

U.S. GOVERNMENT  
LEASE FOR REAL PROPERTY

DATE OF LEASE:

8/16/2011

LEASE No. GS-09B-02856

THIS LEASE, made and entered into this date between: **MP Holdings LLC**

whose address is: **3140 Peacekeeper Way, McClellan, CA 95652**

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:  
30,000 rentable square feet (r.s.f.), yielding approximately 30,000 ANSI/BOMA Office Area square feet and related space together with 47 onsite secured, surface parking spaces to be constructed on the site located in McClellan, CA as further depicted on the attached, Exhibit A, to be used for SUCH PURPOSES AS DETERMINED BY THE GENERAL SERVICES ADMINISTRATION. The **actual address** will be established by a Supplemental Lease Agreement upon the Government's acceptance for beneficial occupancy.
2. **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 twenty (20) year firm term in accordance with the Paragraph entitled "Acceptance of Space."
3. The Government shall pay the Lessor:
  - **Years 1 - 5:** \$1,00,301.26 per annum (\$33.34 per rentable square foot per annum) at the rate of \$83,358.44 per month in arrears
  - **Years 6 - 10:** \$1,398,701.26 per annum (\$46.62 per rentable square foot per annum) at the rate of \$116,558.44 per month in arrears
  - **Years 11 - 15:** \$1,457,201.26 per annum (\$48.57 per rentable square foot per annum) at the rate of \$121,433.44 per month in arrears
  - **Years 16 - 20:** \$1,487,801.26 per annum (\$49.59 per rentable square foot per annum) at the rate of \$123,983.44 per month in arrears

and broken out as follows:

	Years 1 - 5		Years 6 - 10	
	Annual Rent	Annual Rate / RSF	Annual Rent	Annual Rate / RSF
Shell Rental Rate	\$821,700.00	\$27.39	\$1,220,100.00	\$40.67
T.I Rental Rate	\$148,601.26	\$4.95	\$148,601.26	\$4.95
Operating Cost	\$30,000.00	\$1.00	\$30,000.00	\$1.00
<b>Full Service Rate</b>	<b>\$1,000,301.26</b>	<b>\$33.34</b>	<b>\$1,398,701.26</b>	<b>\$46.62</b>
	Years 11 - 15		Years 16 - 20	
	Annual Rent	Annual Rate / RSF	Annual Rent	Annual Rate / RSF
Shell Rental Rate	\$1,278,600.00	\$42.62	\$1,309,200.00	\$43.64
T.I Rental Rate	\$148,601.26	\$4.95	\$148,601.26	\$4.95
Operating Cost	\$30,000.00	\$1.00	\$30,000.00	\$1.00
<b>Full Service Rate</b>	<b>\$1,457,201.26</b>	<b>\$48.57</b>	<b>\$1,487,801.26</b>	<b>\$49.59</b>

Paragraph 3 is continued on Page 2

Paragraph 3 continued

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

**MP HOLDINGS LLC**  
**3140 Peacekeeper Way**  
**McClellan, CA 95652**

4. PARAGRAPH 4 IS INTENTIONALLY OMITTED  
 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.  
 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) The Solicitation For Offers Number OCA2911 (pages 1-55) (all references to SFO shall also refer to any Special Requirements and Amendments);  
 b) The Program of Requirements (pages 1-51)  
 c) Security Criteria (pages 1-25)  
 d) Summary sheet for changes to Security Criteria (Pages 1-6)  
 e) GSA Form 3517B (pages 1-33);  
 f) GSA Form 3518 (pages 1-7);  
 g) Sheet no. 1 - 3 containing Paragraphs 9-19;  
 h) Site Plan (Exhibit "A", page 1).  
 i) Site Plan (Exhibit "B", page 1).

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

Paragraphs 5 and 4 of this STANDARD FORM 2 were deleted in their entirety. Paragraphs 9 through 19 have been added.

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

LES

BY

*Pratt 10925*

*Larry D. Kelley*  
 (NAME OF SIGNER)

*Jay H. Kennedy*  
 (NAME OF SIGNER)

ADMINISTRATION, Public Buildings Service:

*Math E. Lawley*  
 (NAME OF SIGNER)



SHEET NUMBER 1 ATTACHED TO AND FORMING A PART OF LEASE NO. GS-09B-02856

9. **TAX ADJUSTMENT:** Pursuant to Paragraph 4.2, "Tax Adjustment," for purposes of tax escalation, the Government occupies 30,000/30,000 rentable square feet (100%).
10. **OPERATING COST:** Pursuant to Paragraph 4.3, "Operating Costs", the base rate for purposes of operating cost escalation is established at \$1.00 per rentable square foot per annum.
11. **TENANT IMPROVEMENT ALLOWANCE:** The Tenant Improvement Allowance has been established by Paragraph 3.2, "Tenant Improvements Included in Offer." The Tenant Improvement Allowance of \$1,401,300.00 shall be amortized over the 20 year firm term of the lease agreement at an interest rate (amortization rate) of 8.75% per year.
12. It is anticipated that the Government will spend more than the allowance identified in paragraph 11 of this lease. The scope of work for the tenant improvements will be finalized after award and the final price for this work will be determined by both parties upon completion of the construction drawings. The finalized scope of work for tenant improvements and the overage, beyond the established tenant improvement allowance, will be memorialized by a Supplemental Lease Agreement to this lease. Upon completion, inspection, and acceptance of the space, the Government shall reimburse the Lessor in a lump sum for the tenant improvement overage in an amount not to exceed \$4,778,847.00 (and as further specified in a Supplemental Lease Agreement), upon receipt of an original invoice. Payment will be due only for items which are reviewed and approved in writing by the Contracting Officer.

The original invoice must be submitted directly to GSA Finance at the following address:

General Services Administration  
FTS and PBS Payment Division (7BCP)  
P.O. Box 17181  
Fort Worth, TX 76102-0181

A copy of the invoice must be provided to the Contracting Officer at the following address:

General Services Administration  
ATTN: Tom Hixon  
450 Golden Gate Ave., 3rd Floor East  
San Francisco, CA 94102

A proper invoice must include the following:

- Invoice Date
- Name of the Lessor as shown on the Lease
- Lease contract number, building address, and a description, price and quantity of the items delivered

13. **BUDGET AND PRICE PROPOSALS/CONSTRUCTION SCHEDULE:**

- A. Lessor shall prepare the Design Intent Drawings, and shall submit to the Government a budget proposal together with the Design Intent Drawings in accordance with SFO Paragraph 5.13(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 5.13 (E), "Tenant Improvements Price Proposal," must be based upon the results of a competitive proposal process meeting all of the requirements of SFO Paragraph 5.5, B (1) through (9), 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 5.13 (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 5.13, "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

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SHEET NUMBER 2 ATTACHED TO AND FORMING A PART OF LEASE NO. GS-09B-02856

Improvements in CSI format 5 working days prior to "Substantial Completion". The space will not be considered acceptable for inspection until the Government receives the final tenant improvement costs.

14. **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 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.
- D. The date of September 5, 2012, for completion of the Tenant Improvements provided in Paragraph 5.13, is based upon a 10 month construction period following the issuance of applicable building permit.

15. **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 the Lessor delivers space with improvements not authorized or requested in writing by the GSA Contracting Officer, then Lessor shall not be entitled to compensation.**

16. **DAVIS BACON WAGES:** The lessor shall comply with the Davis Bacon schedule – "General Decision Number: CA100009" dated 7/15/2011

17. 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".

18. **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.

19. **McClellan Addendum:**

**"Definitions.** Unless otherwise specified herein, the capitalized terms used in this Addendum are used as defined in the Lease. To the extent that there are any inconsistencies between the provisions of the Lease and this Addendum, the provisions of this Addendum shall govern and control.

**Entry.** Government acknowledges that the [REDACTED] its agents, employees, contractors, subcontractors and representatives, have the right to enter upon all areas within McClellan, which includes, but is not limited to, the Premises, to implement hazardous waste remediation activities, whether imposed by law or regulatory agencies, and to determine compliance with applicable Hazardous Materials Laws (as hereinafter defined). Government acknowledges that some or all of these actions may interfere with Government's quiet use and enjoyment of the Premises, and that such entrance may disrupt, interfere, and/or adversely effect Government's building operations, for the duration of such entrance; provided that Lessor shall use its good faith efforts to schedule such entrance in the least intrusive manner possible; provided, however, Lessor has no legal right to cause the [REDACTED] to comply. Such entrance shall not constitute an actual or constructive eviction and will not cause any form of liability, offset, abatement and/or claim against Lessor and/or the [REDACTED].

Initials: [Signature] & MC  
Lessor Government



**1. Environmental Compliance\Hazardous Materials**

A. Definitions. "**Hazardous Materials**" shall mean, unless otherwise exempted by applicable federal, state or local law or regulation, any material, substance or waste that is or has the characteristic of being hazardous, toxic, ignitable, reactive, flammable, explosive, radioactive or corrosive, including, without limitation, petroleum, solvents, lead, acids, pesticides, paints, printing ink, PCBs, asbestos, materials commonly known to cause cancer or reproductive problems and those materials, substances and/or wastes, including wastes which are or later become regulated by any local governmental authority, the state in which the Premises are located or the United States Government, including, but not limited to, substances defined as "hazardous substances," "hazardous materials," "toxic substances" or "hazardous wastes" in the Comprehensive Environmental Response, Compensation and Liability Act of 1980, as amended, 42 U.S.C. §9601, et seq.; the Hazardous Materials Transportation Act, 49 U.S.C. §1801, et seq.; the Resource Conservation and Recovery Act; all environmental laws of the state where the Property is located, and any other environmental law, regulation or ordinance now existing or hereinafter enacted. "**Hazardous Materials Laws**" shall mean all present and future federal, state and local laws, ordinances and regulations, requirements of governmental entities (including without limitation the U.S. [REDACTED] relating to industrial hygiene, environmental protection or the use, analysis, generation, manufacture, storage, presence, disposal or transportation of any Hazardous Materials, including without limitation the laws, regulations and ordinances referred to in the preceding sentence.

B. Obligations of Government for Pre-Existing Contamination. The Government, and its employees, agents and licensees, do not assume any liability or responsibility for environmental impacts and damage caused by the use of the [REDACTED] and/or Lessor, including any agency or agent thereof, of Hazardous Materials, or oil or petroleum products, as such terms are defined in this Addendum and by applicable federal, state or local law, on any portion of [REDACTED] prior to the term beginning date of this Lease. The Government, and its employees, agents and licensees, have no obligation to either Lessor or the [REDACTED] to undertake the defense, remediation and cleanup (including the liability and responsibility for the costs of damage penalties, or legal and investigative service) solely arising out of any claim or action in existence now, or which may be brought in the future by third parties or any governmental body against the United States, the [REDACTED], Lessor, or the State of California because of any use of, or release from, any portion of [REDACTED], including any portion of, or any, building, facility or other improvement covered under Lessor's and the Government's lease agreements, of any Hazardous Materials, or oil or petroleum products prior to the first day of the Government's occupancy or use of each such portion of, or such building, facility, or other improvement on the leased premises under any instrument entered into between the Lessor and the Government. "Occupancy" or "use" shall mean any activity or presence (including preparation and construction) in or upon such portion of, or such building, facility, or other improvement on the Premises. This provision shall survive the expiration of termination of this Lease.

C. Use of Premises by Government. Government hereby agrees that Government and Government's officers, employees, representatives, agents, contractors, subcontractors, successors, assigns, subtenants, concessionaires, invitees and any other occupants of the Premises (collectively referred to herein as "**Government Representatives**"), with regard to any Hazardous Materials used, generated, manufactured, refined, produced, processed, stored or disposed of, on, under or about the Premises or transport to or from the Premises, shall comply with all applicable Hazardous Materials Laws. In connection therewith, Government shall, at its own expense, procure, maintain in effect and comply with all conditions of any and all permits, licenses and other governmental and regulatory approvals required for the storage or use by Government or any of Government's Representatives of Hazardous Materials on the Premises.

D. Government's Contamination. If at any time during the Term of the Lease, any contamination of the Premises by Hazardous Materials shall occur where such contamination is caused by the act or omission of Government or Government's Representatives ("Government's Contamination"), then Government, at Government's sole cost and expense, shall promptly and diligently remove such Hazardous Materials from the Premises or the groundwater underlying the Premises to the extent required to comply with applicable Hazardous Materials Laws, subject to obtaining all requisite federal and state approvals, authorizations and permits.

2. Default by Lessor. In consideration of the benefits accruing hereunder, Government and all successors and assigns covenant and agree that, in the event of any actual or alleged failure, breach or default hereunder by Lessor; Government's sole and exclusive recourse shall be against Lessor's interest in the Premises.

3. Alterations. Any alterations, additions or improvements (collectively, "Alterations") to the Premises desired by Government shall require the Lessor's prior written consent, which shall not be unreasonably withheld; provided that the Alterations comply with all laws, ordinances, rules, regulations and codes (collectively, "Laws") applicable to Government and/or Lessor, and (ii) are at no cost to Lessor. Government shall be responsible for the costs of the Alterations."

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