

U.S. GOVERNMENT
LEASE FOR REAL PROPERTY

DATE OF LEASE:

February 15, 2012

LEASE No. GS-09B-02970

THIS LEASE, made and entered into this date between PRINCIPLE EQUITY PROPERTIES LP, A DELAWARE LP, ON BEHALF OF THE TENANT IN COMMON OWNERS OF GREEN VALLEY TECHNICAL PLAZA

whose address is: 10777 NW FREEWAY, SUITE 850
HOUSTON, TX 77092-7326

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:
19,529 rentable square feet (RSF), yielding approximately 19,490 ANSI/BOMA Office Area square feet and related space located on the 1st Floor at the Green Valley Technical Plaza, 5253 Business Center Drive in Fairfield, CA, together with 118 onsite surface parking, (of which 15 spaces are marked reserved) free of charge, as depicted on the attached floor plan marked as Exhibit A, (the "Premises"), to be used for SUCH PURPOSES AS DETERMINED BY THE GENERAL SERVICES ADMINISTRATION.
2. TO HAVE AND TO HOLD the said Premises with their appurtenances for the term beginning on January 18, 2012 through January 31, 2022, subject to termination and renewal rights as may be hereinafter set forth.
3. INTENTIONALLY OMITTED
4. The Government may terminate this lease in whole or in part effective any time after the fifth (5th) year of this lease by giving at least 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. INTENTIONALLY OMITTED

AM
B

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 identified in Paragraph 3.3, "Tenant Improvement Rental Adjustment of the SFO. All costs associated with services, utilities, maintenance, repair, replacement, inspections, improvements and other requirements as required by the Solicitation For Offers No. OCA2920 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 OCA2920 (pages 1-42), (all references to SFO shall also refer to any Special Requirements and Amendments);
- b) Special Requirements (pages 1-17);
- c) GSA Form 3517 (pages 1-2);
- d) GSA Form 3518 (pages 1-7);
- e) Sheet no. 1-4 containing Paragraphs 9-25; 24
- f) First generation Blue-Line Plan (Exhibit "A", 2 pages);
- g) Site Plan (Exhibit "B", 1 page).

8. The following changes were made in this lease prior to its execution:

Paragraphs 3 and 5 of this STANDARD FORM 2 were deleted in their entirety. Paragraphs 9 through 24 have been added.

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

LESSOR:

BY

[Signature]
(Signature)

(Signature)

IN PRESENCE OF:

[Signature]
(Signature)

10777 NW Freeway, Suite 850, Houston TX
(Address) 77052

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

BY:

[Signature]
PETER SHTEYN, CONTRACTING OFFICER, GSA

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

For months 1 through 60, annual rent of \$560,872.88 at the rate of \$46,739.41 per month

For months 61 through 120, annual rent of \$590,166.38 at the rate of \$49,180.53 per month

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

PRINCIPLE EQUITY PROPERTIES LP,
on behalf of the Tenant in Common Owners of Green Valley Technical Plaza
10777 NW Freeway, Suite 850
Houston, TX 77092-7326

10. The Lessor shall have 60 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.

11. TAX ADJUSTMENT: Pursuant to Paragraph 4.2, "Tax Adjustment," for purposes of tax escalation, the Government occupies 19,529 /103,128 rentable square feet (18.94%).

12. OPERATING COST: Pursuant to Paragraph 4.3, "Operating Costs", the base rate for purposes of operating cost escalation is established at \$13.72 per rentable square foot per annum, however, one (1) year after the completion of the tenant improvements, the base rate for operating cost will be re-established and a subsequent Supplemental Lease Agreement (SLA) will be issued.

The Lessor shall provide adequate documentation to support the actual electrical usage and install a separate meter, at the Lessor's own cost and expense, to monitor such usage.

The current operating cost of \$13.72/RSF reflects excess electrical cost estimated to be [REDACTED] RSF. The estimated normal electrical usage is estimated to be [REDACTED] /RSF and reflects an average usage of 38,000 Kwh per month.

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 \$5.92 per rentable 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 (6:00 a.m. – 6:00 p.m., Monday through Friday and except Federal Holidays ("Normal Hours")), at a rate of \$95 per hour.

The building standard HVAC hours are from 6:00 a.m. – 6:00 p.m.. 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 Oakland Field Office, located at 1301 Clay Street, Suite 280N, Oakland, CA 94612-5217, to receive payment.

15. 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 remaining firm term of the lease agreement at an interest rate (amortization rate) of 6.75 % per year.

The actual Tenant Improvement cost will be established, upon completion and acceptance of Tenant Improvement work, and incorporated into the rental rate by a subsequent SLA.

16. 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



5.11 (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 5.11 (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.
- 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 15 working days prior to "Substantial Completion". The space will not be considered acceptable for inspection until the Government receives the final tenant improvement costs.

17. 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.

18. OCCUPANCY REPORTS:

- A. Building Systems: As part of its obligations under SFO, Paragraph 8.2 "Building Systems", the Lessor shall furnish at no cost to the Government a/n/y 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", the Lessor shall furnish at no cost to the Government a required acoustical report prior to the Government's occupancy of the Premises.

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- 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.** 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
Floor Duplex Outlet	
Wall Duplex Outlet	
Floor Quadruplex Outlet	
Wall Quadruplex Outlet	
Dedicated Clean Duplex Outlet (ONE PER CIRCUIT)	
Dedicated Clean Fourplex Outlet (ONE PER CIRCUIT)	
Dedicated Clean Electrical Computer Outlet (FOUR PER CIRCUIT)	
Floor Telephone Outlet	
Wall Telephone Outlet	
Floor Mounted Data Outlet	
Wall Mounted Data Outlet	
Wall Mounted Data/Telephone Combo Outlet	
Power Feeds to Modular Furniture	
GFI Outlet (WALL)	
IG Outlet	
Floor Dedicated	
Wall Dedicated	
Ceiling High Partitions, Sanded, Painted, and Taped (Per Linear Ft.)	
Ceiling High Partitions, Sanded, Taped and Wallpapered (Per Linear Ft.)	
Slab-to-Slab Partitions (Per Linear Ft.)	
Interior Doors (each)	
Half Wall Partitions Taped, Sanded, and Painted (Per Linear Ft.)	
Half Wall Partitions Taped, Sanded, and Wallpapered (Per Linear Ft.)	

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22. SEISMIC REQUIREMENTS: In addition to SFO Section 2.2, "Seismic Safety for Existing Construction" requirements, the following corrective actions shall be incorporated into the Tenant Improvement Construction Schedule and shall be completed within 60 calendar days of Notice to Proceed, at Lessor's own cost and expense:

- a. Emergency Lighting and exit signs must be adequately anchored to ensure functionality in the event of an earthquake.
- b. All building contents taller than four feet with a height-to-depth ratio greater than 3 to 1 must be adequately anchored to floors or walls to ensure they do not collapse on occupants during an earthquake.
- c. Lay-in ceiling tiles need to be clipped in exit corridors and above building exits to prevent falling in an earthquake.

23. CARPETING: In addition to Paragraph 7.13, "Floor Covering and Parameters" requirements, the Lessor shall incorporate into the Tenant Improvement Construction Schedule and shall be completed within 60 calendar days of Notice to Proceed, the removal, bead blasting and replacement of all existing flooring in the space at Lessor's own cost and expense.

24. THE FOLLOWING CHANGE IS MADE IN THE LEASE PRIOR TO ITS EXECUTION:

- a. Paragraph 4.5, "Normal Hours"

Services, utilities, and maintenance shall be provided daily, extending 6:00am to 6:00pm except Saturdays, Sundays, and federal holidays.

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