

**U.S. GOVERNMENT LEASE FOR REAL PROPERTY**

DATE OF LEASE

5/11/11

LEASE NO.

GS-05B-18671

THIS LEASE, made and entered into this date by and between **2JS DEVELOPMENT, LLC**

whose address is 125 Park Street, Suite 475  
Traverse City, MI 49684-3601

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:

9,200 rentable square feet, which yields 8,561 square feet of ANSI/BOMA Office Area square feet (USF) of office space on the ground floor of the building, to be built at **1329 S. Division Street, Traverse City, Michigan, 49684-4427** to be used for such purposes as determined by the General Services Administration. Included in the rent at no additional cost to the Government are forty-five (45) on-site, surface parking spaces to be used by the Government employees and public patrons.

2. TO HAVE AND TO HOLD the said premises with their appurtenances for the term for ten (10) years, with a firm term of ten (10) years. The Lessor shall deliver the premises to the Government substantially complete no later than sixty (60) working days subsequent to the Government's issuance of the notice to proceed for the tenant improvements.

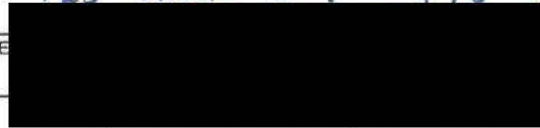

3. The Government shall pay the Lessor monthly in arrears in accordance with the following table:

Effective on the day the space is accepted by the government rent shall follow for 9,200 rentable square feet, 8,561 ANSI/BOMA

Dates	Shell	Base Cost of Services	Tenant Improvement Allowance	Building Specific Security	Total Annual	Total Monthly
Months 1 - 60	\$ 175,455.66	\$ 52,406.00	\$ 48,106.55	\$ 675.84	\$ 276,644.05	\$ 23,053.67
Months 61 - 120	\$ 188,519.66	\$ 52,406.00	\$ 48,106.55	\$ 675.84	\$ 289,708.05	\$ 24,142.34

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:

**2JS DEVELOPMENT, LLC**  
125 Park Street, Suite 475  
Traverse City, MI 49684-3601

SIGNATURE <b>2JS DEVELOPMENT, LLC</b>		NAME OF SIGNER <i>George A. Swanson</i>
ADDRESS <i>125 PARK ST. # 475 TRAVERSE CITY MI 49684</i>		
IN THE PRESENCE OF 		NAME OF SIGNER <i>Michael R. Brown</i>
UNITED STATES OF AMERICA		
SIGNATURE 		NAME OF SIGNER <b>MELISSA MCKENNA</b>
		OFFICIAL TITLE OF SIGNER <b>LEASE CONTRACTING OFFICER</b>
AUTHORITY		<b>STANDARD FORM 2 (REV. 12/2006)</b> Prescribed by GSA - FPR (41 CFR) 1-16.60

4. 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-18671, dated November 5, 2010.
  - B. Build out in accordance with standards set forth in SFO #GS-05B-18671, dated November 5, 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.
  
5. The following are attached and made a part hereof:
  - A. Solicitation for Offers (SFO) #GS-05B-18671, dated November 5, 2010
  - B. Amendment #1 to SFO #GS-05B-18671
  - C. GSA Form 3517B entitled GENERAL CLAUSES (Rev. 06/08)
  - D. GSA Form 3518 entitled REPRESENTATIONS AND CERTIFICATIONS (Rev. 1/07)
  - E. Attachment #1 to SFO #GS-05B-18671 – General Requirements of the [REDACTED]
  - F. Exhibit A – Floor plan and Drawings
  - G. Commission Agreement dated November 16, 2010
  
6. Rent includes a Tenant Improvement Allowance of \$41.24 per usable square foot, or \$353,056.00, to be amortized through the rent over the firm term of the Lease (120 months) at the rate of 6.50%. 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 and overhead and profit: five (5) percent of project cost
  - General Contractor's fee: five (5) percent of project cost
  - Architectural/Engineering: \$8,000.00 flat fee
  - Lessor Project Management Fees: three (3) percent of project cost
7. Building Specific Security Costs calculated to be \$4,960 and are amortized into the life of the lease (120 months) at a rate of 6.50% and are in addition to Tenant Improvements and Shell Rent. These costs are \$675.84 annually or \$0.07 per rentable square foot and \$0.08 per ABOA square foot.
  
  8. 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]. This Commission is earned upon Lease execution and payable (i) one-half (1/2) when the Lessor obtains the first construction draw for the development and (ii) the balance 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	\$ 23,053.67	\$ 14,621.31	\$ [REDACTED]	\$ [REDACTED]
2	\$ 23,053.67	\$ 14,621.31	\$ [REDACTED]	\$ [REDACTED]
3-60	\$ 23,053.67	\$ 14,621.31	\$ -	\$ [REDACTED]

9. In accordance with SFO paragraph 4.1, *Measurement of Space*, the common area factor is established as 1.07464 (9,200 RSF / 8,561 USF).
  
10. In accordance with SFO paragraph 4.2, *Tax Adjustment*, the percentage of Government occupancy is established as 100.00%. The Real Estate Tax Base is also established as \$34,500.00 per annum.

11. In accordance with SFO paragraph 4.3, *Operating Costs*, the escalation base is established as \$52,406.00 per annum.
12. In accordance with SFO Paragraph 4.6, *Overtime Usage*, the rate for overtime usage is established as \$70.00 per hour beyond the normal hours of operation of 7:00 AM to 6:00 PM. Areas requiring 24/7 HVAC will be provided at no additional cost to the Government.
13. In accordance with SFO Paragraph 4.4, *Adjustment for Vacant Premises*, the adjustment is established at \$0.00 per ABOA square foot (rental reduction).
14. In accordance with SFO paragraph 5.14, *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.
15. 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. This waiver applies to any and all 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.
16. 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."
17. 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.
18. 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 issue related to cleaning, maintenance, janitorial, etc.
19. 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.
20. The Lessor agrees that all technical egress requirements of the building will comply with egress requirements of the SFO, including the National Fire Protection Agency (NFPA) 101, *Life Safety Code* prior to the final building build out of the tenant improvements.
21. The Lessor agrees that prior to the final building build out the tenant improvements, the accessibility of the building will conform to the Architectural Barriers Act Accessibility Standard (ABAAS), as stipulated in SFO #GS-05B-18671, Paragraph 1.12(A)(2).