

STANDARD FORM 2  
FEBRUARY 1965  
EDITION  
GENERAL SERVICES  
ADMINISTRATION  
FPR (41 CFR) 1-16.601

U.S. GOVERNMENT  
LEASE FOR REAL PROPERTY

DATE OF LEASE

LEASE NO.

GS-05B-17903

THIS LEASE, made and entered into this date by and between

whose address is

LGK Development  
3200 Carbon Place  
Suite S211  
Boulder, Colorado 80301

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 consideration hereinafter mentioned, covenant and agree as follows:

1. The Lessor hereby leases to the Government the following described premises:

7,324 ANSI/BOMA office area square feet (7,980 rentable square feet) of contiguous first floor office space, along with forty (40) on-site surface parking spaces, all located at 1115 Washington Street, Bay City, Michigan 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 the date which is not later than 180 days after the Government has issued the "Notice to Proceed" to the Lessor for a period of ten (10) years, with a firm term of ten (10) years, subject to termination and renewal rights as may be hereinafter set forth. The actual term will be established by Supplemental Lease Agreement at the time the Government accepts the space.

3. The Government shall pay the Lessor annual rent of \$254,022.00 (\$34.68/usf, \$31.83/rsf) at the rate of \$21,168.50 per Month in arrears. Rent is the total of \$254,022.00 (\$34.68/usf, \$31.83/rsf) per month made up of: shell rent \$133,266.00 [\$18.19/usf, \$16.70/rsf], operating expenses \$40,937.40 [\$5.59/usf, \$5.13/rsf] and real estate taxes \$37,266.60 [\$5.09/usf, \$4.67/rsf] plus \$3,546.00 [\$5.81/usf, \$5.33/rsf] per month in estimated Tenant improvements over 120 months. Rent for a lesser period shall be prorated. In Section 1.7 E.d, HOW TO OFFER the Lessor agrees to provide up to \$41.24 per ANSI/BOMA Office Area square foot toward the cost of the tenant improvements. In the event the tenant improvement cost is less than that amount, Lessor agrees as outlined in Section 1.11 TENANT IMPROVEMENT RENTAL ADJUSTMENT, to refund such difference in the form of a reduction of the tenant improvement portion of the rental using an 7.25% amortization rate over 120 months. The Government and Lessor agree that the final Tenant Improvement costs will be stated in a Supplemental Lease Agreement. Rent checks shall be made payable to:

LGK Development  
3200 Carbon Place  
Suite S211  
Boulder, Colorado 80301

- ~~4. The Government may terminate this lease at any time after ten (10) years, by giving (60) DAYS NOTICE in writing to the Lessor and 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. This lease may be renewed at the option of the Government, for the following terms and at the following rentals:~~

~~provided notice be given in writing to the Lessor at least \_\_\_\_\_ days before the end of the original lease term or any renewal term; all other terms and conditions of this lease shall remain the same during any renewal term. Said notice shall be computed commencing with the day after the date of mailing~~

INITIALS:

  
LESSOR

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GOVERNMENT

COMPUTER GENERATED FORM (10/91)EXCEPTION TO SF-2 APPROVED BY GSA / IRMS

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6. The Lessor shall furnish to the Government, as part of the rental consideration, all responsibilities and obligations as defined in this lease which includes the attachments specified in Paragraph 7 below including the following: All services, utilities and maintenance of the building and grounds. Also, as part of the rental consideration, the Lessor shall meet all responsibilities and obligations as defined in the Solicitation of Offers NO. GS-05B-17903 and other attachments to the Lease, including but not limited to providing at least 40 on site parking spaces as well as meeting all handicapped Accessibility and Fire/Life Safety Requirements.
7. The following are attached and made a part hereof:  
  
(A) Paragraphs 12 through 26 of this lease on pages 3 and 4; (B) Solicitation of Offers NO. GS-05B-17903 dated 3/29/07, pages 1 through 43; (C) GSA Form 3516A (REV 12/03) consisting of 7 pages; (D) GSA Form 3517B (REV. 11/05) consisting of 32 pages; (E) GSA Form 3518 (REV. 7/04) consisting of 6 pages; (F) GSA Form 1217 consisting of 1 page, (G) GSA Form 1364A consisting of 2 pages; (H) Labor Rates for Bay County, Michigan consisting of 27 pages per paragraph 22 below, (I) AMENDMENT #1 to the SFO No. GS-05B-17903; (J) Site Plan; (K) Elevation Plan; and (L) Block Plan.
8. The following changes were made in this lease prior to its execution:  
PARAGRAPHS 4 AND 5 ABOVE WERE DELETED.  
SECTIONS 1.12 AND 3.16(F) OF THE SFO WERE AMENDED BY AMENDMENT #1.
9. The date of this lease is the date this contract was formed as a result of the Government's acceptance of the Lessor's Best and Final Offer dated October 20, 2008, submitted by the Lessor under SFO GS-05B-17903. This lease reflects the terms and conditions of the accepted Best and Final Offer.
10. Cost adjustments and termination rights shall be adjusted to coincide with any revised actual commencement date. The actual commencement date will be established by Supplemental Lease Agreement to the lease. The lease will then be in effect for ten (10) years, subject to termination rights as specified in the lease. The anniversary date for annual escalations, operating cost adjustments and termination rights shall be adjusted to coincide with any revised actual commencement date.
11. The Lessor will complete the tenant improvements in the space making it ready for occupancy no later than 180 working days after receiving the Government's Notice to Proceed. GSA shall deliver layout drawings and necessary finish selections to the Lessor within 120 working days after award.

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

LESSOR LGK

BY

(Signature)

IN PRE

(Address)

UN

ISTRATION

BY

Contracting Officer  
(Official title)

12. **Usable Square Footage:** The total net usable square foot area referred to in Paragraph 1.1, is subject to adjustment, but may not be less than the minimum 6,658 ANSI/BOMA Office Area square feet defined in the Solicitation for Offers NO GS-05B-17903. Should there be any adjustments in the usable square footage delivered, that has been determined through mutually agreed field measurement, the per annum total rental referred to above shall be adjusted on the basis of \$34.68 per usable square foot per annum. The lease shall be amended by Supplemental Lease Agreement after actual field measurement to establish the square footage and rental in compliance with the terms of the lease.
13. **Operating cost adjustments:** The rent is subject to annual operating cost adjustments in accordance with Section 3.5 (A through E) of Solicitation for Offers NO. GS-05B-17903 within this lease. It is understood and agreed that for operating cost adjustment purposes, the first year's operating cost will be \$5.59/usf (\$5.13/rsf) which is approximately \$40,937.40 (subject to actual measured accepted space).
14. **Real Estate Tax adjustments:** The lease is subject to annual tax escalations in accordance with Section 3.3 (A through G) of the SFO No. GS-05B-17903. It is understood and agreed that for real estate tax adjustment purposes, the first year's real estate tax will be \$5.09/usf (\$4.67/rsf) which is approximately \$37,266.60 (subject to actual measured accepted space).
15. **Government's percent of the net usf area of the building:** It is understood and agreed that for real estate tax adjustment purposes, in accordance with Section 3.3, (A through G) of Solicitation for Offers NO. GS-05B-17903 within this lease, the Government will occupy 100 percent of the net usable square foot area of the building.
16. **Overtime HVAC Cost:** If heating or cooling is required by the Government on an overtime basis, it shall be provided at \$45 per hour.
17. **Changes to leased area or funding for changes to TI:** Lessor shall not construct, change, alter, remove, or add to the leased area without prior notification and approval from the General Services Administration (the Contracting Officer or his/her representative) as well as acknowledgement of funding for any changes to the Tenant Improvement costs, approved prior to the Notice to Proceed with build out of the tenant's space.
18. **Sale or transfer of property:** If the property housing the leased premises is sold or transferred, the following information is required before the Government can acknowledge the success in interest and change the payee for rent or other payments:
  - (I) Evidence of the transfer of title.
  - (II) A letter from successor Lessor (transferee) assuming, approving and adopting the lease and agreeing to be bound by its terms.
  - (III) A letter from prior Lessor (transferor) waiving all rights under the lease as against the United States of America, except unpaid rent through a specified date, usually the date of ownership transfer.
  - (IV) The IRS tax identification number of the new owner.



Where leased premises are transferred by death of the Lessor, a copy of the letters of administration when there is no will, showing the Lessor(s), is required. Unless an interim court order is received, rents will be accrued and paid the new owner(s) upon final settlement of the estate.

19. **Tax Identification Number:** The Tax Identification Numbers for the real estate parcels occupied under this lease are [REDACTED] and [REDACTED].
20. **Questions pertaining to this lease:** All questions pertaining to this lease should be referred to the Contracting Officer of the General Services Administration or his/her designee. The Government occupant is not authorized to administer this lease. The General Services Administration assumes no responsibility for any cost incurred by the Lessor except as provided by the terms of this lease or authorized in writing by the Contracting Officer or his/her designee.

INITIALS: WA & [Signature]  
LESSOR & GOVERNMENT

21. **Terms and conditions of this Lease:** All terms and conditions of this Lease as expressly contained herein represent the total obligations of the Lessor and the Government. Any agreements, written or oral between the Lessor and Government prior to the execution of this Lease are not applicable or binding. This agreement may be amended only by written instrument executed by the Lessor and Government.
22. **Lease Common Area Factor:** The Lease Common Area Factor is 1.09 (7,324 usable square feet multiplied by 1.09 equals 7,980 rentable square feet of space).
23. **Department of Labor wage labor rates:** Attached to this lease are the Department of Labor wage labor rates for Bay County, Michigan, consisting of 27 pages (Exhibit H) at the time the lease was awarded. As required by Paragraph 1.19 A, page 11 of the Solicitation for Offers GS-05B-17903, which is made part of this Lease, the Lessor is required to pay prevailing wage rates established for the construction area, as determined by the Department of Labor. It is the Lessor's responsibility to determine what the current wage rates are at the time of construction in the area of the construction for the Department of Labor and to use those rates to comply with Paragraphs 1.20 of the Solicitation for Offers GS-05B-17903.
24. **Government's Signatory Authority:** The Contracting Officer represents that the General Services Administration as an agent with authority to enter into this Lease on behalf of the Government and executes this document in his or her Official capacity only, and not as an individual.
25. **Block and elevation plans:** Lessor Acknowledges that the site, block and elevation plans submitted by Lessor are subject to change by the Government, within reason, to aid in the design of the space leased.
26. **Commission Agreement:** Commission credits will be applied to the shell rent of the lease and rental payments shall be reduced by that amount in the first months of the lease term until all credits have been applied. The reduction of rent will not apply to the Operating Costs (OC) and amortized Tenant Improvements (TI). Rental payments for OC and TI will be paid in accordance with the terms and conditions of the lease at commencement. Commission payment and the commission credit have been negotiated by Jones Lang LaSalle, representing GSA. Commissions for this lease are negotiated at ██████████<sup>(b)</sup> of the total firm term value of the lease for a dollar value of ██████████. It is the agreement between the government, landlord, and Jones Lang LaSalle that ██████████<sup>(b)</sup> of the total commissions (equaling ██████████ negotiated for this lease will be applied to the shell rent and was evaluated in the Present Value Analysis prior to the award of the lease. Lessor will pay the remaining commission amount, or ██████████ to Jones Lang LaSalle. The first 50% will be due upon acceptance of this SF2, and the remainder will be due no later the date the government accepts the space. No additional commissions are to be paid to Jones Lang LaSalle for this leasing transaction other than that identified in the SF-2 and attachments or as formally documented in a Supplemental Lease Agreement. Schedule for the government's commission credit, via rental reduction is as follows:

Rent Period	Scheduled Monthly Rent	Scheduled Monthly Shell Rent	Commission Credit	Commission Credit Remaining	Adjusted Monthly Rent Payment
1	\$21,168.50	\$14,211.05	██████████	██████████	██████████
2	\$21,168.50	\$14,211.05	██████████	██████████	██████████
3	\$21,168.50	\$14,211.05	██████████	█	██████████

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