

U.S. GOVERNMENT LEASE FOR REAL PROPERTY

DATE OF LEASE

LEASE NO.

LIL18498

THIS LEASE, made and entered into this date by and between: **Fridh Corporation**

whose address is **1111 S. Alpine Road, Suite 401
Rockford, IL 61108**

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. A total of approximately 1,225 rentable square feet (RSF), consisting of a minimum of 1,013 ANSI/BOMA Office Area square feet (USF) of space located on the lower level of 308 W. State Street, Rockford, IL 61101-1019 as indicated on the attached Floor Plan, to be used for such purposes as determined by the General Services Administration.
 - B. In accordance with the SFO paragraph entitled Common Area Factor, according to Form 1364-Proposal to Lease Space, the common area factor is 1.21.
 - C. In accordance with the SFO paragraph entitled Percentage of Occupancy, the percentage of Government occupancy is established as 1.4062%.
2. TO HAVE AND TO HOLD the said premises with their appurtenances for a term of ten (10) years, five (5) years firm, beginning upon the substantial completion of the space, and acceptance by the Government as satisfactorily complete which is estimated to be May 1, 2011. The commencement date of this lease, along with any applicable termination and renewal rights, shall more specifically be set forth in a Supplemental Lease Agreement upon substantial completion and acceptance of the space by the Government.
3. The Government shall pay the Lessor annual rent of \$29,424.50 at the rate of \$2,452.04 per month in arrears during Years 1-5. Years 6-10: the annual rent shall decrease to \$21,952.00. Accumulated operating cost adjustments will be included in the stated per annum rates at the time they become effective. Rent for a lesser period shall be prorated. Rent checks shall be made payable to:
Fridh Corporation
1111 S. Alpine Road, Suite 401
Rockford, IL 61108
4. The Government may terminate this lease at any time after the firm term by giving at least 180 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:~~

~~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.~~

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

All services, utilities (with the exception of electricity for lights and outlets within the Government's demised area), parking, maintenance of the building, and the replacement of the current space's carpet, paint, and chair-rails. Also, as part of the rental consideration, the Lessor shall meet all responsibilities and obligations as defined in this lease.



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

- A. Attachment to Standard Form 2 consisting of 3 pages;
- B. Solicitation for Offers GS-05B-18498 dated 05/12/2010, consisting of 56 pages;
- C. Special Requirements, consisting of 2 pages;
- D. GSA Form 3517B entitled GENERAL CLAUSES (Rev. 11/05), consisting 33 pages;
- E. GSA Form 3518A entitled REPRESENTATIONS AND CERTIFICATIONS (Rev. 01/07), consisting of 4 pages;
- F. Block plan of leased space, consisting of 3 pages;
- G. Form B, Document Security Form, consisting of 2 pages;

8. The following changes were made in this lease prior to its execution:
PARAGRAPH 5 ABOVE WAS DELETED.

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

LESSOR

SIGNATURE 	NAME OF SIGNER JEFF HOLT
ADDRESS 1711 S. Alpine Rd. Ste. 401 Rockford IL 61108	
IN THE PRESENCE OF (SIGNATURE) 	NAME OF SIGNER Mr. Jeff Holt

UNITED STATES OF AMERICA

SIGNATURE 	NAME OF SIGNER Paul Rodriguez
	OFFICIAL TITLE OF SIGNER CONTRACTING OFFICER

9. The date of this lease is the date this contract was formed as a result of the Government's acceptance of the Lessor's final proposal revision dated October 4, 2010, submitted by the Lessor under Solicitation for Offers GS-05B-18498. This lease reflects the terms and conditions of the accepted final proposal revision.
10. In accordance with the lease paragraph entitled, Tenant Improvement Rental Adjustment, the Lessor agrees to provide up to \$44,622.65 (\$44.05 per u.s.f. x 1,013 u.s.f.) toward the cost of Tenant Improvements. The costs of the Tenant Improvements are amortized at 0% over 60 months which equates to \$7.29 per r.s.f. The amortized cost of these improvements is included in the stated rent in Paragraph 3 above.
- Fees applicable to Tenant Improvements shall not exceed:
- General Conditions five (5) percent of subcontractors cost
 - General Contractor ten (10) percent of subcontractors cost
 - Architectural/Engineering \$2.00 per usable square foot
 - Lessor Project Management Fees zero (0) percent of subcontractors cost
11. In accordance with the lease paragraph entitled, Operating Costs Base, the base is established as \$5,916.75 per annum based on the Government's occupied space 1,225 RSF on the fourth floor. If necessary, the lease shall be amended by supplemental lease agreement after the actual field measurement to establish the square footage and rental in compliance with the terms of the lease.
12. In accordance with the lease paragraph entitled, Adjustment for Vacant Premises, the adjustment is established as \$1.45 per USF for vacant space.
13. The total net usable square foot area referred to in Paragraph 1 of this lease is subject to adjustment but may not exceed the maximum limitation, nor the minimum usable square foot requirement defined in the Solicitation for Offers. Should there be any adjustment in the square footage delivered, which will be determined through mutual field measurement, the per annum rental referred to above shall be adjusted on the basis of \$1.45 per usable square foot per annum. If necessary, the lease shall be amended by supplemental lease agreement after the actual field measurement to establish the square footage and rental in compliance with the terms of the lease. Should the leased space not offer the minimum usable square footage required, this lease may be declared null and void by the Government, with no further obligation on the part of either party.
14. Stewart Square, 308 W. State Street, is owned by Fridh Corporation, with Jeff Holt, Property Manager, having signatory authority.
15. Information regarding Electronic Funds Transfer Payment Methods is provided in Paragraph 24, 552.232 -76, General Clauses, Form 3517B. Per the Debt Collection Improvement Act, effective July 27, 1996, Electronic Funds Transfer (EFT) shall be required on all existing and new lease contracts after January 1, 1998. An enrollment form is attached to be completed and returned with this contract.
16. The Lessor is a small business, not a woman-owned business or a veteran-owned business concern. The Tax Identification Number is [REDACTED]. Its DUNS number is 053424503.
18. The Lessor shall complete the Central Contractor Registration (CCR) as referenced in Paragraph 11 of the Representations and Certifications, Form 3518, as a requirement for payment of rent by the Government

INITIALS:  & 
LESSOR GOVT

19. Novation and Change of Name (AUG 2008)

A. In the event of a transfer of ownership of the lease premises, an assignment of lease or a change in the Lessor's legal name, the Lessor must comply with the requirements of Subpart 42.12 of the Federal Acquisition Regulations (FAR).

B. The Government and the Lessor may execute a Change of Name Agreement where only a change of the Lessor's name is involved and the Government's and the Lessor's rights and obligations remain unaffected. A sample form is found at FAR 42.1205

C. The Government, the Lessor and the successor in interest may execute a Novation Agreement when the Lessor's rights or obligations under the lease are legally transferred.

D. In addition to all documents required by Far 42.1204, the Contracting Officer may request additional information (i.e., copy of the deed, bill of sale, certificate of merger, contract, court decree, articles of incorporation, operation agreement, partnership certificate of good standing, etc.) from the transferor or transferee to validate the proposed changes.

E. The transferee must submit a new GSA Form 3518, Representations and Certifications.

F. Any separate agreement between the transferor and transferee regarding the assumption of liabilities shall be referenced specifically in the Novation Agreement.

G. When it is in the best interest of the Government not to concur in the transfer of a contract from one entity to another, the original contractor remains under contractual obligation to the Government. The applicability of novation agreements is detailed at FAR 42.1204.

H. When executed on behalf of the Government, a Novation Agreement will be made part of the lease via Supplemental Lease Agreement.

I. In the event of a change in ownership, rent will continue to be paid to the prior Lessor until the Supplemental Lease Agreement is executed by the Government. New Lessors must comply with all provisions of this Lease, including but not limited to, Central Contractor Registration and the provision of all information required by the Contracting Officer.

J. Notwithstanding anything to the contrary in this Lease, the Government has no obligation to recognize a change of ownership or interest until (1) the payment of rent has commenced; and (2) any amounts due and owing to the Government hereunder have been paid in full or completely set off against this Lease.

20. 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 Lessor and the Government 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 Government.
21. The Lessor shall not construct, change, alter, remove or add to the leased premises without prior notification and approval from the General Services Administration (GSA). All questions pertaining to this lease should be referred to the Contracting Officer of the General Services Administration or his/her designee. The Government occupant is not authorized to administer this lease. The General Services Administration assumes no responsibility for any cost incurred by the Lessor except as provided by the terms of the lease or authorized in writing by the GSA Contracting Officer
22. The Contracting Officer represents the General Services Administration as an agent with authority to enter into this lease on behalf of the Government and executes this document in his official capacity only not as an individual.

24. Lessor shall perform alterations to the space according to approved layout drawings. The Lessor will complete alterations within 60 working days after receiving the Notice to Proceed from the Government. (Please refer to Form B, document Security Form, for procedures that must be followed in reference to Government drawings). Occupancy may occur earlier if the space is completed, the Lessor has an occupancy permit, and the Government has inspected and accepted the space and it is free of safety hazards.
25. Also in accordance with Paragraph 3.6, the Government's percentage of occupancy is 1.4062%.based upon occupancy of 1,225 rentable square feet in a building of 87,115 square feet.
26. The Lessor and Government Broker Representative have agreed to a cooperating lease commission of [REDACTED] of the scheduled total annual rent per year for the initial term of the lease, or [REDACTED]. The Lessor shall pay the Broker no additional commissions associated with this lease transaction. In accordance with the "Broker Commission and Commission Credit" paragraph, the Broker has agreed to forego [REDACTED] of the commission that it is entitled to receive in connection with this lease transaction ("Commission Credit"). The Commission Credit is [REDACTED]. The Commission paid to the Broker is [REDACTED]. The Lessor agrees to pay the Commission less the Commission Credit to the Broker in accordance with the "Broker Commission and Commission Credit" paragraph in the SFO attached to and forming a part of this Lease.

Notwithstanding Paragraph 3 of this Standard Form 2, the shell rental payments due and owing under this Lease shall be reduced to fully recapture this Commission Credit. The reduction in shell rent shall commence with the first month of the rental payments and will continue until the commission credit has been accounted for.

The monthly rent adjusted for the commission credit is as follows:

Rent Period	Scheduled Total Monthly Rent	Scheduled Monthly Shell Rent	Commission Credit	Commission Credit Remaining	Adjusted Monthly Rent Payment
Month 1	\$2,452.04	\$1,214.79	[REDACTED]	[REDACTED]	[REDACTED]
Month 2	\$2,452.04	\$1,214.79	[REDACTED]	[REDACTED]	[REDACTED]
Month 3	\$2,452.04	\$1,214.79	[REDACTED]	[REDACTED]	[REDACTED]
Month 4 - 120	\$2,452.04	\$1,214.79	\$0.00	\$0.00	\$2,452.04