

STANDARD FORM 2
FEBRUARY 1965 EDITION
GENERAL SERVICES
ADMINISTRATION
FPR (41CFR) 1D16.601

U.S. GOVERNMENT
LEASE FOR REAL PROPERTY

DATE OF LEASE:

6/30/09

LEASE No. GS-09B-02148

THIS LEASE, made and entered into this date between **Reno Sandhill Partners, LLC**

whose address is: 133 Old Wards Ferry Road, Suite G
Sonora, CA 95370

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:
18,254 rentable square feet (r.s.f.), yielding approximately 16,649 ANSI/BOMA Office Area square feet and related space located within a single story building to be constructed upon Parcel B, APN# 163-281-02 consisting of approximately 1.634 acres near the southeast corner of Sandhill Road and Double R Boulevard, Reno, NV, 89521, together with three (3) onsite secure, reserved surface parking spaces, of which two (2) of these reserved spaces are covered, plus additional spaces as required by code 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 DELETED.
3. The Government shall pay the Lessor annual rent of:
Rent for a lesser period shall be prorated. Rent shall be payable to:
 - **For year 1**, months (1) through six (6) the total rent is \$91,087.20 (\$182,174.40 annual) (\$9.979972/RSF) at the rate of \$15,181.20 per month in arrears. The rent consists of Shell Rent of \$4.586085/RSF, Operating Costs of \$5.393898/RSF and TI of \$0.00/RSF;
 - months seven (7) through twelve(12), the total rent is \$388,639.80 (\$777,279.60 annual) (\$42.581330/RSF) at the rate of \$64,773.30 per month in arrears. The rent consists of Shell Rent of \$31.839917/RSF, Operating Costs of \$5.393898/RSF and TI of \$5.347515/RSF.
 - **For years 2-5**, annual rent of \$777,279.60 (\$42.581330/RSF) at the rate of \$64,773.30 per month in arrears. The rent consists of Shell Rent of \$31.839917/RSF, Operating Costs of \$5.393898/RSF and TI of \$5.347515/RSF.
 - **For years 6-10**, annual rent of \$827,028.84 (\$45.306718/RSF) at the rate of \$68,919.07 per month in arrears. The rent consists of Shell Rent of \$34.565305/RSF, Operating Costs of \$5.393898/RSF and TI of \$5.347515/RSF.
 - **For years 11-15**, annual rent of \$784,139.64 (\$42.957140/RSF) at the rate of \$65,344.97 per month in arrears. The rent consists of Shell Rent of \$37.563242/RSF and Operating Costs of \$5.393898/RSF.
4. The Government may terminate this lease in whole or in part at any time on or after the tenth (10th) year of this lease by giving at least ninety (90) calendar 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 DELETED.

Reno Sandhill Partners, LLC
133 Old Wards Ferry Road
Sonora, CA 95370

EXCEPTION TO SF2 APPROVED GSA/RIMS 12D89

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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 additional spaces as 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, Solicitation For Offers ("SFO") #7NV2081 and its attachments and the Government's approved design intent drawings.-
 - C. Rent is subject to adjustment in accordance with Paragraph 1.11, "Tenant Improvement Rental Adjustment" of the SFO.
 - D. All cost associated with services, utilities, maintenance, repair, replacement, inspections, improvements and other requirements as required by the SFO No. 7NV2081, dated July 25, 2008, its attachments, and Amendments No. 1 through 3.
 - E. Adequate space for telecommunications antennae and transmission devices in accordance with Paragraph entitled, "Telecommunications: Local Exchange Access," of the Solicitation for Offers.
 - F.. Antenna space on the building roof.

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) Sheets no. 1-3 containing Paragraphs 9-24;
- b) The SFO Number 7NV2081 (pages 1-48) (all references to SFO shall also refer to any Special Requirements and Amendments);
- c) Attachment 1 to SFO #7NV2081 – [REDACTED], RENO,NV Field Office Special Requirements, Office of Administration Field Support Center Project Management Branch (pages 1-27);
- d) Attachment 8 to SFO #7NV2081 – Davis Bacon Labor Rates for New Construction.
- e) SFO #7NV2081 Amendments 1 – 3;
- f) GSA Form 3517B, "General Clauses", (pages 1-33);
- g) GSA Form 3518, "Representations and Certifications" (pages 1-7);
- h) Site and Building Plan (Exhibit "A", pages 1-4); "Site Plan" (1 page), "Floor Plan" (1 page) and "Exterior Elevations" (2 pages)
- i) [REDACTED] Computer and Telephone Room Standard, dated September 7, 2007 (pages 1 – 11);
- j) Structured Table Plant Standards (pages 1 – 49).

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

Paragraphs 2 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.

[REDACTED]

(Signature)

[REDACTED]

133 Old Wards Ferry Rd. Sonora CA 95570

(Address)

ION, Public Buildings Service:

[REDACTED]

EXCEPTION TO SF2 APPROVED

SHEET NUMBER 1 ATTACHED TO AND FORMING A PART OF LEASE NO. GS-09B-02148

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) year term in accordance with the Paragraph entitled "Inspection of Premises" herein, subject to termination rights as may be hereinafter set forth.
10. The Lessor shall have 120 working days from the Government's Notice to Proceed to complete the build-out of the entire space in accordance with SFO #7NV2081, Paragraph 3.15(F).
11. **TAX ADJUSTMENT:** Pursuant to Paragraph 3.4 of SFO #7NV2081, "Tax Adjustment GSAM 552.270-24," for purposes of tax escalation, the Government occupies one hundred percent (100%) of a building consisting of 18,254 rentable (16,649 usable) square feet. $(18,254 / 18,254 = 100.00\%)$.
12. **OPERATING COST:** Pursuant to Paragraph 3.7 of SFO #7NV2081, "Operating Costs Base", the base rate for purposes of operating cost escalation is established at \$5.39 per rentable square foot per annum.
13. **ADJUSTMENT FOR VACANT PREMISES:** Pursuant to Paragraph 3.13, "Adjustment for Vacant Premises", in the event the Government vacates the Premises in whole or in part prior to lease expiration, the rental will be reduced by \$4.03 per rentable square foot per annum for operating expenses.
14. **OVERTIME USAGE:** Pursuant to Paragraph 7.3, "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 \$17.30 per hour to operate all HVAC units for the entire building.

The rate to provide HVAC service to an individual zone or multiple zones (but not the entire building) is priced at the rate of \$0.96/hour/zone. The Lessor will not charge the Government if Lessor otherwise provides these services to other building tenants during the Government's overtime hours.
15. **24 HOUR ROOMS:** The charges for heating and cooling of these areas after "Normal Hours" shall be provided based upon the actual costs from the meter reading. Lessor shall bill GSA quarterly detailing evidence of actual cost. As part of the tenant improvement cost, the Lessor shall purchase and install an independent HVAC unit serving room(s) requiring 24 hour HVAC. As part of the Lessor's shell cost, Lessor shall purchase and install a meter within the common electrical room within the building to measure the consumption of electricity associated with the room(s) requiring 24 hour HVAC.
16. **TENANT IMPROVEMENT ALLOWANCE:** The maximum Tenant Improvement Allowance has been established by Paragraph 1.10, "Tenant Improvements Included In Offer", as \$700,589.92, calculated based upon the product of \$42.08 per ABOA-SF and an ABOA-SF of 16,649. The Tenant Improvement Allowance shall be amortized over the (ten) 10 year firm term of the lease agreement at an interest rate (amortization rate) of 7.0% per year.

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

A. Budget and Price Proposals for Tenant Improvements

- (1) In accordance with Paragraph entitled [3.15 (B)], "Construction Schedule and Acceptance of Tenant Improvements" of the Solicitation For Offers, Lessor shall submit to the Government a budget proposal together with the Design Intent Drawings. The budget proposal must be submitted in Construction Specification Format.
- (2) Paragraph [3.15 (C)], "Construction Schedule and Acceptance of Tenant Improvements" of the SFO is hereby amended so that the price proposal referenced therein shall be a price proposal based on the Tenant Improvements and associated work shown on the Working Drawings/Construction Drawings. Lessor shall submit the price proposal together with the Working Drawings/Construction Drawings. The cost estimate must be submitted in Construction Specification Institute (CSI) Format. The price proposal must be based upon the results of a competitive price proposal meeting all of the requirements of SFO Paragraph 3.2 Tenants 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 [3.15(C)], "Construction Schedule and Acceptance of Tenant Improvements" of the SFO shall also include adequate time for additional review by the Government of Working Drawings/Construction Drawings. All references to "working days" in Paragraph 3.12, "Construction Schedule 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 [3.15(F)], "Construction Schedule and Acceptance of Tenant Improvements" of the SFO, Acceptance of Space, Lessor shall provide to the Government the final total costs of the completed Tenant Improvements in a format meeting the requirements of Paragraph A(2) fifteen

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(15) working days prior to "Substantial Completion". Lessor acknowledges that the Government will not be responsible for the payment of any changes to the Tenant Improvements not approved in writing by the Contracting Officer in accordance with the terms of this Lease.

18. INSPECTION OF PREMISES:

- A. The Lessor shall notify the Government no later than ten (10) working days in advance of the anticipated substantial completion date as defined in Paragraph 1 of the GSA Form 3517. Within ten (10) working days after the date the Lessor notifies the Government that the space is "substantially complete," the Government shall inspect the Premises and appurtenances. Within five (5) business days after the inspection, the Government shall notify the Lessor of any deficiencies in the Premises and appurtenances and the Lessor shall thereafter diligently pursue remedying any defects. If any subsequent Government inspection is required to confirm conformance with the results of a prior inspection, any such subsequent inspection and notification of the results of such inspection shall be made in accordance with the foregoing procedure and the time frames.
- B. The period during which rent shall be deemed to have commenced for the Premises shall be the date that the entire space is accepted for occupancy by the Government, subject to completion of a written punchlist of items not materially affecting beneficial occupancy which are yet to be finished. The space will not be considered acceptable for occupancy until the Government receives the final tenant improvement cost. Any items to be completed or corrected that have been identified at the acceptance of the space as a punchlist item 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 Paragraph 4.6 "Building Systems," of the Solicitation For Offers No. 7NV2081, the Lessor may be requested to furnish at no cost to the Government a required building system report prior to the Government's occupancy of the Premises.
- B. **Acoustical Requirements:** Paragraph 5.20 "Acoustical Requirements" of the Solicitation For Offers No. 7NV2081, the Lessor may be requested to furnish at no cost to the Government the required acoustical reports 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 Service Administration Contracting Officer. This contract is between GSA and Reno Sandhill Partners, LLC. GSA assumes no financial responsibility for any cost incurred by the Lessor except as provided by the term 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 if the improvements remain in place after the Government's acceptance of the space.**

21. 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".

22. Pursuant to Paragraph 3.1, "Unit Costs for Adjustment", 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
Cost per linear foot of office subdividing ceiling-high partitioning	█
Cost per floor-mounted duplex electrical outlet	█
Cost per wall-mounted duplex electrical outlet	█
Cost per floor-mounted fourplex (double duplex) electrical outlet.	█
Cost per wall-mounted fourplex (double duplex) electrical outlet.	█
Cost per dedicated clean electrical computer receptacle.	█
Cost per floor-mounted telephone outlet.	█
Cost per wall-mounted telephone outlet.	█
Cost per interior door, including hardware.	█

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23. 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 3 of this 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:

Seventh Month's Rental Payment \$64,773.30 minus prorated Commission Credit of [REDACTED] equals [REDACTED] adjusted Seventh Month's Rent

Eighth Month's Rental Payment \$64,773.30 minus prorated Commission Credit of [REDACTED] equals [REDACTED] adjusted Eighth Month's Rent

Ninth Month's Rental Payment \$64,773.30 minus prorated Commission Credit of [REDACTED] equals [REDACTED] adjusted Ninth Month's Rent

Tenth Month's Rental Payment \$64,773.30 minus prorated Commission Credit of [REDACTED] equals [REDACTED] adjusted Tenth Month's Rent

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 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. If there are any conflicts between the SF-2 and the SFO and other documents, the SF-2 takes precedence.
26. Within 30 days of award, Lessor shall provide a current Phase I Environmental Site Assessment following ASTM "Standard Practice for Environmental Site Assessment: Phase I Environmental Site Assessment Process (ASTM E 1527-05 or the most recent version) covering the site of the proposed building. The report should name GSA as the beneficiary.

Initials: [Signature] & [Signature]
Lessor & Government