

DATE OF LEASE

24 June 2011

LEASE NUMBER

GS-09B-02649

THIS LEASE, made and entered into this date between **DB PROPERTIES, LP**

whose address is:

[REDACTED]  
[REDACTED]

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:  
**1,492** rentable square feet (r.s.f.), yielding approximately **1,332** ANSI/BOMA Office Area square feet and related space located at the **STEWART SCHOOL OFFICE BUILDING** located at 1125 16<sup>th</sup> Street, Arcata, CA 95521, together with **four (4)** onsite, surface parking, to be used for SUCH PURPOSES AS DETERMINED BY THE GENERAL SERVICES ADMINISTRATION.
2. **PARAGRAPH 2 IS INTENTIONALLY OMITTED.**
3. **PARAGRAPH 3 IS INTENTIONALLY OMITTED.**
4. The Government may terminate this lease in whole or in part effective any time after the fifth (5<sup>th</sup>) year of this lease giving at least ninety (90) 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.**

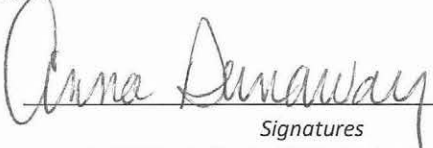
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6. The Lessor shall furnish to the Government as part of the rental consideration, the following:
- A. The parking space(s) described in Paragraph 1 and parking spaces required by local code.
  - B. All labor, materials, equipment, design, professional 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. 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 No. LCA02649 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.
  - D. All terms identified and agreed upon in the Lessor's Modernization Plan (11/11/2010):
    - 1) The Lessor will replace all windows as a shell cost within the premises. The work will be accomplished within six months of the commencement of the new term. In the interim the Lessor will seal/caulk the windows to stop the rain, wind and secure the window glass.
    - 2) The Lessor will employ a professional heating company to provide an evaluation and correction, if necessary, to maximize the efficiency and comfort of the tenant.
    - 3) It is the intention of the Lessor to provide the tenant improvements in a timely fashion. Work may need to be completed after tenant work hours and weekends. Consideration of the tenants work needs will be reflected in the construction schedule.
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 LCA02649 (pages 1-38) (all references to SFO shall also refer to any Special Requirements and Amendments);
  - B. Amendment Number 2 (page 1), Amendment Number 3 (pages 1-4); Amendment Number 4 (page 1);
  - C. GSA Form 3517 (pages 1-2);
  - D. GSA Form 3518 (pages 1-7);
  - E. Sheet no. 1-2 containing Paragraphs 9-21;
  - F. Site Plan – Exhibit C: "Tenant Improvements [REDACTED] Draft 09-01-2009" (page 1).
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 21 have been added.

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

LESSOR: DB PROPERTIES

BY:  \_\_\_\_\_  
Signatures Signatures

IN PRESENCE OF:  \_\_\_\_\_  
Signatures Signatures

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

BY:  \_\_\_\_\_  
LEASE CONTRACTING OFFICER, GSA



9. TO HAVE AND TO HOLD the Premises with their appurtenances for the term beginning February 1, 2012 through January 31, 2022 subject to termination and renewal rights as may be hereinafter set forth.

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

- 1) For years one (1) through five (5) an annual rent of \$45,948.32 (consisting of \$26,226.55 (\$17.58/ RSF) shell rent; \$4,803.72 (\$3.22/ RSF) operating costs; and \$14,918.05 (\$9.999/ RSF) amortized Tenant Improvements) at the rate of \$3,829.02 per month in arrears.

The maximum amortized Tenant Improvement Allowance is established at \$62,782.59 (\$47.134 per ANSI/BOMA square foot). This component of the rent shall not activate until construction is complete and required improvements are delivered/accepted by the Government. Once the space is accepted the Rent stated above will be adjusted to include the amortized tenant improvement component by Supplemental Lease Agreement.

- 2) For years six (6) through ten (10) an annual rent of \$35,311.85 (consisting of \$30,508.13 (\$20.45/ RSF) shell rent; \$4,803.72 (\$3.22/ RSF) operating costs) at the rate of \$2,943.00 per month in arrears.

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

DB PROPERTIES, LP c/o Michael Dunaway, Owner

[REDACTED]  
[REDACTED]

11. **TAX ADJUSTMENT:** Pursuant to Paragraph 4.2, "Tax Adjustment," for purposes of tax escalation, the Government occupies **1,492/28,520** rentable square feet (**0.052314%**).

12. **OPERATING COST:** Pursuant to Paragraph 4.3, "Operating Costs," the base rate for purposes of operating cost escalation is established at **\$3.22** per rentable square foot per annum.

13. **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 **\$3.60** per ABOA square foot per annum for operating expenses. The Adjustment for Vacant Premises rate shall be escalated annually based upon Paragraph 4.3, "Operating Costs."



14. **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 (7:00 a.m. – 5:00 p.m., Monday through Friday, and except Federal Holidays ("Normal Hours")), at a rate of **\$0.83** 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 U.S. General Services Administration, 650 Capitol Mall, Room 8-100, Sacramento, California 95814-4708, to receive payment.

15. **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 **\$0.00** per hour after "Normal Hours."

16. **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 five (5) year firm term of the lease agreement at an interest rate (amortization rate) of **7.00 %** per year. Based on the Lessor's Modernization Plan dated 11/11/2010, the entire premises will be painted, re-carpeted and office area expanded.

17. **BUDGET AND PRICE PROPOSALS/CONSTRUCTION SCHEDULE:**

- A. The price proposal required to be provided by Lessor in SFO Paragraph 5.11 (E), "Tenant Improvements Price Proposal," must be based upon the results of a competitive proposal process meeting all of the requirements of SFO Paragraph 5.3, B (1) through (9), entitled, "Tenant Improvements Pricing Requirements." The Government has the right, but not the obligation, to accept cost or pricing data as described in GSA Form 3517 in lieu of a competitive price proposal.

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Lessor Gov't



- B. Failure to submit these budget and price proposal's 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, then 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 5.11 (F), "Construction of Tenant Improvements," of the SFO shall also include adequate time for additional review by the Government of revised design intent drawings and Working Drawings/Construction Drawings. All references to "working days" in Paragraph 5.11, "Construction Schedule and Acceptance of Tenant Improvements" of the SFO 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 5.11, "Construction Schedule and Acceptance of Tenant Improvements," Lessor shall provide to the Government the final total costs of the completed Tenant Improvements in CSI format thirty (30) working days prior to "Substantial Completion." The space will not be considered acceptable for inspection until the Government receives the final tenant improvement costs.

18. ACCEPTANCE OF SPACE:

- A. The following is added to Paragraph 5.11 G (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 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.

19. 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.



20. 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."

21. COMMISSION AND COMMISSION CREDIT:

The Lessor and the Broker have agreed to a cooperating lease commission of [REDACTED] [REDACTED] of the firm term value of this lease. 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] [REDACTED] of the commission that it is entitled to receive in connection with this lease transaction ("Commission Credit"). 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 10 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 for the broker commission will activate once actual costs of the tenant improvements are known. A Supplemental Lease Agreement will be prepared to incorporate these costs.

For the remainder of the lease term, the amount of the rent shall be in accordance with paragraph 10 of this Standard Form 2.

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