

U.S. GOVERNMENT
LEASE FOR REAL PROPERTY

DATE OF LEASE:

JAN 12 2010

LEASE No. GS-09B-02494

THIS LEASE, made and entered into this date between SONORA IMPERIAL LLC, a California limited liability company

whose address is: 7825 Fay Avenue Suite 250
La Jolla, California 92037-4259

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:
6,592 rentable square feet (rsf), yielding approximately 6,305 ANSI/BOMA Office Area square feet and related space located on the first floor (Suite 100) at 745 and 765 Morning Star Drive, Sonora, California, 95370-5193, together with 2 reserved parking spaces, all as shown on the attached Floor Plan (Exhibit A)(the "Premises"), to be used for SUCH PURPOSES AS DETERMINED BY THE GENERAL SERVICES ADMINISTRATION.
2. TO HAVE AND TO HOLD the said premises with their appurtenances for a total term of ^{FIFTEEN}~~ten~~ (15) years beginning upon the date of substantial completion and acceptance of the space by the Government. The actual commencement date of this lease, along with any applicable termination rights, shall more specifically be set forth in a Supplemental Lease Agreement upon substantial completion and acceptance of the space by the Government ("beneficial occupancy").
3. The Government shall pay the Lessor, upon establishment of beneficial occupancy, annual rent of \$330,918.40 at the rate of \$27,576.63 per month in arrears for years 1 through 10; and annual rent of \$357,286.40 at the rate of \$29,773.87 per month in arrears for years 11 through 15. Rent for a lesser period shall be prorated. Rent shall be paid through Electronic Funds Transfer and payable to:

Sonora Imperial LLC
7825 Fay Avenue, Suite 250
La Jolla, CA 92037-4259
4. The Government may terminate this lease, in whole or in part, effective at any time after the tenth (10th) year of this lease by giving at least ninety (90) calendar 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 IS INTENTIONALLY OMITTED

6. The Lessor shall furnish to the Government as part of the rental consideration, the following:
- A. The parking space(s) 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 approved Design Intent Drawings. All cost associated with services, utilities, maintenance, repair, replacement, inspections, improvements and other requirements as required by the Solicitation For Offers No. 6CA0635 and its attachments.
 - C. Adequate space for telecommunications antennae and transmission devices in accordance with Paragraph entitled, "Telecommunications: Local Exchange Access," of the Solicitation for Offers.
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) Solicitation For Offers Number 6CA0635 (pages 1-51)(all references to SFO shall also refer to any Special Requirements and Amendments);
 - b) Special Requirements (pages 1-37);
 - c) GSA Form 3517 (pages 1-33, General Clauses);
 - d) GSA Form 3518 (pages 1-8, Representations and Cerifications);
 - e) Sheet no. 1-2 containing Paragraphs 9-20;
 - f) Floor Plan (Exhibit "A", 1 page);
 - g) Site Plan (Exhibit "B", 1 page)
8. The following changes were made in this lease prior to its execution:
- Paragraph 5 of this STANDARD FORM 2 were deleted in its entirety. Paragraphs 9 through 20 have been added.

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

LESSOR: **SONORA IMPERIAL LLC**

BY  (Signature) _____ (Signature)

IN PRESENCE OF  (Signature)

7825 Fay Avenue, #250, La Jolla CA
(Address) 92037

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

BY  M.E. NYGREN
CONTRACTING OFFICER, GSA

9. **TO HAVE AND TO HOLD** the Premises with their appurtenances for the term beginning on the day the space is accepted by the Government as complete and ready for occupancy through the following fifteen (15) years term in accordance with the Paragraph entitled "Inspection of Premises" herein, subject to termination rights as may be hereinafter set forth.
10. **TAX ADJUSTMENT:** Pursuant to Paragraph 4.2, "Tax Adjustment," for purposes of tax escalation, the Government occupies 6,592/6,592 rentable square feet (100%).
11. **OPERATING COST:** Pursuant to Paragraph 4.3, "Operating Costs", the base rate for purposes of operating cost escalation is established at \$5.94 per rentable square foot per annum.
12. **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 \$4.00 per rentable square foot per annum for operating expenses.
13. **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 (7:30 AM–5:30 PM, Monday through Friday, except Federal Holidays ("Normal Hours")), at a rate of \$20.00 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 Lessor must submit a proper invoice quarterly to GSA Building Manager or designee located at 650 Capitol Mall, Room 8-100, Sacramento, California 95814-4708, to receive payment.
14. **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 \$1,500.00 per year. The Lessor must submit a proper invoice quarterly to GSA Building Manager or designee located at 650 Capitol Mall, Room 8-100, Sacramento, California 95814-4708, to receive payment.
15. **TENANT IMPROVEMENT ALLOWANCE:** The maximum Tenant Improvement Allowance has been established by Paragraph 3.2, "Tenant Improvements Included in Offer." The Tenant Improvement Allowance shall be amortized over the 10 year firm term of the lease agreement at an interest rate (amortization rate) of 8.75% per year.
16. **ACCEPTANCE OF SPACE:**
 - A. The following is added to Paragraph 5. 14G (1), "Acceptance of Space and Certificate of Occupancy": Subsequent Government inspections and notification of the results of such inspections shall be made in accordance with the foregoing procedure. Time frames for subsequent inspections will be established by the Government.
 - B. Any items that have been identified at the acceptance of the space as punchlist items to be completed or corrected 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.
17. **UNAUTHORIZED IMPROVEMENTS:** All questions pertaining to this lease agreement shall be referred in writing to the General Services Administration Contracting Officer. This contract is between GSA and the Lessor. 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.**

Initials: CSA & AW
Lessor Government

18. 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".

19. **WAIVER OF RESTORATION:** The Lessor hereby waives, releases and discharges, and forever relinquishes any right to make a claim against the Government for waste, damages, or restoration arising from or related to (a) the Government's normal and customary use of the leased premises during the term of the lease (including any extensions thereof), as well as (b) any initial or subsequent alteration to the leased premises, including cabling, or removal thereof, during the term of this lease (including any extensions thereof), where such alterations or removals are performed by the Lessor or by the Government with the Lessor's consent, which shall not be unreasonably withheld. The Government may, at its sole option, abandon property in the leased space following expiration of the Lease, in which case the property will become the property of the Lessor and the Government will be relieved of any liability in connection therewith.

20. 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]. The Lessor shall pay the Broker no additional commissions associated with this lease transaction. In accordance with the "Broker Commission and Commission Credit" paragraph, the Broker has agreed to forego [REDACTED] of the commission that it is entitled to receive in connection with this lease transaction ("Commission Credit"). The Commission Credit is [REDACTED]. The Lessor agrees to pay the Commission less the Commission Credit to the Broker in accordance with the "Broker Commission and Commission Credit" paragraph in the SFO attached to and forming a part of this lease.

Notwithstanding Paragraph 3 of this Standard Form 2, the shell rental payments due and owing under this lease shall be reduced to fully recapture 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:

First Month's Rental Payment \$27,576.63 minus prorated Commission Credit of [REDACTED] equals [REDACTED] adjusted First Month's Rent

Second Month's Rental Payment \$27,576.63 minus prorated Commission Credit of [REDACTED] equals [REDACTED] adjusted Second Month's Rent

Third Month's Rental Payment \$27,576.63 minus prorated Commission Credit of [REDACTED] equals [REDACTED] adjusted Third Month's Rent

Initials: CSM & M
Lessor Government