

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

DATE OF LEASE:

8/09/2012

LEASE No. GS-09B-02975

THIS LEASE, made and entered into this date between **SKYWAY PARTNERS** a California Limited Liability Corporation,

whose physical address is: 200 EAST CARRILLO STREET, SUITE 100
SANTA BARBARA, CALIFORNIA 93101-7145

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:

6,440 rentable square feet (r.s.f.), yielding approximately 5,999 ANSI/BOMA Office Area (ABOA) square feet and related space located in Suites 311, 312, and 602 located at 3130 Skyway Drive, Santa Maria, CA 93455-1843 as depicted in Exhibit "A", together with 10 onsite reserved, surface parking spaces as depicted in Exhibit "B", 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 August 01, 2012 through July 31, 2022, subject to termination and renewal rights as may be hereinafter set forth.

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

Rent: Years 1-5 (lease firm term)	Rate/Rentable Square Foot	Annual Rent	Monthly Rent
Shell Rent	\$ 8.946	\$57,612.24	\$4,801.02
Tenant Improvement Allowance Amortization **	\$ -	\$0.00	\$0.00
Operating Costs	\$ 2.497	\$16,080.68	\$1,340.06
Full Service Rent	\$ 11.443	\$73,692.92	\$6,141.08

Rent: Years 6-10 (lease firm term)	Rate/Rentable Square Foot	Annual Rent	Monthly Rent
Shell Rent	\$ 10.2000	\$65,688.00	\$5,474.00
Tenant Improvement Allowance Amortization **	\$ -	\$0.00	\$0.00
Operating Costs	\$ 2.4970	\$16,080.68	\$1,340.06
Full Service Rent	\$ 12.6970	\$81,768.68	\$6,814.06

**The tenant improvement component of the rent shall not activate until construction is complete and required improvements are delivered and accepted by the Government. Once the space is accepted, the rent for years 1-5 will be adjusted by Supplemental Lease Agreement to include the tenant improvement component of \$17,150, amortized at 8% per year over the remaining firm term of the lease.

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

Skyway Partners
200 E Carrillo Street, Suite 100
Santa Barbara, CA 93101-7145

4. The Government may terminate this lease in whole or in part effective any time after the 5th year of this lease giving at least 90 days' prior notice in writing to the Lessor. No rental shall accrue after the effective date of

- 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. Rent is subject to adjustment in accordance with Paragraph 3.3, "Tenant Improvement Rental Adjustment" of the SFO. All cost associated with services, utilities, maintenance, repair, replacement, inspections, improvements and other requirements as required by the Solicitation For Offers No. 0CA2178 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:

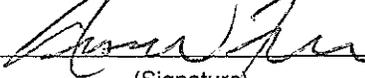
All terms, conditions, and obligations of the Lessor and the Government as set forth in the following:

 - a) Sheet no. 1-3 containing Paragraphs 9-26;
 - b) The Solicitation For Offers Number 0CA2178 (pages 1-47) (all references to SFO shall also refer to any Special Requirements and Amendments); Amendment 1 (1 page);
 - c) Special Requirements (5 pages);
 - d) GSA Form 3517B (pages 1-33, General Clauses);
 - e) GSA Form 3518 (pages 1-8, Representations and Certifications);
 - f) Scaled Floor Plan (Exhibit "A");
 - g) Site/Parking Plan (Exhibit "B")
- 8. The following changes were made in this lease prior to its execution:

Paragraph 2 & 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: SKYWAY PARTNERS

BY 
(Signature)

(Signature)

IN PRESENCE OF:


(Signature)

200 E. CARRILLO STREET, SUITE 100
SANTA BARBARA, CA 93101

(Address)

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

BY 
LEASE CONTRACTING OFFICER, GSA

SHEET NUMBER 2 ATTACHED TO AND FORMING A PART OF LEASE NO. GS-09B-02795

5.13, "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 5.13, "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 three (3) working days prior to "Substantial Completion". The space will not be considered acceptable for inspection until the Government receives the final tenant improvement costs.

18. **LESSOR'S TENANT IMPROVEMENT FEE SCHEDULE:** The General Contractor's fee will be [redacted] percent of proposed cost of the change order, the General Conditions fee will be [redacted] percent of the proposed cost of the change order; the Lessor's Project Management fee will be [redacted] percent of the proposed cost of the change order, and, if necessary, the Architectural/Engineering fees for any change order will be a flat fee of [redacted]/ANSI BOMA SF.

19. **ACCEPTANCE OF SPACE:**

- A. The following is added to Paragraph 5.13 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 punch list 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.

20. **OCCUPANCY REPORTS:**

- A. **Building Systems:** As part of its obligations under SFO, Paragraph 8.2 "Building Systems," of the SFO, the Lessor shall furnish at no cost to the Government a 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 A(4) "Acoustical Requirements" of the SFO, the Lessor shall furnish at no cost to the Government a required acoustical report prior to the Government's occupancy of the Premises.

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

Initials: JK & BJ
Lessor Government

SHEET NUMBER 3 ATTACHED TO AND FORMING A PART OF LEASE NO. GS-09B-02795

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:

The Lessor and the Broker have agreed to a cooperating lease commission of [REDACTED] of the firm term value of this lease, which totals \$368,464.60. The total amount of the commission is [REDACTED]. The Lessor shall pay the Broker no additional commissions associated with this lease transaction. 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 therefore [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 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:

- 650 *WA* A. First Month's Rental Payment \$6,141.08 minus prorated Commission Credit of [REDACTED] equals [REDACTED] adjusted First Month's Rent.
- B. Second Month's Rental Payment \$6,141.08 minus prorated Commission Credit of [REDACTED] equals [REDACTED] adjusted Second Month's Rent.

The final lease rental rate, commission, and commission credit totals will be established upon completion of required SFO tenant improvements, and will be adjusted by Supplemental Lease Agreement (SLA).

Initials: *WA* & *BY*
Lessor Government