

U.S. GOVERNMENT
LEASE FOR REAL PROPERTY

DATE OF LEASE: 17 February 2010 | LEASE No. LCA01953

THIS LEASE, made and entered into this date between **Coastal Care Centers, Inc.**

whose address is: 1122 Searles Street
Eureka, California 95501

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:

10,008 rentable square feet (r.s.f.), yielding approximately 10,008 ANSI/BOMA Office Area square feet and related space located at the Victoria Place Center, 3144 Broadway Street, Eureka, California 95501 together with four (4) reserved, outside, onsite parking spaces, as depicted on the attached Space Plan (Exhibit A) (the "Premises"), 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 April 1, 2010 through March 31, 2025, subject to termination and renewal rights as may be hereinafter set forth.

3. PARAGRAPH 3 IS INTENTIONALLY OMITTED.

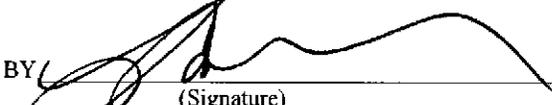
4. The Government may terminate this lease in whole or in part effective at any time after the tenth (10th) year of this lease by giving at least ninety (90) days' prior notice in writing to the Lessor. No rental shall accrue after the effective date of termination. Said notice shall be computed commencing 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 four (4) reserved, outside, onsite 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 final construction drawings; provided that the Government shall make payments for lump sum items identified in Paragraph 3.3, of the attachment sheets in the amounts specified therein. 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. LCA01953 and its attachments.
 - C. Adequate space for telecommunications antennae and transmission devises 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 9-23
 - b) Site Plan (Exhibit "A").
 - c) The Solicitation For Offers Number LCA01953 (pages 1-50) (all references to SFO shall also refer to any Special Requirements and Amendments);
 - d) Special Requirements: Spcial Space Requirements, Eureka, CA District Office (DO Code 956) (October, 2008) (Pages 1-36);
 - e) Special Requirements: [REDACTED], Eureka, CA, Additional Special Requirements (Pages 1-2)
 - f) GSA Form 3517 (pages 1-2);
 - g) GSA Form 3518 (pages 1-7)
- 8 The following changes were made in this lease prior to its execution:
 Paragraphs 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: Larry A. DeBoni

BY  _____
 (Signature)

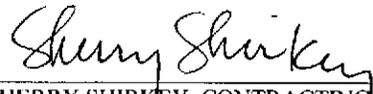
 (Signature)

IN PRESENCE OF:

 _____
 (Signature)

[REDACTED]
 (Address)

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

BY  _____
 SHERRY SHIRKEY, CONTRACTING OFFICER, GSA

SHEET NUMBER 1 ATTACHED TO AND FORMING A PART OF LEASE NO. LCA01953

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

- A. For years one (1) through fifteen (15), the annual rent of \$206,865.36 (consisting of \$149,019.12 (\$14.89 rsf) Shell Rent, Operating Costs \$57,846.24 (\$5.78 rsf) at the rate of \$17,238.78 per month in arrears.

The maximum amortized Tenant Improvement Allowance is established at \$471,717.88 (\$47.13 per ANSI/BOMA square foot). This component of the rent shall not activate until construction is complete and required improvements are delivered / accepted by the Government. Once the space is accepted the Rent stated above will be adjusted to include the amortized tenant improvement component by Supplemental Lease Agreement.

Rent for a lesser period shall be prorated. Rent checks shall be payable to:
Coastal Care Centers, Inc
c/o Larry A. DeBeni
1122 Searles Street
Eureka, California 95501

10. The Lessor shall have ninety (90) working days from the Government Notice to Proceed to complete the build-out of the entire space. All items specified in Solicitation For Offers LCA01953, all attachments and agency special requirements as delineated on the Government Approved Design Intent Drawings shall be provided by the Lessor.
11. PERCENTAGE OF OCCUPANCY: Pursuant to SFO paragraph 4.2.B.9 entitled "Percentage of Occupancy," the percentage of Government occupancy is established as 33.37% (~~10.008/10,008 RSF~~).
29,990 RSF
12. OPERATING COST: Pursuant to Paragraph 4.2, "Operating Cost," the base rate for purposes of operating cost escalation is established at \$5.78 per rentable square foot per annum.
13. COMMON AREA FACTOR: Pursuant to SFO paragraph 4.1.C entitled "Common Area Factor," the common area factor is established as 1.00% (10.008 RSF/ 10,008 USF).
14. 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 \$2.00 per ANSI/BOMA usable square foot per annum for operating expenses. The Adjustment for Vacant Premises rate shall be escalated annually based upon Paragraph 4.2, "Operating Costs."
15. 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 (7:00 a.m. - 5:30 p.m., Monday through Friday, and except Federal Holidays ("Normal Hours"), at a rate of \$0.00 per hour. 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 U.S. General Services Administration, 650 Capitol Mall, Sacramento, CA 95814-2570 to receive payment.
16. HOOR 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 \$0.00 per hour after 5:30pm.
17. TENANT IMPROVEMENT ALLOWANCE: The maximum Tenant Improvement Allowance, \$471,717.88 (\$47.1340 X 10,008 ANSI/BOMA office area square feet) has been established by Paragraph 3.2, "Tenant Improvements Included in Offer." 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 6.75% per year. Rent will be adjusted by Supplemental Lease Agreement once the tenant improvements are accepted by the Government in accordance with Paragraph 3.3 and 5.10 G.
18. BUDGET AND PRICE PROPOSALS/CONSTRUCTION SCHEDULE
A. Budget and Price Proposals for Tenant Improvements.
- (1) The Lessor shall submit to the Government a tenant improvement budget proposal with the Government Approved Design Intent Drawings which shall meet the requirements of the Lease Agreement. The cost estimate must be submitted in Construction Specification Institute (CSI) Format.
- (2) The price proposal referenced therein shall be a price proposal based on the Tenant Improvements and associated work shown on the Working Drawings/Construction Drawings. Lessor shall submit the price proposal together with the Working Drawings/Construction Drawings.

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Lessor Government

- B. 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.
- C. The construction schedule 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" shall not include the period from December 15 through January 1 of any calendar year.

19. **INSPECTION OF PREMISES:**

- A. The Lessor shall notify the Government ten (10) days in advance of the anticipated substantial completion date as defined in Paragraph 1 of the GSA Form 3517. Within ten (10) business days after the date the Lessor notifies the Government that the space is "substantially complete," the Government shall inspect the Premises and appurtenances. Within five (5) business days after the inspection, the Government shall notify the Lessor of any deficiencies in the Premises and appurtenances and the Lessor shall thereafter diligently pursue remedying any defects. If any subsequent Government inspection is required to confirm conformance with the results of a prior inspection, any such subsequent inspection and notification of the results of such inspection shall be made in accordance with the foregoing procedure and the time frames.
- B. The period during which rent shall be deemed to have commenced for the Premises shall be the date that the entire space is accepted for occupancy by the Government (or the date accepted for occupancy, subject to completion of a written punchlist of items not materially affecting beneficial occupancy which are yet to be finished.) The space will not be considered acceptable for occupancy until the Government receives the final tenant improvement cost. Any items to be completed or corrected that have been identified at the acceptance of the space as a punchlist item 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. **ACCEPTANCE OF SPACE:**

- A. The following is added to Paragraph 5.10 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.

21. **UNAUTHORIZED IMPROVEMENTS:** All questions pertaining to this lease agreement shall be referred in writing to the General Service Administration Contracting Officer. This contract is between GSA and the Coastal Care Centers, LLC. GSA assumes no financial responsibility for any cost incurred by the Lessor except as provided by the term 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 if the improvements remain in place after the Government's acceptance of the space.**

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. **COMMISSION AND COMMISSION CREDIT:**

The Lessor and the Broker have agreed to a cooperating lease commission of [REDACTED] for years one (1) through five (5); [REDACTED] for years six (6) through ten (10) of the firm term value of this lease. The total amount of the commission is [REDACTED]. The Lessor shall pay the Broker no additional commissions associated with this lease transaction. In accordance with the "Broker Commission and Commission Credit" paragraph, 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 [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.

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SHEET NUMBER 3 ATTACHED TO AND FORMING A PART OF LEASE NO. LCA01953

Notwithstanding Paragraph 9 of this Standard Form 2, 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:

First Month's Rental Payment \$17,238.78 minus prorated Commission Credit of [REDACTED] equals [REDACTED] adjusted First Month's Rent

Second Month's Rental Payment \$17,238.78 minus prorated Commission Credit of [REDACTED] equals [REDACTED] adjusted Second Month's Rent

For the remainder of the lease term, the amount of the rent shall be in accordance with paragraph 9 of this Standard Form 2.

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