

**U.S. GOVERNMENT LEASE FOR REAL PROPERTY**

DATE OF LEASE

December 17, 2010

LEASE NO.

GS-07B-16773

THIS LEASE, made and entered into this date by and between Chase Merritt San Antonio Portfolio I, LP

whose address is

19000 MacArthur Blvd. Ste. 300,  
Irvine, CA 92612-1459

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:

A total of 9,000 rentable square feet (RSF) of office and related space, which yields 8,845 ANSI/BOMA Office Area square feet (USF) of space on the first floor of the building located at 11826 Tech Com, San Antonio, TX 78233-6012 to be used for such purposes as determined by the General Services Administration. Included in the rent at no additional cost to the Government are twenty (20) surface parking spaces, of which six (6) must be secured, for the exclusive use of Government employees and patrons.

2. TO HAVE AND TO HOLD the said premises with their appurtenances for the term beginning on the date the Government accepts the premises as substantially complete and continuing for ten (10) years. The Lessor shall deliver the premises to the Government substantially complete no later than sixty (60) working days following the Government's issuance of Tenant Improvement Notice to Proceed.

3. The Government shall pay the Lessor monthly in arrears in accordance with the following table:

Year	Shell	Base Cost of Services	Tenant Improvement Allowance	Building Specific Security Costs	Total Annual Rent	Total Monthly Rent
1-10	\$174,676.22	\$61,035.00	\$36,476.78	\$2,312.00	\$274,500.00	\$22,875.00

Rent shall be adjusted in accordance with the provisions of the Solicitation for Offers and General Clauses. Rent for a lesser period shall be prorated. Rent shall be made payable to:

Chase Merritt San Antonio Portfolio I, LP  
c/o Transwestern  
2700 NE Loop 410, Suite 260  
San Antonio, TX 78217

4. ~~The Government may terminate this lease in whole or in part at any time after the \_\_\_ year by giving at least \_\_\_ 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. ~~This lease may be renewed at the option of the Government, for the following terms and at the following rentals: provided notice be given in writing to the Lessor at least \_\_\_ days before the end of the original lease term or any renewal term; all~~

SOR

SIGNATURE

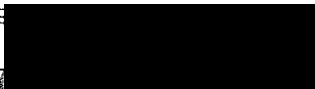


NAME OF SIGNER

Chris Dornin  
Chief Investment Officer

ADDRESS

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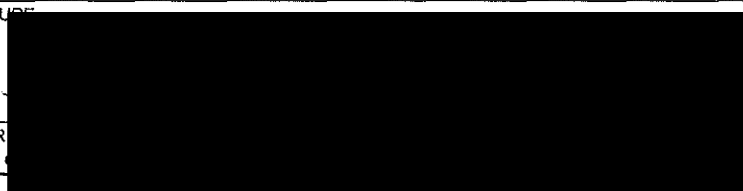


NAME OF SIGNER

Jeffrey L. PIPER

UNITED STATES OF AMERICA

SIGNATURE



NAME OF SIGNER

OFFICIAL TITLE OF SIGNER

CONTRACTING OFFICER

AUTHOR  
Previous

6. The Lessor shall furnish to the Government, as part to the rental consideration, the following:
- A. Those facilities, services, supplies, utilities, and maintenance in accordance with SFO dated January 8, 2010, as amended.
  - B. Build out in accordance with standards set forth in SFO dated January 8, 2010, as amended, and the Government's approved design intent drawings. The Government's design intent drawings shall be developed subsequent to award.
  - C. Deviations to the Government's approved design intent drawings will not be permitted unless prior written authorization is obtained from the GSA Contracting Officer.
7. The following are attached and made a part hereof:
- A. Solicitation for Offers 8TX3000 dated January 8, 2010;
  - B. Special Requirements / Facility Space Program, U.S. Department of Justice, San Antonio, TX
  - C. Amendment 1 to SFO 8TX3000 dated March 5, 2010;
  - D. Amendment 2 to SFO 8TX3000 dated September 17, 2010
  - E. GSA Form 3517 entitled GENERAL CLAUSES (Rev. 11/05)
  - F. GSA Form 3518 entitled REPRESENTATIONS AND CERTIFICATIONS (Rev. 1/07)
  - G. Exhibit A – Legal Description
  - H. Exhibit B – Base Plans
  - I. Small Business Sub-Contracting Plan
8. The following changes were made in this lease prior to execution:
- A. Paragraph 4 was deleted in its entirety without substitution.
  - B. Paragraph 5 was deleted in its entirety without substitution.
  - C. SFO paragraphs 5.11.C, Working/Construction Drawings, and 5.11.D, Review of Working/Construction Drawings, were deleted in their entirety and replaced with the following:  
 "The Lessor shall submit construction drawings at 85%, and 100% for Government Review. The Lessor's 85% construction drawings shall be due to the Government within fifteen (15) working days of the Government's approval of the Design Intent Drawings. The Government shall perform reviews of the 85% construction drawings within fifteen (15) working days of receipt of such from the Lessor. The Lessor shall have fifteen (15) working days to cure all noted defects before submitting the 100% construction drawings to the Government for final review. Should there be any outstanding defects that need to be cured, the Government shall have five (5) working days to notify the Lessor of the defects and the Lessor shall have five (5) working days to cure the noted defects and re-submit the final 100% completed construction drawings. Upon complete Government review for conformance of the construction documents to the design intent drawings, the Lessor shall obtain the necessary permits."
  - D. SFO Paragraph 10.23, Security Design Criteria: Façade Protection, was deleted in its entirety without substitution.
  - E. SFO Paragraph 10.24, Security Design Criteria: Shatter-Resistant Windows, was deleted in its entirety without substitution.
9. Rent includes a Tenant Improvement Allowance of \$364,767.80 to be amortized through the rent over the firm term of the Lease (120 months) at the rate of 0.0%. In accordance with SFO paragraph 3.2, *Tenant Improvements Rental Adjustment*, the actual cost of Tenant Improvements shall be reconciled. Any overage in the Tenant Improvement Allowance shall be paid by the Government as a lump sum payment upon completion and acceptance of the improvements.
10. Rent includes Building Specific Security Costs of \$23,120.00 to be amortized through the rent over the firm term of the Lease (120 months) at the rate of 0.0%.
11. In accordance with SFO paragraph 2.5, *Broker Commission and Commission Credit*, CB Richard Ellis, Inc. ("CBRE") is the authorized real estate broker representing GSA in connection with this lease transaction. The Lessor and CBRE have agreed to a cooperating lease commission of 4% of the firm term value of this lease ("Commission"). The total amount of the Commission is \$1,120,000. This Commission is earned upon lease execution and payable (i) one-half (1/2) when the Lease is awarded and (ii) one-half (1/2) upon the earlier of Tenant's occupancy of the premises leased pursuant to the Lease or the commencement date of the Lease. Due to the Commission Credit described in Paragraph 2.5, only \$560,000, which is 50% of the Commission, will be payable to CBRE. The remaining \$560,000, which is 50% of the Commission ("Commission Credit"), shall be credited to the shell rental portion of the annual rental payments due and owing 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 until the credit has been fully recaptured.

Notwithstanding Paragraph 3 of this Standard Form 2, the shell rental payments due and owed 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:

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First month's rental payment of \$22,875.00 minus the prorated commission credit of \$[redacted] equals \$[redacted] (adjusted first month's rent).

Second month's rental payment of \$22,875.00 minus the prorated commission credit of \$[redacted] equals \$[redacted] (adjusted second month's rent).

Third month's rental payment of \$22,875.00 minus the prorated commission credit of \$[redacted] equals \$[redacted] (adjusted third month's rent).

- 12. In accordance with SFO paragraph 4.1, *Measurement of Space*, the common area factor is established as 1.017524025 (9,000 RSF / 8,845 USF).
- 13. In accordance with SFO paragraph 4.2, *Tax Adjustment*, the percentage of Government occupancy is established as 9.2017%.
- 14. In accordance with SFO paragraph 4.3, *Operating Costs Base*, the escalation base is established as \$61,035.00 per annum.
- 15. In accordance with SFO paragraph 4.4, *Adjustment for Vacant Premises*, the adjustment is established as \$0.75/USF for vacant space (rental reduction).
- 16. In accordance with SFO Paragraph 4.6, *Overtime Usage*, the rate for overtime usage is established as \$35.00 per hour beyond the normal hours of operation of 7:00 AM to 6:00 PM.
- 17. Areas requiring 24/7 HVAC will be separately metered beyond the normal hours of operation pursuant to SFO paragraph 4.5, *Normal Hours*. The utility charges for usage beyond the normal hours of operation shall be reimbursed by the Government to the lessor on a quarterly basis.
- 18. Fees applicable to Tenant Improvements shall be:

- General Conditions – 2%
- General Contractor – 4.5%
- Architectural/Engineering – 7%
- Lessor Project Management Fee – 6%

- 19. The Lessor hereby forever and unconditionally waives any right to make a claim against the Government for restoration arising from alteration or removal of any alteration by the Government during the term of this lease or any extensions. Alterations completed by either the Government or Lessor including initial build out of the lease space and/or any subsequent modifications required during the lease period. At the Government's sole discretion alterations will remain in the leased space after termination of the Lease contract and will become property of the Lessor.
- 20. The Lessor shall not enter into negotiations concerning the space leased or to be leased with representatives of federal agencies other than the officers or employees of the U.S. General Services Administration or personnel authorized by the Contracting Officer.
- 21. Within five (5) days of lease occupancy, the Lessor shall provide the tenant agency representative (with a copy forwarded to the GSA Government Representative), on site, a copy of the name and phone number of maintenance personnel in order that any cleaning, maintenance, janitorial, etc. problems can be taken care of immediately.
- 22. This lease, upon execution, contains the entire agreement of the parties and no prior written or oral agreement, expressed or implied, shall be admissible to contradict the provisions of this lease. Wherever there is a conflict between the SF-2 and the SFO, the SF-2 shall take precedence.
- 23. Window glazing shall be provided by the Lessor in accordance with SFO paragraph 10.20, *Shatter-Resistant Window Protection Requirements*.
- 24. All items in SFO section 11.2, *Special Requirements / Facility Space Program*, [redacted] San Antonio, TX, which are not designated as shell in the SFO shall be paid out of the Tenant Improvement Allowance.
- 25. Delays by the city or county in issuance of a building permit after the Lessor has applied for a permit with all due diligence and delays by city or county inspectors in completing inspections necessary to issue the Certificate of Occupancy for the building will be considered excusable delay. The Lessor agrees to provide the Government a copy of the application for permit.
- 26. The Government shall reimburse the Lessor on a quarterly basis for the cost of maintaining any agency special equipment, including, but not limited to, the independent HVAC unit and the uninterrupted power supply system. The Lessor shall have no obligation to replace any such agency special equipment should replacement be required during the term of this lease. The Government shall be responsible for the maintenance, repair and replacement of any

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Government-owned personal property in the leased premises. The Government and Lessor will negotiate the cost of maintaining any agency special equipment once the Construction Drawings are complete and the Lessor has the Tenant Improvement Price Proposal.

- 27. Cyclical painting and recarpeting are not included in the annual rent.
- 28. **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 Chase Merritt San Antonio Portfolio I, LP. 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."**

INITIALS: MS LESSOR & JL GOV'T