

# US GOVERNMENT LEASE FOR REAL PROPERTY

DATE OF LEASE

APR 19 2011

LEASE NO.

GS-10B-07167

BUILDING NO.

OR6738

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

Whose address is 2225 LANCASTER DR SE  
SALEM, OR 97317-0317

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 13,107 rentable square feet (RSF) of office and related space, which yields 13,107 ANSI/BOMA Office Area square feet (ABOA) of space at Salmon Run Industrial Park, 1750 McGilchrist Street SE, Salem, OR 97302-1563, to be used for such purposes as determined by the General Services Administration. In addition, Lessor leases to the Government two (2) reserved, structured parking spaces.

2. TO HAVE AND TO HOLD the said premises with their appurtenances for the term beginning upon beneficial occupancy by the Government and continuing for fifteen (15) years, subject to termination and renewal rights as may be hereinafter set forth.

3. The Government shall pay the Lessor annual rent per the table below, per month in arrears.

<u>Rent Period</u> <sup>1</sup>	<u>Shell Rent</u>	<u>Operating Rent</u> <sup>2</sup>	<u>Amortized TIs</u> <sup>3</sup>	<u>Building Specific Security</u> <sup>4</sup>	<u>Annual Rent</u>
Years 1-10	\$159,619.40	\$67,894.26	\$71,331.70	\$4,974.64	\$303,820.00
Years 11-15	\$214,823.73	\$67,894.26	\$0.00	\$0.00	\$282,717.99

<sup>1</sup> Rent for the first lease year is adjusted pursuant to Paragraph 15 below.

<sup>2</sup> Operating Rent is subject to adjustments in accordance with the SFO paragraph 4.3 and Paragraph 10 below.

<sup>3</sup> Amortized TIs for years 1-10 subject to SFO paragraph 3.3 and Paragraph 8 below.

<sup>4</sup> Amortized Building Specific Security for years 1-10 subject to Paragraph 9 below.

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

SEW, LLC  
ATTN: MIKE WALLING  
P.O. BOX 12828  
SALEM, OR 97309-0828

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

LESSOR  
SEW, LLC

IN PRESENCE OF

*Signature*  
(Title)

UNITED STATES OF AMERICA

BY

**LINDSEY D. SNOW**  
**CONTRACTING OFFICER**

Contracting Officer, General Services Administration  
(Official Title)

4. The Government may terminate this lease in whole or in part at any time on or after the tenth (10<sup>th</sup>) lease 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. This lease may be renewed at the option of the Government, for the following terms and at the following rentals:

Annual Shell Rate of \$243,003.78 for option years 16 – 20

provided notice be given in writing to the Lessor at least 120 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.

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 7OR2194.  
B. Build out in accordance with standards set forth in SFO 7OR2194, 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.  
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 (SFO) 7OR2194 (49 pages)  
B. Attachment "A" to SFO 7OR2194, [REDACTED] Office of Disability Adjudication and Review, Special Space Specifications and Requirements, dated March 17, 2009 (77 pages); containing the following documents:

- [REDACTED] Electrical Policy (Table G) (pages 16-22)
- IWS/LAN Generic Specs (see Attachment "B", pages 17-36)
- DCR LAN Rack Detail, typical IWS/LAN CAT 6 Cable, General (see Attachment "B", pages 37-39)
- [REDACTED] Pannex 1300 Series (page 23)
- [REDACTED] (page 24)
- [REDACTED] Specifications (ODAR Specific) (page 25)
- Power Assist Door Specifications (pages 26-34)
- IDS Specifications & MegaCenter Alarm Requirements (MAR) (pages 35-62)
- Video Teleconference Equipment (pages 63-69)
- Raised Dais, Railings, and Judicial Bench (Table D.2) (page 70)
- Floor Box (pages 71-73)
- Wire Management (pages 74-77)

C. Attachment "B" to SFO 7OR2194, [REDACTED] Special Space Specifications and Requirements, dated July 16, 2009 (64 pages); containing the following documents:

- IDS Specifications & MegaCenter Alarm Requirements (MAR) (See Attachment "A", pages 35-62)
- [REDACTED], Pannex 1300 Series (See Attachment "A", page 23)
- [REDACTED] Specifications (Field Office Specific) (pages 14-16)
- Power Assist Door Specifications (See Attachment "A", pages 26-34)
- IWS/LAN Generic Specs (not for construction) (pages 17-36)
- DCR LAN Rack Detail, typical IWS/LAN CAT 6 Cable, General (pages 37-39)
- Exhaust Fan Specifications (pages 40-42)
- [REDACTED] Specifications (See Attachment "A", page 24)
- Roll Shutter Specifications (pages 43-46)
- [REDACTED]'s Electrical Policy (See Attachment "A", pages 16-22)
- [REDACTED], no date, (pages 47-64)

- D. GSA Form 3517B entitled GENERAL CLAUSES (Rev. 11/05) (33 pages)
- E. GSA Form 3518 entitled REPRESENTATIONS AND CERTIFICATIONS (Rev. 1/07) (7 pages)
- F. Floorplan (1 page)
- G. GSA form 1217 (2 pages)
- H. Security Unit Price List (3 pages)
- I. SFO 7OR2194 Amendment No. 1 (4 pages)

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8. In accordance with the SFO paragraph 3.2, *Tenant Improvements Included in Offer*, Tenant Improvements in the total amount of \$573,562.32 (13,107 ABOA x \$43.76) shall be amortized through the rent for ten (10) years at the rate of 4.5%. The total annual cost of Tenant Improvements for the amortization period shall be \$71,331.70.
9. In accordance with the SFO paragraphs 10.17, *Secure HVAC*, and 10.21, *Shatter Resistant Window Protection, Building Specific Security* in the total amount of \$40,000.00 shall be amortized through the rent for ten (10) years at the rate of 4.5%. The total annual cost of Building Specific Security for the amortization period shall be \$4,974.64.
10. In accordance with the SFO paragraph 4.2 B. 9., *Percentage of Occupancy*, the percentage of Government occupancy is established as 21.3% (13,107 RSF / 61,520 RSF).
11. In accordance with the SFO paragraph 4.3, *Operating Costs*, the operating costs base is established as \$5.18/RSF (\$67,894.26/annum).
12. In accordance with the SFO paragraph 4.2, *Tax Adjustment*, and pursuant to GSA Form 1217 Lessor's Annual Cost Statement, Base Real Estate Taxes shall be formally established after the property and improvements are fully assessed. During the interim, taxes are included in the shell lease rate at \$2.00 per RSF per annum and the tax parcel number is R74683.
13. In accordance with the SFO paragraph 4.1 C., *Common Area Factor*, the common area factor is established as 1.00 (13,107 RSF / 13,107 ABOA).
14. In accordance with the SFO paragraph 4.4, *Adjustment for Vacant Premises*, the adjustment is established as \$1.04/ABOA for vacant space (rental reduction).
15. In accordance with the SFO paragraph 4.6, *Overtime Usage*, upon request by the GSA Field Office Manager, the Lessor shall provide heating, ventilation, and air-conditioning (HVAC) at any time beyond normal service hours (7:00 a.m. to 5:00 p.m., Monday through Friday, and except Federal Holidays), at a rate of \$20.00 per hour. The Lessor will not charge the Government if Lessor otherwise provides these services to other building tenants during the Government's overtime hours. The Lessor must submit a proper invoice quarterly to GSA Building Manager or designee to receive payment.
16. 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 SFO. The charges for areas requiring 24 hour heating and cooling (HVAC) shall be provided at the rate of \$5.18 per square foot per year.
17. Adjusted monthly rent payments (application of commission credit):  
The commission credit shall be applied in equal monthly amounts against the shell rental payments over the minimum number of months that will not exceed the monthly shell rental per SFO subparagraph 2.3 B. The monthly rent is \$25,318.33. The monthly shell rent is \$13,301.62. The commission credit is [REDACTED] (three monthly amounts of [REDACTED] and one monthly payment of [REDACTED]) and is calculated as follows:

Annual Rent is \$303,820.00 X 10 years (firm term) = \$3,038,200.00  
 Total firm term is \$3,038,200.00 X [REDACTED]  
 GSA Credit: [REDACTED]  
 Studley/LaBonde Credit [REDACTED]

The monthly rent payments adjusted for the commission credit are as follows:

<u>Rent Period</u>	<u>Scheduled Monthly Rent</u>	<u>Scheduled Mo. Shell Rent</u>	<u>Commission Credit</u>	<u>Commission Credit Remaining</u>	<u>Adjusted Monthly Rent Payment</u>
Month 1	\$25,318.33	\$13,301.62	[REDACTED]	[REDACTED]	[REDACTED]
Month 2	\$25,318.33	\$13,301.62	[REDACTED]	[REDACTED]	[REDACTED]
Month 3	\$25,318.33	\$13,301.62	[REDACTED]	[REDACTED]	[REDACTED]
Month 4	\$25,318.33	\$13,301.62	[REDACTED]	[REDACTED]	[REDACTED]
Month 5	\$25,318.33	\$13,301.62	[REDACTED]	[REDACTED]	[REDACTED]

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18. The Government reserves the right to adjust the final square footage after receipt and approval of CAD drawings and final site acceptance of the premises. Any adjustments, including those for agreed upon square footage and annual rent shall be documented by Supplemental Lease Agreement.
19. The Lessor hereby waives and forever relinquishes any right to make a claim against the Government for waste, damages or restoration arising from or related to any alteration or removal of any alteration by the Government during the term of this Lease or any extensions. Alterations may be completed by either the Government and/or the Lessor including the initial buildout of the leased space and/or any subsequent modifications required during the lease period. At the Government's sole discretion, property remaining in leased space after termination of the lease contract will become the property of the Lessor.
20. 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 parties 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 the Government.
21. As stated in Lessor's letter dated October 13, 2010 to GSA, Lessor hereby agrees to provide safe pedestrian access between the leased premises and public transportation and that said pedestrian access will be in place immediately prior to Government occupancy.
22. Tenant Improvement Fee Schedule: The Lessor's tenant improvement fee schedule is outlined as follows:
  - A. The General conditions will not exceed 6.0% of the total subcontractor's costs.
  - B. The General Contractor's fee will not exceed 7% of the total subcontractor's costs and General Conditions.
  - C. The Architectural/Engineering fees will not exceed 8.0% of General Contractor's Total Cost.
  - D. The Lessor's Project Management fee will not exceed 5.0% of the total of General Contractor's Total Cost.

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