

U.S. GOVERNMENT
LEASE FOR REAL PROPERTY

DATE OF LEASE:

April 30, 2010

LEASE No. GS-09B-02330

THIS LEASE, made and entered into this date between Roy Phillip Fowler

whose address is:



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:
21,087 rentable square feet (r.s.f.), yielding approximately 19,749 ANSI/BOMA Office Area square feet and related space located on the 1st and 2nd Floors at the building to be constructed at 603 and 621 San Juan Avenue, Stockton, California together with 28 secured reserved surface 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. **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) years firm term in accordance with the Paragraph entitled "Acceptance of Space" herein, subject to termination rights as may be hereinafter set forth.

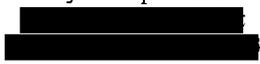
3. The Government shall pay the Lessor annual rent as follows in arrears:

Year	Shell rate (r.s.f./yr)	Annual Base Year Service Costs / r.s.f.*	Annual Amortized T.I.'s	Total Annual Rent / r.s.f.	Monthly Rent	Annual Rent
1	\$26.63	\$5.34	\$4.68	\$36.65	\$64,403.21	\$772,838.55
2	\$27.43	\$5.50	\$4.68	\$37.61	\$66,088.59	\$793,063.09
3	\$28.25	\$5.67	\$4.68	\$38.60	\$67,824.53	\$813,894.37
4	\$29.10	\$5.84	\$4.68	\$39.61	\$69,612.55	\$835,350.59
5	\$29.97	\$6.01	\$4.68	\$40.66	\$71,454.21	\$857,450.49
6	\$30.87	\$6.19	\$4.68	\$41.74	\$73,351.12	\$880,213.39
7	\$31.80	\$6.38	\$4.68	\$42.85	\$75,304.93	\$903,659.18
8	\$32.75	\$6.57	\$4.68	\$44.00	\$77,317.36	\$927,808.34
9	\$33.73	\$6.76	\$4.68	\$45.18	\$79,390.16	\$952,681.97
10	\$34.75	\$6.97	\$4.68	\$46.39	\$81,525.15	\$978,301.82
11	\$35.79	\$7.18	\$4.68	\$47.65	\$83,724.19	\$1,004,690.26
12	\$36.86	\$7.39	\$4.68	\$48.93	\$85,989.20	\$1,031,870.35
13	\$37.97	\$7.61	\$4.68	\$50.26	\$88,322.15	\$1,059,865.84
14	\$39.11	\$7.84	\$4.68	\$51.63	\$90,725.10	\$1,088,701.20
15	\$40.28	\$8.08	\$4.68	\$53.04	\$93,200.14	\$1,118,401.63

* NO CPI increases applicable.

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

Roy Phillip Fowler



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; provided that the Government shall make payments for lump sum items. 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. 02330 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) The Solicitation For Offers Number 02330 (pages 1-53) (all references to SFO shall also refer to any Special Requirements and Amendments);
- b) Special Requirements (pages 1-23);
- c) Amendment Number 1 (1 page), Amendment Number 2 (1 page);
- d) GSA Form 3517 (pages 1- 33);
- e) GSA Form 3518 (pages 1-7);
- f) Sheet no. 1-3 containing Paragraphs 9-24;
- g) Davis Bacon Wages (pages 1 - 40);
- h) Site Plan - Exhibit A (1 page dated November 20, 2009);

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

Paragraphs 4 and 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: Roy Phillip Fowler

BY

Roy Phillip Fowler
 (Signature)

(Signature)

IN PRESENCE OF:

[Signature]
 (Signature)

(Address)

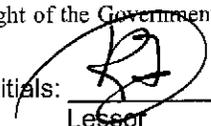
UNITED STATES OF AMERICA: GENERAL SERVICES ADMINISTRATION, Public Buildings Service:

BY

Shela Johnson
 CONTRACTING OFFICER, GSA

SHEET NUMBER 1 ATTACHED TO AND FORMING A PART OF LEASE NO. GS-09B-02330

9. The Lessor shall have 240 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.
10. **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 \$2.40 per ANSI/BOMA Office Area square foot per annum for operating expenses. The Adjustment for Vacant Premises rate shall be escalated annually at 3%.
11. **OPERATING COST:** Operating Costs will escalate according to the table in paragraph 3 of this Lease. CPI increases do not apply, and Paragraph 4.2 of SFO number 02330 is deleted in its entirety.
12. **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 (6:00 a.m. – 6:00 p.m., Monday through Friday, and except Federal Holidays ("Normal Hours")), at a rate of \$45.00 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 GSA Sacramento Office (9PFN) ATTN: Ryan Allen 650 Capital Mall Room 8 – 100 Sacramento, CA 95814 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 the rate of \$180.00 per month after "Normal Hours". The Lessor must submit a proper invoice quarterly to GSA Building Manager or designee located at GSA Sacramento Office (9PFN) ATTN: Ryan Allen 650 Capital Mall Room 8 – 100 Sacramento, CA 95814 to receive payment.
14. **TENANT IMPROVEMENT ALLOWANCE:** The maximum Tenant Improvement Allowance has been established by Paragraph 3.2, "Tenant Improvements Included in Offer." The Tenant Improvement Allowance shall be amortized over the 15 year firm term of the lease agreement at an interest rate (amortization rate) of 7 % per year.
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 5.15 (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 5.15 (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 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 5.15 (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 5.15, "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 5.15, "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 15 working days prior to "Substantial Completion". The space will not be considered acceptable for inspection until the Government receives the final tenant improvement costs.
16. **ACCEPTANCE OF SPACE:**
 - A. The following is added to Paragraph 5.15 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

Initials:  & 
Lessor Government

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".

20. **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.

21. Mark Up Rate

If, during the period of construction, the Government requires modifications to the scope of work, the percentage mark up for change orders allowed is 25.15 percent which includes all general contractor and first-tier subcontractor overheads, general and administrative costs, bonds, insurance, commissions and profits for the additional work to be performed. There will be no mark-ups for the Lessor.

22. Compensable Delays

In the event that the Government is responsible for any delays in delivery of the Leased Premises, Lessor's entitlement to compensation for Government-caused delay shall be the sum of \$2,146.77 dollars multiplied by the total number of compensable work days. Recovery of such sum shall be the Lessor's sole remedy for compensable delays. For all delays, the daily delay rate covers all costs (including general contractor and subcontractor field and home office overheads) and mark-ups related to delay. Lessor shall not be relieved of its burden to establish entitlement to compensation for delay which may occur on the project. Under no circumstances will the Government be liable to the Lessor should actual compensable delays vary by any degree from the rate specified herein.

23. Firm Commitment of Funds:

This Lease is contingent upon the Commitment of Funds required per SFO paragraph 3.5B being provided within 60 days of Lease award. If Lessor fails to deliver the firm commitment of funds required per SFO paragraph 3.5B within 60 days after award, the Government may terminate the lease for default.

24. SECURITY COSTS:

Costs to Secure the building will be established by means of a future Supplemental Lease Agreement.

25. SECURITY LEVEL FOR CONSTRUCTION:

Premises will be constructed to meet [REDACTED] per Section 10 of SFO 02330 where practicable. If components of final design differ from [REDACTED] identified in this Lease, final Construction Drawings signed by the Government shall prevail.

26. COMMISSION AND COMMISSION CREDIT:

Initials: RI & [Signature]
Lessor & Government

SHEET NUMBER 3 ATTACHED TO AND FORMING A PART OF LEASE NO. GS-09B-02330

The Lessor and the Broker have agreed to a cooperating lease commission of [REDACTED] 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.

Notwithstanding Paragraph 3 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 \$64,403.21 minus prorated Commission Credit of [REDACTED] equals [REDACTED] adjusted First Month's Rent.

Second Month's Rental Payment \$64,403.21 minus prorated Commission Credit of [REDACTED] equals [REDACTED] adjusted Second Month's Rent.

Third Month's Rental Payment \$64,403.21 minus prorated Commission Credit of [REDACTED] equals [REDACTED] adjusted Third Month's Rent.

Fourth Month's Rental Payment \$64,403.21 minus prorated Commission Credit of [REDACTED] equals [REDACTED] adjusted Fourth Month's Rent.

Fifth Month's Rental Payment \$64,403.21 minus prorated Commission Credit of [REDACTED] equals [REDACTED] adjusted Fifth Month's Rent.

Sixth Month's Rental Payment \$64,403.21 minus prorated Commission Credit of [REDACTED] equals [REDACTED] adjusted Sixth Month's Rent.

Initials: RI & BJ
Lessor Government