

US GOVERNMENT LEASE FOR REAL PROPERTY

DATE OF LEASE

19/22/10

LEASE NO.

GS-10B-07218

BUILDING NO.

WA7561

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

Whose address is 402 E. YAKIMA AVENUE, SUITE 1200
YAKIMA, WASHINGTON 98901-2794

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 13,303 rentable square feet (RSF) of office and related space, which yields 12,651 ANSI/BOMA Office Area square feet (USF) of space at the Tower Building, 402 E. Yakima Avenue, 2nd and 3rd Floors, Yakima, Washington to be used for such purposes as determined by the General Services Administration. In addition, Lessor leases to the Government seven (7) structured and five (5) surface parking spaces at no additional cost to the Government.

2. TO HAVE AND TO HOLD the said premises with their appurtenances for the term beginning upon beneficial occupancy and continuing for seven and one-half (7 ½) years, subject to termination and renewal rights as may be hereinafter set forth.

3. The Government shall pay the Lessor Annual Rent of \$354,791.01 at the rate of \$29,565.92 per month in arrears for years 1 – 7.5.

<u>Rent Period</u> ¹	<u>Shell Rent</u> ²	<u>Operating Rent</u> ³	<u>Annual Rent</u>	<u>Monthly Rent</u>
02/01/11-07/31/18	\$291,867.82	\$62,923.19	\$354,791.01	\$29,565.92

¹ Dates are estimates which maybe adjusted subject to Beneficial Occupancy. The rent for the estimated period of 02/01/11 through 03/31/11 will be adjusted pursuant to Paragraph 15 below.

² Includes Building Specific Security and Real Estate Taxes subject to adjustments in accordance with the SFO paragraph 4.2.

³ Base Operating Rent subject to adjustments in accordance with the SFO paragraph 4.3.

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

THE TOWER LLC
402 E. YAKIMA AVENUE, SUITE 1200
YAKIMA, WASHINGTON 98901-2794

_____ have hereunto subscribed their names as of the date first above written.

By: JEM Development Real Estate, Inc.
General Manager of the Tower LLC
Joseph R. Morner, Sr., President

(Title)

402 E. YAKIMA Ave. Ste. 1200, YAKIMA, WA 98901

(Address)

Contracting Officer, General Services Administration

(Official Title)

4. There are no rights of termination.
5. This lease may be renewed at the option of the Government, for the following terms and at the following rentals:

Rent Period	Shell Rent*	Operating Rent*	Annual Rent*	Monthly Payment*
08/01/18-07/31/23	\$416,117.84	\$62,923.19	\$479,041.03	\$39,920.09
08/01/23-07/31/28	\$548,482.69	\$62,923.19	\$611,405.88	\$50,950.49

*Operating Rent/Real Estate Taxes subject to required adjustments in accordance with the SFO paragraph 4.3.

provided notice be given in writing to the Lessor at least 90 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, and maintenance in accordance with SFO LWA05942 dated April 21, 2009, as amended April 28, 2009 and May 21, 2009.
 - B. Lease term to be effective on date of occupancy, if different from the date identified in Paragraph 2. The Lessor hereby waives restoration.
7. The following are attached and made a part hereof:
 - A. Solicitation for Offers LWA05942 dated April 21, 2009 (pages 1-49), Amendment #1 dated April 28, 2009 (1 page) and Amendment #2 dated May 21, 2009 (1 page)
 - B. Exhibit B List of Exclusions/Changes to SFO dated 8/12/2010 (2 pages)
 - C. GSA Form 3517B entitled GENERAL CLAUSES (Rev 11/05) (pages 1-33)
 - D. GSA Form 3518 entitled REPRESENTATIONS AND CERTIFICATIONS (Rev 1/07) (pages 1-7)
8. In accordance with the SFO paragraph 3.2 and 3.4 entitled *Tenant Improvements Included in Offer* and *Tenant Improvement Rental Adjustment*, tenant improvements in the total amount of \$567,252.45 shall be paid in lump sum. Upon completion, inspection and acceptance of the space, the Government shall reimburse the Lessor in a lump sum payment for Tenant Improvements in the amount of \$567,252.45. Payment shall be made within 30 business days after receipt of an invoice.

The original invoice must be submitted directly to the GSA Finance Office at the following address:

General Services Administration
 FTS and PBS Payment Division (7BCP)
 P.O. Box 17181
 Fort Worth, TX 76102-0181

A copy of the invoice must be provided to the Contracting Officer at the following address:

General Services Administration
 Attn: Michael O'Brien, 10PTA
 400 15th Street SW
 Auburn, WA 98001

A proper invoice must include the following:

- Invoice date
- Name of the Lessor as shown on the Lease
- Lease contract number, building address, and a description, price, and quantity of the items delivered
- GSA PDN #: *TBD and provided to Lessor*

LESSOR

UNITED STATES OF AMERICA

BY _____

(Initial)

BY _____

(Initial)

9. In accordance with the SFO paragraph 4.2 entitled *Tax Adjustment*, the tax base for the Government-occupied space is established at \$11,774.21 and Parcel Nos. 191319-24500, -24501, -24504, -24518, and -24465.
10. In accordance with the SFO paragraph 4.2 B entitled *Percentage of Occupancy*, the percentage of Government occupancy is established as 10.83% (13,303 RSF/122,824 RSF).
11. In accordance with the SFO paragraph 4.3 entitled *Operating Costs Base*, the escalation base is established as \$62,923.19/annum.
12. In accordance with the SFO paragraph 4.1 C entitled *Common Area Factor*, the common area factor is established as 1.05 (13,303 RSF/12,651 USF).
13. In accordance with the SFO paragraph 4.4 entitled *Adjustment for Vacant Premises*, the adjustment is established as \$4.97/USF for vacant space (rental reduction).
14. In accordance with the SFO paragraph 4.6 entitled *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 (8:00 a.m. – 5:00 p.m., Monday through Friday, and except Federal Holidays) and Saturday and Sunday (1:00 p.m. – 5:00 p.m.), at a rate of \$0.00 per hour.
15. 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 \$29,565.92. The monthly shell rent is \$24,322.32. The commission credit is [REDACTED] and is calculated as follows:

Commission (years 1-5):
 Commission (years 6-7.5):
 Total Commission:
 GSA Commission Credit:
 Studley/LaBonde Land, Inc. Commission:

[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>
02/01/11 – 02/28/11	\$29,565.92	\$24,322.32	[REDACTED]	[REDACTED]	[REDACTED]
03/01/11 – 03/31/11	\$29,565.92	\$24,322.32	[REDACTED]	[REDACTED]	[REDACTED]
04/01/11 – 04/30/11	\$29,565.92	\$24,322.32	[REDACTED]	[REDACTED]	[REDACTED]

16. 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 build-out 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.
17. 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.
18. Wherever the words "Offeror", "Lessor" or "successful offeror" appear in this Lease, they shall be deemed to mean "Lessor"; wherever the words "solicitation", "Solicitation for Offers", or "SFO" appear in this Lease, they shall be deemed to mean "this Lease"; where the words "space offered for lease" appear in this Lease, they shall be deemed to mean "Premises".
19. 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.

LESSOR

UNITED STATES OF AMERICA

BY [Signature]
 (Initial)

BY [Signature]
 (Initial)