

**U.S. GOVERNMENT  
LEASE FOR REAL PROPERTY**

DATE OF LEASE: 11-29-2010

LEASE No. **GS-09B-02639**

THIS LEASE, made and entered into this date between

**BROOKS MADEROS PROPERTIES**

whose address is:

**105 NORTHWOOD COMMONS,  
CHICO, CA 95973**

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:

11,567 rentable square feet (RSF), yielding 11,567 ANSI/BOMA Office Area square feet and related space located at 3419 ARDEN WAY, SACRAMENTO CA 95825-2005 together with fifteen (15) reserved onsite surface parking spaces and six (6) onsite structured spaces 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 acceptance of the space by the Government and continuing through ten (10) years in accordance with the Paragraph entitled "Acceptance of Space" herein, subject to termination rights as may be hereinafter set forth. The actual dates will be established by a Supplemental Lease Agreement upon delivery of the space and the Government's acceptance for beneficial occupancy.

3. The Government shall pay the Lessor annual rent in arrears in accordance with the following schedule:

**A. Years 1 through 5 (1-5), annual rent will be \$284,432.53 at the rate of \$23,702.71 per month in arrears.**

**B. Years 6 through 10 (6-10), annual rent will be \$229,257.94 at the rate of \$19,104.82 per month in arrears. The rent breakdown is as follows:**

	Years 1-5		Years 6-10	
	Annual Rent	Annual Rate / RSF	Annual Rent	Annual Rate / RSF
Shell Rental Rate	\$157,079.86	\$13.58	\$173,505.00	\$15.00
T.I Rental Rate	\$71,599.73	\$6.19	\$0.00	\$0.00
Operating Cost	\$55,752.94	\$4.82	\$55,752.94	\$4.82
<b>Full Service Rate</b>	<b>\$284,432.53</b>	<b>\$24.59</b>	<b>\$229,257.94</b>	<b>\$19.82</b>

The actual rent will be established by a Supplemental Lease Agreement upon delivery of the space and the Government's acceptance of Beneficial Occupancy. Rent for a lesser period shall be prorated. Rent checks shall be payable to:

**BROOKS MADEROS PROPERTIES,  
105 NORTHWOOD COMMONS, CHICO, CA 95973-7235**

Rent shall be payable in arrears and will be due on the first workday of each month. When the date for commencement of the lease falls after the 15th day of the month, the initial rental payment shall be due on the first workday of the second month following the commencement date. As of January 1, 1999, all rental payments MUST be made by Electronic Funds Deposit.

4. The Government may terminate this lease in whole or in part effective on or after the sixth 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 OMITED.
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). All cost associated with services, utilities, maintenance, repair, replacement, inspections, improvements and other requirements as required by the Solicitation For Offers No. 9CA2507 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 No. 9CA2507 (pages 1-51) (all references to SFO shall also refer to any Special Requirements and Amendments);
  - b) GSA Form 3517 (pages 1-2);
  - c) GSA Form 3518 (pages 1-7);
  - d) Sheet No. 1-2 containing Paragraphs 9-20;
8. The following changes were made in this lease prior to its execution:
 

Paragraph 5 of this STANDARD FORM 2 was deleted in its entirety. Paragraphs 9 through 22 have been added.
9. The space shall be constructed, altered, and ready for occupancy in accordance with the SFO No. 9CA2507 dated 01/22/2010 within 180 calendar 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.

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

LESSOR: **BROOKS MADEROS PROPERTIES**

BY *Ruben H. Brooks*  
(Name)

*R. Brooks*  
(Signature)

*Matt G. Maderos*  
(Name)

*[Signature]*  
(Signature)

IN PRESENCE OF:

*Jodie Luna*  
(Name)

*Jodie Luna*  
(Signature)

*see attached notary document*

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

BY *Regina Nickerson*  
**REGINA L. NICKERSON, CONTRACTING OFFICER, GSA**



- 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.
17. **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.**
18. 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".
19. This lease upon execution contains the entire agreement of the parties and no prior written or oral agreement, express or implied, shall be admissible to contradict the provisions of this lease.
20. Paragraph 1.2, "Unique Requirements" of the SFO is amended to delete subparagraphs 1.2.C and 1.2.D in their entirety.
21. **TAX ADJUSTMENT (CALIFORNIA DEVIATION 10/98):**
- A. For the purpose of this Tax Adjustment clause:
1. The term "Base Year" shall mean the first Tax Year for which a Full Assessment of the completed project is in effect for the entire Tax Year.
  2. The term "Base Year Taxes" means the Real Estate Taxes paid for the Base Year. If an Improvement (other than an Improvement which results in a change of Base Year) or a Change in Ownership occurring during the Base Year is not fully reflected in Real Estate Taxes for the entire Base Year, Base Year Taxes shall be adjusted as follows: Base Year Taxes shall be increased by the amount of additional Real Estate Taxes which would have been paid for the Base Year if the Improvement or Change in Ownership had been fully reflected in the Real Estate Taxes for the entire Base Year.
  3. The term "Change in Ownership" has the same definition as in California Revenue and Taxation Code, Part 0.5, Chapter 2, as amended or replaced from time to time.
  4. The term "Current Year Taxes" means Real Estate Taxes paid for each Tax Year following the Base Year, excluding increases in Real Estate Taxes (whether the increases result from increased rate and/or valuation) attributable to any Improvement or Change in Ownership which occurs or is completed after the Base Year.
  5. The term "Full Assessment" means that the taxing jurisdiction has considered all contemplated Improvements to the assessed property in the valuation of the same. Partial assessments for New Construction will not be used for establishing the Base Year.
  6. The term "Improvement" means any addition, alteration or improvement to real property, excluding however construction which (i) is performed by or at the request of the Government, (ii) is for the sole benefit of the Government, and (iii) is not required to make the property ready for occupancy by the Government in accordance with the terms of the lease or otherwise required by the lease.
  7. The term "New Construction" has the same definition as in California Revenue and Taxation Code Section 70, as amended or replaced from time to time, which includes, without limitation, major rehabilitation and change in use.

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8. The term "Real Estate Taxes" means only ad valorem taxes which are assessed against the building and/or the land upon which the building is located, without regard to benefit to the property, for the purpose of funding general Government services. "Real Estate Taxes" shall not include, without limitation, penalties for nonpayment or delay in payment, special assessments, business improvement district assessments, or any other present or future taxes or Governmental charges that are imposed upon Lessor or assessed against the Building and/or the land upon which the building is located.

9. The term "Tax Year" means the fiscal year used by the state of California for real estate taxes: July 1 through June 30.

B. The Lessor shall furnish the Contracting Officer with copies of all notices which may affect the valuation of said land and buildings for Real Estate Taxes thereon, as well as all notices of a tax refund, deduction or credit, all tax bills and all paid tax receipts, or where tax receipts are not given, other similar evidence of payment acceptable to the Contracting Officer (hereinafter, evidence of payment), and a proper invoice (as described in the Prompt Payment clause of this lease, GSAR 552.232-75) of the tax adjustment including the calculation thereof, for each Tax Year. Lessor warrants the accuracy and completeness of any invoices submitted. Notices which may affect valuation and notices of a tax refund, deduction or credit are due within ten (10) business days of receipt. All other documentation shall be submitted by June 15 of each Tax Year. Failure to submit the proper invoice and evidence of payment within such time frame shall be a waiver of the right to receive payment resulting from an increased tax adjustment under this clause.

C. The Government shall make a single annual lump sum payment to the Lessor for its share of any increase in Current Year Taxes during the lease term over Base Year Taxes, or receive a rental credit or lump sum payment for its share of any decreases in Current Year Taxes during the lease term below the Base Year Taxes. The amount of lump sum payment or rental credit shall be based upon evidence of valuation and payment submitted by the Lessor to the Contracting Officer in accordance with paragraph (b).

1. In the event of an increase in Current Year Taxes over Base Year Taxes, the Lessor shall submit a proper invoice of the tax adjustment including the calculation thereof together with all tax bills and evidence of payment to the Contracting Officer. The Government shall be responsible for payment of any tax increase over the Base Year Taxes only if the proper invoice and evidence of payment is submitted by the Lessor on or before June 15 of the current year. The due date for making payment shall be the thirtieth (30th) calendar day after receipt of evidence of payment and all other required documentation by the Contracting Officer or the end of the Tax Year, whichever is later. No increase will be paid, due, or owing unless all evidence of valuation and payment have been previously submitted to the Contracting Officer.

2. In the event of a decrease in Current Year Taxes from Base Year Taxes, or in the event of any refund or tax deduction, the Lessor shall notify the Contracting Officer in accordance with paragraph (b) of this clause. The Government shall be entitled to and shall receive a credit for the prorata reduction in Real Estate Taxes, regardless of whether the Government has made a tax adjustment payment for that Tax Year. The Government's share of the credit will be determined in accordance with paragraph (d) of this clause and shall be taken as a deduction from the rent. Any credit due the Government after the expiration or earlier termination of the Lease (including but not limited to credits resulting from a decrease in Real Estate Taxes pursuant to a tax credit due the Lessor; a reduction in the tax assessment; or a tax appeal proceeding for a Tax Year of the Lease, or portion thereof) shall be made by a lump sum payment to the Government or as a rental credit to any succeeding lease as determined by the Contracting Officer. Lessor shall remit to the Government any lump sum payment resulting from a tax refund within fifteen (15) calendar days after payment by the taxing authority to Lessor or Lessor's designee. Lessor shall remit any other lump sum payment to Government by June 15 of the Tax Year during which the lease year terminates. If the credit due to the Government is not paid by the due date, interest shall accrue on the late payment at the rate established by the Secretary of the Treasury under Section 12 of the Contract Disputes Act of 1978 (41 U.S.C. 611) that is in effect on the day after the due date. The interest penalty shall accrue daily on the amount of the credit and be compounded in thirty (30) day increments inclusive from the first day after the due date through the payment date. The Government shall have the right to pursue the outstanding balance of any tax credit using all such collection methods as are available to the United States to collect debts. Such collection rights shall survive the expiration of this lease.

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D. The Government shall pay its share of tax increases or receive its share of any tax decrease based on the ratio of the rentable square feet occupied by the Government to the total rentable square feet in the building or complex ("percentage of occupancy"). This percentage shall be subject to adjustment to take into account additions or reductions of the amount of space as may be contemplated in this lease or amendments hereto. If the lease terminates before the end of a Tax Year, payment for the tax increase due as a result of this Tax Adjustment clause for the Tax Year will be prorated based on the number of days the Government occupied the space.

E. The Government may direct the Lessor upon reasonable notice to initiate a tax appeal or the Government may decide to contest the tax assessment on behalf of the Government and the Lessor or for the Government alone. The Lessor shall furnish to the Government information necessary for appeal of the tax assessment in accordance with the filing requirements of the taxing authority. If the Government decides to contest the tax assessment on its own behalf or on behalf of the Government and the Lessor, the Lessor shall cooperate and use all reasonable efforts including but not limited to affirming the accuracy of the documents, executing documents required for any legal proceeding and taking such other actions as may be required. If the Lessor initiates an appeal on behalf of the Government, the Lessor shall be entitled to deduct the reasonable costs of the appeal from any resulting savings before allocation of the savings in accordance with paragraph (d) of this clause.

22. **TAX ADJUSTMENT:** Pursuant to Paragraph 21, "Tax Adjustment (California Deviation 10/98)," for purposes of tax escalation, the Government occupies 11,567/20,000 rentable square feet (38.56%).

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