

This Lease is made and entered into between

Affaitati, LLC

("the Lessor"), whose principal place of business is **393 W. Athol Street, Suite 2, San Bernardino, CA 92401-3327** and whose interest in the Property described herein is that of Fee Owner, and

The United States of America

("the Government"), acting by and through the designated representative of the General Services Administration ("GSA"), upon the terms and conditions set forth herein.

Witnesseth: The parties hereto, for the consideration hereinafter mentioned, covenant and agree as follows:

The Lessor hereby leases to the Government the Premises described herein, being all or a portion of the Property located at

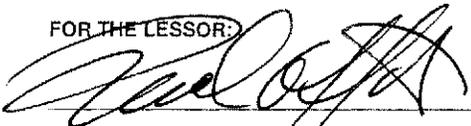
655 West Rialto Avenue, San Bernardino, California 92401

and more fully described in Section 1 and Exhibit A, together with rights to the use of parking and other areas as set forth herein.

To Have and To Hold the said Premises with their appurtenances for the term beginning **August 2, 2011** and continuing through **August 1, 2014**, subject to termination and renewal rights as may be hereinafter set forth, to be used for such purposes as determined by the General Services Administration.

In Witness Whereof, the parties to this Lease evidence their agreement to all terms and conditions set forth herein by their signatures below, to be effective as of the date of delivery of the fully executed Lease to the Lessor.

FOR THE LESSOR:



RALPH AFFAITATI

General Partner

Date: 6-22-11

FOR THE GOVERNMENT:

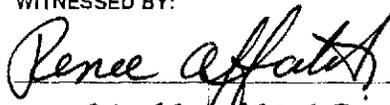


ERIN H. WINSHEL

Lease Contracting Officer

Date: 7/25/2011

WITNESSED BY:



Name: RENEE AFFAITATI

Title: Partner

Date: 6-22-11

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SECTION 1 THE PREMISES, RENT, AND OTHER TERMS

1.01 THE PREMISES—SUCCEEDING (APR 2011)

Unless otherwise noted, the Government accepts the leased premises and tenant improvements in their current existing condition, with the following exceptions further outlined more thoroughly in this solicitation. These exceptions include, but are not limited to, security improvements, National Fire Protection Association (NFPA) requirements, ABAAS compliance, as well as compliance with all local codes and ordinances. The Lessor shall be responsible for continuing obligations for cleaning, janitorial, maintenance, repair, etc. as set in the below SFO paragraphs and attached General Clauses.

The Premises are described as follows:

Office and Related Space: **59,102** rentable square feet (RSF), yielding **55,248** ANSI/BOMA Office Area (ABOA) square feet (sq. ft.) of office and related space (based upon a Common Area Factor of **7%** percent), located on the **first and second floor(s)**, of the Building, as depicted on the floor plan(s) attached hereto as Exhibit **A**.

1.02 EXPRESS APPURTENANT RIGHTS (APR 2011)

The Government shall have the non-exclusive right to the use of Appurtenant Areas, and shall have the right to post Government Rules and Regulations within such areas. The Government will coordinate with the Lessor to ensure signage is consistent with the Lessor's standards. Appurtenant to the Premises and included with the Lease are rights to use the following:

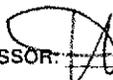
- A. Parking: **69** surface parking spaces as depicted on the plan attached hereto as Exhibit **A** reserved for the exclusive use of the Government. In addition, the Lessor shall provide such additional parking spaces as required by the applicable code of the local government entity having jurisdiction over the Property.
- B. Antennae, Satellite Dishes and Related Transmission Devices: Space located on the roof of the Building sufficient in size for the installation and placement of the telecommunications equipment as such may be described herein, together with the right to access the roof and use of all building areas (e.g., chases, plenums) necessary for the use, operation and maintenance of such equipment at all times during the term of this Lease.

1.03 RENT AND OTHER CONSIDERATION—SUCCEEDING (APR 2011)

A. The Government shall pay the Lessor annual rent payable monthly in arrears at the following rates:

	YEARS 1—3	
	ANNUAL RENT	ANNUAL RATE / RSF
Shell Rental Rate	\$ 1,226,118	\$ 20.75
Tenant Improvements Rental Rate*	\$ N/A	\$ N/A
Operating Costs	\$ 388,284	\$ 6.57
Building Specific Security Costs	\$ N/A	\$ N/A

- B. If the Government occupies the Premises for less than a full calendar month, then rent shall be prorated based on the actual number of days of occupancy for that month.
- C. Rent shall be paid to the Lessor by electronic funds transfer in accordance with the provisions of the General Clauses. Rent shall be payable to the Payee designated in the Lessor's Central Contractor Registration.
- D. The Lessor shall provide to the Government, in exchange for the payment of rental and other specified consideration, the following:
 - 1. The leasehold interest in the Property described in Paragraph 1.01, "The Premises," created herein.
 - 2. All costs, expenses and fees to perform the work required for acceptance of the Premises in accordance with this Lease, including all costs for labor, materials, and equipment, professional fees, contractor fees, attorney fees, permit fees, inspection fees, and similar such fees, and all related expenses.
 - 3. Performance or satisfaction of all other obligations set forth in this Lease.
 - 4. All services, utilities, and maintenance required for the proper operation of the Property, the Building, and the Premises in accordance with the terms of the Lease, including, but not limited to, all inspections, modifications, repairs, replacements, and improvements required to be made thereto to meet the requirements of this Lease.

LESSOR:  GOVERNMENT: 

1.04 BROKER COMMISSION AND COMMISSION CREDIT (APR 2011)

UGL Services – Equis Operations (“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. Only [REDACTED] of the Commission, will be payable to **UGL Services – Equis Operations** 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 period practicable.

Notwithstanding the “Rent and Other Considerations” paragraph 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 commence with the first month of the rental payments and continue as indicated in this schedule for adjusted Monthly Rent:

Month ONE SHELL Rental Payment \$102,176.50 minus prorated Commission Credit of [REDACTED] equals [REDACTED] adjusted First Month’s SHELL Rent.

1.05 TERMINATION RIGHT (APR 2011)

The Government may terminate this Lease, in whole or in part, at any time effective after August 1, 2012 of this Lease by providing not less than 120 days’ prior written notice to the Lessor. The effective date of the termination shall be the day following the expiration of the required notice period or the termination date set forth in the notice, whichever is later. No rental shall accrue after the effective date of termination.

1.06 DOCUMENTS INCORPORATED BY REFERENCE

The following documents are incorporated by reference, as though fully set forth herein:

DOCUMENT NAME	NO. OF PAGES	EXHIBIT
Floor Plan(s)	1	A
Parking Plan(s)	1	A
GSA Form 1217, Lessor’s Annual Cost Statement	2	B
GSA Form 3517B General Clauses	33	C
GSA Form 3518, Representations and Certifications	7	D
GSA Form 1364-S, Proposal to Lease Space and Instructions	7	E
Seismic Certification-Existing Building	1	F
GSA Form 12000, Prelease Fire Protection and Life Safety Evaluation for a Low Rise Office Building	4	G
Prelease Building Security Plan	6	H
Broker Commission Agreement	3	I

1.07 PERCENTAGE OF OCCUPANCY FOR TAX ADJUSTMENT, ESTABLISHMENT OF TAX BASE (APR 2011)

As of the Lease Award Date, the Government’s Percentage of Occupancy, as defined in the Real Estate Tax Adjustment clause of this lease is 100% percent. The percentage of occupancy is derived by dividing the total Government space of 59,102 rentable square feet by the total building space of 59,102 rentable square feet.

The Real Estate Tax Base, as defined in the Real Estate Tax Adjustment clause of the Lease is \$64,918.

1.08 OPERATING COST BASE (APR 2011)

The parties agree that for the purpose of applying the clause titled “Operating Costs Adjustment” that the Lessor’s base rate for operating costs shall be \$6.57 per rentable sq. ft.

1.09 OVERTIME HVAC RATES (APR 2011)

The following rates shall apply in the application of the clause titled “Overtime HVAC Usage:”

\$60 per hour per floor

No. of zones (floors): 2

\$60 per hour per floor.

1.10 24-HOUR HVAC REQUIREMENT (APR 2011)

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. If 24-hour HVAC is required by the Government for any designated rooms or areas of the Premises, such services shall be provided by the Lessor at a rate of **\$1.80** per ABCA sq. ft. of the area receiving the additional overtime HVAC per hour per computer room.

1.11 ADDITIONAL BUILDING IMPROVEMENTS (APR 2011)

In addition to construction of the Tenant Improvements as required in this Lease, the Lessor shall be required to complete the following additional building improvements (e.g., Fire/Life Safety, Seismic, and Energy Efficiency) prior to acceptance of the Space:

1.12 NO IMPROVEMENTS ARE REQUIRED

Notwithstanding any other terms of the Lease to the contrary, and notwithstanding that contrary requirements may appear in more than one section of the Lease, and notwithstanding any other provisions of this Lease to the contrary, Lessor shall have no obligation to make any change whatsoever to the items listed below to make it conform to any requirement of the Lease, including, the following: (1) any changes to the existing improvements to the Property, Building, Premises, and Appurtenant Rights, (2) availability of utilities, (3) availability of communications resources,

except where such item, functioning as of the date of the execution hereof, malfunctions, or ceases to function, or fails to comply with applicable laws as required in Paragraph 18 of the General Clauses, in which case and in accordance with the terms of the Lease, Lessor, will repair, maintain, and if necessary replace the above listed equipment or facilities in accordance with the terms of the lease at its sole expense. All obligations for work required by the Lease or otherwise requested by the Government shall be deemed Tenant Improvements and shall be paid for by the Government.

SECTION 2 GENERAL TERMS, CONDITIONS AND STANDARDS

2.01 DEFINITIONS AND GENERAL TERMS (APR 2011)

Unless otherwise specifically noted, all terms and conditions set forth in this Lease shall be interpreted by reference to the following definitions, standards, and formulas:

- A. Appurtenant Areas. Appurtenant Areas are defined as those areas and facilities on the Property that are not located within the Premises, but for which rights are expressly granted under this Lease, or for which rights to use are reasonably necessary or reasonably anticipated with respect to the Government's enjoyment of the Premises and Express Appurtenant Rights.
- B. Broker. If GSA awarded this Lease using a contract real estate broker, Broker shall refer to GSA's broker.
- C. Commission Credit. If GSA awarded this Lease using a Broker, and the Broker agreed to forego a percentage of its commission to which it is entitled in connection with the award of this Lease, the amount of this credit is referred to as the Commission Credit.
- D. Days. All references to days in this Lease shall be understood to mean calendar days.
- E. FAR/GSAR. All references to the FAR shall be understood to mean the Federal Acquisition Regulation, codified at 48 CFR Chapter 1. All references to the GSAR shall be understood to mean the GSA supplement to the FAR, codified at 48 CFR Chapter 5.
- F. Firm Term/Non-Firm Term. The Firm Term is that part of the Lease term that is not subject to termination rights. The Non-Firm Term is that part of the Lease term following the end of the Firm Term.
- G. Lease Term Commencement Date. The Lease Term Commencement Date means the date on which the lease term commences.
- H. Lease Award Date. The Lease Award Date means the date that the Lease is signed by the LCO (and on which the Lessor's obligations under the Lease commence).
- I. The Premises. The Premises are defined as the total Office Area or other type of Space, together with all associated Common Areas, described in Section I of this Lease, and delineated by plan on Exhibit B. Parking and other areas to which the Government has rights under this Lease are not included in the Premises.
- J. The Property and The Building. The Property is defined as the land and buildings in which the Premises are located, including all appurtenant areas (e.g., parking areas to which the Government is granted rights). The building(s) situated on the Property in which the Premises are located shall be referred to herein as "the Building(s)."
- K. The Space. The Space shall refer to that part of the Premises to which the Government has exclusive use, such as Office Area, or other type of Space. Parking areas to which the Government has rights under this Lease are not included in the Space.
- L. Standard for Measuring Office Area and Other Space. For the purposes of this Lease, Space shall be measured in accordance with the standard provided by American National Standards Institute/Building Owners and Managers Association (ANSI/BOMA) for Office Area. ANSI/BOMA Z65.1-1996 shall be used. References to ABOA mean ANSI/BOMA Office Area.

2.02 AUTHORIZED REPRESENTATIVES (APR 2011)

The signatories to this Lease shall have full authority to bind their respective principles with regard to all matters relating to this Lease. No other persons shall be understood to have any authority to bind their respective principles, except to the extent that such authority may be explicitly delegated by notice to the other party, or to the extent that such authority is transferred by succession of interest. The Government shall have the right to substitute its Lease Contracting Officer (LCO) without notice or an express delegation by the prior LCO.

2.03 WAIVER OF RESTORATION (APR 2011)

The Lessor shall have no right to require the Government to restore the Premises upon termination of the Lease, and waives all claims against the Government for waste, damages, or restoration arising from or related to (a) the Government's normal and customary use of the Premises during the term of the Lease (including any extensions thereof), as well as (b) any initial or subsequent alteration to the Premises regardless of whether such alterations are performed by the Lessor or by the Government. At its sole option, the Government may abandon property in the 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.

2.04 PAYMENT OF BROKER (APR 2011)

If GSA awarded the Lease through its Broker, the Lessor shall pay [REDACTED] to the Broker at award and the [REDACTED] at the Lease Term Commencement Date.