

U.S. GOVERNMENT LEASE FOR REAL PROPERTY

DATE OF LEASE	July 18, 2011	LEASE NO.	GS-09B-02801
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THIS LEASE, made and entered into this date by and between **HPC HOLDINGS, LLC**

whose address is **20888 Amar Road, #201**
Walnut, California 91789

and whose interest in the property hereinafter described is that of hereinafter called the Lessor, and the **UNITED STATES OF AMERICA**, hereinafter called the Government:


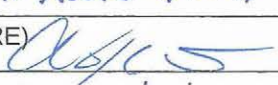

WITNESSETH: The parties hereto for the considerations hereinafter mentioned, covenant and agree as follows:


1. The Lessor hereby leases to the Government the following described premises:
11,174 rentable square feet (RSF), yielding approximately 9,717 ANSI/BOMA Office Area square feet and related space located at PLUM LANE, 1653 PLUM LANE, REDLANDS, CA 92374-0103, together with ten (10) on-site, 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 at any time after the eighth (8th) year by giving at least ninety (90) days' notice in writing to the Lessor, and 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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LESSOR GOVT

6. The Lessor shall furnish to the Government, as part to the rental consideration, the following:
- A. The ten (10) on-site, secured parking spaces and parking spaces required by local code.
 - B. All labor, materials, equipment, design, professional 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. 8CA2827 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. The Solicitation For Offers Number 8CA2827 (pages 1-47) (all references to SFO shall also refer to any Special Requirements and Amendments);
 - B. Special Requirements (pages 1-4);
 - C. Amendment Number 1 (pages 1-5); Amendment Number 2 (pages 1-3); Amendment Number 3 (pages 1-4);
 - D. GSA Form 3517 (pages 1-33);
 - E. GSA Form 3518 (pages 1-7);
 - F. Sheet number 1-3 containing paragraphs 9-23;
 - G. Site Plan (Exhibit A) (page 1);
 - H. Floor Plan (Exhibit B) (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 23 have been added.

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

LESSOR	
LESSOR SIGNATURE BY 	NAME OF SIGNER <u>JERRY YEH, Manager</u>
ADDRESS <u>20888 Amar Road #201, Walnut, CA 91789</u>	
IN PRESENCE OF (SIGNATURE) 	TITLE OF SIGNER <u>Amelia Louie</u>
ADDRESS 	

UNITED STATES OF AMERICA	
SIGNATURE 	NAME OF SIGNER <u>Carl Brown</u>
	OFFICIAL TITLE OF SIGNER CONTRACTING OFFICER

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 "Acceptance of Space" herein, subject to termination rights as may be herein set forth.
10. The Government shall pay the Lessor annual rent as follows:

Lease Term	Shell Rent	Operating Base	Amortization of Tenant Improvements	Total Annual Rent	Total Annual Rate (per RSF)
Years 1-2	\$73,029.36	\$64,714.96	\$48,424.74	\$186,169.06	\$16.660915
Years 3-4	\$77,930.34	\$64,714.96	\$48,424.74	\$191,069.94	\$17.099511
Years 5-6	\$85,703.94	\$64,714.96	\$48,424.74	\$198,843.64	\$17.795207
Years 7-8	\$94,254.90	\$64,714.96	\$48,424.74	\$207,394.60	\$18.560462
Years 9-15	\$120,102.12	\$64,714.96		\$184,817.08	\$16.539921

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

HPC HOLDINGS, LLC
20888 AMAR ROAD, #201
WALNUT, CALIFORNIA 91789

11. **Build Out:** The Lessor shall have **one hundred and twenty-eight days (128) 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 the Lease Agreement and as delineated on the Government's Approved Design Intent Drawings shall be provided by the Lessor.
12. **Tax Adjustment:** Pursuant to Paragraph 4.3, "Tax Adjustment," for purposes of tax escalation, the Government occupies 11,174/11,174 rentable square feet (100%).
13. **Operating Cost:** Pursuant to Paragraph 4.3, "Operating Costs," the base rate for purposed of operating cost escalation is established at **\$5.79** 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 **\$0.30** per ABOA per annum for operating expenses. The Adjustment for Vacant Premises rate shall be escalated annually based upon Paragraph 4.3, "Operating Costs."
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 **5:45 a.m. – 4:45 p.m.**, Monday through Friday and except weekends and Federal Holidays ("Normal Hours"), at a rate of **\$9.50** 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

GSA Real Estate
 Attention: Debra Williams
 312 North Spring Street, Suite 1020
 Los Angeles, CA 90012

to receive payment.

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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 **eight (8) year firm term** of the lease at an interest rate of **4.50%** per year.
17. **Budget and Price Proposals/ Construction Schedule:**
- A. If Lessor is preparing the Design Intent Drawings, then Lessor shall submit to the Government a budget proposal together with the Design Intent Drawings in accordance with SFO Paragraph 5.10(B), "Design Intent Drawings." The budget proposal must be submitted in Construction Specification Institute (CSI) Format.
 - B. The price proposal required to be provided by Lessor in SFO Paragraph 5.10(E), "Tenant Improvements Price Proposal," must be based upon the results of a competitive proposal process meeting all of the requirements of SFO Paragraph 5.10(B) (1) through (9), entitled, "Tenant Improvements Pricing Requirement." 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 budgets and price proposals referenced above will constitute Lessor delay. In the event the budget proposal or price proposal exceed 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.
 - D. The construction schedule required in Paragraph 5.10(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 Drawing/ Construction Drawings. All references to "working days" in Paragraph 5.10, "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 under Paragraph 5.10, "Construction Schedule and Acceptance of Tenant Improvements," Lessor shall provide to the Government the final total costs of the completed Tenant Improvements in CIS 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 5.10(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 requirements of 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 the 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. **Waiver of Restoration:** The Lessor hereby waived, 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 lease premises during the term of the lease (including

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any extension 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 extension thereof), where such alteration or removals are performed by the Lessor or 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.

22. **Commission and Commission Credit:**

The Lessor and the Broker have agreed to a cooperating lease commission of [REDACTED] of the firm term 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 the 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 **\$15,514.08** minus prorated Commission Credit of [REDACTED] equals [REDACTED] adjusted First Month's Rent.

Second Month,s Rental Payment **\$15,514.08** minus prorated Commission Credit of [REDACTED] equals [REDACTED] adjusted Second Month's Rent.

Third Month,s Rental Payment **\$15,514.08** minus prorated Commission Credit of [REDACTED] equals [REDACTED] adjusted Third Month's Rent.

Forth Month,s Rental Payment **\$15,514.08** minus prorated Commission Credit of [REDACTED] equals [REDACTED] adjusted Forth Month's Rent.

23. Pursuant to the **U.S. GOVERNMENT LEASE FOR REAL PROPERTY, SF-2**, for the above referenced contract, the breakdown of (TI) Tenant Improvements (by way of allowance and excess TIs/lump sum payment) and obligated at this time are as follows:

- | | |
|---------------------------------|--------------------|
| 1. Total TI Costs: | \$339,512.00 |
| Less: | |
| 2. TI Allowance: | \$324,826.42 |
| 3. Excess TIs/Lump Sum Payment: | <u>\$14,685.58</u> |

The Government will provide a lump sum payment of **\$14,685.58** to the Lessor upon satisfactory completion and acceptance of the space for buildout. The actual lump sum payment terms and conditions for the reimbursable lump-sum items will be memorialized in a subsequent Supplemental Lease Agreement (SLA).

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