

U.S. GOVERNMENT LEASE FOR REAL PROPERTY

DATE OF LEASE

December 16, 2010

LEASE NO.

GS-05B-17968

THIS LEASE, made and entered into this date by and between **FEDERAL BUILDING, LLC**

whose address is 121 E. Front Street
Traverse City, MI 49684-2571

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:

4,048 rentable square feet, which yields 3,544 ANSI/BOMA Office Area square feet (USF) of office space on the Second (2nd) floor of the building located at **Federal Building, 225 North High Street, Muncie, IN 47305-1648** to be used for such purposes as determined by the General Services Administration.

2. TO HAVE AND TO HOLD the said premises with their appurtenances for the term for ten (10) years, with a firm term of seven (7) years, subject to termination and renewal rights as may be hereinafter set forth.

3. The Government shall pay the Lessor annual rent of \$97,880.64 (\$24.18/RSF - \$27.61/USF) at the rate of \$8,156.72 per month, in arrears, for seven (7) years, and consists of: shell rent (including taxes); \$59,708 (\$14.75/RSF or \$16.84/USF), operating expenses; \$19,632.80 (\$4.85/RSF or \$5.53/USF) and \$18,559.81 (\$4.58/RSF or \$5.24/USF) in amortized Tenant Improvements over 84 months at a rate of 8.00%. Rent for a lesser period shall be prorated. The shell rent rate for the full term (years 8-10), not including real estate tax escalations, will remain the same.

Rent Period	Scheduled Annual Rent	Scheduled Monthly Rent
Years 1-7	\$97,880.64	\$8,156.72
Years 8-10	\$79,340.80	\$6,611.73

Rent shall be adjusted in accordance with the provisions of the Solicitation for Offers and General Clauses. Rent for a lesser period shall be prorated. Rent checks shall be made payable to:

FEDERAL BUILDING, LLC
121 E. Front Street
Traverse City, MI 49684-2571

4. The Government may terminate this lease at any time after seven (7) years, by giving ninety (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.

LESSOR

SIGNATURE **FEDERAL BUILDING, LLC**

[Signature]

NAME OF SIGNER

Frank B. Petty

ADDRESS

121 E. Front St. Traverse City MI 49684
Suite 304

IN THE PRESENCE OF (SIGNATURE)

NAME OF SIGNER

UNITED STATES OF AMERICA

SIGNATURE

Malinda Pennington

NAME OF SIGNER

Malinda Pennington

OFFICIAL TITLE OF SIGNER

LEASING CONTRACT OFFICER

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STANDARD FORM 2 (REV. 12/2006)
Prescribed by GSA - FPMR (41 CFR) 1-16.60

5. The Lessor shall furnish to the Government, as part to the rental consideration, the following:
 - A. Those facilities, services, supplies, utilities, and maintenance in accordance with SFO #GS-05B-17968, dated April 29, 2010.
 - B. Build out in accordance with standards set forth in SFO #GS-05B-17968, dated April 29, 2010, and the Government's design intent drawings. The Government's design intent drawings shall be developed subsequent to award.
 - C. Deviations to the Government's design intent drawings will not be permitted unless prior written authorization is obtained from the GSA Contracting Officer.

6. The following are attached and made a part hereof:
 - A. Solicitation for Offers (SFO) No. GS-05B-17968, dated April 29, 2010
 - B. GSA Form 3517B entitled GENERAL CLAUSES (Rev. 06/08)
 - C. GSA Form 3518 entitled REPRESENTATIONS AND CERTIFICATIONS (Rev. 1/07)
 - D. U.S. Government Standard Form 2 (SF-2) – 1 page
 - E. U.S. Government SF-2 Attachment A (Paragraphs 5-29) – 3 pages
 - F. GSA Form 3516 entitled SOLICITATION PROVISIONS – (6 pages)
 - G. GSA Form 1364A – (2 pages)
 - H. GSA Form 1364 – Attachment #1 - (Rate Structure Worksheet) – (1 page)
 - I. GSA Form 1217 Lessor's Annual Cost Statement (2 pages)
 - J. Amendments Nos. 1, 2 and 3 to lease GS-05B-17968

7. Rent includes a Tenant Improvement Allowance of \$28.00 per usable square foot, or \$99,232.00, to be amortized through the rent over the firm term of the Lease (84 months) at the rate of 8.00%. The total annual costs of the Tenant Improvements is amortized at \$18,559.81 (\$4.58/RSF or \$5.24/USF) per annum in accordance with SFO paragraph 3.3, *Tenant Improvements Rental Adjustment*, the actual cost of Tenant Improvements shall be reconciled and rent adjusted accordingly.

Fees applicable to Tenant Improvements shall not exceed:

 - General Conditions: [REDACTED] of the total subcontractors cost
 - General Contractor: [REDACTED] of total subcontractors cost
 - Architectural/Engineering: a flat fee of [REDACTED]
 - Lessor Project Management Fees: [REDACTED] of the total subcontractors cost
 - Other fees: [REDACTED] for permit fees and [REDACTED] for furniture moving fees

8. 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 August 24, 2010, submitted by the Lessor under Solicitation for Offers GS-05B-17968. This lease reflects the terms and conditions of the accepted final proposal revision.

9. The effective date of Lease #GS-05B-17968, estimated to be October 1, 2011, is the proposed lease commencement date. If the actual date of substantial completion and acceptance of the space is different from this date, then the actual date of the lease will be established by Supplemental Lease Agreement (SLA). The lease will then be in effect for seven (7) years firm term. The anniversary date for annual escalations and operating cost adjustments shall be adjusted to coincide with any revised, actual commencement.

10. The Lessor shall not construct, change, alter, remove or add to the leased premises without prior notification and approval from the General Services Administration (Leasing Contracting Officer).

11. If the property housing the leased premises is sold or transferred, the following information is required before the Government can acknowledge the successor in interest and change the payee for rent or other payments:
 - A. Evidence of the transfer of title.
 - B. A letter from successor - Lessor (transferee) assuming, approving, and adopting the lease and agreeing to be bound by its terms.
 - C. A letter from prior Lessor (transferor) waiving all right against the United States of America, except unpaid rent through a specified date, usually the date of ownership transfer.
 - D. The IRS tax identification number for the new owner.

Where leased premises are transferred by death of Lessor, a copy of the letters of Administration where there is no will, showing the Lessor (s), is required. Unless an interim court order is received, rents will be accrued and paid to the new owner(s) upon final settlement of the estate.

12. In accordance with the SFO paragraph entitled, Tenant Improvement Rental Adjustment, the Lessor agrees to provide up to \$99,232.00 (\$28.00 per USF x 3,544 USF) shall be amortized through the rent for seven (7) years at the rate of 8.00%. The annual costs of the Tenant Improvements for the amortization period shall be \$18,559.81 per annum (\$4.58 per RSF / \$5.23 per USF). In the event final TI costs result in a rate that would be less than the amortized rate above, the rental rate will be adjusted to reflect the actual TI funds expended and shall be amortized over the firm term of the lease. If the Government determines the Lessor's TI costs are fair and reasonable, but is unable to reduce scope of the project, the Government may request the Lessor to obtain up to 20% of the original tenant improvement allowance in additional funds to complete the Tenant Improvement approved by the Government.
13. The Lessor shall deliver the premises to the Government substantially complete no later than one hundred (100) calendar days subsequent to the Government's issuance of the notice to proceed for the tenant improvements.
14. In accordance with SFO paragraph 4.1, Measurement of Space, ***the common area factor is established as 1.14209 (4,048 RSF / 3,544 USF).***
15. In accordance with SFO paragraph 4.2, Tax Adjustment, the percentage of ***Government occupancy is established as 20.23% (Calculated 4,048/20,015 = 20.23%). The Lessor Tax Identification Number is*** [REDACTED]
16. In accordance with SFO paragraph 4.3, Operating Costs, ***the escalation base is established as \$19,632.80 per annum (\$4.85/RSF or \$5.54/USF).***
17. In accordance with SFO paragraph 4.4, Adjustment for Vacant Premises, the adjustment is established as \$0.00/USF for vacant space (rental reduction).
18. In accordance with SFO Paragraph 4.6, Overtime Usage, the rate for overtime usage is established as \$0.00 per hour beyond the normal hours of operation of 6:00 AM to 6:00 PM. Areas requiring 24/7 HVAC will be provided at no additional cost to the Government.
19. In accordance with SFO paragraph 5.13, Floor Plans After Occupancy, the Lessor shall provide 1 copy of CAD as built drawings on CD-ROM to the contracting officer within 30 calendar days of completion of construction.
20. The Lessor hereby forever and unconditionally waives any right to make a claim against the Government for restoration arising from alteration or removal of any alteration by the Government during the term of this Lease or any extensions. Alterations completed by either the Government or Lessor including initial build out of the Lease space and/or any subsequent modifications required during the Lease period. At the Government's sole discretion alterations will remain in the Leased space after termination of the Lease contract and will become property of the Lessor.
21. Wherever the words "offeror" 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"; wherever the words "space offered for Lease" appear in this Lease, they shall be deemed to mean "Leased premises."
22. The Lessor shall not enter into negotiations concerning the space Leased or to be Leased with representatives of federal agencies other than the officers or employees of the U.S. General Services Administration or personnel authorized by the Contracting Officer.
23. Within 5 days of Lease occupancy, the Lessor shall provide the tenant agency representative (with a copy forwarded to the GSA Government Representative), on site, a copy of the name and phone number of maintenance personnel in order to immediately remedy any cleaning, maintenance, janitorial, etc.

24. This Lease, upon execution, contains the entire agreement of the parties and no prior written or oral agreement, expressed or implied, shall be admissible to contradict the provisions of this Lease. Wherever there is a conflict between the SF-2 and the SFO, the SF-2 shall take precedence.
25. The Leasing Contracting Officer represents the General Services Administration as an agent with the authority to enter into this Lease on behalf of the Government and executes this document in his or her official capacity only, and not as an individual.
26. The Lessor's DUNS number is 60-2399870. The Lessor's TIN is [REDACTED]
27. The Parcel Identification Number for the property is 11-09-482-008-000.
28. In accordance with Paragraph 4.9, cleaning must be performed between the hours of 8:30 a.m. and 3:30 p.m. during the time which the agency is open for business and an authorized IRS agent (employee) is present.
29. In accordance with SFO paragraph 2.5, *Broker Commission and Commission Credit*, Jones Lang LaSalle ("JLL") is the authorized real estate broker representing GSA in connection with this Lease transaction. The Lessor and JLL have agreed to a cooperating Lease commission of [REDACTED] of the firm term value of this Lease ("Commission"). The total amount of the Commission is [REDACTED] (Calculated: \$97,880.64 annual rent x 7 years = \$685,164.48 x [REDACTED]). This Commission is earned upon Lease execution and payable (i) one-half (1/2) when the Lease is awarded and (ii) one-half (1/2) upon the earlier of Tenant's occupancy of the premises Leased pursuant to the Lease or the commencement date of the Lease. Due to the Commission Credit described in Paragraph 2.5, only [REDACTED], which is [REDACTED] of the Commission, will be payable to Jones Lang LaSalle when the Lease is awarded. The remaining [REDACTED], which is [REDACTED] of the Commission ("Commission Credit"), shall be credited to the shell rental portion of the annual rental payments due and owing 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 continue until the credit has been fully recaptured. The monthly rent schedule for the firm term is as follows:

Months	Total Monthly Rent	Monthly Shell Rent	Commission Credit	Total Net Monthly Rent
1	\$ 8,156.72	\$ 4,975.67	\$	
2	\$ 8,156.72	\$ 4,975.67	\$	
3	\$ 8,156.72	\$ 4,975.67	\$	
4	\$ 8,156.72	\$ 4,975.67	\$	
5	\$ 8,156.72	\$ 4,975.67	\$	
6	\$ 8,156.72	\$ 4,975.67	\$	
7-84	\$ 8,156.72	\$ 4,975.67	\$	\$ 8,156.72