

U.S. GOVERNMENT
LEASE FOR REAL PROPERTY

DATE OF LEASE

8/22/11

LEASE NO.

GS-05B-18690

THIS LEASE, made and entered into this date by and between Handicraft LLC

whose address is 339 East Liberty Street, Suite 200
Ann Arbor, MI 48104-2258

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 consideration hereinafter mentioned, covenant and agree as follows:

1. The Lessor hereby leases to the Government the following described premises:

Approximately 3,400 rentable square feet (approximately 3,400 ANSI BOMA office area square feet) of space on the 3rd floor at Handicraft Building, 339 East Liberty Street, Ann Arbor, Michigan 48014-2258 (as described in Exhibit B attached hereto) to be used for such general office purposes as determined by the General Services Administration. The common area factor is agreed to as 0.0%. Actual amount of space may exceed 3,400 ANSI BOMA office area square feet at no additional cost to the Government.

2. **TO HAVE AND TO HOLD** the said premises with their appurtenances for a ten (10) year term beginning January 1, 2012 through December 31, 2022, subject to termination and renewal rights, if any, as may be hereinafter set forth.

3. The Government shall pay the Lessor annual rent payable monthly in arrears at the following rate:

<u>TERM</u>	<u>RATE PER RSF</u>	<u>MONTHLY RENT</u>	<u>ANNUAL RENT</u>
Years 1-5	\$36.37	\$10,304.50	\$123,654.00
Years 6-10	\$27.82	\$7,882.00	\$94,584.00

Rent shall be paid monthly in arrears. The Lessor and Government both acknowledge and agree this shall be a full service lease agreement in accordance with SFO GS-05B-18690. Rent for a lesser period shall be prorated. Rent checks shall be made payable to:

Handicraft LLC
339 East Liberty Street, Suite 200
Ann Arbor, MI 48104-2258

4. The Government may terminate this lease at any time after the 5th year by giving at least 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.

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.~~

PARAGRAPH 5 IS DELETED WITHOUT SUBSTITUTION

6. The Lessor shall furnish to the Government, as part of the rental consideration, the following:
- a. Facilities, services, utilities, maintenance shall be provided within 120 calendar days from Notice to Proceed estimated to be January 1, 2012, and in accordance with the terms of the attached Solicitation for Offers GS-05B-18690.
 - b. Two (2) reserved on-site reserved surface parking spaces for official government vehicles. Parking on-site in accordance with local code requirements.
7. The following are attached and made a part hereof:
- Sheets 3, 4 & 5 containing paragraphs 9 – 24 to Lease GS-05B-18690 (3 pages)
 - Exhibit A, Base Plans (1 page)
 - Exhibit B, Legal Description (1 page)
 - Solicitation For Offers GS-05B-18690 (53 pages)
 - General Clauses GSA Form 3517B (Rev. 11/05) (33 pages)
 - Representations and Certifications GSA Form 3518 (Rev. 7/04) (7 pages)
8. The following changes were made in this lease prior to its execution:
- Paragraph 5 was deleted in its entirety without substitution

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

LESSOR Handicraft, LLC
 By: Daniel J. Cramer
 Its: Managing Member

BY

[Redacted Signature]

(Signature)

[Redacted Address]

339 E Liberty Ste 200 Ann Arbor
 MI 48104

(Address)

GENERAL SERVICES ADMINISTRATION
 Contracting Officer
 General Services Administration
 230 S. Dearborn, Suite 3300
 Chicago, IL 60604

(Official title)

9. In accordance with provisions of Paragraphs 4.2 Tax Adjustments, 4.3 Operating Costs, and 4.4 Adjustment for Vacant Premises of the Solicitation for Offers GS-05B-18690, the following parameters are established:

(a) The lease is subject to operating cost escalation. For operating cost adjustment, the operating costs are established at \$6.88 per rentable square foot. The base cost of services is established at \$23,392.00 based on \$6.88 per rentable square foot for 3,400 rentable square feet.

(b) The lease is subject to real estate tax escalation. For tax escalation in accordance with terms of Paragraph 4.2, the percentage of occupancy is 9.56% (3,400 RSF/ Building RSF 35,578). The base year tax statement will be submitted within 60 days after payment to establish the base year taxes. If the tax statement is for multiple parcels or buildings, the value of each property shall be defined. The tax base year is hereby established as 2011. The tax base is estimated to be \$2.78 per rentable square foot.

(c) The Adjustment for Vacant space is \$2.00 per usable square foot.

10. In accordance with Paragraph 4.6, Overtime Usage, the overtime HVAC services will be provided at the rate of \$0.00 per hour. Overtime rates shall not be paid during the lease term.

11. The annual rental rate is firm and will not be adjusted based on the mutual measurement, except as provided in clause 552.270-20, page 12, paragraph 27 of the GSA Form 3517B. The annual rental amount and the base year service cost will be modified to reflect the final measurement.

12. The Lessor will provide two (2) copies of 1/8" scale copies of as-built floor plans to the contracting officer within thirty (30) days of the lease commencement date.

13. Janitorial cleaning/maintenance is to be performed during tenant working hours, Monday through Friday, except for Federal holidays.

14. In accordance with Section 4.1 Measurement of Space of SFO GS-05B-18690, the Common Area Factor is established as 1.00 or 0.0%.

15. In the event the actual amount of space exceeds 3,400 ANSI BOMA office area square feet, there will be no additional cost to the Government.

16. In accordance with Paragraph No. 2.5 (Broker Commission and Commission Credit), Studley, Inc. ("Studley") is the authorized real estate broker representing GSA in connection with this lease transaction. The Lessor and Studley 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 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, which shall be hereby agreed to as [REDACTED], only [REDACTED], will be payable to Studley when the Lease is awarded. The remaining [REDACTED], of the Commission ("Commission Credit"), shall be credited to the Government as a credit to the shell rental portion of the annual rental payments due and owing shall be reduced to fully

INITIALS	
GOV'T TC	LESSOR DTC

recapture this Commission Credit. The reduction in shell rent shall commence with the first month of the rental payments and continue each month until fully recaptured.

Notwithstanding Paragraph No. 3 of the 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 continue as indicated in this schedule for adjusted Monthly Rent:

First Month's Rental Payment \$10,304.50 minus prorated Commission Credit of [REDACTED] equals [REDACTED] adjusted First Month's rent.

Second Month's Rental Payment \$10,304.50 minus prorated Commission Credit of [REDACTED] equals [REDACTED] adjusted Second Month's rent.

Third Month's Rental Payment \$10,304.50 minus prorated Commission Credit of [REDACTED] equals [REDACTED] adjusted Third Month's rent.

17. All questions pertaining to this Lease shall be referred to the Contracting Officer of General Services Administration (GSA) or their designee. The Government occupant is **not** authorized to administer this lease, and GSA assumes no responsibility for any cost incurred by the Lessor except as provided by the terms of this Lease or authorized in **writing** by Contracting Officer or their designee. The Lessor will not be reimbursed for any services not provided for in this Lease, including but not limited to: repairs, alterations and overtime services. Additionally, rental will not be paid for occupancy in whole or in part except for the term specified herein.

18. Per the Debt Collection Improvement Act, effective July 27, 1996, Electronic Funds Transfer (EFT) shall be required on all existing and new leases/contracts not later than January 1, 1998. An enrollment form is attached to be completed and returned with this contract.

19. The Lessor hereby waives and forever relinquishes 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 will become property of the Lessor.

20. The commencement date of January 1, 2012 is an estimated beginning date. The actual lease effective date, if different from that established in Paragraph No. 2 shall be established by Supplemental Lease Agreement after substantial completion of alterations to the tenant space and acceptance by the Government. The lease will then be in effect for ten years total, five years firm. The anniversary date for annual escalations and operating cost adjustments shall be adjusted to coincide with any revised, actual commencement date.

21. 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.

- (I) Evidence of the transfer of title.
- (II) A letter from successor - lessor (transferee) assuming, approving, and adopting the lease and agreeing to be bound by its terms.

INITIALS	
GOV'T TC	LESSOR DJ

- (III) A letter from prior lessor (transferor) waiving all rights against the United States of America, except unpaid rent through a specified date, usually the date of ownership transfer.
- (IV) 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.

22. Rent includes a Tenant Improvement Allowance of \$147,356.00 to be amortized through the rent over the firm term of the Lease. The firm term is 60 months at the rate of 8.0%. In accordance with SFO Paragraph 3.3 *Tenant Improvements Rental Adjustment*, the actual cost of Tenant Improvements shall be reconciled and rent adjusted accordingly.

23. As of the date of this Lease, the Lessor represents that the building is in compliance with all applicable local codes and ordinances, therefore the Building is accepted as it relates to the following SFO requirements:

- Section 1.11 – QUALITY AND APPEARANCE OF BUILDING
- Section 1.12(A)(2) – *Accessibility Requirements*
- Section 1.12(A)(11) – *Safety and Environmental Management*
- Section 3.6(A)(2) – *Seismic Safety Certification*
- Sections 3.7 GREEN LEASE SUBMITTALS, and 8.3 – ENERGY EFFICIENCY AND CONSERVATION
- Section 7.13(A)(1) – FLOOR COVERING AND PERIMETERS – ceramic tile is accepted for entrance and lobbies.
- Section 8.13(A) – TELECOMMUNICATIONS – telecommunications closets are not required to be vertically stacked. Government will have secure telecommunications room within its demised premises.
- Section 8.17(B) – ELEVATORS
- Section 8.18(A)(1)(d) – LIGHTING – Occupancy sensors, if required by the Government shall be considered a Tenant Improvement cost.
- Section 9.3 – FIRE ALARM SYSTEM
- Section 10.4 – EMERGENCY POWER TO CRITICAL SYSTEMS
- Section 10.20 – Shatter-resistant window film, if required by the Government shall be considered a tenant improvement cost.

Notwithstanding the acceptance of the building as of the date of this Lease, during the Lease Term, the Lessor shall comply with all laws, codes, ordinances applicable to the operation or use of the building and/or leased premises.

24. The Lessor's DUNS number is 969028054. The Lessor's tax identification number is [REDACTED]

INITIALS	
GOV'T	LESSOR
	