

# US GOVERNMENT LEASE FOR REAL PROPERTY

DATE OF LEASE

11-17-09

LEASE NO.

GS-03B-09424

BUILDING NO.

PA0863

THIS LEASE, made and entered into this date by and between EMPIRE SCHUYLKILL, LP

Whose address is 633 WEST GERMANTOWN PIKE, SUITE 200  
PLYMOUTH MEETING, PA 19462-1032

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 approximately 7,000 ANSI/BOMA Office Area square feet (USF) of space located on the First (1<sup>st</sup>) Floor and comprised of Room 430 in its entirety and Room 426 (partial and demised) at Schuylkill Mall, 830 Schuylkill Mall Road, Frackville, PA 17931-2502 to be used for such purposes as determined by the General Services Administration. Included in the rent, at no additional cost to the Government and located adjacent to Government employee entrance, are twenty-three (23) on-site reserved parking spaces for the exclusive use of the Government vehicles, as well as thirty (30) additional surface parking spaces available for employees and visitors.

2. TO HAVE AND TO HOLD the said premises with their appurtenances for the term beginning on (see Rider to Lease, Paragraph 13) and continuing through (see Rider to Lease, Paragraph 13), subject to termination and renewal rights as may be hereinafter set forth.

3. The Government shall pay the Lessor annual rent of (see Rider to Lease, Paragraph 14).

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

EMPIRE SCHUYLKILL, LP  
633 WEST GERMANTOWN PIKE, SUITE 200  
PLYMOUTH MEETING, PA 19462-1032

4. The Government may terminate this lease in whole or in part at any time on or after the fifth (5<sup>th</sup>) full year of occupancy by giving at least (see Rider to Lease, Paragraph 15) 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.

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

LESSOR  
EMPIRE SCHUYLKILL, LP

BY

IN PR

Lawrence R. ZPF President  
(Printed Name and Title)  
Family Management Services Associates, LP  
as agent for Lessor  
633 W. Germantown Pike Suite 200  
Plymouth Meeting, PA 19462  
(Address)

UNITED STATES OF AMERICA

BY

Contracting Officer, General Services Administration  
(Official Title)

5. This lease may be renewed at the option of the Government, for the following terms and at the following rentals:

One renewal option for an [REDACTED]

provided notice be given in writing to the Lessor at least one hundred twenty (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 of the rental consideration, the following:  
A. Those facilities, services, supplies, utilities, maintenance, and other considerations as set forth in this lease.  
B. This lease contains 111 pages.

7. The following are attached and made a part hereof:  
A. Standard Form 2 – US Government Lease for Real Property – 2 pages  
B. Rider to Lease No. GS-03B-09424 – 3 pages  
C. Solicitation for Offers No. 8PA2083 dated May 22, 2009 (with Special Requirements) – 59 pages  
D. GSA Form 3517B entitled GENERAL CLAUSES (REV 06/08) – 33 pages  
E. GSA Form 3518 entitled REPRESENTATIONS AND CERTIFICATIONS (REV 1/07) – 8 pages  
F. Exhibit A – Site Plan (Mall and Parking), Proposed Premises, Window Line – 4 pages + cover  
G. Floor Plan - Proposed Plan w/out Existing conditions, Dated 10/6/09 – 1 page

8. The following changes were made in this lease prior to its execution:

Not Applicable

LESSOR

*LLZ*

UNITED STATES OF AMERICA

BY \_\_\_\_\_

(initial)

BY \_\_\_\_\_

*Gov*

(initial)

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9. In no event shall the Lessor enter into negotiations concerning the space leased with representatives of Federal agencies other than Contracting Officers and their designated representatives of the General Services Administration (GSA).
10. In accordance with Paragraph 4.2 of the lease, "Percentage of Occupancy", the total percentage of space occupied by the Government under the terms of the lease is equal to 2.91% of the total space available in the Lessor's building, and will be used as the basis for computing the Government's pro-rata share of real estate taxes, as defined in the Annual Real Estate Tax Escalation clause. The percentage of occupancy is derived by dividing the total Government space of 7,000 Rentable Square Feet by the total building space of 240,282 Rentable Square Feet.
11. In accordance with Paragraph 4.3 of the lease, "Operating Costs", and for purposes of determining the base rate for future adjustments to the operating costs, the Government agrees that the base rate quoted on the "Lessor's Annual Cost Statement" (GSA Form 1217), dated October 6, 2009, which is \$6.00 per ANSI/BOMA Office Area (ABOA) square foot, is acceptable. This figure includes the Government's pro-rata share of operating costs. The Government retains the right to inspect and review the Lessor's records to verify the costs listed on the GSA Form 1217 and/or to require a certified audit report. The basis for annual operating costs escalations will be the revised US All Cities Average Consumer Price Index for Wage Earners and Clerical Workers.
12. Notwithstanding any other provision of this agreement requiring the Government to give notice to exercise any option contained herein for extension of the lease for additional space in the facility, or for purchase of the facility, the Lessor shall notify the Contracting Officer, in writing, at least thirty (30) calendar days and no more than sixty (60) calendar days prior to the time the option must be exercised. In the event the Lessor fails to notify the Government, as required by this paragraph, the Government shall have the right to exercise the option at any time prior to the expiration of the lease. If GSA exercises the option to renew the lease, said rental will be based on the amount of operating cost adjustments accrued up to date of renewal and calculation on the basis of the new adjusted base rate for services and utilities.
13. Lessor shall complete the building shell as defined in the lease and complete all alterations, improvements, and repairs required by this lease, and deliver the leased premises ready for occupancy by the Government within one hundred twenty (120) calendar days from the date of notice to proceed with the construction of the tenant improvements. When Lessor has completed all such alterations, improvements, and repairs, Lessor shall promptly notify the Contracting Officer who shall promptly cause the same to be inspected. Upon the date of completion of such alterations, improvements, and repairs, and inspection and acceptance by the Government, the term of this lease shall commence and shall continue for ten (10) consecutive calendar years. The commencement date shall be more particularly set forth by a Supplemental Lease Agreement.
14. Upon signed acceptance of the leased premises by the Government, the same shall be measured and rental shall be paid, in accordance with Paragraph 4.1 of the lease, "Measurement of Space", and Paragraph 27, General Clauses, GSA Form 3517, "Payment", at the rate of:
  - A. Years One (1) through Five (5):
    - i. Shell Rent: \$117,250.00 per year or \$16.75 per ANSI/BOMA Office Area Square Foot (ABOA)
    - ii. \*Amortized Annual Cost for Tenant Improvement Allowance: \$72,997.71 per year or approximately \$10.43 per ABOA square foot

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- iii. Interest Rate at which Tenant Alterations are amortized: 5%; and,
- iv. Annual Cost of Services: \$42,000.00 per year or \$6.00 per ABOA square foot, plus accrued escalations per SFO Paragraph 4.3, "Operating Costs".

## B. Years Six (6) through Ten (10):

- i. Shell Rent: \$123,550.00 per year or \$17.65 per ABOA square foot
- ii. Annual Cost of Services: \$42,000.00 per year or \$6.00 per ABOA square foot, plus accrued escalations per SFO Paragraph 4.3, "Operating Costs".

\*The rent shall be adjusted downward if the Government does not utilize the entire Tenant Improvement Allowance of \$322,350.00 or \$46.05 per ANSI/BOMA Office Area Square Foot, which is included in the rent, using the 5% amortization rate over the firm term of five (5) years. The Government, at its election, may pay lump sum for Tenant Improvements. If this occurs, the rent shall be reduced proportionately using the 5% amortization rate.

If the Government spends more than the allowance identified above, the Government reserves the right to: (1) reduce the Tenant Improvement requirements; (2) pay lump sum for the overage upon completion and acceptance of the improvements; or, (3) increase the rent according to the negotiated amortization rate over the firm term of the lease.

- 15. The Government may terminate this lease, in whole or in part, effective on or after the fifth (5<sup>th</sup>) full year of occupancy, upon ninety (90) calendar days' written notice to the Lessor. No rental shall accrue after the effective date of termination. Said notice shall be computed commencing with the day after the date of mailing.
- 16. In accordance with Paragraph 3.2 of the lease, "Tenant Improvements Included in Offer", the General Contractor's fee charged by the Lessor for tenant improvements requested by the Government is four percent (4%) of total construction costs, and Lessor's Project Management fee will be two and one-half percent (2.5%) of total subcontractors costs (estimated to be \$497,350.00).
- 17. In accordance with Paragraph 4.6 of the lease, "Overtime Usage", the additional cost to the Government for overtime use of Government leased space for HVAC services is \$0.00 per hour.
- 18. In accordance with Paragraph 4.4 of the lease, "Adjustment for Vacant Premises", if the Government fails to occupy any portion of the leased premises or vacates the premises, in whole or in part, prior to expiration of the terms of the lease, the rental rate for the vacated portion of the space will be reduced by \$0.90 per ANSI/BOMA Office Area square foot.
- 19. In accordance with Paragraph 2.4 of the lease, "Broker Commission and Commission Credit", the Lessor and Jones Lang LaSalle (the Broker) have agreed to a cooperating lease commission of [REDACTED] based on Aggregate Lease Value over firm term. The total amount of this commission is [REDACTED] (Gross Commission). For the benefit of the Government, and in accordance with terms of the GSA National Broker Contract, 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, i.e., [REDACTED] (Net Commission), to the Broker in two (2) installments, fifty percent (50%) upon receipt of invoice following lease execution and the remaining fifty percent (50%) upon receipt of invoice following beneficial occupancy. The Lessor shall pay the Broker no additional commissions associated with this lease transaction. To fully capture the Commission Credit, offset against shell rate component in the first two months' rental payments will occur as follows:

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First Month's Rental Payment of \$19,353.97 (which includes \$9,770.83 Shell) minus [REDACTED] Commission Credit (1/2) equals [REDACTED].

Second Month's Rental Payment of \$19,353.97 (which includes \$9,770.83 Shell) minus [REDACTED] Commission Credit (1/2) equals [REDACTED].

After two months, the full Commission Credit is captured and regular monthly payments of \$19,353.97 will ensue.

20. It is understood and agreed that the Government retains title to all removable property covered by this agreement and may remove same if so desired. In the event such are not removed by the Government at the end of this lease term, or any extension thereof, title shall vest in the Lessor and all right of restoration waived.

21. Definitions:

- A. Where the word "Offeror" appears it shall be considered "Lessor".
- B. Where the word "should" appears it shall be considered to be "shall".
- C. Where the word(s) "Solicitation" or "Solicitation for Offers" appears it shall be considered to be "Lease".

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