

U.S. GOVERNMENT  
LEASE FOR REAL PROPERTY

DATE OF LEASE 2/22/11 (To Be Inserted on the Date of Government Execution)

LEASE NO.  
**GS-07B-16820**

THIS LEASE, made and entered into this date by and between **LJH, Ltd.**

whose address is **377 Neva Lane  
Denison, TX 75020-4869**

and whose interest in the property hereinafter described is that of a tenant, hereinafter called the Lessor, and the UNITED STATES OF AMERICA as a subtenant, 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:

A total of 9,548 rentable square feet (RSF) of office and related space, which yields 8,474 ANSI/BOMA Office Area square feet (ABOA) of space located on the 1<sup>st</sup> Floor at 500 South Point Drive, Port Isabel, TX 78578-3705 (see Exhibit C - Legal Description) to be used for such purposes as determined by the General Services Administration. Included in the rent, at no additional cost to the Government, are 40 reserved and secure surface parking spaces.

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 ten (10) years, with a firm term of five (5) years, subject to termination and renewal rights as may be hereinafter set forth. The actual lease term dates will be established by a subsequent Supplemental Lease Agreement.

3. For years 1 through 5, the Government shall pay the Lessor total annual rent of \$217,549.42 (\$22.78/RSF - \$25.67/ABOA) at the rate of \$18,129.12 per month in arrears. The total annual rent consists of annual Shell rent of \$103,500.32 (\$10.84/RSF - \$12.21/ABOA); annual Operating Costs of \$40,579.00 (\$4.25/RSF - \$4.79/ABOA) plus annual CPI adjustments; annual amortized Tenant Improvement costs of \$56,534.57 (\$5.92/RSF - \$6.67/ABOA); and annual Building-Specific Amortized Capital (BSAC) of \$16,935.53 (\$1.77/RSF - \$2.00/ABOA).

For years 6-10, the Government shall pay the Lessor total annual rent of \$155,155.00 (\$16.25/RSF - \$18.31/ABOA) at the rate of \$12,929.58 per month paid in arrears. The total annual rent consists of annual Shell rent of \$114,576.00 (\$12.00/RSF - \$13.52/ABOA); and annual Operating Cost of \$40,579.00 (\$4.25/RSF - \$4.79/ABOA) plus annual CPI adjustments.

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

LJH, LTD  
377 Neva Lane  
DENISON, TX 75020-4869,

4. The Government may terminate this lease in whole or in part effective at any time after the fifth (5th) year of this lease by giving at least ninety (90) days' prior notice, in writing, to the Lessor. No rental shall accrue after the effective date of the termination. Said notice shall be computed commencing with the day after the date of the mailing.

5. This lease may be renewed at the option of the Government for 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.~~

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 9TX2804 dated August 2, 2010

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B. Build out in accordance with standards set forth in SFO 9TX2804 dated August 2, 2010, as amended, and the Government's Design Intent Drawings. Government space plans shall be developed subsequent to award within 20 working days. All tenant alterations and improvements shall be completed by the date identified under Paragraph 9 of this SF-2.

C. The Lessor hereby waives restoration of the leased premises.

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

E. Adequate space for telecommunications antennae and transmission devices in accordance with Paragraph entitled, "Telecommunications: Local Exchange Access." of the SFO.

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

Solicitation for Offers (SFO) 9TX2804 dated August 2, 2010  
GSA Form 3517 entitled GENERAL CLAUSES (Rev. [11/05])  
GSA Form 3518 entitled REPRESENTATIONS AND CERTIFICATIONS (Rev. [1/07])  
Exhibit A: Special Requirements for Solicitation for Offers 9TX2804 dated August 2, 2010  
Exhibit B: Pre-Lease Security Plan  
Exhibit C: Legal description  
Exhibit D: ACH Form  
Exhibit E: Site Plan  
Exhibit F: Floor Plan  
Exhibit G: Davis Bacon Wages  
Exhibit H: Southpoint Marina Master Lease Agreement  
Exhibit I: Amendment to Southpoint Marina Master Lease Agreement

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

Paragraph 5 is omitted and has been struck through. Paragraphs nine (9) through eighteen (18) are added.

9. **Budget and Price Proposals/CONSTRUCTION SCHEDULE:** Pursuant to Paragraph 5.10, of the Solicitation of Offer "Construction Schedule and Acceptance of Tenant Improvements", the Lessor shall have 120 calendar days from receiving the notice to proceed from the Government to complete the build-out of the entire leased premise and have the space available for inspection and acceptance by the Government. All items specified in Lease Agreement and as delineated on the Government Approved Design Intent Drawings shall be provided by the Lessor.

10. **Percentage of Occupancy:** The lease is subject to Real Estate Tax reimbursements as provided for in the Paragraph "Tax Adjustment" of the SFO. For tax adjustments, the percentage of occupancy is established at 100% of the portion of the property consisting of the office buildings and office buildings' parking area. The base year tax statement will be submitted within 60 calendar days after Lessor's payment of taxes to establish the base tax year. If the statement is for multiple parcels or buildings, the value of each property shall be defined.

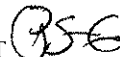
11. **Operating Cost:** In accordance with the SFO paragraph entitled "Operating Costs," the escalation base is established as \$4.25/RSF or \$40,579.00 (9,548 rsf X \$4.25).

12. **Common Area Factor:** In accordance with the SFO paragraph entitled "Common Area Factor," the common area factor is established As 1.1267 (9,548 RSF/8,474 ABOA).

13. **Adjustment for Vacant Premise:** In accordance with the SFO paragraph entitled "Adjustment for Vacant Premises," the adjustment shall be a reduction of \$1.00/ANSI-BOMA Office Area for vacant space.

14. **Overtime HVAC Usage:** In accordance with the SFO Paragraph entitled Overtime Usage, the rate for Overtime Heating and Cooling is established at \$5.00 per hour for the entire Government leased premise. The Lessor shall not charge the Government for Overtime heating and Cooling if the building is open and the Heating and Cooling is operating for all other tenants beyond the Normal Hours stipulated in this agreement. The Overtime Heating and Cooling Usage rate 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 agreement.

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15. **Central Contractor Registration (CCR)/ ACH Form:** Per the Debt Collection Improvement Act, effective July 27, 1996, Electronic Funds Transfer (EFT) (See Exhibit D) shall be required on all existing and new lease/contracts that became effective no later than January 1, 1998. An enrollment form is attached to be completed and returned with this contract.

In accordance with the SFO paragraph entitled "Central Contractor Registration," the Lessor shall register by the time of the full execution of this Lease Agreement.

16. **Commission Credit:** In accordance with Paragraph 2.3 (Broker Commission and Commission Credit), Studley, Inc. ("Studley") is the authorized real estate broker representing GSA in connection with this lease transaction. The Lessor and Studley have agreed to a cooperating lease commission of [redacted] of the firm term value of this lease ("Commission"). The total amount of the Commission is [redacted]. This Commission is earned upon lease execution and payable (i) one-half (1/2) when the Lease is awarded and (ii) one-half (1/2) upon the earlier of Tenant's occupancy of the premises leased pursuant to the Lease or the commencement date of the Lease. Due to the Commission Credit described in Paragraph 2.3, only [redacted] which is [redacted] of the Commission, will be payable to Studley when the Lease is awarded. The remaining [redacted] which is [redacted] of the Commission ("Commission Credit"), shall be credited to the Government as follows:

The Shell Rental portion of the annual rental payments, excluding real estate taxes, (\$96,848.32 / 12 months = \$8,070.69 per month) due and owing shall be reduced to fully recapture this Commission Credit. The reduction in shell rent shall commence with the first full month of the rental payments and continue throughout the third month of the lease term as indicated in the following schedule of adjusted Monthly Rent:

|          |  |
|----------|--|
| Month 1: | \$18,129.12 minus prorated Commission Credit of [redacted] equals [redacted] adjusted First Month's Rent.  |
| Month 2: | \$18,129.12 minus prorated Commission Credit of [redacted] equals [redacted] adjusted Second Month's Rent. |
| Month 3: | \$18,129.12 minus prorated Commission Credit of [redacted] equals [redacted] adjusted Third Month's Rent.  |

17. **Unauthorized Tenant Improvements:** All questions pertaining to this Lease shall be referred, in writing, to the Contracting Officer of the General Services Administration (GSA) or his/her designee. The Government's occupant of the leased premise is not authorized to administer this lease or make commitments to the Lessor that are not followed-up with a written agreement to the Lease. GSA assumes no responsibility for any cost incurred by the Lessor except as provided by the terms of this Lease or any other cost authorized, in writing, by the GSA Contracting Officer. The Lessor will not be reimbursed for any services not provided for in this Lease, including but not limited to; repairs, changes in scope of work, alterations, and overtime services without the written authorization of a Contracting Officer. If Lessor delivers space with Tenant Improvements not authorized, in writing, by the GSA Contracting Officer, then the Lessor shall not be entitled to compensation or payment if the Tenant Improvements remain in place after the Government's acceptance of the space.

18. **Tenant Improvement Allowance:** In accordance with the SFO paragraph entitled Tenant Improvement Rental Adjustment, Tenant Improvements in the total amount of \$243,690.21 (8,474 ANSI/BOMA Office Area x \$28.76) shall be amortized through the rent for 5 years at the rate of 6.00%. The total annual cost of Tenant Improvements for the amortization period shall be \$56,534.57. Annual tenant improvement amortized payments will begin upon completion and acceptance of all tenant improvements to the leased premise.

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

LESSOR

BY

[redacted signature]

Max Shaw  
(printed name)

Authorized Agent  
(title)

IN PRE

[redacted signature]

Kim Simmons  
(printed name)

[redacted signature]

[redacted text]

UNIT

STRATION

BY

[redacted signature]

Lease Contracting Officer

(Official title)