

LEASE NO. GS-10B-07380

This Lease is made and entered into between

FRIDAY HARBOR CENTER, INC.

(Lessor), whose principal place of business is **124 BLACKBERRY LANE, FRIDAY HARBOR, WA 98250-8220**, and whose interest in the Property described herein is that of Fee Owner, and

The United States of America

(Government), acting by and through the designated representative of the General Services Administration (GSA), upon the terms and conditions set forth herein.

Witnesseth: The parties hereto, for the consideration hereinafter mentioned, covenant and agree as follows:

Lessor hereby leases to the Government the Premises described herein, being all or a portion of the Property located at

100 FIRST STREET, FRIDAY HARBOR, WA 98250-XXXX

and more fully described in Section 1 and **EXHIBIT A**, together with rights to the use of parking and other areas as set forth herein, to be used for such purposes as determined by GSA.

LEASE TERM

To Have and To Hold the said Premises with its appurtenances for the term beginning upon acceptance of the Premises as required by this Lease and continuing for a period of

TEN (10) YEAR INITIAL LEASE TERM WITH ONE (1) [REDACTED] OPTION AFTER THE EXPIRATION OF THE INITIAL LEASE TERM

subject to termination and renewal rights as may be hereinafter set forth. The commencement date of this Lease, along with any applicable termination and renewal rights, shall be more specifically set forth in a Lease Amendment upon substantial completion and acceptance of the Space by the Government.

In Witness Whereof, the parties to this Lease evidence their agreement to all terms and conditions set forth herein by their signatures below, to be effective as of the date of delivery of the fully executed Lease to the Lessor.

[REDACTED SIGNATURE]

NAME: GORDON T. PETERSEN
TITLE: PRESIDENT
ENTITY NAME: FRIDAY HARBOR CENTER, INC
DATE: _____

FOR THE GOVERNMENT
[REDACTED SIGNATURE]

NAME: TERRIA HEINLEIN
TITLE: LEASE CONTRACTING OFFICER
ENTITY NAME: GENERAL SERVICES ADMINISTRATION
DATE: 8/29/13

[REDACTED SIGNATURE]

TITLE: Partner
DATE: 8/21/13

The information collection requirements contained in this Solicitation/Contract, that are not required by the regulation, have been approved by the Office of Management and Budget pursuant to the Paperwork Reduction Act and assigned the OMB Control No. 3090-0163.

SECTION 1 THE PREMISES, RENT, AND OTHER TERMS

1.01 THE PREMISES (JUN 2012)

The Premises are described as follows:

- A. Office and Related Space: **5,084** rentable square feet (RSF), yielding **4,576** ANSI/BOMA Office Area (ABOA) square feet (SF) of office and related Space located on the **first (1st)** floor, of the Building, as depicted on the floor plan(s) attached hereto as **EXHIBIT B**.
- B. Common Area Factor: The Common Area Factor (CAF) is established as **1.111014%** percent. This factor, which represents the conversion from ABOA to rentable square feet, rounded to the nearest whole percentage, shall be used for purposes of rental adjustments in accordance with the Payment Clause of the General Clauses.

1.02 EXPRESS APPURTENANT RIGHTS (JUN 2012)

The Government shall have the non-exclusive right to the use of Appurtenant Areas, and shall have the right to post Rules and Regulations Governing Conduct on Federal Property, Title 41, CFR, Part 102-74, Subpart C within such areas. The Government will coordinate with Lessor to ensure signage is consistent with Lessor's standards. Appurtenant to the Premises and included in the Lease are rights to use the following:

- A. Parking: **Six (6)** parking spaces as depicted on the plan attached hereto as **EXHIBIT B**, reserved for the exclusive use of the Government, of which **six (6)** shall be structured/inside parking spaces, and **0** shall be surface/outside parking spaces. In addition, the Lessor shall provide such additional parking spaces as required by the applicable code of the local government entity having jurisdiction over the Property.
- B. Antennas, Satellite Dishes, and Related Transmission Devices: Space located on the roof of the Building sufficient in size for the installation and placement of the telecommunications equipment as such may be described herein, together with the right to access the roof and use of, all Building areas (e.g., chases, plenums) necessary for the use, operation and maintenance of such equipment at all times during the term of this Lease.

1.03 RENT AND OTHER CONSIDERATION (JUN 2012)

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

For years one (1) through ten (10) and annual rent of \$212,409.52 at a rate of \$17,700.79 per month.

	Initial Term Annual Rent*
Tenant Improvements Rent	\$32,385.08
Building Specific Security	\$355.88
Shell Rent	\$124,202.12
Operating Costs	\$55,466.44
Parking ¹	\$0.00
Total Annual Rent	\$212,409.52

*Rates may be rounded.

- B. Rent is subject to adjustment based upon a mutual on-site measurement of the Space upon acceptance, not to exceed **4,576** ABOA SF based upon the methodology outlined under the "Payment" clause of GSA Form 3517B.
- C. Rent is subject to adjustment based upon the final Tenant Improvement (TI) cost to be amortized in the rental rate, as agreed upon by the parties subsequent to the Lease Award Date.
- D. If the Government occupies the Premises for less than a full calendar month, then rent shall be prorated based on the actual number of days of occupancy for that month.
- E. Rent shall be paid to Lessor by electronic funds transfer in accordance with the provisions of the General Clauses. Rent shall be payable to the Payee designated in the Lessor's Central Contractor Registration (CCR). If the payee is different from the Lessor, both payee and Lessor must be registered in CCR.
- F. Lessor shall provide to the Government, in exchange for the payment of rental and other specified consideration, the following:
 - 1. The leasehold interest in the Property described in "the paragraph entitled "The Premises";
 - 2. All costs, expenses and fees to perform the work required for acceptance of the Premises in accordance with this Lease, including all costs for labor, materials, and equipment, professional fees, contractor fees, attorney fees, permit fees, inspection fees, and similar such fees, and all related expenses;
 - 3. Performance or satisfaction of all other obligations set forth in this Lease; and all services, utilities, and maintenance required for the proper operation of the Property, the Building, and the Premises in accordance with the terms of the Lease, including, but not limited to, all inspections, modifications, repairs, replacements, and improvements required to be made thereto to meet the requirements of this Lease.
- G. INTENTIONALLY DELETED

LESSOR: CP GOVERNMENT: JH

1.04 BROKER COMMISSION AND COMMISSION CREDIT (JUN 2012)

A. **CBRE, INC.** ("Broker") is the authorized real estate Broker representing GSA in connection with this Lease transaction. The total amount of the Commission is [REDACTED] and is earned upon Lease execution, payable according to the commission agreement signed between the two parties. Only [REDACTED] of the Commission, will be payable to **CBRE, INC.** with the remaining [REDACTED] which is the Commission Credit, to be credited to the shell rental portion of the annual rental payments due and owing to fully recapture this Commission Credit. The reduction in shell rent shall commence with the first month of the rental payments and continue until the credit has been fully recaptured in equal monthly installments over the shortest time practicable.

B. Notwithstanding the "Rent and Other Consideration" paragraph of this Lease, the shell rental payments due and owing under this Lease shall be reduced to recapture fully this Commission Credit. The reduction in shell rent shall commence with the first month of the rental payments and continue as indicated in this schedule for adjusted Monthly Rent:

First full months' Rental Payment \$17,700.79 minus prorated Commission Credit of [REDACTED] equals [REDACTED] adjusted first full Month's Rent.*

* Subject to change based on adjustments outlined under the paragraph "Rent and Other Consideration".

1.05 TERMINATION RIGHTS (AUG 2011)

INTENTIONALLY DELETED

1.06 RENEWAL RIGHTS (AUG 2011)

This Lease may be renewed at the option of the Government for a term of [REDACTED] term at the following rental rate(s):

	OPTION TERM, YEARS [REDACTED]	
	ANNUAL RENT	ANNUAL RATE / RSF
SHELL RENTAL RATE:	[REDACTED]	[REDACTED]
OPERATING COSTS:	OPERATING COST BASIS SHALL CONTINUE FROM YEAR [REDACTED] OF EXISTING LEASE TERM. OPTION TERM IS SUBJECT TO CONTINUING ANNUAL ADJUSTMENTS.	

provided notice is given to the Lessor at least **one-hundred twenty (120)** days before the end of the original Lease term, all other terms and conditions of this Lease, as same may have been amended, shall remain in force and effect during any renewal term.

1.07 DOCUMENTS INCORPORATED IN THE LEASE (JUN 2012)

The following documents are attached to and made part of the Lease:

DOCUMENT NAME	NO. OF PAGES	EXHIBIT
Legal Description of the Premises	1	A
Floor Plan(s)/ Site Plans, Parking Plan(s)/ Parking Narrative	2	B
Security Requirements for ISC Level II	4	C
GSA Form 3517B, General Clauses	50	D
GSA Form 3518, Representations and Certifications	10	E

1.08 TENANT IMPROVEMENTS AND PRICING (STREAMLINED) (SEPT 2011)

The Tenant Improvement Allowance (TIA) for purposes of this Lease is **\$48.609600** per ABOA SF. The TIA is the amount that the Lessor shall make available for the Government to be used for the TIs. This amount is amortized in the rent over the Firm Term of this Lease at an annual interest rate of **8.0%** (percent).

The Government shall have the right to make lump sum payments for any or all TI work.

1.09 TENANT IMPROVEMENT RENTAL ADJUSTMENT (AUG 2011)

A. The Government, at its sole discretion, shall make all decisions as to the use of the TIA. The Government may use all or part of the TIA. The Government may return to the Lessor any unused portion of the TIA in exchange for a decrease in rent according to the agreed-upon amortization rate over the Firm Term.

B. The Government may elect to make lump sum payments for any or all work covered by the TIA. That part of the TIA amortized in the rent shall be reduced accordingly. At any time after occupancy and during the Firm Term of the Lease, the Government, at its sole discretion, may elect to pay lump sum for any part or all of the remaining unpaid amortized balance of the TIA. If the Government elects to make a lump sum payment for the TIA after occupancy, the payment of the TIA by the Government will result in a decrease in the rent according to the amortization rate over the Firm Term of the Lease.

C. If it is anticipated that the Government will spend more than the allowance identified above, the Government shall have the right to either:

1. Reduce the TI requirements;
2. Pay lump sum for the overage upon substantial completion in accordance with the "Acceptance of Space and Certificate of Occupancy" paragraph;

3. Negotiate an increase in the rent.

1.10 TENANT IMPROVEMENT FEE SCHEDULE (JUN 2012)

For pricing TI costs, the following rates shall apply for the initial build-out of the Space:

	INITIAL BUILD-OUT
ARCHITECT/ENGINEER FEES (\$ PER ABOA SF OR % OF TI CONSTRUCTION COSTS):	0.0%
LESSOR'S PROJECT MANAGEMENT FEE (% OF TI CONSTRUCTION COSTS):	0.0%

1.11 PERCENTAGE OF OCCUPANCY FOR TAX ADJUSTMENT (JUN 2012)

As of the Lease Award Date, the Government's Percentage of Occupancy, as defined in the "Real Estate Tax Adjustment" paragraph of this Lease is 23.7260% (percent). The Percentage of Occupancy is derived by dividing the total Government Space of 5,084 RSF by the total Building space of 21,428 RSF.

1.12 REAL ESTATE TAX BASE (JUN 2012)

The Real Estate Tax Base, as defined in the "Real Estate Tax Adjustment" paragraph of the Lease is \$29,730.16.

1.13 OPERATING COST BASE (AUG 2011)

The parties agree that for the purpose of applying the paragraph titled "Operating Costs Adjustment" that the Lessor's base rate for operating costs shall be \$55,466.44/annum.

1.14 RATE FOR ADJUSTMENT FOR VACANT LEASED PREMISES (JUN 2012)

In accordance with the paragraph entitled "Adjustment for Vacant Premises," if the Government fails to occupy or vacates the entire or any portion of the leased Premises prior to expiration of the term of the Lease, the operating costs paid by the Government as part of the rent shall be reduced by \$1.50 per ABOA SF of Space vacated by the Government.

1.15 HOURLY OVERTIME HVAC RATES (AUG 2011)

The following rates shall apply in the application of the paragraph titled "Overtime HVAC Usage:"

- \$3.40 per hour for the entire Space.

1.16 24-HOUR HVAC REQUIREMENT (APR 2011)

The hourly overtime HVAC rate specified above shall not apply to any portion of the Premises that is required to have heating and cooling 24 hours per day. If 24-hour HVAC is required by the Government for any designated rooms or areas of the Premises, such services shall be provided by the Lessor at an annual rate of \$2.77 per ABOA SF of the area receiving the 24-hour HVAC. Notwithstanding the foregoing, Lessor shall provide this service at no additional cost to the Government if the Lessor provides this service to other tenants in the Building at no additional charge.

1.17 BUILDING IMPROVEMENTS (JUN 2012)

The Lessor shall complete the following additional Building improvements prior to acceptance of the Space:

- A. The Lessor will assume a portion of an adjacent space and perform the necessary work to meet the square footage requirements of the Lease.
- B. The Lessor shall provide and install as part of the shell rent an ADA/ABAAS compliant lift, as approved by the Lease Contracting Office, to the mezzanine level of the offered space.
- C. The Lessor shall provide and install as part of the BSAC allowance a [REDACTED] in accordance with the security requirements of the Lease.
- D. The Lessor agrees to obtain the Energy Star Rating for this building. In addition, the Lessor has agreed to install the following cost-effective energy upgrades: Solar reflective window film, low-flow faucets and low-flow toilets.

1.18 INTENTIONALLY DELETED