



U. S. R E A L T Y A D V I S O R S , L L C

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April 14, 2010

Mr. Kevin Shannon  
Vice Chairman  
CB Richard Ellis, Inc.  
990 W. 190th St.  
Torrance, CA 90502

Re: Sale Leaseback of Cal EMA Office Building

Dear Kevin:

The following sets forth the terms and conditions under which U.S. Realty Advisors, LLC as principal ("Purchaser"), would be interested in purchasing the captioned property (the "Property"), and simultaneously leasing in back to the State of California ("Tenant" or "Seller"), as set forth below.

<u>The Property</u>	Fee simple interest in a 116,687 square foot Class A office property located at 3650 Schriever Avenue, Rancho Cordova, CA. The building sits on 13.47 acres and has surface parking for approximately 512 vehicles.
<u>Purchase Price</u>	\$38,950,000
<u>Tenant</u>	State of California
<u>Primary Lease Term</u>	Twenty (20) years commencing at the closing of the sale of the Property.
<u>Renewal Options</u>	Six, five-year renewal options at 95% of fair market rent with a minimum of 12 months notice.
<u>Lease</u>	The lease of the Property from Purchaser to Tenant (the "Lease") will be a triple-net lease whereby the Tenant will have complete responsibility for the management and maintenance of the Property, including, but not limited to, all operating expenses, compliance with laws affecting the Property or the use and occupancy thereof, taxes (if any), allocable land rent, assessments, insurance, repairs and replacements (ordinary and extraordinary, foreseen and unforeseen), with the exception of roof and structure.
<u>Rental Payments</u>	The initial annual rent shall be \$2,921,245. The rent shall be paid monthly in advance and escalate every 5 <sup>th</sup> year by ten percent (10%) of the rent paid in the previous year.
<u>Inspection Period</u>	The Purchaser will complete inspection and evaluation of the Property within thirty (30) days from the execution of a purchase contract with Seller.



- Contract Deposit Purchaser will make a refundable deposit of \$300,000 at signing of a purchase and sale agreement. Purchaser will deposit an additional \$300,000 upon satisfactory completion of due diligence, at which point the entire deposit will become non-refundable (except for Seller default or failure of a condition precedent to closing).
- Closing Costs This proposal assumes that transfer taxes, title and title insurance fees, third party reports, and Seller's own attorney's fees will be paid by Seller.
- Purchaser will be responsible for Purchaser's own attorney's fees, appraisal, and financing costs if applicable.
- Closing Date USRA expects to begin immediately negotiating documentation, due diligence and other required elements of the transaction. Closing shall occur on or about July 15, 2010.
- Closing Conditions The closing of this transaction is subject to:
1. USRA's review and approval, in its sole discretion, of the Property, Lease, title, environmental, engineering and site inspections, plans and specifications, local laws, and other customary items of due diligence, and no adverse change between date of such approval and closing;
  2. Mutual acceptance of transaction documents, perfection of liens and satisfaction of customary closing conditions and due diligence acceptable in form and substance to all parties and their respective legal counsel; and
  3. Purchaser's approval and acceptance of Tenant and their financial position, and no diminution between now and closing in the credit rating or the financial position of Tenant.
- Exclusivity Upon the execution of this letter of intent by the parties, Seller agrees to negotiate only with Purchaser with respect to the transactions contemplated hereunder.
- Brokerage/  
Advisory Purchaser and Seller will represent and warrant to each other that no broker is entitled to a real estate commission as a result of this transaction other than CB Richard Ellis, Inc. and their affiliates, who shall be compensated by Seller under a separate written agreement. Each will indemnify the other from any loss, liability, cost and expense, including reasonable attorney's fees, arising from its breach of the foregoing.
- No Solicitation Seller agrees not to utilize this letter-of-intent to solicit other offers or to modify, renegotiate or otherwise improve the terms and conditions of any other offer heretofore or hereafter received by Seller. Notwithstanding the foregoing, there is no restriction (express or implied) on any disclosure or dissemination of



the structure or tax aspects of the transaction or any documents executed pursuant hereto. Further, each party hereto acknowledges that it has no proprietary rights to any tax matter or tax idea relating to any element of the transaction structure.

This letter-of-intent summarizes some of the material business terms and conditions relating to the transaction, it being understood that other material terms of the proposed transaction are not yet agreed upon and still must be agreed upon to the mutual satisfaction of the parties. Therefore, except for the Exclusivity, Brokerage and No Solicitation provisions hereof, it is understood that (i) no liabilities or obligations are intended to be created by this letter-of-intent; (ii) this letter-of-intent is not intended to constitute a legally binding agreement to consummate the transactions contemplated hereby or to enter into a legally binding agreement; and (iii) no binding obligation will be created unless and until a written agreement evidencing such obligation is duly executed and delivered by the parties.

This letter-of-intent may be executed in two or more counterparts, each of which shall constitute an original, but when taken together all such counterparts shall constitute but one letter-of-intent, and either party may execute this letter-of-intent by executing any one or more of such counterparts.

Very truly yours,

U. S. Realty Advisors, LLC

By: David Grazioli  
David Grazioli  
Vice President

**Accepted and agreed to the                      day of April, 2010**

**Seller**

\_\_\_\_\_  
**Name:**  
**Title:**