

U.S. GOVERNMENT  
LEASE FOR REAL PROPERTY

DATE OF LEASE:

DEC 16 2011

LEASE No. GS-09B-02876

THIS LEASE, made and entered into this date between Earl Hardesty

whose address is:



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:  
8,052 rentable square feet (r.s.f.), yielding approximately 7,674 ANSI/BOMA Office Area square feet and related space located at 12110 Tech Center Drive, Poway, California 92064-7102, together with twenty (20) onsite 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. The leased space shall consist of 3,992 rentable square feet of general office and 4,060 rentable square feet of warehouse space. The lease space is also inclusive of 2,682 usable square feet of wareyard space.
2. TO HAVE AND TO HOLD the Premises with their appurtenances for the term beginning January 1, 2013 through the following ten (10) years, five (5) years firm term in accordance with the Paragraph entitled "Acceptance of Space" herein, subject to termination rights as may be hereinafter set forth.
3. The Government shall pay the Lessor annual rent as follows:

Years	Annual Shell Rent	Annual Operating cost	Annual Amortized T.I.'s	Total Annual Rent	Total Monthly Rent
1 - 5	\$99,281.16	\$49,197.72	\$13,197.65	\$ 161,676.53	\$13,473.04
6 - 10	\$106,689.00	\$49,197.72	\$0.00	\$ 155,886.72	\$12,990.56

The Government shall pay rent monthly, in arrears. Rent for a lesser period will be prorated. The cost for the 20 parking spaces referenced in Paragraph 1 of this SF-2 are included in the Shell Rent.

Rent checks shall be payable to:

Earl Hardesty



4. The Government may terminate this lease, in whole or in part, effective any time on or 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 payments 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.

EXCEPTION TO SF2 APPROVED GSA/RIMS 12D89

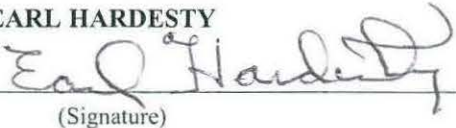
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Lessor Government

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. 2,682 usable square feet of fenced wareyard space.
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 0CA2856 (pages 1-38) (all references to SFO shall also refer to any Special Requirements and Amendments);
  - b) Amendment No. 1 to the Solicitation for Offers 0CA2856 (page 1);
  - c) Special Requirements (pages 1-5);
  - d) GSA Form 3517B (pages 1-33);
  - e) GSA Form 3518A (pages 1-4);
  - f) Sheet no. 1-2 containing Paragraphs 9-26;
  - g) Floor Plan (Exhibit "A", page 1).
8. The following changes were made in this lease prior to its execution:
- Paragraph 5 of this STANDARD FORM 2 was deleted in its entirety. Paragraphs 9 through 27 have been added.

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

LESSOR: **EARL HARDESTY**

BY



(Signature)

(Signature)

IN PRESENCE OF:

(Signature)

(Address)

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

BY



LEASE CONTRACTING OFFICER, GSA



9. PARAGRAPH NUMBER 9 IS INTENTIONALLY OMITTED.
10. PARAGRAPH NUMBER 10 IS INTENTIONALLY OMITTED.
11. The Lessor shall have ninety (90) working days from the receipt of the Government's Tenant Improvement 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. PARAGRAPH NUMBER 12 IS INTENTIONALLY OMITTED.
13. PARAGRAPH NUMBER 13 IS INTENTIONALLY OMITTED.
14. **ADJUSTMENT FOR VACANT PREMISES:** Pursuant to Paragraph 4.2 of SFO Number 0CA2856, "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 \$2.00 per ANSI/BOMA Office Area square foot per annum for operating expenses."
15. **OVERTIME USAGE:** Pursuant to Paragraph 4.4 of SFO Number 0CA2856, "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 \$10.00 per zone 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 401 W. Washington St., Suite 180, Phoenix, AZ 85003, to receive payment.
16. PARAGRAPH NUMBER 16 IS INTENTIONALLY OMITTED.
17. **TENANT IMPROVEMENT ALLOWANCE:** The maximum Tenant Improvement Allowance established by Paragraph 3.2 of SFO Number 0CA2856, "Tenant Improvements Included in Offer," has been modified not to exceed \$56,888.00. The Tenant Improvement Allowance shall be amortized over the firm five (5) year term of the lease agreement at an interest rate (amortization rate) of 6.0 % per year.
18. **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 5.8 (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 5.8 (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 (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.
  - D. The construction schedule required in Paragraph 5.8 (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 5.8, "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 5.8, "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 no less than ten (10) 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 5.8 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

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otherwise prejudicing the Government with respect to any such requirement or right, or as an acceptance of any latent defect or condition.

20. PARAGRAPH NUMBER 20 IS INTENTIONALLY OMITTED.

21. **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.**

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. **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.

24. **COMMISSION AND COMMISSION CREDIT:** In accordance with SFO Paragraph 2.3. Broker Commission and Commission Credit, UGL Services Equis Operations Co. ("Broker") is the authorized real estate broker representing GSA in connection with this lease transaction. The total amount of the Commission is [REDACTED] and is earned upon lease execution, payable according to the Commission Agreement signed between the two parties, executed on May 17, 2011. Due to the Commission Credit described in SFO Paragraph 2.3.B, only [REDACTED] of the Commission, will be payable to UGL Services Equis Operations Co. with the remaining [REDACTED] which is the "Commission Credit", to be credited to the shell rental portion of the annual rental payments due and owing to fully recapture this Commission Credit. The reduction in shell rent shall commence with the first month of the rental payments and continue until the credit has been fully recaptured in equal monthly installments over the shortest time period practicable.

Notwithstanding Paragraph 3 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 apply to the first month of the rental payments as indicated in this schedule for adjusted Monthly Shell Rent:

First Month's Shell Rental Payment is \$8,273.43 minus prorated Commission Credit of [REDACTED] equals [REDACTED] adjusted First Month's Shell Rent

25. **ELECTRONIC CAD DRAWING:** Lessor must provide an electronic CAD file in .DWG to the Government within ten (10) working days after the Occupancy Date.

26. **TENANT IMPROVEMENT FEE SCHEDULE:**

The following fee schedule shall be applied to the Tenant Improvement costs paid by the Government.

1. General Conditions shall be **6%** of the total construction costs associated with the Tenant Improvements;
2. General Contractor's fee shall be **6%** of the total construction costs associated with the Tenant Improvements;
3. Architectural/Engineering Fees owed by the Government shall not exceed **\$0** per usable square foot.
4. Lessor's Project Management fee shall be **0%** of the total subcontractor's costs associated with the Tenant Improvements;

27. **GREEN LEASE SUBMITTALS:** Pursuant to Paragraph 3.6 of SFO Number OCA2856, "Green Lease Submittals," the Lessor will make the following improvements to enhance the building's energy efficiency and conservation: upgrade the HVAC system to enhance the thermostat controls, change existing light bulbs to fluorescent, replace the existing water heaters, install new low flush toilets, and install new solar power system. These improvements must be completed no later than one (1) year after signing the lease pursuant to Paragraph 8.3.E.2. of SFO Number OCA2856, "Energy Efficiency and Conservation."

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Lessor                      Government