

US GOVERNMENT LEASE FOR REAL PROPERTY

DATE OF LEASE

3/8/10

LEASE NO.

GS-10B-07137

THIS LEASE, made and entered into this date by and between JAGER DEVELOPMENT LLC

Whose address is P.O. BOX 3238
LA GRANDE, OR 97850-7238

and whose interest in the property hereinafter described is that of **OWNER**

hereinafter called the Lessor, and the **UNITED STATES OF AMERICA**, hereinafter called the Government:

WITNESSETH: The parties hereto for the considerations hereinafter mentioned, covenant and agree as follows:

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

A total of 3,236 rentable square feet (RSF) of office and related space, which yields 2,700 ANSI/BOMA Office Area square feet (USF) of space at Jager Professional Building – 116 South Main Street, Pendleton, OR 97801 to be used for such purposes as determined by the General Services Administration. Included in the rent at an additional cost to the Government of \$300 per space per year are 3 surface parking spaces for the use of Government employees and patrons, with the ability to add one more space over the term of the lease.

2. **TO HAVE AND TO HOLD** the said premises with their appurtenances for the term beginning upon completion and acceptance of the work required by this lease and continuing for a period of fifteen (15) years, with a firm term of ten (10) years, subject to termination and renewal rights as may be hereinafter set forth. The actual lease term dates will be forth established by Supplemental Lease Agreement upon beneficial occupancy.

3. The Government shall pay the Lessor annual rent of \$77,774.13 for years 1 – 5, \$91,171.17 years 6 – 10, and \$59,290.01 11 – 15 all rents shall be paid monthly in arrears.

For months 1 through 3, monthly rent shall be reduced by the amount of commission credit agreed to in this lease, and shall be paid based upon the adjusted schedule stated in Paragraph 17 herein.

For months 4 through 60, rent shall be structured as follows:

Rent Breakdown (Years 1-5)	Annual Rent
Shell Rent	\$ 42,744.50
Operating Cost	\$ 11,190.00
Amortization of TI	\$ 19,045.24
Amortization of Building Specific Security	\$ 3,894.39
Parking (3 spaces)	\$ 900.00
Full Service Rent	\$77,774.13

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

LESSOR

JAGER

BY _____

IN PRESENCE

[Signature]

UNITED STATES OF AMERICA

BY _____

Contracting Officer, General Services Administration

For months 61 through 120, rent shall be structured as follows:

Rent Breakdown (Years 6- 10)	Annual Rent
Shell Rent	\$ 56,141.54
Operating Cost	\$ 11,190.00
Amortization of TI	\$ 19,045.24
Amortization of Building Specific Security	\$ 3,894.39
Parking (3 spaces)	\$ 900.00
Full Service Rent	\$91,171.17

For months 121 through 180, rent shall be structured as follows:

Rent Breakdown (Years 11- 15)	Annual Rent
Shell Rent	\$47,200.00
Operating Cost	\$11,190.00
Parking (3 spaces)	\$ 900.00
Full Service Rent	\$59,290.01

Rent for a lesser period shall be prorated. Rent checks shall be made payable to:

JAGER DEVELOPMENT LLC
P.O. BOX 3238
LA GRANDE, OR 97850-7238

4. The Government may terminate this lease in whole or in part at any time after the end of the tenth year by giving at least 120 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. PARAGRAPH 5 IS INTENTIONALLY OMMITTED.

6. The Lessor shall furnish to the Government, as part to the rental consideration, the following:

A. Those facilities, services, supplies, utilities, and maintenance in accordance with SFO GS-P-10-08-LS-0067 dated October 24, 2008.

B. Build out in accordance with standards set forth in SFO GS-P-10-08-LS-0067 dated October 24, 2008, and the Government's design intent drawings. Government space plans shall be developed subsequent to award. All tenant alterations to be completed by the lease effective date identified under Paragraph 2 above. Lease term to be effective on date of occupancy, if different from the date identified in Paragraph 2. The Lessor hereby waives restoration.

C. Deviations to the approved design intent drawings will not be permitted unless prior written authorization is obtained from the GSA Contracting Officer.

7. The following are attached and made a part hereof:

A. Solicitation for Offers GS-P-10-08-LS-0067 dated October 24, 2008.

B. GSA Form 3517 entitled GENERAL CLAUSES (Rev. [11/05])

C. GSA Form 3518 entitled REPRESENTATIONS AND CERTIFICATIONS (Rev. [1/07])

D. Sheet No. 1 containing Paragraphs 9-18

E. Site Plan (Exhibit "A", Page 1)

F. Floor Plan (Exhibit "B", Page 1)

8. In accordance with the SFO paragraph entitled *Tenant Improvement Rental Adjustment*, Tenant Improvements in the total amount of \$128,007.00 (2,700 USF x \$47.41) shall be amortized through the rent for 10 years at the rate of 8.50%. The total annual cost of Tenant Improvements for the amortization period shall be \$19,045.24.

LESSOR

BY

(Initial)

UNITED STATES OF AMERICA

BY

(Initial)

9. Tax Adjustment: Pursuant to Paragraph 4.2, "Tax Adjustment (AUG 2008)," for purposes of tax escalation, the Government occupies 3,236 / 9,400 (34.42%) rentable square feet. Base year taxes are established at \$2,516.00 (\$0.7775/RSF). Taxes shall be increased or decreased from the base pursuant to annual adjustment per Section 4.3 of the SFO. Tax parcel number is identified as 107842.
10. In accordance with the SFO paragraph entitled *Operating Costs Base*, the escalation base is established as \$3.4579/RSF (\$11,190.00/annum). Cost of Living Index adjustments will apply.
11. In accordance with the SFO paragraph entitled *Common Area Factor*, the common area factor is established as 1.1985 (3,236 RSF/2,700 USF).
12. In accordance with the SFO paragraph entitled *Adjustment for Vacant Premises*, the adjustment is established as \$13.00/USF for vacant space (rental reduction).
13. In accordance with the SFO Paragraph entitled *Overtime Usage*, the rate for overtime usage is established as \$2.50 per hour for the entire building or any portion thereof.
14. Security costs in the total amount of \$3,894.39 shall be amortized through the rent for 120 months at the rate of 8.50%.
15. 24 Hour Rooms: The "Overtime Usage" Rate specified above shall not apply to any portion of the Premises that is required to have heating and cooling 24 hours per day as specified by the Lease. The charges for heating and cooling of these areas shall be provided at the rate of \$00.00 per hour after "Normal Hours."
16. The Lessor hereby waives restoration.
17. The Lessor and the Broker have agreed to a cooperating lease commission of [REDACTED] of the firm term value of this lease. The total amount of the commission is [REDACTED]. The Lessor shall pay the Broker no additional commissions associated with this lease transaction. In accordance with the "Broker Commission and Commission Credit" paragraph, the Broker has agreed to forego [REDACTED] of the commission that it is entitled to receive in connection with this lease transaction (Commission Credit). The Commission Credit is [REDACTED]. The Lessor agrees to pay the commission less the Commission Credit to the broker in accordance with the "Broker Commission and Commission Credit" paragraph in the SFO attached to and forming a part of this lease.


Notwithstanding Paragraph 3 of this Standard Form 2, the shell rental payments due and owing under this lease shall be reduced to fully recapture this Commission Credit. The reduction in shell rent shall commence with the first month of the rental payments and continue as indicated in this schedule for adjusted Monthly Rent.

First Month's Rental Payment of \$6,481.18 minus one third of the Commission Credit [REDACTED] equals [REDACTED] adjusted First Month's Rent.

Second Month's Rental Payment of \$6,481.18 minus one third of the Commission Credit [REDACTED] equals [REDACTED] adjusted Second Month's Rent.

Third Month's Rental Payment of \$6,481.18 minus one third of the Commission Credit [REDACTED] equals [REDACTED] adjusted Third Month's Rent.

18. As part of the warm-lit shell, the Lessor shall complete the improvements recommended in the August 28, 2008 Safety and Environment Management – Facility Assessment Survey, L-10-08-0114.


Lessor
Initials


Government
Initials