

U.S. GOVERNMENT
LEASE FOR REAL PROPERTY

DATE OF LEASE

7/21/09

LEASE NO.

GS-03B-09397

THIS LEASE, made and entered into this date by and between Delmarva Contracting, Inc. ~~and the Government~~ *sch*

whose address is PO Box 10395
Alexandria, VA 22310

and whose interest in the property hereinafter described is that of

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:

46,524 rentable square feet yielding 40,456 ANSI/BOMA office area square feet of office and an additional approximately 3,676 rentable square feet (yielding approximately 3,125 ANSI/BOMA Office Area square feet) of free space (for which the Government will not be charged rent, including real estate taxes and operating cost escalations) in excess of the total 46,524 rentable/40,456 ANSI/BOMA office area square footage indicated above, for a total of approximately 50,200 rentable square feet, (yielding approximately 43,581 ANSI/BOMA Office Area square feet and related space with two hundred forty five (245) secured parking spaces under lease, at 2525 Celebrate Virginia Parkway, Fredericksburg, VA, 22406, to be used for such purposes as may be determined by the General Services Administration.

2. TO HAVE AND TO HOLD the said premises with their appurtenances for the term beginning SEE LEASE RIDER PARAGRAPH 14 to SEE LEASE RIDER PARAGRAPH 14, subject to termination and renewal rights as may be hereinafter set forth.

3. The Government shall pay the Lessor annual rent of SEE LEASE RIDER PARAGRAPH 12 at the rate of SEE LEASE RIDER PARAGRAPH 12 per month in arrears. Rent for a lesser period shall be prorated. Payment shall be made electronically and shall be payable to:

Delmarva Contracting, Inc.
PO Box 10395
Alexandria, VA 22310

4. The Government may terminate this lease in whole or in part at any time after the tenth (10) full year of occupancy by giving at least 90 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.

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

One (5) year renewal option at a shell rate of \$22.33 plus accrued operating cost escalations in accordance with lease rider paragraph 12.

provided notice be given in writing to the Lessor at least 180 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.

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6. The Lessor shall furnish to the Government, as part of the rental consideration, the following:

A) All services, utilities, repairs, alterations, maintenance, as well as any other rights and privileges stipulated by this lease and its attachments are included as a component of the rental considerations as set forth in paragraph 3 above.

B) The project team consists of the following members:

- a. Timothy S. Tedrick (Delmarva Contracting)
- b. Jack Boyle (Delmarva Contracting)
- c. Brad Witko (Sorg Architects)
- d. Suman Sorg (Sorg Architects)
- e. Rachel Chung (Sorg Architects)
- f. Shawn Ruchl (Allen & Shariff)
- g. Michael J. O'Boyle (Allen & Shariff)
- h. William H. Allen (Allen & Shariff)

C) This lease contains 201 pages.

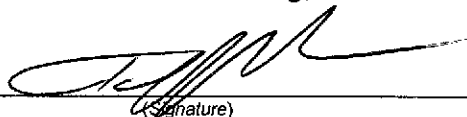
7. The following are attached and made a part hereof:

- A) Rider to Lease GS-03B- being paragraphs 8 through 21
- B) Solicitation for Offers 9VA2009
- C) Solicitation Amendments 1 - 2
- D) General Clauses (GSA form 3517)
- E) Representations and Certifications (GSA form 3518)
- F) Letter from Tim Tedrick dated 4/23/09
- G) Landscaping Site Plan dated 4/21/09
- H) Elevation Plan dated 4/22/09
- I) Sorg Architects Exterior and Interior Narrative dated 04/23/09
- J) Finish Board dated 04/22/09
- K) Example/Picture of fence to be provided by the Lessor dated 04/23/09
- L) Schematic Narrative dated 04/23/09
- M) Letter from Tim Tedrick dated 06/30/09
- N) Floor Plan dated 06/30/09

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

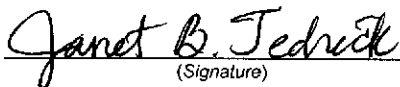
LESSOR Delmarva Contracting, Inc.

BY


(Signature)

(Signature)

IN PRESENCE OF:

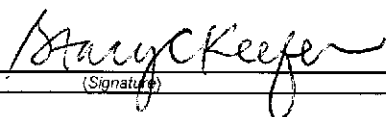

(Signature)

(Address)

UNITED STATES OF AMERICA

GENERAL SERVICES ADMINISTRATION, PBS

BY


(Signature)

Contracting Officer

(Official title)

8. 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.

9. The total percentage of space occupied by the Government under the terms of the lease is equal to 100% percent 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.

10. For purposes of determining the base rate for future adjustments to the operating cost, the Government agrees that the base rate is \$4.74 per ANSI/BOMA Office Area (ABOA) square foot. 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 costs to require a certified audit report. The basis for annual operating costs escalations will be the revised U.S. All Cities Average Consumer Price Index for Wage Earners and Clerical Workers.

11. 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 anytime 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.

12. 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 ninety (90) working 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.

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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 fifteen (15) consecutive calendar years. The commencement date shall be more particularly set forth by a Supplemental Lease Agreement.

Upon 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:

Years 1 through 10:

Shell Rent: \$847,553.20 per year or \$20.95 per ANSI/BOMA Office Area Square Foot (ABOA),

Amortized annual cost per ABOA for Tenant Improvement

Allowance*: \$1,658,696.00 per year or approximately \$4.56 per ANSI/BOMA Office Area Square Foot (ABOA)

In accordance with lease negotiations, the Tenant Improvement rate stated above reflects an interest rate of 7.5% over a 180 month period, which exceeds the firm term of the lease. (See Paragraph 14 of Lease Rider below). The Lessor shall provide the Tenant Improvements to the Government for years 11 - 15 free of charge.

Interest rate at which Tenant Alterations are amortized: 7.5%

Annual Cost of Services: \$191,761.44 per year or \$4.74 per ANSI/BOMA Office Area Square Foot (ABOA), plus accrued escalations per SFO Paragraph 4.3, "Operating Costs"

Years 11 through 15:

Shell Rent \$847,553.20 per year or \$20.95 per ANSI/BOMA Office Area Square Foot (ABOA),

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Annual Cost of Services: \$191,761.44 per year or \$4.74 per ANSI/BOMA Office Area Square Foot (ABOA), 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 \$1,658,696.00 or \$41.00 per ANSI/BOMA Office Area Square Foot, which is included in the rent, using the 7.5% amortization rate over the term of 15 years. The Government, at its election, may pay lump sum for Tenant Improvements. If this occurs, the rent shall be reduced proportionately using the 7.5% amortization rate. As previously stated, the Lessor has amortized the cost of the Tenant Improvements over 15 years, but is only charging the Government for 10 years worth of Tenant Improvements. The remaining 5 years are provided at no cost to the Government.**

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.

In accordance with the lease negotiations, the lessor has offered free shell rent to the Government for the first six(6) months of the lease. Therefore, the Lessor shall be paid only operating costs and tenant improvement costs for the first six(6) months of the lease.

All rights, responsibilities, and obligations that bind the Lessor and Government under this lease agreement, including the General Clauses, and any other attachments hereto, shall pertain to the entire space under lease, including the free space.

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

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14. In accordance with SFO Paragraph 3.4, "GSA Forms and Pricing Information" and SFO Paragraph 3.2, "Tenant Improvements Included In Offer" of the Lease, the overhead and profit charged by the Lessor for Tenant Improvements requested by the Government is 10% of Total Construction costs.

15. In accordance with SFO Paragraph 4.6 "Overtime Usage", of the lease, the additional cost to the Government for overtime use of Government leased space is \$20.00 per hour.

16. For areas requiring 24 Hour HVAC, the rate will be \$2.00 per ten (10) ABOA square feet. THE COST TO PROVIDE 24-HOUR HVAC SERVICE IS REIMBURSED SEPARATELY FROM RENT.

17. In accordance with SFO Paragraph 4.4, "Adjustment for Vacant Premises", of the lease, if the Government fails to occupy any portion of the lease 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 \$2.00 per ANSI/BOMA Office Area square foot.

18. 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.

19. The total space in the building is approximately 50,200 RSF. The Lessor is charging the government for approximately 46,524 RSF and is providing the remainder of the space in the building (approximately 3, 676 RSF) to the Government FREE of charge. Upon acceptance of the leased premises by the Government, actual square footages will be established per paragraph 12 of the lease rider. However the Government will not pay for more than the 40,456 ABOA offered under this lease. The Government shall use the approximately 3,676 RSF of free space and shall not pay any rent for it (Shell, Operating, or Tenant Improvements) for the entire term of the lease.

20. Definitions:


A. Where the word "Offeror" appears it shall be considered "Lessor"

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Government



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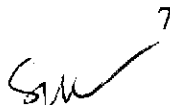
B. Where the word "should" appears it shall be considered to be "shall"

C. Where the word(s) "Solicitation" or "Solicitation for Offers" appears it shall be considered to be "Lease"

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