

**U.S. GOVERNMENT
LEASE FOR REAL PROPERTY**

DATE OF LEASE

5/2/14

LEASE NO.

GS-07P-LTX17291

THIS LEASE, made and entered into this date by and between City of McAllen

whose address is **1300 Houston
McAllen, TX 78501**

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:

A total of 98,611 rentable square feet (RSF) of office, canopy, parking and related space, which yields 96,821 ANSI/BOMA Office Area (ABOA) of space located at the McAllen – Hidalgo – Reynosa International Bridge, Hidalgo, TX (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 152 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 fifteen (15) years, with a firm term of ten (10) years, subject to termination as may be hereinafter set forth. The actual lease term calendar dates will be established by a subsequent Lease Amendment (LA).

3. The Government shall pay the Lessor annual rent, payable in monthly installments in arrears, at the following rates

	FIRM TERM YEARS 1-10 ANNUAL RENT	NON FIRM TERM YEARS 11-15 ANNUAL RENT
SHELL RENT ¹	\$1,485,081.66	\$1,485,081.66
OPERATING COSTS ²	\$ 618,290.97	\$618,290.97
HVAC OVERTIME RATE ³	\$ 0	\$ 0
AREAS REQUIRING 24 HOURS HVAC ⁴	\$ 15,615.00	\$ 15,615.00
TOTAL ANNUAL RENT	\$2,118,987.63	\$2,118,987.63

¹Shell rent (Firm and Non Firm Term) calculation: \$15.06 per RSF multiplied by 98,611 RSF at the completion of all Shell Improvements.

²Operating Costs rent calculation: \$6.27 per RSF multiplied by 98,611 RSF

³HVAC Overtime Rate is \$0.00.

⁴Areas Requiring 24 Hours HVAC calculation: \$2.50 per hour for whole facility multiplied by 6, 246

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

City of McAllen
1300 Houston
MCALLEN, TX 78501

4. The Government may terminate this lease in whole or in part effective at any time after the tenth (10th) 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.

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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 depicted on the Housing Plan, Legal Description, and Site Plan, all services, all supplies, utilities, and all maintenance in accordance with SFO 9TX2474 dated ~~December 18, 2013~~ *January 7, 2014 OS-6*

B. Build out in accordance with standards set forth in SFO 9TX2474 dated ~~December 18, 2013~~ *January 7, 2014 OS-6*, and the two (2) scopes of work (SOW) one of which is attached hereto (Shell Improvements) and the generator Scope of Work Specifications will be provided by the Government at the Design Phase which will occur within ten (10) working days after the award of the lease. The Design Intent Drawings (DIDs) for the generator and the Construction Drawings (CDs) created by the Lessor for the Shell Improvements shall incorporate/compliment/coordinate the two (2) SOWs. It is anticipated that all Tenant Improvements/Alterations and Shell Improvements shall be completed in a progressive occupancy as stated in paragraph 17 of this lease.

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.

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

Solicitation for Offers (SFO) 9TX2474 dated ~~December 18, 2013~~ *January 7, 2014 OS-6*

~~GSA Form 3517~~ *OS-6* entitled GENERAL CLAUSES (Rev. [11/05])

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

Exhibit A: Janitorial Standards and Requirements

Exhibit B: Pre-Lease Security Plan

Exhibit C: Legal description

Exhibit D: Small Business Subcontracting Plan

Exhibit E: Site Plan

Exhibit F: Davis-Bacon Wage Determination

Exhibit G: Scope of Work for the Shell Improvements entitled "City of McAllen – Building assessment of GSA Facilities at McAllen-Hidalgo Land Port of Entry" – This scope of work is the complete scope of work for the shell improvements excluding the emergency generator and the installation thereof.

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 sixteen (17) are added.

9. **Budget and Price Proposals/CONSTRUCTION SCHEDULE:** Pursuant to Paragraph 5.12, of the Solicitation of Offer "Construction Schedule and Acceptance of Tenant Improvements", the Lessor shall complete the generator procurement and installation construction as per a subsequent agreed to a schedule to completion after the receipt of the Government Approved Design Intent Drawings for the generator. Government Approved Design Intent Drawings for the generator project shall be provided by the Lessor.

10. **Percentage of Occupancy:** The lease is not subject to Real Estate Taxes. The Government occupies 100%.

11. **Operating Cost:** In accordance with the SFO paragraph entitled "Operating Costs," the escalation base is established as \$6.27/RSF or \$618,290.97 (98,611 rsf X \$6.27).

12. **Common Area Factor:** In accordance with the SFO paragraph entitled "Common Area Factor," the common area factor is established as 1.018 (98,611 RSF/96,821 ABOA).

13. **Adjustment for Vacant Premise:** In accordance with the SFO paragraph entitled "Adjustment for Vacant Premises," the adjustment shall be a reduction of \$2.00/ANSI-BOMA Office Area for vacant space.

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14. **Overtime HVAC Usage:** In accordance with the SFO Paragraph entitled Overtime Usage, the rate for Overtime Heating and Cooling is established at \$0.00 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.
15. **System for Acquisition Management (SAM)/ Central Contractor Registration (CCR):** In accordance with the SFO paragraph entitled "Central Contractor Registration," the Lessor shall update the registration by the time of the full execution of this Lease Agreement.
16. **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.
17. **Progressive Occupancy -** As provided for in the General Clauses, Clause 11 (Progressive Occupancy), the Government shall provide a progressive acceptance to increase the Shell Rent based on the amount of completed Shell Improvements, as described in Exhibit "G" titled "Scope of Work for the Shell Improvements." A Government Construction Representative shall inspect the work underway on July 30, 2014 to assess a percentage of work that is completed and acceptable to the Government. The percentage of completed Shell Improvements shall be determined by a collective effort of the Government's Construction Representative and the Lessor's Construction Project Manager. The following formula shall apply to increase the amount of Shell Rent that shall be paid beginning August 1, 2014:

Example for Illustration purposes:

Factors:

The current Shell Rent paid on Lease GS-07B-11482 (Old Lease) is \$500,524.35. The Rentable Square Feet (RSF) of this lease is 98,611. Therefore, the Shell rent rate is established at \$5.08 per RSF.

For Example:

If it is agreed between the parties that the Lessor completed 50% of the Shell Improvements on July 30th, 2014, then GSA will terminate the old lease, commence rent on this lease and provide the Lessor 50% of the difference between the rental rate the Government is paying on the old lease and the full rate on this lease.

Old Lease Shell Rental = \$5.08 (rounded to cents)

New Lease Shell Rental (all Shell Improvements are complete) = \$15.06

\$15.06 (New Lease Shell Rental) - \$5.08 (Old Lease Shell Rental) = \$9.98 and;

\$9.98 (Total Difference) X 50% (percentage completed) = \$4.99 and;

\$5.08 (Old Lease Shell Rental) plus the \$4.99 (additional rent entitlement) = \$10.07 (partial acceptance new Shell Rent)

Additionally, the full Operating Costs of \$ 618,290.97 AND AREAS REQUIRING 24 HOURS HVAC OF \$15,615.00 WILL COMMENCE ON AUGUST 1, 2014.

On January 31st, 2015 or earlier (if the Lessor notifies the Government that the all the remaining Shell Improvements are complete), the Government and the Lessor shall accomplish another assessment of the percentage of completed Shell Improvements and adjust the Shell Rent using the same formula and procedures as described above.

If subsequent assessments are required, then that date of the assessment shall be established by Lease Amendment and the same procedure and formula shall be utilized.

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

Government: PS-G Lessor: [Signature]

LE [Redacted]

BY [Redacted] McAllen City Manager
Title

Mike R. Perez
(printed name)

IN PR [Redacted]

1300 Houston
(Address)

Juan Olaguibel
(printed name)

McAllen TX 78501
City State Zip

[Redacted] REGISTRATION

Lease Contracting Officer
(Official Use)