

U.S. GOVERNMENT
LEASE FOR REAL PROPERTY

DATE OF LEASE: March 15, 2011

LEASE No. GS-09B-02744

THIS LEASE, made and entered into this date between TONEMAN PROPERTIES AVENUE L, LLC

whose address is: 620 West Avenue L
Lancaster, CA
93534-7107

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:
5,092 rentable square feet (r.s.f.), yielding approximately 4,649 ANSI/BOMA Office Area square feet and related space, and an additional 4,604 rentable square feet yielding approximately 4,203 ANSI/BOMA Office Area square feet of "free" space, for a total of 9,696 rentable square feet yielding approximately 8,852 ANSI/BOMA Office Area square feet located on the 1st Floor at Toneman Properties, 610 West Avenue L, Lancaster, CA, 93534-7107, together with 8,000 rentable square feet of wareyard area to be used for 6 reserved secured surface parking spaces, as depicted on the attached (Exhibit A) (the "Premises"), 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 ten (10) year firm term of this lease by 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.

(Continued on Page 2)

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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; provided that the Government shall make payments for lump sum items to be identified prior to occupancy. 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. 1CA0691 and its attachments.
 - C. Adequate space for telecommunications antennae and transmission devices in accordance with Paragraph 8.14 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) The Solicitation For Offers Number 1CA0691 (pages 1-49) (all references to SFO shall also refer to any Special Requirements and Amendments);
- b) [REDACTED] - Special Requirements (pages 1-54);
- c) GSA Form 3517 (pages 1-33);
- d) GSA Form 3518 (pages 1-7);
- e) Sheets No. 1-3 containing Paragraphs 9-26;
- f) Amendment 1 to SFO No. 1CA0691;
- g) Site Plan (Exhibit "A")

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 26 have been added.

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

LESSOR: TONEMAN PROPERTIES AVENUE L, LLC

BY

(Signature)

(Signature)

IN PRESENCE OF:

(Signature)

(Address)

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

BY

CONTRACTING OFFICER, GSA

SHEET NUMBER 1 ATTACHED TO AND FORMING A PART OF LEASE NO. GS-09B-02744

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, ten (10) years firm term in accordance with the Paragraph entitled "Acceptance of Space" herein, subject to termination rights as may be hereinafter set forth.

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

*For Months 1 through 60, annual rent of \$164,460.57 at the rate of \$13,705.05 per month in arrears.

*For Months 61 through 120, annual rent of \$166,555.42 at the rate of \$13,879.62 per month in arrears.

For Months 121 through 180, annual rent of \$137,234.63 at the rate of \$11,436.22 per month in arrears.

*The annual rental rate includes the amortized tenant improvement allowance.

(For purposes of rental calculations the space identified as "free space" in Paragraph 1 is excluded from tenant improvement allowance calculations, operating costs, and operating cost escalations. Lessor maintenance of the "free space" is to be provided at no additional cost to the Government.)

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

Toneman Properties, LLC
620 West Avenue L
Lancaster CA 93534-7107

11. The Lessor shall have 120 calendar 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. The Government occupies 9,696 of 9,696 rentable square feet (100%) of the building.
13. **OPERATING COST:** Pursuant to Paragraph 4.2, "Operating Costs", the base rate for purposes of operating cost escalation is established at \$5.55 per rentable square foot per annum.
14. **ADJUSTMENT FOR VACANT PREMISES:** Pursuant to Paragraph 4.3, "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 \$4.65 per rentable square foot per annum for operating expenses. The Adjustment for Vacant Premises rate shall be escalated annually based upon Paragraph 4.2, "Operating Costs."
15. **OVERTIME USAGE:** Pursuant to Paragraph 4.5, "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. - 6:00 p.m., Monday through Friday, and except Federal Holidays ("Normal Hours")), at a rate of \$28 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, Dana Macfarlane, located at 11000 Wilshire Blvd. Suite 7100 Los Angeles, CA 90024, 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 \$0.15 per 250 rentable square feet per hour after "Normal Hours" which equates to an annual payment of \$821.25. This annual amount is subject to change after acceptance of space if the total rentable square footage of the 24 Hour Rooms is less than or greater than 250 rentable square feet.
17. **TENANT IMPROVEMENT ALLOWANCE:** The maximum Tenant Improvement Allowance is \$216,064.69 and 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 8.00 % per year.
18. **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 (10), 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.
- C. Failure to submit these 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, then the construction schedule shall be revised to afford the Government sufficient time to review and resolve the difference.

Initials: _____ & _____
Lessor Government

SHEET NUMBER 2 ATTACHED TO AND FORMING A PART OF LEASE NO. GS-09B-02744

- D. 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.
- E. 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 5 working days prior to "Substantial Completion". The space will not be considered acceptable for inspection until the Government receives the final tenant improvement costs.

19. **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 14 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: As part of its obligations under SFO, Paragraph 8.2 "Building Systems," of the SFO, the Lessor shall furnish at no cost to the Government a required building system report prior to the Government's occupancy of the Premises.
- B. Acoustical Requirements: As part of its obligations under SFO, Paragraph 6.8 "Acoustical Requirements" of the SFO, the Lessor shall furnish at no cost to the Government a required acoustical report prior to the Government's occupancy of the Premises.

21. **UNAUTHORIZED IMPROVEMENTS:** All questions pertaining to this lease agreement shall be referred in writing to the General Services Administration Contracting Officer, Veronica Gonzalez, located at 300 N. Los Angeles St. Suite 4100 Los Angeles, CA 90012. 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.**
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. Pursuant to Paragraph 5.2, "Unit Costs for Adjustments", the following negotiated amounts may be used, during the first year of the lease to price alterations costing \$100,000 or less. These prices may be indexed or renegotiated to apply to subsequent years of the lease upon mutual agreement of the Lessor and the Government.

ITEM	UNIT	COST
Ceiling-High Partitioning	Linear Foot	██████
Floor Duplex Electrical Outlet	Each	██████
Wall Duplex Electrical Outlet	Each	██████
Floor Fourplex Electrical Outlet	Each	██████
Wall Fourplex Electrical Outlet	Each	██████
Dedicated Electrical Outlet	Each	██████
Floor Telephone Outlet	Each	██████
Wall Telephone Outlet	Each	██████
Interior Door	Each	██████

24. **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

Initials: _____ & _____
Lessor Government

SHEET NUMBER 3 ATTACHED TO AND FORMING A PART OF LEASE NO. GS-09B-02744

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.

25. All rights, responsibilities, and obligations that bind the Lessor and the Government under this lease agreement, including the General Clauses and any other attachments hereto, shall pertain to the entire space under lease, including the "free space".

26. 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 10 of this lease; 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 \$13,705.05 minus prorated Commission Credit of [REDACTED] equals [REDACTED] adjusted First Month's Rent.

Second Month's Rental Payment \$13,705.05 minus prorated Commission Credit of [REDACTED] equals [REDACTED] adjusted Second Month's Rent.

Third Month's Rental Payment \$13,705.05 minus prorated Commission Credit of [REDACTED] equals [REDACTED] adjusted Third Month's Rent.

Fourth Month's Rental Payment \$13,705.05 minus prorated Commission Credit of [REDACTED] equals [REDACTED] adjusted Fourth Month's Rent.

Initials: [Signature] & [Signature]
Lessor Government