

U.S. GOVERNMENT
LEASE FOR REAL PROPERTY

DATE OF LEASE: May 3, 2013

LEASE No. GS-09B-03191

THIS LEASE, made and entered into this date between

WALTER BROS CONSTRUCTION CO INC

whose address is:

**3220 S HIGUERA STREET, STE 301
SAN LUIS OBISPO, CA 93401-6987**

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:
9,734 rentable square feet (r.s.f.), yielding approximately 8,464 ANSI/BOMA Office Area square feet and related space located at the **WEST CENTURY CENTER, 750 WEST CENTURY STREET, SANTA MARIA, CA 934555-1222** together with **TWENTY (20)** reserved onsite secured parking spaces to be used for SUCH PURPOSES AS DETERMINED BY THE GENERAL SERVICES ADMINISTRATION. The actual floor and suite number to be occupied by the Government will be established by Lease Agreement 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 fifteen (15) year term in accordance with the Paragraph entitled "Acceptance of Space" herein, subject to termination rights as may be hereinafter set forth.
3. The Government shall pay the Lessor annual rent in arrears in accordance with the following schedule:

	Years 1-5		Years 6-10		Years 11-15	
	Annual Rate/RSF	Annual Rent	Annual Rate/RSF	Annual Rent	Annual Rate/RSF	Annual Rent
Shell Rental Rate	\$ 28.20	\$ 274,498.80	\$ 29.61	\$ 288,223.74	\$ 31.09	\$ 302,630.06
T.I Rental Rate*	\$ 5.46	\$ 53,144.36	\$ 5.46	\$ 53,144.36	\$ -	\$ -
Operating Cost	\$ 6.12	\$ 59,572.08	\$ 6.12	\$ 59,572.08	\$ 6.12	\$ 59,572.08
Total Annual Rent	\$ 39.78	\$ 387,215.24	\$ 41.19	\$ 400,940.18	\$ 37.21	\$ 362,202.14

*The amortization rate is 6%.

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

**WALTER BROS CONSTRUCTION CO INC
3220 S HIGUERA STREET, STE 301
SAN LUIS OBISPO, CA 93401-6987**

[Handwritten signature]

4. The Government may terminate this lease in whole or in part effective any time AFTER the tenth (10th) year of this lease by giving at least 90 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
 - 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 Solicitation For Offers (SFO) No. 0CA2729 dated 04/15/2011. All cost associated with services, utilities, maintenance, repair, replacement, inspections, improvements and other requirements as required by the SFO and its attachments.
 - C. Adequate space for telecommunications antennae and transmission devices in accordance with Paragraph 8.16 entitled, "Telecommunications: Local Exchange Access," of the SFO.

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

LESSOR: WALTER BROS CONSTRUCTION CO INC

BY

[REDACTED]

(SIGNATURE)

4/30/13

(NAME)

IN PRESEN

[REDACTED]

(SIGNATURE)

4/30/13

(NAME)

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

BY

[REDACTED]

GSA

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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:

- 1) The Solicitation For Offers (SFO) No. 0CA2729 (pages 1-52) dated 04/15/2011 (all references to SFO shall also refer to any Special Requirements and Amendments);
- 2) GSA Form 3516 – (Pages 1-1)
- 3) GSA Form 3517B - Full Text - (Pages 1-33);
- 4) GSA Form 3518 (pages 1-7);
- 5) Sheet No. 1-3 containing Paragraphs 7-19;
- 6) SFO Amendment 1;
- 7) SFO Amendment 2;
- 8) SFO Amendment 3;
- 9) Floor Plan/Site Plan (Exhibit "A") (1 page);
- 10) Security Unit Price List
- 11) Unit Price List



12) The following [REDACTED] Special Requirements:

- A. [REDACTED] Facilities Standards: Structured Cable Plant Standards, Version 7.4, September 6, 2012- 56 Pages
- B. [REDACTED] Room, Small- 2 Pages
- C. [REDACTED] Garage- 2 Pages
- D. [REDACTED] - 2 Pages
- E. [REDACTED] Room- 2 Pages
- F. COM-ITC-150 IT/Telecom Closet- 2 Pages
- G. [REDACTED] Room- 2 Pages
- H. [REDACTED] - 2 Pages
- I. OSP-SC-128 Office Support Center- 2 Pages
- J. SUP-BST-150 Bulk Storage- 2 Pages
- K. C/T-12-216 Conference/Training- 2 Pages
- L. [REDACTED] Area, Small- 2 Pages
- M. FIT-FR-1185 Fitness Room- 2 Pages
- N. OFF-PVT-100 Office- 2 Pages
- O. [REDACTED] - 2 Pages
- P. W/S-S-64 Workstation (8' x 8') - 2 Pages
- Q. [REDACTED] Room- 2 Pages
- R. [REDACTED], Small- 2 Pages
- S. FIT-L/S-400 Lockers/Showers- 2 Pages
- T. OSP-BR-288 Break Room- 2 Pages
- U. [REDACTED] Room- 2 Pages

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

Paragraph 5 of this STANDARD FORM 2 has been deleted in its entirety. Paragraphs 9 through 19 have been added.

9. The space shall be constructed, altered, and ready for occupancy in accordance with the Solicitation for Offers 0CA2729 dated 4/15/2011 within 120 working days from receipt of the Government's Notice to Proceed. All items specified in Lease Agreement and as delineated on the Government Approved Design Intent Drawings shall be provided by the Lessor. Lessor waives any restoration in connection with the work. Lessor shall remain responsible for maintenance, repair and replacement of all items provided by the Lessor under this lease.
10. **OPERATING COST:** Pursuant to Paragraph 4.2, "Operating Costs", of the SFO, beginning with the second year of the Lease and each year after, the Government shall pay adjusted rent for changes in costs, based on the percent of change in the Cost of Living Index. For purposes of operating cost escalation the base rent is established at \$6.12 per rentable square foot per annum.

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11. **ADJUSTMENT FOR VACANT PREMISES:** 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 \$8.16 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."
12. **OVERTIME USAGE:** The Government shall have access to the leased space at all times, including the use of toilets, lights and small business machines without additional payment. Pursuant to Paragraph 4.5, "Overtime Usage" of the SFO, 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 (8a.m. – 5p.m.) Monday through Friday and except Federal Holidays ("Normal Hours"), at a rate of \$7.50 per hour for the entire leased space. 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 located at 11000 Wilshire Blvd., Room 7100, Los Angeles, CA 90024 to receive payment.
13. **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 a separately metered rate and billed directly to the tenant at Lessor's cost with no mark-up. The cost for the installation of the supplemental units(s) and metering shall be paid from the Tenant Improvement Allowance. The charges for heating and cooling of these areas shall be provided at the rate of \$2.24 per hour after "Normal Hours" per ABOA sf.
14. **TENANT IMPROVEMENT ALLOWANCE:** The maximum Tenant Improvement Allowance of \$47.13 per usable square foot has been established by Paragraph 3.2, "Tenant Improvements Included in Offer" of the SFO. The Tenant Improvement Allowance shall be amortized over the ten (10) year firm term of the lease agreement at an interest rate (amortization rate) of 6 % per year. Actual allowance will be established by Lease Amendment for Beneficial Occupancy. The Government shall pay the Lessor Tenant Improvement Fee Schedule as follows: 1) General Conditions fees at 4% of Total TI Budget Costs, estimated to be \$398,908.00; 2) General Contractor's fee at 9% of Total TI Budget Costs, estimated to be \$398,908.00; 3) Architectural / Engineering fee at 8% of Total TI Budget Costs estimated to be \$398,908.00; and 4) Lessor's Project Management fees at 0% of Total TI Budget Costs estimated to be \$398,908.00.
15. **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 5.14 (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 5.14 (E), "Tenant Improvements Price Proposal," must be based upon the results of a competitive proposal process meeting all of the requirements of SFO Paragraph 5.6, 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 the 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 5.14 (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 5.14, "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 5.14, "Construction Schedule and Acceptance of Tenant Improvements" of the SFO, 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.

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16. ACCEPTANCE OF SPACE:

- A. The following is added to Paragraph 5. 14 G (1), "Acceptance of Space and Certificate of Occupancy" of the SFO: 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 15 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.

17. 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 "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.

18. 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.**

19. 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".

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