

LEASE NO. 23098

LEASE AGREEMENT

BETWEEN

INVESTMENT PROPERTIES, LLC.
LESSOR

AND

BECHTEL BWXT IDAHO, LLC
LESSEE

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LEASE AGREEMENT NO. 23098
Between
INVESTMENT PROPERTIES, LLC
LESSOR
and
BECHTEL BWXT IDAHO, LLC
LESSEE

THIS LEASE, entered into the 16th day of September by and between Investment Properties, LLC (hereinafter called "Lessor"), whose business address is 4409 N. Haroldsen Dr., Idaho Falls, ID 83401 (hereinafter called the "Lessor"), and BECHTEL BWXT IDAHO, LLC (hereinafter called the "Lessee"), a Delaware limited liability company with operating offices in Idaho Falls, Idaho, acting under its Contract No. DE-AC07-99ID13727 with the United States of America, represented by the United States Department of Energy (called "DOE" or the "Government");

WITNESSETH THAT

The parties hereto, for the considerations hereinafter set forth, covenant and agree as follows:

ARTICLE 1 – BASIC LEASE PROVISIONS

Below is a summary of certain lease provisions that follow. The summary information of this article shall not prevail in the event of conflicting content of articles to follow:

- A. Lessor: Investment Properties, LLC
- B. Lessee: Bechtel BWXT Idaho, LLC
- C. Premises: 4382 North Haroldson, Bay No. 6
Idaho Falls, ID 83401
- D. Premise Size: 1,800 sq. ft. approximate gross rental area
- E. Term: One year firm term
Two (2) six (6)-month option terms
- E. Rent: \$ 9,600.00 per annum, \$800 per month in arrears
- F. Services:

	<u>Lessor</u>	<u>Lessee</u>
Building Maintenance	x	
Grounds Maintenance	x	

<u>Services Cont.:</u>	<u>Lessor</u>	<u>Lessee</u>
Facility Insurance	X	
Real Estate Taxes	X	
Utilities		X
Janitorial Service		X
Parking Lot Maintenance	X	
Snow Removal (sidewalk only)		X

G. Lessor Property Manager: Investment Properties, LLC, Phone: 529-3577

ARTICLE 2 – DESCRIPTION OF PREMISES

The premises that are the subject of this Lease consist of:

Part of an 18,000 square foot building, located at 4382 N. Haroldson, more particularly described as Bay No. 6, Idaho Falls, ID 83401

ARTICLE 3 – TITLE

The Lessor warrants it has title to the property covered by this Lease, or sufficient interest and rights in the property to guarantee the Lease agreement with no interference to the Lessee's rights of possession under the Lease. Should the Lessee suffer any damages or expenses as the result of any defect in the Lessor's title or rights and interests in the property, the Lessor shall reimburse the Lessee for all such damages or expenses.

ARTICLE 4 – APPLICABLE CODES AND ORDINANCES

The Lessor, as part of the rental consideration, agrees to comply with all codes and ordinances applicable to the ownership and establishment of the premises at its own expense, and to obtain all necessary permits and related items. The Lessee agrees to comply with all codes and ordinances applicable to its tenancy and use of the said premises.

ARTICLE 5 – TERM OF LEASE

The lease term shall be one year beginning upon date of occupancy/acceptance (target: October 1, 2003). Actual occupancy/term commencement date shall be confirmed in writing

by the parties, and such written document shall specify the commencement date and the date on which the term shall end, subject to other provisions of this lease.

ARTICLE 6 – OPTION TERMS

Lessee shall have the right to exercise two (2) consecutive, six (6) month option terms upon thirty (30) days advance written notice to the Lessor.

ARTICLE 7 – RENTAL PAYMENTS

- A. The Lessee will pay the Lessor rent at the annual rate of Nine Thousand Six Hundred Dollars (\$9,600.00), which computes to the rate of Eight Hundred Dollars (\$800.00) per calendar month.
- B. For the two (2) six (6)-month option terms the Lessee will pay the Lessor at the same annual rate as described in Article 7, A
- C. All rental payments under this Lease will be made by the Lessee on a calendar month basis, in arrears, beginning at the end of the first calendar month of the Lease term, without submission of invoices or vouchers.
- D. If the commencement date or term ending date of this Lease is not on the first or last day of the month, respectively, the rental payment for partial month(s) occupancy by Lessee shall be determined on a pro rata basis predicated on the number of days in the applicable month.
- E. Payment by Lessee and acceptance of payment by Lessor of the first months rent for Lessee option terms shall constitute exercise of the option, irrespective of timely submittal by Lessee of advance written notice.

ARTICLE 8 – AVAILABILITY OF FUNDS

The Lessee's obligation hereunder is contingent upon the availability of appropriated funds from the United States Congress from which payment for the Lease purposes can be made. No legal liability on the part of the Lessee or the Government for payment of any money shall arise unless and until the funds are made available to the Lessee from year-to-year for this Lease.

ARTICLE 9 – CANCELLATION

The Lessee may upon thirty (30)day advance notice cancel this Lease at any time during the option terms.

ARTICLE 10 – TAXES, UTILITIES AND BUILDING SERVICES

- A. The Lessor shall pay all real estate taxes and other assessments that may be made against the premises leased hereunder.
- B. The Lessee will pay when due, all communication expenses which may become due and payable by reason of the Lessee's use and occupancy of said premises, and will pay for all heating and ventilating, electrical power, water, sewer, and garbage disposal as required by the Lessee's use and occupancy of said premises. The Lessee shall also pay for light bulbs, replacement of fluorescent tubes and ballasts, electrical fuses, air filters for forced air ventilating system and janitorial supplies.
- C. The Lessee shall provide janitorial services at its own expense.
- D. The Lessee shall provide snow removal for sidewalk only, Lessor for the remaining premises.

ARTICLE 11 – WARRANTY AS TO MECHANICAL EQUIPMENT AND UTILITIES

Lessor warrants the mechanical equipment and the utilities to be in good serviceable and proper operating condition, and agrees it will maintain such equipment and utilities (including all plumbing, heating, cooling systems, and all electrical and mechanical devices and fixtures) in this condition during the term, including any extension periods of this Lease.

ARTICLE 12 – MAINTENANCE OF PREMISES

- A. Lessor shall maintain the demised premises, including the building, grounds, parking area, and any and all equipment, fixtures, and appurtenances furnished by the Lessor under this Lease in good repair and tenantable condition, except in case of damage arising from the act or the negligence of the Lessee's agents or employees.
- B. Lessor shall perform maintenance and repairs in compliance with municipal, state and federal codes and regulations. To minimize disruption of Lessee operations, Lessor may at reasonable times, and with reasonable advance notice to the authorized Lessee

Technical Representative in charge, enter and inspect the same and perform any necessary maintenance or repairs thereto.

- C. Lessor must obtain advance concurrence from Lessee Technical Representative regarding planned work on power systems, plumbing, or any other item that may affect the facility function, or potentially affect the working ability, safety and/or health of the occupants.

ARTICLE 13 – ADMINISTRATION

- A. Unless Lessee is otherwise notified in writing, Lessor is named as Lessor's duly authorized representative with overall responsibility and authority under the Lease, and unless a change in assignment is made by the Lessor, he and/or his duly authorized representative will be available at all reasonable times in connection herewith.
- B. Unless the Lessor is otherwise notified in writing, Tim G. Beseris shall be Lessee's Technical Representative, responsible for day to day operations within the terms of the Lease.
- C. Unless the Lessor is otherwise notified in writing, Lessee's contract and administration responsibilities under this Lease shall be administered by Margit Larrieu, Subcontract Administrator, or an authorized Procurement Agent/Subcontract Administrator (terms considered interchangeable) named herein, Procurement Supervisor, or Procurement Manager.

ARTICLE 14 – NOTICES

Any notice or order given under the terms of this Lease shall be considered as having been given:

- A. To the Lessee, if delivered personally to the designated representative of the Manager, Procurement, or if mailed by U. S. Mail, certified letter return receipt requested, addressed to Bechtel BWXT Idaho, LLC, Manager, Procurement, P.O. Box 1625, Idaho Falls, Idaho 83415-1303 or
- B. To the Lessor, if delivered personally to its duly authorized representative at 4409 N. Haroldsen Dr., Idaho Falls, ID 83401 or, if mailed by U. S. Mail, addressed to P.O. Box 50338, Idaho Falls, ID 83405.

ARTICLE 15 – INSURANCE

It is agreed that the Lessor and Lessee shall respectively obtain whatever insurance that they may consider prudent and necessary to protect their respective and separate best interests and that neither party shall be obliged to obtain insurance as regards the other party's real or personal property; provided however, that this provision shall not be constructed as a waiver of any rights of subrogation or entitlements in law by either party.

ARTICLE 16 – ASSIGNMENT AND/OR SUBLEASING

The Lessee shall have the right, at any time, to assign or sublet the premises hereby leased or any part thereof to the Government or the Government's management and operating type contract designee without the consent of the Lessor, and any other designee with the consent of the Lessor. Any assignment or subleasing hereunder will be conditioned upon the use of any part of the leased premises being compatible with the function and purposes of the total facility.

ARTICLE 17 – DESTRUCTION OF PREMISES

- A. In the event of a partial destruction of the said premises during the said term, or any extension thereof, from any cause, Lessor shall forthwith repair the same, provided such repairs can be made within sixty (60) days from the date of said partial destruction; but such partial destruction shall in no way annul or void this Lease, except that the Lessee shall be entitled to a proportionate reduction of rent from the date of such partial destruction and continuing until such repairs are made, such proportionate reduction to be based upon the extent to which the making of such repairs shall interfere with the business carried on by the Lessee in the said premises.
- B. In the event of partial destruction to such extent that the Lessor cannot, with normal effort, complete the necessary repairs to restore the premises within sixty (60) days as hereinabove provided, the Lessor shall, within fifteen (15) days after such partial destruction of the said premises, advise the Lessee of its inability to complete the necessary repairs and restoration within sixty (60) days. In such event, the parties shall agree as to a reasonable time in which the repairs will be completed. Should the parties fail to agree as to an acceptable time to complete such repairs, the failure to agree shall

constitute a “dispute” within the “Disputes” article of this Lease. If Bechtel BWXT Idaho, LLC, DOE or one of its other prime contractors is then the Lessee, or alternatively at the option of either party, the Lease may be terminated if agreement is not reached within thirty (30) days.

- C. A total destruction of the building in which said premises may be situated shall terminate this Lease.

ARTICLE 18 – ALTERATIONS

- A. The Lessee shall have the right, during the term of this Lease, to make alterations or modifications, or to attach fixtures and erect signs in or upon the premises hereby leased, which fixtures, alterations and/or signs so placed in or upon or attached to the said premises shall be and remain the property of the Lessee or the Government as the case may be, and may be removed therefrom by the Lessee prior to the expiration of this Lease. At the option of the Lessee, such improvements may be left upon the premises upon termination or expiration of the term or extended term of this Lease; in which case, such improvements shall become the property of the Lessor. In the event Lessee removes the improvements, it agrees to restore the premises to the condition in which they were prior to their installation, reasonable wear and tear excepted. Plans for structural change shall be submitted to the Lessor for approval, which approval shall not be unreasonably withheld.
- B. Title to property of the United States Government shall not be affected by the incorporation of the property into or the attachment of it to any property not owned by the Government, nor shall such Government property, or any part thereof, be or become a fixture or lose its identity as personality by reason of affixation to any realty.

ARTICLE 19 – CONDITION REPORT

A joint physical survey and inspection report of the demised premises shall be made as of the effective date of this Lease, reflecting the then present condition, and will be signed on behalf of the parties hereto. Upon termination of occupancy by the Lessee, a terminal survey of the then present condition of the leased premises shall be made by the parties.

ARTICLE 20 – COVENANT AGAINST CONTINGENT FEES

The Lessor warrants that no person or selling agency has been employed or retained to solicit or secure this Lease upon an agreement or understanding for a commission, percentage, brokerage, or contingent fee, excepting bona fide employees or bona fide established commercial or selling agencies maintained by the Lessor for the purpose of securing business. For breach or violation of this warranty, the Government shall have the right to annul this Lease without liability or in its discretion to deduct from the rental price or consideration, or otherwise recover the full amount of such commission, percentage, brokerage, or contingent fee. (Licensed real estate agents or brokers having listing on property for rent, in accordance with general business practice, and who have not obtained such licenses for the sole purpose of effecting this Lease, may be considered as bona fide employees or agencies within the exception contained in this article.)

ARTICLE 22 – OFFICIAL NOT BE BENEFIT

No member of or delegate to Congress or resident Commissioner shall be admitted to any share or part of this Lease, or to any benefit that may arise therefrom; but this provision shall not be construed to extend to this Lease if made with a corporation for its general benefit.

ARTICLE 23 – ASSIGNMENT OF CLAIMS

Pursuant to the provisions of the Assignment of Claims Act of 1940, as amended (31 U.S. Code 203, 41 U.S. Code 15), if this Lease provides for payments aggregating One Thousand Dollars (\$1,000.00) or more, claims for monies due or to become due to the Lessor from the Government under this Lease may be assigned to the bank, trust company, or other financing institution, including any Federal lending agency, and may thereafter be further assigned and reassigned to any such institution. Any such assignment or reassignment shall cover all amounts payable under this Lease and not already paid, and shall not be made to more than one party, except any such assignment or reassignment may be made to one party as agent or trustee for two (2) or more parties participating in such financing. Notwithstanding any provisions of this Lease, payments to an assignee of any monies due or to become due under this Lease shall not, to the extent provided in said Act, as amended, be subject to reduction or set-off.

ARTICLE 24 – EXAMINATION OF RECORDS BY THE COMPTROLLER GENERAL

- A. The Lessor agrees that the Comptroller General of the United States or any of his duly authorized representatives shall, until the expiration of three (3) years after final payment under this Lease or such lesser time specified in either Appendix M of the Armed Services Procurement Regulation or the Federal Procurement Regulations Parts 1-10, as appropriate, have access to and the right to examine any directly pertinent books, documents, papers, and records of the Lessor involving transactions related to this Lease.
- B. The Lessor further agrees to include in all its subcontracts hereunder a provision to the effect that the subcontractor agrees that the Comptroller General of the United States or any of his duly authorized representatives shall, until the expiration of three (3) years after final payment under the subcontract or such lesser time specified in either Appendix M of the Armed Services Procurement Regulation or the Federal Procurement Regulations Parts 1-20, as appropriate, have access to and the right to examine any directly pertinent books, documents, papers, and records of such subcontractor involving transactions related to the subcontract. The term “subcontract” as used in this article excludes (1) purchase orders not exceeding \$10,000 and (2) subcontracts of purchase orders for public utility services at rates established for uniform applicability to the general public.
- C. The periods of access and examination described in A. and B., above, for records which relate to (1) appeals under the “Disputes” article of this Lease, and (2) litigation or the settlement of claims arising out of the performance of this Lease, or (3) costs and expenses of this Lease as to which exception has been taken by the Controller General or any of his duly authorized representatives, shall continue until such appeals litigation, claims or exceptions have been disposed of.
- D. Nothing in this Lease shall be deemed to preclude an audit by the General Accounting Office of any transaction under this Lease.

ARTICLE 25 – HAZARDOUS SUBSTANCES

Lessor will indemnify and hold harmless Lessee, and the federal government from all claims, damages, fines, judgments, penalties, costs, liabilities, or losses (including, without limitation, all sums paid for settlement of claims, attorney fees, consultant and expert fees) arising during

or after the Lease term for or in connection with the presence of preexisting hazardous substances that flow, diffuse, migrate or percolate into, onto, or under the premises after Lease term commences. Hazardous substances, as used in this article, shall include those substances within the definition for hazardous substances under CERCLA at 40 C.F.R. 300.5. Lessor shall remove or otherwise dispose of such hazardous substances in accordance with all federal, state and local laws, regulations, and ordinances.

ARTICLE 26 – FAILURE IN PERFORMANCE

In the event of failure by the Lessor to provide any service, utility, maintenance, or repair required under this Lease within a reasonable time after Lessee issues written notice to the Lessor regarding the performance deficiency, then Lessee shall have the right to secure said services, utility, maintenance, or repair and may at its discretion, deduct the cost thereof from rental payments.

ARTICLE 27 – FORCE MAJEURE

If either Lessor or Lessee is delayed, hindered or prevented from performing any act required under this Lease because of acts of God, failure of utility power, riots, civil commotion, insurrection, war, or other reasons not the fault of the party delayed, hindered or prevented, and is beyond their control (financial inability excepted), performance of the action in question is excused for the period of delay and the period for performance of such act is extended for a period equivalent to the period of the delay.

ARTICLE 28 – LESSOR’S SUCCESSORS

The terms and provisions of this Lease and the conditions herein shall bind the Lessor, and the Lessor’s heirs, executors, administrators, successors, and assigns.

ARTICLE 29 – DISPUTES

A. The parties agree that the appropriate forum for resolution of any dispute of claim pertaining to this Lease shall be a court of competent jurisdiction as follows:

1. Subject to paragraph (A)(2) of this clause, any such litigation shall be brought and prosecuted exclusively in Federal district Court; with venue in the United States District Court for the District of Idaho in Pocatello, Idaho.
 2. Provided, however, that in the event that the requirements for jurisdiction in any Federal District court are not present, such litigation shall be brought in the district Court of the Seventh Judicial District of the State of Idaho, in and for the County of Bonneville, with venue in the District Court of the Seventh Judicial district for the District of Idaho Falls, ID.
- B. Any substantive issue of law in such dispute, claim, or litigation shall be determined in accordance with the body of law applicable to procurement of goods and services by the Federal Government. Nothing in this clause shall grant to the Lessor by implication any statutory rights or remedies not expressly set forth in this Lease.
- C. There shall be no interruption of this Lease during the pendency of any dispute that may arise between the parties hereto or between the Lessor and its subcontractors in support of this Lease.
- D. The Contract Disputes Act of 1978 (41 U.S.C. Sections 601-610) shall not apply to this Lease provided, however, that nothing in this clause shall prohibit Lessee, in its sole discretion, from sponsoring a claim of the Lessor for resolution under the provisions of its prime contract with DOE. In the event that Lessee so sponsors a claim at the request of the Lessor, the Lessor shall be bound by the decision of the cognizant DOE contracting officer to the same extent and in the same manner as the Lessee.
1. Affirmative Action for Handicapped Workers, FAR 52.222-36 (\$10,000)
 2. Utilization of Small Business concerns and Small Business Concerns Owned and Controlled by Socially and Economically disadvantaged Individuals, FAR 52-219-8
 3. Architectural Barriers Act
 4. Americans with Disabilities Act

ARTICLE 31 – ENTIRE AGREEMENT

This Lease contains the entire agreement between the parties and cannot be changed or terminated orally. There are no oral understandings, terms or conditions, and neither party

has relied upon any representations, express or implied, not contained in this Lease. All prior understandings, terms or conditions, are deemed merged in this Lease. Any modification to this Lease shall be in writing, duly executed by the parties.

Lessee

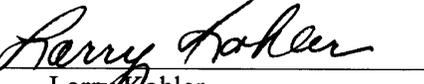
BECHTEL BWXT IDAHO, LLC

By 

Title: Subcontract Administrator

Lessor

INVESTMENT PROPERTIES, LLC

By 
Larry Kohler

Title: Partner

ATTACHMENT A

DESCRIPTION OF LEASE PROPERTY

Property is located at:
4382 N. Haroldson, Bay No. 6
Idaho Falls, ID 83401

And includes the following:

- Bathroom Facilities to be installed by Lessor prior to occupancy
- Minimum of 15 x 9 ft dimension High-Bay Area
- Window Air Conditioning Unit (size to accommodate office area)
(installed at Lessor's expense)