

COMMERCIAL LEASE AGREEMENT

LESSOR: CARLTON COMMERCIAL PROPERTIES, LLC

LESSEE: GHD Inc.

COMMERCIAL LEASE

THIS AGREEMENT is entered into this ____ day of _____, 2017 by and between CARLTON COMMERCIAL PROPERTIES, LLC, hereafter called "Lessor" and GHD INC., hereafter called "Lessee."

Lessor and Lessee agree as follows:

1. Description of Premises.

Lessor does hereby lease to Lessee and Lessee hereby leases from Lessor the property commonly known as 3883 Ponderosa Road, Building B, Shingle Springs, California, and more particularly described in Exhibit "A" attached hereto and incorporated herein by reference (hereinafter referred to as "Premises"). Lessor and Lessee agree that the rentable area of the Premises is 4,175 square feet of Garage, Laboratory and Office Space (Building B).

2. Term.

2.1 The term of this Lease shall be for a period of 30 months commencing on the 1st day of October, 2017, and ending at 12:01 a.m. Pacific Standard time March 31, 2020. Lessee shall have the right and option to extend the term of this Lease on the same terms and conditions, for an additional five (5) years if at the time of notice of exercise said option Lessee is not in default of any of the terms or conditions of this Lease and subject to good faith negotiations regarding the increase in the then base rent. If Lessee desires to exercise its option to extend, Lessee shall deliver to Lessor written notice thereof, not less than ninety (90) days nor more than one-hundred twenty (120) days prior to the expiration date of this Lease.

2.2 Lessee is already in possession of the entire building. Since this new lease is reducing the amount of space being leased, Lessee shall remove any and all possessions from the office area not being occupied by the date on which this Lease commences.

3. Holdover Tenancy.

If Lessee shall for any reason holdover after the term herein created (or any extension thereof), such tenancy shall be construed as a tenancy from month to month only and shall be upon the same terms, conditions and rent as herein provided.

4. Base Rent.

4.1 During the term of this Lease, Lessee shall pay to Lessor, in advance, on or before the first day of each and every successive calendar month during the term hereof, without deduction or offset base rent as follows:

<u>Building B</u>	<u>Monthly Rent Per Square Foot</u>
<u>Months of Terms</u>	
01-30	\$. 1.45 sq/ft

4.2 The rent shall be paid to Lessor, without deduction or offset in lawful money of the United States of America, which shall be legal tender at the time of payment, by mail to CARLTON COMMERCIAL PROPERTIES, LLC, 3702 Whispering Pines Lane, Shingle Springs, CA 95682 or at any address as the Lessor may from time to time designate in writing. If payments are not received by Lessor by the fifth (5th) day of each month, a late charge equal to five percent (5%) on the monthly payment will accrue, beginning on the sixth (6th) day of the month.

4.3 MODIFIED GROSS LEASE. Lessee shall pay for all water, gas, heat, light, power, telephone and other utilities and services supplied to the Premises, together with its Proportionate Share of all-risk insurance. If any such services are not separately metered to Lessee, Lessee shall pay a proportionate share equal to 84% (its "Proportionate Share") of all charges jointly metered with other Premises which form a part of the Buildings which is 4,951 square feet.

5. Security Deposit. There shall be no security deposit due from Tenant to Landlord and Landlord shall return any security deposit held for previous arrangements at the Premises.

6. Use.

Lessee shall use the Premises for an Engineering Office, Lab, and Storage and shall not use or permit the Premises to be used for any other purpose without the prior written consent of the Lessor.

7. Compliance with Law.

Lessee shall not use the Premises or permit anything to be done in or about the Premises which will in any way conflict with any law, statute, ordinance or governmental rule or regulation now in force or which may hereafter be enacted or promulgated. Lessee shall, at its sole cost and expense, promptly comply with all laws, statutes, ordinances and governmental rules, regulations or requirements now in force or which may hereafter be in force with respect to or which arise from its particular use, and with the requirements of any board of fire insurance underwriters or other similar bodies now or hereafter constituted, relating to, or affecting the condition, use or occupancy of the Premises, excluding structural changes not related to or affected by Lessee's improvements or acts. Such excluded structural changes include, but are not limited to, sprinklerization or other fire retardation measures; seismic retrofitting or upgrading; or asbestos removal, containment or treatment. The judgment of any court of competent jurisdiction or the admission of Lessee in any action against Lessee, whether Lessor be a party thereto or not, that Lessee has violated any law, statute, ordinance or governmental rule, regulation or requirement, shall be conclusive of that fact as between the Lessor and Lessee.

8. Delivery, Acceptance and Surrender of Premises.

8.1 Lessor represents that, to the best of its knowledge, the Premises are in a generally fit condition but make no representation regarding the suitability for the use stated in Paragraph 5.

8.2 Lessor shall have the opportunity to review and approve of any plans for Lessee Improvements which shall be presented to Lessor prior to the commencement hereof. Landlord's approval of Lessee's Improvements shall not be unreasonably conditioned, withheld, or delayed. Lessee agrees to accept possession of the Premises in their current condition.

8.3 Lessee agrees to surrender to the Lessor the Premises at the end of the Lease term, or any extension thereof, in broom clean condition, allowing for reasonable use and wear and tear, and subject to Lessee repairing any damages caused by the removal of Lessee's furniture, fixtures, and/or equipment. Lessee agrees to remove all business signs or symbols placed on the Premises by Lessee before redelivery.

9. Repairs and Maintenance.

9.1 Lessor shall have no obligation for repair or maintenance of the Premises with the exception of repair and maintenance of the roof, exterior walls, exterior painting, foundation, exterior plumbing, exterior electrical, driveways, landscaping, and parking lots.

9.2 Lessee agrees, at Lessee's own cost and expense, to keep and maintain any building or improvements situated upon the demised Premises in good condition and repair during the entire term of this Lease, including but not limited to, the interior plumbing, electrical systems, interior walls, and sidewalks abutting thereon.

9.3 Lessee will, at its own cost and expense, and during the full term of said Lease, make any and all changes, additions or modifications to any such building or improvements which may be lawfully required by the building ordinances of the City and County of El Dorado and by any laws of the State of California or United State of America, or by the lawful requirements and regulations of any legally constituted body or authority thereunto appertaining, insofar as the same arise from Lessee's particular use of the Premises.

9.4 Lessee shall, at all times during the lease term, maintain the Premises in first class attractive and fully operative condition. Lessee shall not commit, or suffer to be committed, any waste in or upon the Premises, or do anything in or on the Premises which, in Lessor's sole and reasonable opinion, detracts from the external appearance of the Premises. All damage or injury to the Premises by any act or negligence by Lessee, its employee, agents, invitees, permittees, licensees or contractors, shall be

promptly repaired by Lessee, at its sole cost and expense, to the reasonable satisfaction of Lessor, and subject to such requirements respecting construction that Lessor may reasonably impose.

9.5 For purposes of the obligations set forth in this Paragraph 9, Lessor may, but shall not be obligated to, make any repairs which are not promptly made by Lessee after reasonable notice, which shall not be less than ten (10) business days, and charge Lessee for the cost thereof.

9.6 Excepting structural changes, Lessee shall not make any alterations, additions, and changes which cost more than \$50,000.00 including, without limitation, installing or causing to be installed any trade fixtures, exterior signs, exterior machinery, floor covering, interior or exterior lighting, plumbing fixtures, shades or awnings in and to the Premises or any part thereof expressly required by this Lease or any part without the prior written consent of Lessor, which may not be unreasonably withheld, conditioned, or delayed. Any construction undertaken in and to the Premises shall be performed in accordance with this paragraph and the other obligations of this Lease.

9.7 Lessor may impose, as a condition of its consent to all alterations or repairs on or about the Premises, such requirements as Lessor, in its sole reasonable discretion, may deem desirable. Lessee agrees to obtain, carry and deliver to Lessor prior to the commencement of any such alterations and maintain in effect until completion of all such permitted alterations "builders all risk" insurance in the appropriate amount covering the construction of such alterations, and such other insurance as Lessor may require. Lessee shall keep the Premises free from any mechanic's, materialmen's, designer's or other liens arising out any work performed, materials furnished or obligations incurred by or for Lessee or any person or entity claiming by, through or under Lessee. If any such liens are filed and are not released of record by payment or posting of a proper bond within ten (10) business days after such filing, Lessor may, without waiving its rights and remedies based on such breach by Lessee, and without releasing it from any obligations hereunder, cause such liens to be released by any means it shall deem proper, including payment of the claim giving rise to such lien, in which event all amounts paid by Lessor shall immediately be due and payable by Lessee as additional rent. Lessee hereby agrees to indemnify and fund the defense of and hold harmless Lessor and Lessor's indemnitees and

the Premises from any liability, cost, obligation, expense (including, without limitation, reasonable attorney's fees and expenses), or claim of any mechanic's, materialmen's, design professional or other liens in any manner relating to any work performed, materials furnished or obligations incurred by or for Lessee or any person or entity claiming by, through or under Lessee. Lessee shall notify Lessor in writing thirty (30) days prior to commencing any alteration so that Lessor shall have the right to record and post notices of non-responsibility or any other notices deemed necessary by Lessor on the Premises.

10. Insurance, Lessor to be Held Harmless.

10.1 Lessee, as a material part of the consideration to be rendered to the Lessor, shall indemnify and fund the defense of Lessor from any claim for damage by reason of injury to any invitee of Lessor, while upon or in any way connected with the leased Premises unless such claim for damage is a result of the negligence or willful misconduct of Lessor or its employees or contractors. The Lessee shall maintain in full force, at Lessee's expense, a policy of public liability insurance in the usual form with policy limits of \$1,000,000.00 for injury or death to any one person, and \$1,000,000.00 for injury or death to more than one person in any one accident and \$1,000,000.00 for damage to property.

The policy shall name Lessor as an additional insured and shall insure both the Lessee and the Lessor against claims for damage arising out of or connected with the leased Premises. Lessee shall provide Lessor with copies of certificates of all policies, and Lessor agrees that such insurance shall not be canceled except after ten (10) days notice to Lessor. The insurance company shall be one that is authorized to do business in the State of California.

In the event that Lessee fails to timely pay the premiums on the policy, Lessor shall have the right to pay the same, which amount so paid is hereby declared to be additional rent and shall be due and payable with the next installment of rent hereunder.

10.2 Fire Liability Waiver. Lessee and Lessor mutually waive as against each other all claims for loss or damage to the Premises, equipment, supplies or other personal property on the Premises caused by fire or the allied perils covered in the standard fire insurance policy with extended coverage endorsement, whether caused by negligence or not, to the extent covered by insurance. Lessee shall maintain, at its own cost and expense, a policy of fire insurance on the equipment, improvements,

furniture, and fixtures in the Premises and shall at all times during the term of this Lease cause the same to be kept in full force and effect. Lessor shall maintain, at its own cost and expense, a policy of fire insurance on the Building and shall at all times during the term of this Lease cause the same to be kept in full force and effect.

11. Utilities.

Lessee shall be solely responsible for and promptly pay all charges for water, gas, electricity, or any other utility used or consumed by Lessee or on behalf of Lessee on the leased Premises. If any such services are not separately metered to Lessee, Lessee shall pay its Proportionate Share of all charges jointly metered with other premises. In the event such charges shall not be paid when due, Lessor shall have the right to pay the same, which amount so paid is hereby declared to be additional rent and shall be due and payable with the next installment of rent hereunder.

12. Taxes.

12.1 Definition. As used herein, the term “**Real Property Taxes**” shall include any form of assessment; real estate, general, special, ordinary or extraordinary, or rental levy or tax (other than inheritance, personal income or estate taxes); improvement bond; and/or license fee imposed upon or levied against any legal or equitable interest of Lessor in the Premises or the Building, Lessor’s right to other income therefrom, and/or Lessor’s business of leasing, by any authority having the direct or indirect power to tax and where the funds are generated with reference to the Building address and where the proceeds so generated are to be applied by the city, county or other local taxing authority of a jurisdiction within which the Premises are located. Real Property Taxes shall also include any tax, fee, levy, assessment or charge, or any increase therein (a) imposed by reason of events occurring during the Term of this Lease, including but not limited to, a change in the ownership of the Premises, and (b) levied or assessed on machinery or equipment provided by Lessor to Lessee pursuant to this Lease.

12.2 Payment of Taxes.

(a) Tax Increase. Lessor shall pay the Real Property Taxes applicable to the Premises; provided, however, that Lessee shall pay to Lessor its Proportionate Share of the amount, if any, by which Real Property Taxes applicable to the Premises increase over the fiscal tax year during which the Commencement Date occurs (“**Tax Increase**”). Payment of any such Tax Increase shall be made by Lessee to Lessor within thirty (30) days after receipt of Lessor’s written statement setting forth the amount due and computation thereof. If any such taxes shall cover any period of time prior to or after the expiration or termination of this Lease, Lessee’s Proportionate Shares of such taxes shall be prorated to cover only that portion of the tax bill applicable to the period that this Lease is in effect. In the event Lessee incurs a late charge on any Rent payment, Lessor may estimate the current Real Property Taxes, and require that the Tax Increase be paid in advance to Lessor by Lessee monthly in advance with the payment of the Rent. Such monthly payment shall be an amount equal to the amount of the estimated installment of the Tax Increase divided by the number of months remaining before the month in which said installment becomes delinquent. When the actual amount of the applicable Tax Increase is known, the amount of such equal monthly advance payments shall be adjusted as required to provide the funds needed to pay the applicable Tax Increase. If the amount collected by Lessor is insufficient to pay the Tax Increase when due, Lessee shall pay Lessor, upon demand, such additional sums as are necessary to pay such obligations. If the amount collected by Lessor is greater than required to pay the Tax Increase when due, Lessor shall return the overpayment to Lessee within thirty (30) days of Lessor receiving the statements forming the Real Property Taxes. Advance payments may be intermingled with other moneys of Lessor and shall not bear interest.

(b) Improvements. Notwithstanding anything to the contrary in this Paragraph 12.2, Lessee shall pay to Lessor upon demand therefor the entirety of any increase in Real Property Taxes assessed by reason of Alterations or Utility Installations placed upon the Premises by Lessee or at Lessee’s request or by reason of any alterations or improvements to the Premises made by Lessor subsequent to the execution of this Lease by the parties.

12.3 Joint Assessment. If the Premises are not separately assessed, Lessee's liability shall be its Proportionate Share of the Tax Increase for all of the land and improvements included within the tax parcel assessed.

12.4 Personal Property Taxes. Lessee shall pay, prior to delinquency, all taxes assessed against and levied upon Lessee Owned Alterations, Utility Installations, Trade Fixtures, furnishings, equipment and all personal property of Lessee. When possible, Lessee shall cause its Lessee Owned Alterations and Utility Installations, Trade Fixtures, furnishings, equipment and all other personal property to be assessed and billed separately from the real property of Lessor. If any of Lessee's said property shall be assessed with Lessor's real property, Lessee shall pay Lessor the taxes attributable to Lessee's property within thirty (30) days after receipt of a written statement setting forth the taxes applicable to Lessee's property.

13. Inspection by Lessor.

Lessee shall permit Lessor and Lessor's agents, upon 24 hours advance written notice, to enter said Premises at all reasonable times to inspect the same or to make authorized repairs, alterations or additions to any other portion of said Premises, or to post notices of non-liability for alterations, additions or repairs without any rebate of rent for any loss of occupation or quiet enjoyment of the Premises thereby occasioned.

14. Destruction of Premises.

If the Premises shall be wholly destroyed or so damaged as to be wholly unleaseable from any cause whatsoever (i.e., 66% or more of the Premises is damaged), this Lease shall immediately terminate and Lessee shall thereupon be relieved of all obligations imposed by this Lease, and Lessor shall pay to Lessee the amount of any unearned rental and the amount of deposit, provided the terms and conditions hereof have been fully complied with by Lessee.

In the event the Premises shall be partially destroyed (i.e., 65% or less) by fire or act of God, Lessor shall forthwith repair same, if such repairs can be made under the laws and regulations of any governmental authority having jurisdiction over the Premises within one hundred twenty (120) days

after the date of the partial destruction. If such repairs cannot be made within the above period, this Lease may be terminated at the option of either party. Should Lessor undertake to repair the Premises, Lessee shall be liable only for any portion of the rent that the portion of the Premises in condition to be used and actually used for the conduct of its retail sales, office, warehouse and distribution, bears to the total area of the leased Premises; provided however, that not less than sixty-five percent (65%) of the total Premises must be available for use.

15. Waste.

15.1 Lessee shall not commit, or allow to be committed, any waste of the Premises, or nuisance, nor shall it use or allow the Premises to be used for any unlawful purpose.

15.2 Lessee, at its own expense, at all times and in all respects, shall comply with all federal, state and local laws, statutes, ordinances and regulations, rules, rulings, policies, orders in administrative actions and orders ("hazardous materials laws"), including, without limitation, any hazardous materials laws relating to industrial hygiene, environmental protection or the use, analysis, generation, manufacture, storage, disposal or transportation of any oil, flammable explosives, asbestos, urea formaldehyde, radioactive materials or waste, infectious waste, or other hazardous, toxic, contaminated or polluting materials, substances or waste, including, without limitation, any "hazardous substances", "hazardous waste" "hazardous materials" or "toxic substances" under any such laws, ordinances or regulations (collectively, "Hazardous Materials"), which relate to or arise from Lessee's use of the Premises. Lessee shall, at Lessee's sole expense, indemnify and fund the defense of Lessor and Lessor's partners, affiliates and agents with respect to all losses arising out of or resulting from the release of any Hazardous Materials in or about the Premises, or the violation of any Environmental, caused or permitted by Lessee or Lessee's agents, contractors, or invitees. This indemnification includes:

(a) Losses attributable to diminution in the value of the Premises;

(b) All other liabilities, obligations, penalties, fines, claims, actions (including remedial or enforcement actions of any kind and administrative or judicial proceedings, orders, or judgments), damages (but excluding consequential and punitive damages), and costs (including reasonable attorney, consultant, and expert fees and expenses) resulting from the release or violation.

This indemnification shall survive the expiration or termination of this Lease.

16. Default Remedies.

16.1 Lessor. In the event Lessee fails to pay the monthly or other rent as herein provided, or fails to faithfully perform or observe any of the other terms, conditions or covenants of this Lease, and such payment is not made within fifteen (15) days after becoming due, or such terms, conditions and covenants are not performed within thirty (30) days after written notice to Lessee to perform (except for any default not susceptible of being cured within such thirty (30) day period, in which event the time permitted to the Lessee to cure such default shall be extended for as long as shall be reasonably necessary to cure such default, provided the Lessee commences promptly and proceeds diligently to cure such default, and provided further that such period of time shall not be so extended as to jeopardize the interest of the Lessor in the Premises or so as to subject the Lessor or the Lessee to any civil or criminal liabilities), or if Lessee shall:

- (a) Abandon the Premises;
- (b) Make a general assignment for the benefit of creditors;
- (c) Have a charging order imposed on its interest under this Lease; or
- (d) If a receiver or trustee for the benefit of creditors be appointed to hold, possess or control the Lessee's interest in the Lease or the Premises;

Lessor shall have the power:

(1) To permit this Lease to continue in effect (whether or not Lessee shall have abandoned the Premises) for such time as Lessor does not terminate Lessee's right to possession and, in such event, to enforce all Lessor's rights and remedies herein, including seeking damages for any breach, and also the right to collect rent and any other expense or charges which this Lease requires to be met by Lessee as the same become due; or

(2) To terminate this Lease by termination of Lessee's right to possession and to recover from the Lessee:

(i) The worth at the time of the award of the unpaid rent which had been earned at the time of termination (such amount including interest accrued at the legal rate);

(ii) The worth at the time of the award of the unpaid rent which would have been earned after termination until the time of the award exceeds the amount of such rental loss that the Lessee proves could have been reasonably avoided including interest accrued at the legal rate;

(iii) Any other amount necessary to compensate Lessor for the detriment proximately caused by Lessee's failure to perform its obligations under this Lease specifically including the right of Lessor to indemnification as herein provided for liability owing prior to termination for personal injuries or property damages; and,

(iv) To rescind or cancel this Lease (where Lessor has elected to terminate Lessee's right of possession) without seeking other affirmative relief.

The time of the award shall be construed to be the date upon which final judgment is entered in any proceeding brought to enforce the terms of this Lease.

The failure or omission of said Lessor to terminate this Lease, for any violation of any of its terms, conditions or covenants shall in no way be deemed to be a consent by the Lessor to such violation, and shall in no way bar, estop or prevent said Lessor from termination of this Lease thereafter, either for such or for any subsequent violation of any such term, condition or covenant. The acceptance of rent shall not be, or be construed to be, a waiver of any breach of any term, covenant or condition of this Lease.

In the event of any breach by Lessee which amounts to a default under the provisions of this paragraph, Lessor shall be entitled to exercise any other right or remedy given hereunder, or now or hereafter existing at law or in equity, to the fullest extent not inconsistent with law or the provisions of this paragraph.

Lessor's efforts to mitigate damage (specifically including, without limiting the generality of the foregoing, any re-entry or reletting) caused by Lessee's breach shall not be deemed to waive Lessor's right to recover damages.

17. Effect of Waiver.

Lessor's waiver of a breach of one term, covenant or condition of this Lease is not a waiver of a breach of another term, covenant or condition, nor of a subsequent breach of the one waived.

18. Assignment and Subletting.

Without Lessor's written consent Lessee shall not assign, mortgage, or hypothecate this Lease or any interest in this Lease, or permit the use of the Premises by any person or persons other than Lessee, or sublet the Premises. Any such transfer without the written consent of Lessor shall constitute a termination of this Lease. Any transfer of this Lease from Lessee by merger, consolidation or liquidation shall constitute an assignment for the purposes of this Lease. The Lessor's written consent to any transaction, if granted, shall not be deemed to constitute consent to any subsequent transaction.

Notwithstanding the above, it is understood that Lessee may assign this Lease to any of Lessee's affiliates, or the affiliates or subsidiaries of Lessee's parent entity (a "Related Entity") without first obtaining Lessor's prior consent, which consent shall not be unreasonably withheld, conditioned, or delayed. Lessee shall provide Lessor with thirty (30) days advance written notice of any proposed assignment to a Related Entity.

19. Security.

19.1 It is further covenanted and agreed by said Lessee that nothing herein contained and no security or guarantee which may now or hereafter be furnished said Lessor for the payment of the rent herein reserved or for the performance by said Lessee of the other terms or covenants of this Lease, shall in any way be a bar or defense to any action in unlawful detainer, or for the recovery of said Premises, or in any action which said Lessor may at any time commence for breach of any of the terms or covenants of this Lease.

19.2 Lessee shall deliver to any lender or proposed purchaser of the Premises any financial statements reasonably required by any lender or purchaser to facilitate the sale, financing, or refinancing of the Premises. Lessee represents and warrants to Lessor that each such financial

statement is a true and accurate statement as of the date of such statement. All financial statements shall be confidential and shall be used only for the purposes set forth herein. Each such financial statement, if requested by Lessor, shall be certified by Lessee to be true and correct.

20. Eminent Domain.

20.1 In the event that any public or governmental entity passes a resolution of public use and necessity pursuant to the provisions of Code of Civil Procedure, Section 1245.220, the leasehold estate hereby created shall cease and terminate as of the date of passage of said resolution. The Lessee may remain in possession under the terms of this Lease on a month to month tenancy until possession is formally taken by the condemnor.

20.2 All compensation and damages awarded for any taking by eminent domain of the property of Lessor shall belong to and be the sole property of Lessor, and Lessee shall have no claim thereto.

20.3 If only a part of the leased Premises shall be so taken, and the remaining portion thereof is reasonably suitable and adequate for the Lessee's continued occupancy, as determined by the mutual agreement of Lessor and Lessee, this Lease shall, as to the portion so taken, terminate on the date of the passage of the resolution of public use and necessity, and the rent payable on the portion thus taken shall be reduced on the basis of the square footage of the area thus taken, and the Lessor shall, at Lessor's own cost and expense, make all necessary repairs or alternations to the leased Premises so as to make the remaining portion of Lessor's interest in said Premises reasonably suitable and usable by the Lessee, provided, however, if the Lessor is prevented by laws, ordinances or regulations from making such alternations or repairs, or if the costs thereof shall be so great as to make it financially impossible for the Lessor to make such repairs and realize a reasonable return thereon at the rent herein provided, then Lessor may, at Lessor's option, terminate this Lease. In the event of such partial taking and termination of the Lease on the date of passage of the resolution of public use and necessity, the Lessee remain in possession as to such portion on a month to month basis until possession is formally taken by the condemnor. If a dispute should arise as to suitability of use of the remainder, it will be

resolved by petition to the Superior Court, pursuant to the provisions of the Code of Civil Procedure dealing with eminent domain.

20.4 Subject to 20.2 above, all compensation awarded or paid upon the taking of all or any portion of Lessor's interest in the leased Premises as hereinabove provided, shall belong to the Lessor and no portion thereof shall belong to the Lessee.

20.5 Nothing herein contained shall prevent the Lessee from recovering compensation for the Lessee's trade fixtures and structures, and improvements pertaining to the realty made by Lessee to the leased Premises during the term of this Lease, which Lessee is entitled to remove, or have compensation for damages thereto, and such business losses or good will as are allowed by law and for moving expenses, so long as such claims (a) do not diminish the award available to Lessor or any Superior Rights Holder, and (b) are payable separately to Lessee.

21. Subordination.

Subject to Lessor providing a commercially reasonable Non-Disturbance agreement acceptable to Lessee, this Lease shall be subject and subordinate at all times to the lien of any mortgage or mortgages or trust deed or deeds which may now exist upon or which may be placed upon the demised Premises or the property of which the demised Premises are a part and the Lessee covenants that, subject to Lessor providing a commercially reasonable Non-Disturbance agreement acceptable to Lessee, it will execute and deliver to the Lessor or to the nominee of the Lessor proper subordination agreements to this effect at any time upon the request of the Lessor and without payment being made therefor.

22. Attornment.

Lessee shall, in the event any proceedings are brought for the foreclosure of, or in the event of exercise of the power of sale under any mortgage made by the Lessor covering the leased Premises, attorn to the purchaser upon any such foreclosure or sale and recognize such purchaser as the Lessor under this Lease, subject to purchaser providing a commercially reasonable Non-Disturbance agreement acceptable to Lessee.

23. Costs of Suit.

In the event Lessor shall bring an action against Lessee to enforce the payment of any rent hereunder or to enforce any of the terms, conditions or covenants hereof or commence a summary action under the unlawful detainer laws of the State of California, then Lessee agrees to pay to Lessor all attorney's fees expended by Lessor therein, which fees shall be fixed by the court and made a part of the judgment in any such action.

Lessor will pay and discharge all reasonable costs, attorney's fees and expenses that may be incurred by Lessee in enforcing the covenants and agreements of this Lease on the part of the Lessor, which fees shall be fixed as above.

24. Heirs and Assigns.

Subject to other provisions of this Lease to the contrary, the terms and conditions of this Lease shall be binding upon and inure to the benefit of the heirs, personal representatives, successors and assigns of Lessor and Lessee.

25. Service of Notice.

The service of any and all notices of any nature and description given by said Lessor, when given to said Lessee in the manner now prescribed by the provisions of Section 1162 of the Code of Civil Procedure of the State of California, or else when mailed to said Lessee addressed to said Lessee to the address provided within this Article 25, shall be deemed to be and constitute full and complete notice to said Lessee and shall constitute full compliance with any of the provisions of this Lease or of the laws of the State of California requiring personal service of notice upon said Lessee and shall constitute notice to said Lessee for any purpose whatsoever.

Address of Tenant for the purposes of providing written notice:

GHD Inc.

Attn: Duncan Findlay

4747 N. 22nd Street, Suite 200
Phoenix, Arizona, 85016

With a copy to: GHD Inc.
Attn: Law Department
2055 Niagara Falls Blvd, Suite 3
Niagara Falls, NY, 14304

26. Breach of Conditions.

Each and every covenant and term hereof to be kept and performed by the Lessee is expressly made a condition, upon breach whereof said Lessor may terminate this Lease and exercise all rights of entry and reentry upon said leased Premises herein provided for.

27. Notice of Surrender.

Lessee agrees that he shall, at least sixty (60) days before the date of the expiration of this Lease, give to said Lessor a written notice of intention to surrender said leased Premises on said date; if such notice is not given, then said Lessee shall be liable for the rent of one additional month in the event that he shall have vacated said leased Premises, at the expiration of the term of this Lease.

28. California Law.

This Lease and all the terms and conditions thereof shall be construed according to the laws of the State of California.

29. Conditional Limitations.

Each term and each provision of this Lease performable by Lessee shall be construed to be both a covenant and a condition.

30. Gender and Number.

Whenever the singular number is used in this Lease and when required by the context, the same shall include the plural, and the masculine gender shall include the feminine and neuter genders, and the word "person" shall include corporation, firm or association.

31. Headings.

The marginal headings or titles to the paragraphs of this Lease are not a part of this Lease and shall have no effect upon the construction or interpretation of any part of this Lease.

32. Time.

Time is of the essence of this Lease.

33. Entire Agreement.

This instrument, and Exhibits hereto, contains all the agreements and conditions made between the parties to this Lease and may not be modified orally or in any manner other than by an agreement in writing signed by all parties to this Lease or their respective successors in interest.

34. Corporate Authority.

Each person signing this lease on behalf of Lessee represents and warrants that he has full authority to do so and that this lease binds the corporation.

35. No Partnership.

Lessor shall not by virtue of this lease, in any way or for any purpose, be deemed to have become a partner of Lessee in the conduct of its business, or otherwise, or joint venturer or a merger of a joint enterprise with Lessee, nor is Lessee an agent of Lessor for any reason whatsoever.

36. Force Majeure.

If the parties cannot perform any of their obligations due to events beyond their control, the time provided for performing such obligations shall be extended by a period of time equal to the duration of

such events. Events beyond Lessor's or Lessee's control include, but are not limited to, acts of God, war, civil commotion, labor disputes, strikes, fire, flood or other casualty, shortages of labor or material, government regulation or restriction and weather conditions. For purposes of labor disputes, strikes and shortages of labor and material, this provision shall not apply to Lessee's employees or the material generally needed for the operation of Lessee's business.

37. Lessee Obligations Survive Termination.

All obligations of Lessee hereunder not fully performed as of the expiration or early termination of the lease term shall survive the expiration or early termination of the lease term, including, without limitation, all payment obligations and all obligations concerning the condition of the Premises.

38. Lease Concessions.

If Lessor has given Lessee any lease concessions (as hereinafter defined) in connection with the execution of this lease, including, but not limited to, payments by Lessor to Lessee or third parties, any Lessee improvement allowance and/or agreements by Lessor to accept rent or abate rent or other amounts due to Lessor under this lease (collectively, "concessions"), Lessee acknowledges that such concessions are granted as consideration for and are conditioned upon Lessee's performance under and compliance with the terms of this lease and will be terminated in the event Lessee defaults under this lease past any cure period as provided for herein. Any concessions previously realized by Lessee will be immediately due and payable to Lessor as rent under this lease in addition to any other damages recoverable by Lessor pursuant to the provisions of this lease. For purposes of this Section "concessions" realized by Lessee shall mean any rent due prior to the time of termination of the concessions which had been fully or partially abated, or any other amount (including any Lessee improvement allowance) paid by Lessor or the receipt of which was waived by Lessor prior to the termination of the concessions. The termination of the concessions will fully terminate Lessee's right to any concessions not yet realized by Lessee.

39. Submission of Lease.

Submission of this instrument for examination or signature by Lessee does not constitute a reservation or an option for lease, and it is not effective as a lease or otherwise until execution and delivery by both Lessor and Lessee.

40. Parking and Common Areas.

The Lessee, in the use of common and parking areas, agrees to comply with such reasonable rules, regulations for parking as the Lessor may adopt from time to time for the orderly and proper operation of said common and parking areas. Such rules may include but shall not be limited to the following: (1) the restricting of Lessee and employee parking to a limited, designated area or areas as shown on Exhibit "A" attached hereto, which shall include at least one (1) parking space per 1,000 rentable square feet of the Premises; and (2) the regulation of the removal, storage and disposal of Lessee's refuse and other rubbish at the sole cost and expense of Lessee.

41. Signs.

The Lessee may affix and maintain upon the interior door of the Premises only such signs, advertising placards, names, insignia, trademarks and descriptive material as shall have first received the written approval of the Lessor as to type, size, color, location, copy nature and display qualities. Anything to the contrary in this Lease notwithstanding, Lessee shall not affix any sign to the roof. Lessor shall, however, erect one sign on the front of the Premises not later than sixty (60) days from the date of commencement of this Lease, in accordance with a design to be prepared by Lessee and Lessor.

42. Displays.

The Lessee may not display or sell merchandise or allow grocery carts or other similar devices within the control of Lessee to be stored or to remain outside the defined exterior walls and permanent doorways of the Premises. Lessee further agrees not to install any exterior lighting, amplifiers or similar devices or use in or about the Premises any advertising medium which may be heard or seen outside the Premises, such as flashing lights, searchlights, loudspeakers, phonographs or radio broadcasts.

43. Auctions.

Lessee shall not conduct or permit to be conducted any sale by auction in, upon or from the Premises whether said auction be voluntary, involuntary, pursuant to any assignment for the payment of creditors or pursuant to any bankruptcy or other insolvency proceeding.

45. Quiet Possession.

Upon Lessee paying the rent reserved hereunder and observing and performing all of the covenants, conditions and provisions on Lessee's part to be observed and performed hereunder, Lessee shall have quiet possession of the Premises for the entire term hereof, subject to all the provisions of this Lease.

46. Prior Agreements.

This Lease contains all of the agreements of the parties hereto with respect to any matter covered or mentioned in this Lease, and no prior agreements or understanding pertaining to any such matters covered or mentioned in this Lease shall be effective for any purpose. No provision of this Lease may be amended or added to except by an agreement in writing by the parties hereto or their respective successor in interest. This Lease shall not be effective or binding on any party until fully executed by both parties hereto.

47. Attorney's Fees.

In the event of any action or proceeding brought by either party against the other under this Lease, the prevailing party shall be entitled to recover for the fees of its attorneys in such action or proceeding, including cost of appeal, if any, in such amount as the court may adjudge reasonable as attorney's fees. In addition, should it be necessary for Lessor to employ legal counsel to enforce any of the provisions herein contained, Lessee agrees to pay all attorney's fees and court costs reasonably incurred.

48. Sale of Premises by Lessor.

In the event of any sale of the Premises by Lessor, Lessor shall be and is hereby entirely freed and relieved of all liability under any and all of its covenants and obligations contained in or derived from this Lease arising out of any act, occurrence or omission occurring after the consummation of such sale

so long as the purchaser at such sale or any subsequent sale of the Premises has agreed and shall be deemed, without further agreement between the parties or their successors in interest or between the parties and any such purchaser, to have assumed and agreed to carry out any and all of the covenants and obligations of the Lessor under this Lease.

49. Lessee's Statement.

Lessee shall at any time and from time to time, upon not less than ten (10) business days prior written notice from Lessor, execute, acknowledge and deliver to Lessor a statement in writing (a) certifying that this Lease is unmodified and in full force and effect (or, if modified, stating the nature of such modification and certifying that this Lease as so modified is in full force and effect), and the date to which the rental and other charges are paid in advance, if any, and (b) specifying such defaults if any are claimed, and (c) setting forth the date of commencement of rents and expiration of the term hereof. Any such statements are to be relied upon by the prospective purchaser or encumbrance of all or any portion of the real property of which the Premises are a part.

50. Other Available Lessor Buildings.

Should Lessor have other available space for lease in excess of 10,000 square feet in Shingle Springs, California, Lessor shall notify Lessee of said availability and the terms and conditions by which it can be leased by Lessee. Lessee shall then have ten (10) business days following notification by Lessor to accept or decline the lease terms offered by Lessor. If Lessee accepts the terms proposed by Lessor, it shall notify Lessor in writing of its acceptance within said ten (10) business day period. In that event, Lessor and Lessee shall exercise their best efforts to mutually agree upon and execute a lease agreement for the expansion premises. If Lessee elects not to lease the available space or does not respond to Lessor within the ten (10) business day period, then Lessor shall have no further obligation to Lessee for the available space, nor shall Lessor be obligated to notify Lessee of any future Lessor availabilities.

51. Energy Star.

Lessee shall cooperate with Lessor's compliance with all disclosures and information related to utilities disclosures required by applicable laws, including, without limitation, those requires by Title 20,

Division 2, Chapter 4, Article 9, Sections 1680-1685 of the California Code of Regulations (which implements procedures pursuant to the California Public Resources Code Section 25402.10 codified AB1103 as amended by AB 531), or under any similar law, statute or ordinance. (the "Nonresidential Building Energy Use Disclosure Program"). Lessee shall provide Lessee's energy use data for the Leased Premises to Lessor, including, without limitation, providing copies of utility bills. Further, Lessee shall authorize all applicable utility companies to release such information to Lessor, upon Lessor's request. Lessee's obligations under this paragraph shall survive the expiration or earlier termination of the Lease.

52. CASp Disclosure/ADA.

The Leased Premises have not undergone an inspection by a Certified Access Specialist. Notwithstanding the foregoing, since compliance with the Americans with Disabilities Act or any similar statutes, laws or legislation (collectively "Applicable ADA Laws") is dependent upon Lessee's specific use of the Leased Premises, Lessor makes no representation or warranty as to whether or not the Leased Premises comply with Applicable ADA Laws. In the event that Lessee's use of the Leased Premises requires modifications or additions to the Leased Premises in order to be in compliance with Applicable ADA Laws, Lessee agrees to make any such necessary modifications and/or additions to the Leased Premises at Lessee's sole cost and expense. Further, if Lessee's alterations, use and/or business operations result in the requirement to modify and/or add to other areas of the Property in order to be in compliance with Applicable ADA Laws, then Lessee, at Lessee's sole cost and expense, will be responsible for such compliance, and Lessee recognizes that Lessor shall have the right to perform such work, and Lessee shall reimburse Lessor for such work upon demand.

IN WITNESS WHEREOF the Lessor and Lessee have executed these presents as of the day and year first above written.

LESSOR:

LESSEE:

CARLTON COMMERCIAL
PROPERTIES, LLC

GHD INC.

By:  _____

By:  _____

Alan Carlton

Iver Skavdal

Title: Manager

Title: Vice President

.\CORP\CarltonProperties\CarltonInc3883PonderosaMasterLease62603

EXHIBIT "A"

All that certain real property situated in the County of El Dorado, State of California, more particularly described as follows:

A portion of the East ½ of Section 1, T. 9 N., R. 9 E., M.D.M., Parcel B of PM 48-26. Also described as Assessor's Parcel Number 70-270-31.

.CORP\CARLTONPROPERTIES\CARLTONINC3883PonderosaMasterLease62603