

U.S. GOVERNMENT
LEASE FOR REAL PROPERTY

DATE OF LEASE: 6/29/2011

LEASE No. GS-09B-02842

THIS LEASE, made and entered into this date between **Gros Investments Los Angeles Properties, LLC**

whose address is: **Gros Investments Los Angeles Properties, LLC**



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:
33,750 rentable square feet (r.s.f.), yielding approximately 33,750 ANSI/BOMA Office Area square feet (comprised of approximately 28,750 ANSI/BOMA Office Area square feet of warehouse and garage and 5,000 ANSI/BOMA Office Area square feet of office space.) and related space located 5521 Grosvenor Blvd, Los Angeles, CA 90066-6992 together with at least 10 onsite secured parking spaces, as depicted on the attached Site Plan (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 10th year of this lease giving at least 120 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. 0CA2487 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 0CA2487 (pages 1-47) (all references to SFO shall also refer to any Special Requirements and Amendments);
- b) Special Requirements (pages 1-36);
- c) Amendment Number 1 (pages 1-6);
- d) Amendment Number 2 (pages 1-3);
- e) GSA Form 3517B (pages 1-33);
- f) GSA Form 3518 (pages 1-7);
- g) Sheet no. 1-3 containing Paragraphs 9-26;
- h) Site Plan (Exhibit "A");
- i) Room Adjacency - Rough Estimate ("Exhibit B").

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: Gros Investments Los Angeles Properties, LLC

BY

(Signature)

(Signature)

IN PRESENCE OF:

(Signature)

(Address)

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

BY

CONTRACTING OFFICER, GSA

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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 hereinafter set forth.

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

<u>YEARS</u>	<u>SHELL</u>	<u>OPERATING*</u>	<u>T.I.**</u>	<u>TOTAL ANNUAL</u>
1 through 2	\$419,512.50	\$170,775.00	\$59,681.07	\$649,968.57
3 through 5	\$463,050.00	\$170,775.00	\$59,681.07	\$693,506.07
6 through 10	\$516,375.00	\$170,775.00	\$59,681.07	\$746,831.07
11 through 15	\$598,725.00	\$170,775.00	\$0.00	\$769,500.00

- * Operating Costs subject to annual CPI adjustments
- ** Tenant Improvement Allowance of \$433,133.98 amortized for years 1 through 10 only, at an annual interest rate of 6.75%
- Rent for a lesser period shall be prorated. Rent shall be payable to:

Gros Investments Los Angeles Properties, LLC
4549 Alla Road, Apt 5
Marina Del Rey, CA 90292-6338

11. The Lessor shall have **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. **OPERATING COST:** Pursuant to SFO Amendment No. 2, Paragraph 4.12, "Operating Costs", the base rate for purposes of operating cost escalation is established at **\$5.06** per rentable square foot per annum.

13. **ADJUSTMENT FOR VACANT PREMISES:** Pursuant to Paragraph 4.2, "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 **\$5.06** per rentable square foot per annum for operating expenses. The Adjustment for Vacant Premises rate shall be escalated annually based upon SFO Amendment No. 2, Paragraph 4.12, "Operating Costs."

14. **OVERTIME USAGE:** Pursuant to Paragraph 4.4, "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 **\$65.00** 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 **West Los Angeles Field Office, 11000 Wilshire Blvd, Suite 7100, Los Angeles, CA 90024**, 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 **\$0.62** per hour after "Normal Hours". Lessor shall submit invoice to GSA Building Manager or designee located at **West Los Angeles Field Office, 11000 Wilshire Blvd, Suite 7100, Los Angeles, CA 90024** semi-annually, to receive payment.

16. **TENANT IMPROVEMENT ALLOWANCE:** The maximum Tenant Improvement Allowance has been established by SFO Amendment No. 2, 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 **6.75 %** per year.

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

- A. The price proposal required to be provided by Lessor in SFO Paragraph 5.9 (E), "Tenant Improvements Price Proposal," must be based upon the results of a competitive proposal process meeting all of the requirements of SFO Paragraph 5.2, **B (1) through (9)**,

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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.

- B. 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.
- C. The construction schedule required in Paragraph 5.9 (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 5.9, "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 5.9, "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.

18. **ACCEPTANCE OF SPACE:**

- A. The following is added to Paragraph 5.9 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. **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.

20. **UNAUTHORIZED IMPROVEMENTS:** All questions pertaining to this lease agreement shall be referred in writing to the General Services Administration Contracting Officer 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.**

21. **TENANT IMPROVEMENT CREDIT AND EXPENSE STOP:** Lessor agrees to provide a Tenant Improvement Credit of \$169,015.00 prior to the use of the Government's Tenant Improvement Allowance of \$433,133.98. Then, if and when the Tenant Improvement Credit and the Government's Tenant Improvement Allowance are exhausted, the Lessor agrees to absorb any and all additional tenant improvement costs based on the discussions with the Government, tour of a similar facility, Room Adjacency Drawing*, SFO, and Scope of Work (Agency Special Requirements identified in this Lease and its attachments as of the signing date of this Lease).

*Room Adjacency Drawing (Exhibit B) was used as a rough estimate of room adjacencies and some process flow. It is not inclusive of all proposed improvements (i.e. separate rooms within warehouse such as the [REDACTED] loading docks, etc.). Lessor understands that some deviation is to be expected for Design Intent Drawings as a result of accommodating for final loading location, more accurate process flow, etc. Lessor shall accommodate these deviations at no additional cost to the Government. In the event of material deviation that causes significant cost increase to the Lessor, the Government shall bear the cost or de-scope.

22. **JANITORIAL SERVICES & EXTERIOR PAINTING:** Office space and restrooms will be serviced by janitorial staff three times per week. Warehouse and yard/parking lot will be serviced once every two weeks.

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As a part of operating duties, Lessor shall paint the exterior of the facility every five (5) years or on an as-needed basis, whichever is sooner.

23. **PARKING LOT & WAREYARD:**

Lessor will provide and maintain a high quality parking lot and wareyard capable of withstanding use by heavy vehicles such as forklifts and semi trucks. Forklifts and semi trucks shall be given designated zones to operate. Such zones shall span across the entire wareyard, based on Contracting Officer's discretion. Vehicle parking area shall be delineated from wareyard by means of signage, striping, or similar.

Lessor will prepare the parking lot and wareyard to prevent cracking and/or warping. In the event that such cracking and/or warping should occur, Lessor will repair immediately and take appropriate action to prevent in the future.

24. **SEISMIC & FIRE/LIFE SAFETY:**

As a contingency to the award the Landlord shall, subject to approval by the Los Angeles Department of Building and Safety, perform the following seismic upgrades to the Premises:

- A. Any cracking in the precast concrete walls that suggest a weakening of structural integrity will be repaired using the best high-grade materials providing the most reasonable security for life safety.
- B. Should an inspection of the entire building result in signs of structural compromise in the wall to foundation or walls to roof, there shall be a remediation in one of several methods to achieve a higher level of seismic resistance. The reinforcement may be accomplished by a roof connection with the use of clip angles / bolts plus similar steel angles / bolts, or concrete / rebar at the base of the concrete pre-cast walls. The reinforcement will be brought into compliance with the City of L.A. Building code as required. The final method of connection will be determined after a more in-depth analysis. The fire safety and security systems will be brought into full compliance as required by the City of L.A. Building code.

C. [REDACTED]

The Lessor proposes to renovate the building in order to meet the Seismic Standards (with exception to the "Adjacent Building" item on the "Building System" Checklist within ASCE 31-03); the Lessor must provide the construction schedule with the offer. All design and construction documents for the renovation, including structural calculations, drawings, specifications, geotechnical report(s), etc. shall be made available to the Government prior to construction. The Lessor must deliver a Seismic Certificate establishing that the building conforms to the Seismic Standards (with exception to the "Adjacent Building" item on the "Building System" Checklist within ASCE 31-03) prior to delivery of the space to the Government; the space shall not be considered substantially complete until an acceptable Seismic Certificate has been delivered to the Contracting Officer.

25. **WAREHOUSE TEMPERATURE & HUMIDITY:** While HVAC in the warehouse is not specifically mandated, it is required that temperature and humidity control systems serving the warehouse and garage areas shall operate continuously 24 hours a day, 365 days per year to provide proper ventilation and maintain the following indoor environment:
Dry Bulb Temperature: 13 C (55 F) to 27 C (78F)
Relative Humidity: 40% to 60%

26. Wherever the words "Offer or", "Lessor" or "successful offer or" 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". Wherever a conflict between the SF2 and SFO exists, the SF2 shall prevail.

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