

U.S. GOVERNMENT
LEASE FOR REAL PROPERTY

DATE OF LEASE

January 30, 2009

LEASE NO.

GS-05B-17871

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

JACKSON I, LLC

whose address is **510 1st Avenue North, Suite 200
Minneapolis, MN 55403**

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:

Office space consisting of 50,000 usable square feet (59,200 rentable) on the entire fourth floor (42,872 USF), partial fifth floor (3,128 USF), and partial basement (4,000 USF) of the building at 180 East Fifth Street, St. Paul, Minnesota 55101, as shown on the attached base plans, "Exhibit A". Sixteen (16) structured reserved parking spaces located at the Galtier Parking Ramp are also included in the rental consideration.

Said premises 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 a ten (10) year term beginning the date the leasehold improvements constructed by the Lessor are substantially completed and accepted by the Government, subject to termination and renewal rights, if any, as may be hereinafter set forth. The date of substantial completion is within 120 working days after the Government issues the Notice to Proceed with Tenant Buildout. Estimated date of substantial completion is October 1, 2009.
3. The Government shall pay the Lessor annual rent of

Years 1-5: \$1,497,218.10, at the rate of \$124,768.18 per month in arrears based on a rate of \$29.94 per BOMA Usable Square Foot (\$25.29 per rentable square foot).

Years 6-10: \$999,591.80, at the rate of \$83,299.32 per month in arrears based on a rate of \$19.99 per BOMA Usable Square Foot (\$16.89 per rentable square foot).

The operating expense portion of rent is subject to annual escalations as outlined in Paragraph 19 below. Rent for a lesser period shall be prorated. Rent checks shall be made payable to:

**Jackson I, LLC
510 1st Avenue North, Suite 200
Minneapolis, MN 55403**

4. The Government may terminate this lease at any time on or after the **FIFTH YEAR (September 30, 2014)** of the lease 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:~~

~~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~~

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

All cleaning services, utilities, maintenance, space improvements, and special requirements as specified in the attached Solicitation For Offers (SFO) GS-05B-17871 and other documents attached to this lease as described in paragraph 7 below. In addition, 16 structured, reserved parking spaces shall be provided in the Galtier Parking Ramp throughout the term of this lease at no additional cost to the Government.

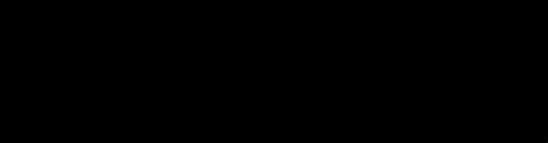
7. The following are attached and made a part hereof:

- (A) U.S. Government Lease Continuation Sheet, consisting of 5 pages;
- (B) Exhibit A (Base Plan), consisting of 3 pages
- (C) Attachment #1, Document Security Form, consisting of 3 pages
- (D) SFO GS-05B-17871, consisting of 43 pages;
- (E) GSA Form 3517B (Rev 11/05) consisting of 33 pages;
- (F) GSA Form 3518 (Rev 1/07), consisting of 7 pages;

8. The following changes were made in this lease prior to its execution:
Paragraph 5 has been deleted in its entirety.

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

LESSOR: Jackson LLC

BY  Chet M...
(Signature)

IN PRESENCE OF  570 1st Ave NW #200
Mpls MN 55403
(Address)

UNITED STATES OF AMERICA GENERAL SERVICES ADMINISTRATION

BY  Contracting Officer
(Official title)

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9. The date of this lease, January 30, 2009, is the date this contract was formed as a result of the Government's acceptance of the Lessor's Final Proposal Revision Offer dated January 8, 2009, submitted by the Lessor under SFO No. GS-05B-17871. This lease reflects the terms and conditions of the accepted Final Proposal Revision Offer.

10. The actual lease effective date shall be established by Supplemental Lease Agreement after substantial completion and acceptance by the Government. The lease will then be in effect for ten years, five years firm. The anniversary date for annual escalations and operating cost adjustments shall be adjusted to coincide with any revised, actual commencement date.

11. Lessor shall not construct alter, remove, or add to the lease area without prior notification and approval from the General Services Administration (the contracting officer).

12. The Lessor will alter the space ready for occupancy no later than 120 working days after the Government issues the Notice to Proceed with Tenant Buildout. Estimated date of occupancy is October 1, 2009.

13. The total ANSI/BOMA square foot area referred to in Paragraph 1 of the SF-2 herein is subject to an adjustment with the actual number of ANSI/BOMA square feet delivered to be determined by mutual field measurements in accordance with the provision of Paragraphs 3.9 and 3.10 in the Lease. However, it is mutually agreed that the total ANSI/BOMA office area square feet may not exceed the maximum limitation of 50,000 ANSI/BOMA office area square feet as stated in Paragraph 1.1 of the Lease. If the actual number of ANSI/BOMA square feet differs from Paragraph 1 of the SF-2, the Lease shall be amended by Supplemental Lease Agreement after field measurement to establish the square footage in compliance with the terms of this paragraph. Should there be any adjustment in the actual amount of ANSI/BOMA area delivered, the per annum rental rate referred to in Paragraph 3 hereinabove shall be adjusted according to the rates set forth in Paragraph 3.

14. The premises includes the entire fourth floor (42,872 USF/51,446 RSF), partial fifth floor (3,128 USF/3,754 RSF), and partial basement (4,000 USF/4,000 RSF).

The gross rental rate stated in Section 3 above includes the following annual amounts:

Term	Shell Rent	Operating Expenses	Tenant Improvements
Years 1-5 Office Space (55,200 rsf):	\$634,039.80	\$345,552.00	\$457,816.20
Basement Space (4,000 rsf):	<u>\$20,000.00</u>	<u>\$0.00</u>	<u>39,810.10</u>
Total (59,200 rsf):	\$654,039.80	\$345,552.00	\$497,626.30
Years 6-10 Office Space (55,200 rsf):	\$634,039.80	\$345,552.00	\$0.00
Basement Space (4,000 rsf):	<u>\$20,000.00</u>	<u>\$0.00</u>	<u>0.00</u>
Total (59,200 rsf):	\$654,039.80	\$345,552.00	\$0.00

15. Novation and Change of Name:

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23. The tenant build out will conform to the specifications in the Lease and all attachments, and are to be provided by the Lessor as part of the total rental payment. In accordance with Paragraph 1.10 of the Lease, the Lessor agrees to provide a Tenant Improvement Allowance up to \$42.90 per ANSI/BOMA Office Area square foot (\$42.90 x 50,000 = \$2,145,000.00) toward the cost of tenant improvements. In the event that the tenant improvement cost is less than the amount provided above, Lessor agrees to refund such difference in a form of reduction of base rent using a 6.0% discount rate. The refund will be a credit of base rent equally amortized throughout the firm term (Years 1-5) of the lease.

24. In accordance with Paragraph 1.13 (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] per rentable square foot per year of the firm term of this lease ("Commission"). 4,000 rsf of basement area shall be excluded from the Commission calculation. 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], which is [REDACTED] of the Commission, will be payable to Studley when the Lease is awarded. The remaining [REDACTED], which is [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.

Notwithstanding Paragraph 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 \$124,768.18 minus prorated Commission Credit of [REDACTED] equals [REDACTED] adjusted First Month's rent.
Second Month's Rental Payment \$124,768.18 minus prorated Commission Credit of [REDACTED] equals [REDACTED] adjusted Second Month's rent
Third Month's Rental Payment \$124,768.18 minus prorated Commission Credit of [REDACTED] equals [REDACTED] adjusted Third Month's rent.

25. The Lessor shall control the dissemination of Sensitive But Unclassified information contained in the Solicitation for Offers, design standards, space programming documents, construction drawings and any other sources of information relating to the Government occupancy, as established in Lease Attachment #1, "Document Security Form". The Lessor shall issue the Document Security Form, acquire required documentation and verify information prior to disseminating any Sensitive But Classified information. In addition, the Lessor shall maintain a file of Document Security Forms issued and received in conjunction with this project.

26. Pursuant to Paragraph 3.15 of the Lease, in the event of the Government vacating in whole or in part prior to lease expiration, the rental will be reduced by \$2.00 per ANSI/BOMA Office Area square foot per annum for operating expenses.


27. Offered space shall meet or be upgraded to meet the applicable egress requirements in National Fire Protection Association (NFPA) 101, *Life Safety Code* or an alternative approach or method for achieving a level of safety deemed equivalent and acceptable by the Government. Prior to the Government's acceptance of the space, Lessor agrees to correct the following deficiency items at Lessor's expense:



1. Fire alarm bells, horns, or speakers shall be provided in sufficient quantities and locations such that they are clearly audible in all occupied spaces. In general, per the NFPA Fire Alarm Code, the sound level should be a minimum of 65-70 decibels throughout all occupied areas.

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2. Upon activation of a fire alarm signal within the building, a "fire alarm" signal shall be sent off-site to a UL-listed central station alarm monitoring service for the purpose of immediate, automatic notification to the local fire department for them to respond to the building.
28. Lessor, at its expense, shall secure the alley and loading dock 24/7 with the installation of security gates that will be monitored and controlled by the on site security guard. Deliveries will be monitored and received Monday through Friday from 6:00 a.m. to 6:00 p.m. At all other times the gates will be secured unless permission is given by the Government for after hours access. All personal parking will be prohibited in the alley.
29. Lessor, as a part of rental consideration, will remove all metered on-street parking to eliminate all metered street parking adjacent to the Building. Parking meters must be removed and "NO PARKING" signs erected. The annual cost included in the shell rental rate is \$.70/rsf/year. Lessor agrees to proportionately reduce this amount in the event the City of St. Paul reduces or removes this expense. Lessor will not allow any trash receptacles, landscaping features, and other features greater than 1 foot in height which could potentially provide concealment for aggressors or explosives around the perimeter of the building.
30. The Contracting Officer represents the General Services Administration as an agent with authority to enter into the Lease on behalf of the Government and execute this document in his/her official capacity only and not as an individual.
31. The Government assumes no responsibility for any conclusions or interpretations made by the Lessor based on information made available by the Government and/or its contractors. Nor does the Government assume any responsibility for any understanding reached or representation made concerning conditions which can affect the work by any of its officers or agents before execution of this contract unless that understanding or representation is expressly stated in the Lease.
32. It is agreed by the parties hereto that all the 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 Government prior to the execution of this Lease are neither applicable nor binding. This agreement may be amended only by written instrument executed by the Lessor and the Government.
33. All questions pertaining to this Lease shall be referred in writing to the General Services Administration Contracting Officer 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 or overtime services. Additionally, rent will not be paid for occupancy in whole or in part except for the term specified herein.
34. Wherever the words "Offeror", "Lessor" 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".
35. Pursuant to Paragraph 3.1 of the Lease, "**Unit Costs for Adjustment**", the following negotiated amounts may be used during the first year of the lease to price alterations costing \$100,000 or less. These prices may be indexed or renegotiated to apply to subsequent years of the lease upon mutual agreement of the Lessor and the Government.

<u>ITEM</u>	<u>UNIT COST</u>	
1.	The cost per linear foot of office subdividing ceiling-high partitioning:	 LF
2.	The cost per floor-mounted duplex electrical outlet:	
3.	The cost per wall-mounted duplex electrical outlet:	

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4. The cost per floor-mounted fourplex (double duplex) electrical outlet:
5. The cost per wall-mounted fourplex (double duplex) electrical outlet:
6. The cost per dedicated clean electrical computer receptacle:
7. The cost per floor-mounted telephone outlet:
8. The cost per wall-mounted telephone outlet:
9. The cost per interior door:



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