construction drawings (including, without limitation, plans and specifications), construction costs and services and all other similar costs and expenses associated with making the space, common areas, and related facilities ready for occupancy in accordance with the requirements of this lease and the Government's final construction drawings. Rent is subject to adjustment in accordance with Paragraph 3.3, "Tenant Improvement Rental Adjustment" of the SFO. All cost associated with services, utilities, maintenance, repair, replacement, inspections, improvements and other requirements as required by the Solicitation For Offers (SFO) No. LAZ02356 and its attachments.
 - C. Adequate space for telecommunications antennae and transmission devises in accordance with Paragraph 8.14, "Telecommunications: Local Exchange Access," of the SFO.



7. The following are attached and made a part hereof:

All terms, conditions, and obligations of the Lessor and the Government as set forth in the following:

- a) The Solicitation For Offers Number LAZ02356 (pages 1-53) (all references to SFO shall also refer to any Special Requirements and Amendments);
- b) Attachment #1, Special Requirements (pages 1-36);
- c) SFO Amendment #1 dated November 18, 2009 (page 1);
- d) GSA Form 3517B (pages 1-34);
- e) GSA Form 3518 (pages 1-7);
- f) Exhibit A - Site Plan (page 1);
- g) Sheet nos. 1-3 of this Standard Form SF-2 containing Paragraphs 9-25;

8. The following changes were made in this lease prior to its execution:

Paragraphs 2, 3 and 5 of this STANDARD FORM 2 were deleted in their entirety. Paragraphs 9 through 25 have been added.

END OF TEXT

CONTINUED ON SHEET NUMBER 1

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

LESSOR: **Spindrift Partners, Inc.**

BY

(Signature)

(Signature)

IN PRESENCE OF:

(Signature)

(Address)

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

BY

CONTRACTING OFFICER, GSA

9. TO HAVE AND TO HOLD the said Premises with their appurtenances for the term beginning on the day the space is certified and accepted by the Government as complete and ready for occupancy through the following ten (10) year term, subject to termination and renewal rights as may be hereinafter set forth. Acceptance of space shall be made in accordance with Section 5.13(G) of the Solicitation For Offers No. LAZ02356 attached to and made a part of this lease.

10. The Government shall pay the Lessor annual rent as follows:

For months 1 through 24, annual rent of \$196,680.90 at the rate of \$16,390.08 per month in arrears;
For months 25 through 48, annual rent of \$202,581.33 at the rate of \$16,881.78 per month in arrears;
For months 49 through 72, annual rent of \$208,658.77 at the rate of \$17,388.23 per month in arrears;
For months 73 through 96, annual rent of \$217,005.12 at the rate of \$18,083.76 per month in arrears;
For months 97 through 120, annual rent of \$227,855.37 at the rate of \$18,987.95 per month in arrears;

Rent for a lesser period shall be prorated. Rent checks shall be payable to:

Spindrift Partners, Inc.
1020 Prospect Street, Suite 250
La Jolla, CA 92037-4328

11. Pursuant to Paragraph 5.13(F), "Construction Schedule and Acceptance of Tenant Improvements", the Lessor shall have sixty (60) working days from the receipt of the Government's Notice to Proceed to complete the build-out of the entire space. All items specified in Lease Agreement and as delineated on the Government Approved Design Intent Drawings shall be provided by the Lessor.

12. TAX ADJUSTMENT:

Pursuant to Paragraph 4.2, "Tax Adjustment", for purposes of tax adjustments, the Government occupies 3,770 rentable square feet, or 100%, in said building consisting of 3,770 rentable square feet (RSF). (3,770 RSF / 3,770 RSF).

13. OPERATING COST:

Pursuant to Paragraph 4.3, "Operating Costs", the base rate for purposes of operating cost adjustment is established at \$6.00 per rentable square foot per annum.

14. ADJUSTMENT FOR VACANT PREMISES:

Pursuant to Paragraph 4.4, "Adjustment for Vacant Premises", in the event of the Government vacating in whole or in part prior to lease expiration, the rental will be reduced by \$3.20 per rentable square foot (equating to \$3.50 per ANSI/BOMA Office Area square foot) per annum for operating expenses.

15. OVERTIME USAGE:

Pursuant to Paragraph 4.6, "Overtime Usage", upon request by the GSA Field Office Manager, the Lessor shall provide heating, ventilation, and air-conditioning (HVAC) at any time beyond normal service hours (8:00 a.m. – 6:00 p.m.), Monday through Friday, and except Federal Holidays ("Normal Hours"), at a rate of \$25.00 per hour. The Lessor will not charge the Government if Lessor otherwise provides these services to other building tenants during the Government's overtime hours. The cost of Overtime HVAC shall be paid by the Government via lump sum basis. The Lessor must submit a proper invoice quarterly to the GSA Building Manager or designee located at 300 West Congress Street, Suite 2J, Tucson, AZ 85701, to receive payment.

16. 24 HOUR ROOMS:

The Overtime Usage rate specified above shall not apply to any portion of the Premises that is required to have heating and cooling 24 hours per day as specified by the Lease. The charges for heating and cooling of these areas shall be provided at the rate of \$1,315.20 annually after "Normal Hours".

17. TENANT IMPROVEMENT ALLOWANCE:

Pursuant to Paragraph 3.2, "Tenant Improvements Included in Offer", the maximum Tenant Improvement Allowance shall be \$128,919.28 (\$37,454.76 per ANSI/BOMA Office Area square foot) amortized over 120 months at 10.0% payable monthly at the rate of \$1,703.68 or \$20,444.13 annually (\$5.42 per rentable square foot / \$5.94 per ANSI/BOMA Office Area square foot) and is included in the annual rent payment identified in Paragraph 10 of this lease. Pursuant to Paragraph 3.3, "Tenant Improvement Rental Adjustment", the Government, at its sole discretion, shall make all decisions as to the usage and payment for said Tenant Improvement Allowance.

Initials:

Lessor

Government

18. BUDGET AND PRICE PROPOSALS/CONSTRUCTION SCHEDULE

A. Budget and Price Proposals for Tenant Improvements

- (1) In accordance with Paragraph 5.13(C), "Construction Schedule and Acceptance of Tenant Improvements", the Lessor shall submit to the Government complete working/construction drawings within twenty (20) working days of receipt of the Government Approved Design Intent Drawings which shall meet the requirements of the Lease Agreement.
- (2) In accordance with Paragraph 5.13(E), "Construction Schedule and Acceptance of Tenant Improvements", the Lessor shall submit to the Government the price proposal within fifteen (15) working days of the Government's review for conformance of the working /construction drawings.

B. Failure to submit the budget and price proposals referenced above will constitute Lessor delay. In the event that either the budget proposal or price proposal exceeds the Tenant Improvement Allowance specified in the Lease, the construction schedule shall be revised to afford the Government sufficient time to review and resolve the difference.

C. The construction schedule required in Paragraph 5.13(F), "Construction Schedule and Acceptance of Tenant Improvements", shall include adequate time for additional review by the Government of revised design intent drawings and working/construction drawings. All references to "working days" in Paragraph 5.13, "Construction Schedule and Acceptance of Tenant Improvements", and this SF-2 shall not include the period from December 15 through January 1 of any calendar year.

D. In addition to the submission requirements specified under Paragraph 5.13(G), "Construction Schedule and Acceptance of Tenant Improvements", the Lessor shall provide to the Government the final total costs of the completed Tenant Improvements in a format meeting the requirements of Paragraph A(2) above ten (10) working days prior to "Substantial Completion" of the space. The Lessor acknowledges that the Government will not be responsible for the payment of any changes to the Tenant Improvements not approved in writing by the Contracting Officer in accordance with the terms of this Lease.

19. INSPECTION OF PREMISES:

A. The Lessor shall notify the Government ten (10) working days in advance of the anticipated substantial completion date as defined in Paragraph 1 of the GSA Form 3517B. Within ten (10) working days after the date the Lessor notifies the Government that the space is "substantially complete," the Government shall inspect the Premises and appurtenances. Within five (5) working days after the inspection, the Government shall notify the Lessor of any deficiencies in the Premises and appurtenances and the Lessor shall thereafter diligently pursue remedying any defects. If any subsequent Government inspection is required to confirm conformance with the results of a prior inspection, any such subsequent inspection and notification of the results of such inspection shall be made in accordance with the foregoing procedure and the time frames.

B. The period during which rent shall be deemed to have commenced for the Premises shall be the date that the entire space is accepted for occupancy by the Government (or the date accepted for occupancy, subject to completion of a written punchlist of items not materially affecting beneficial occupancy which are yet to be finished.) The space will not be considered acceptable for occupancy until the Government receives the final tenant improvement cost. Any items to be completed or corrected that have been identified at the acceptance of the space as a punchlist item and which do not affect beneficial occupancy shall be completed by the Lessor within thirty (30) calendar days of acceptance.

C. Neither the Government's acceptance of the Premises for occupancy or acceptance of related appurtenances, nor the Government's occupancy of the Premises, shall be construed as a waiver of any requirement or right of the Government under this lease, or as otherwise prejudicing the Government with respect to any such requirement or right, or as an acceptance of any latent defect or condition.

20. OCCUPANCY REPORTS:


A. **Building Systems:** In accordance with Paragraph 8.2, "Building Systems", the Lessor may be requested to furnish at no cost to the Government the required building system reports to ensure that the building systems, as designed and constructed, will satisfy the requirements of the SFO.

B. **Acoustical Requirements:** In accordance with Paragraph 6.8, "Acoustical Requirements", the Lessor may be requested to furnish at no cost to the Government the required acoustical reports to ensure that the acoustical requirements of the SFO have been met.

21. UNAUTHORIZED IMPROVEMENTS:

All questions pertaining to this lease agreement shall be referred in writing to the General Service Administration Contracting Officer. This contract is between GSA and Spindrift Partners, Inc. GSA assumes no financial responsibility for any cost incurred by the Lessor except as provided by the terms of the lease agreement or authorized in writing by the GSA Contracting Officer. If Lessor delivers space with improvements not authorized or requested in writing by the GSA Contracting Officer, then Lessor shall not be entitled to compensation if the improvements remain in place after the Government's acceptance of the space.

Initials:


Lessor

& 
Government

22. Wherever the words "Offeror", "Lessor" or "successful offeror" appear in this Lease, they shall be deemed to mean "Lessor"; wherever the words "solicitation", "Solicitation for Offers", or "SFO" appear in this Lease, they shall be deemed to mean "this Lease"; wherever the words "space offered for lease" appear in this Lease, they shall be deemed to mean "Premises".
23. **COMMISSION AND COMMISSION CREDIT:**
The Lessor and the Broker have agreed to a cooperating lease commission of [REDACTED] of the firm term value of this lease. The total amount of the commission is [REDACTED] as established as part of the offer dated November 20, 2009. One hundred percent (100%) of the fee is due and payable within thirty (30) working days of full execution of the lease. The fee(s) is paid to: UGL Equis Corporation, Attn: Mr. Brian Adelstein, 161 North Clark Street, Suite 2400, Chicago, Illinois 60601. The Lessor shall pay the Broker no additional commissions associated with this lease transaction.
24. **MARK UP RATE:**
If, during the period of construction, the Government requires modifications to the scope of work, the percentage mark up for change orders allowed is 12 percent which includes all general contractor and first-tier subcontractor overheads, general and administrative costs, bonds, insurance, commissions and profits for the additional work to be performed. There will be no mark-ups for the Lessor.
25. **COMPENSABLE DELAYS:**
In the event that the Government is responsible for any delays in delivery of the Leased Premises, Lessor's entitlement to compensation for Government-caused delay shall be the sum of daily shell rent multiplied by the total number of compensable work days. Recovery of such sum shall be the Lessor's sole remedy for compensable delays. For all delays, the daily delay rate covers all costs (including general contractor and subcontractor field and home office overheads) and mark-ups related to delay. Lessor shall not be relieved of its burden to establish entitlement to compensation for delay which may occur on the project. Under no circumstances will the Government be liable to the Lessor should actual compensable delays vary by any degree from the rate specified herein.

Initials: UHL & GU
Lessor Government