STANDARD FORM 2 FEBRUARY 1965 EDITION GENERAL SERVICES ADMINISTRATION FPR (41CFR) 1D16.601	**U.S. GOVERNMENT** **LEASE FOR REAL PROPERTY**
DATE OF LEASE: 11/27/09	LEASE No. GS-09B-02382

THIS LEASE, made and entered into this date between Continental 2361/2381 LLC, a California limited liability company

whose address is: 2041 Rosecrans Avenue, Suite 200
El Segundo, California 90245-4924

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:
   7,355 rentable square feet (r.s.f.), yielding approximately 6,286 ANSI/BOMA Office Area square feet and related space located on the First Floor (Suite 155) at the Continental Park Terrace, 2361 Rosecrans Avenue, El Segundo, California 90245-4924, together with 16 onsite unreserved structured parking spaces, as depicted on the attached (Exhibit A) (the "Premises"), to be used for SUCH PURPOSES AS DETERMINED BY THE GENERAL SERVICES ADMINISTRATION.

2. *PARAGRAPH 2 IS INTENTIONALLY OMITTED.*

3. *PARAGRAPH 3 IS INTENTIONALLY OMITTED.*

4. The Government may terminate this lease in whole or in part effective any time after the seventh year of this lease giving at least 30 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 OMITTED.*

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. 8CA2938 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:
   a) All terms, conditions, and obligations of the Lessor and the Government as set forth in the following:
   b) The Solicitation For Offers Number 8CA2938 (pages 1-48) (all references to SFO shall also refer to any Special Requirements and Amendments);
   c) Special Requirements (pages 1-16);
   d) GSA Form 3517 (pages 1-33);
   e) GSA Form 3518 (pages 1-7);
   f) Sheet no. 1-3 containing Paragraphs 9-23;
   g) Site Plan (Exhibit "A", page 1, 8/3/2009);
   h) Unit Price List (Exhibit "B", page 1-3).

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

   Paragraphs 2, 3, and 5 of this STANDARD FORM 2 were deleted in their entirety. Paragraphs 9 through 23 have been added.

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

LESSOR: Continental 2361/2381 LLC, a California limited liability company

BY Richard C. Lundquist (Signature) _____ (Signature)

IN PRESENCE OF: Paul M. Sabo (Signature) 2041 Rosecrans Avenue El Segundo, CA 90245 (Address)

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

BY _____
CONTRACTING OFFICER, GSA

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EXCEPTION TO SF2 APPROVED

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 10 years, 7 years firm term in accordance with the Paragraph entitled "Inspection of Premises" herein, subject to terminationrights as may be hereinafter set forth.

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

- For years 1 through 2, annual rent of $284,575.65 at the rate of $23,714.64 per month in arrears.
- For years 3 through 4, annual rent of $295,755.25 at the rate of $24,646.27 per month in arrears.
- For years 5 through 6, annual rent of $304,654.80 at the rate of $25,387.90 per month in arrears.
- For year 7, annual rent of $317,084.75 at the rate of $26,423.73 per month in arrears.
- For year 8, annual rent of $265,145.23 at the rate of $22,095.44 per month in arrears.
- For years 9 through 10, annual rent of $278,310.68 at the rate of $23,192.56 per month in arrears.

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

Continental 2361/2381 LLC, a California limited liability company
2041 Rosecrans Avenue, Suite 200
El Segundo, California 90245

11. The Lessor shall have 120 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.

12. <u>OPERATING COST</u>: Pursuant to Paragraph 4.2, "Operating Costs" , the base rate for purposes of operating cost escalation is established at $6.63 per rentable square foot per annum.

13. <u>ADJUSTMENT FOR VACANT PREMISES</u>: Pursuant to Paragraph 4.3, "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 $3.00 per rentable square foot per annum for operating expenses. The Adjustment for Vacant Premises rate shall be escalated annually based upon Paragraph 4.2, "Operating Costs."

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14. **OVERTIME USAGE**: Pursuant to Paragraph 4.5, "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 (7:30 a.m. – 6:30 p.m., Monday through Friday; 9:00 a.m. – 1:00 p.m., Saturday; and except Federal Holidays ("Normal Hours")), at a rate of $35.00 per hour. The rate will increase by 3% annually as follows:

- For year 1, the rate is established at $35.00.
- For year 2, the rate is $36.05.
- For year 3, the rate is $37.13.
- For year 4, the rate is $38.25.
- For year 5, the rate is $39.39.
- For year 6, the rate is $40.57.
- For year 7, the rate is $41.79.
- For year 8, the rate is $43.05.
- For year 9, the rate is $44.34.
- For year 10, the rate is $45.67.

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 11000 Wilshire Boulevard, Suite 7100, Los Angeles, California 90024, to receive payment.

15. **24 HOUR ROOMS**: 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 as specified by the Lease. The charges for heating and cooling of these areas shall be provided at the rate of $100.00 per hour after "Normal Hours".

16. **TENANT IMPROVEMENT ALLOWANCE**: The maximum Tenant Improvement Allowance has been established by Paragraph 3.2, "Tenant Improvements Included in Offer." The Tenant Improvement Allowance of $296,284.83 shall be amortized over the seven year firm term of the lease agreement at an interest rate (amortization rate) of 6 % per year.

17. **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.

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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 10 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. **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.

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 negotiated amounts in Exhibit B "Unit Price List" 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.

22. **RECARPETING AND REPAINTING OF THE LEASED PREMISE:**
The lessor shall recarpet and repaint the leased premise at no cost to the Government. The work shall be performed inconjunction with the tenant improvements required SFO Section 11.1, "Special Requirements." Cyclical repainting and recarpeting shall conform with SFO Paragraph 7.12, "Painting," and Paragraph 7.13, "Floor Covering and Perimeters."

23. Lessor shall comply with paragraph 9.8, "Radon in Water," of the Solicitation of Offers. Plan of action shall be submitted within 5 days after lease award. Lessor shall provide evidence of completion, prior to the Government's space acceptance.

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