

DATE OF LEASE

10/7/10

LEASE NO

GS-05B-18341

THIS LEASE, made and entered into this date by and between **UTAH Group II, LLC**

whose address is: **510 22nd Avenue East, Suite 101
Alexandria, MN 56308-1979**

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:

1,124 rentable square feet of office space located on the **first (1st)** of the **Easton Place II**, located at **2633 Jefferson Street, Suite 893A, Alexandria, MN 56308-2738**, yielding **977 ANS/BOMA Office Area** usable square feet.

One (1) reserved and ten (10) unreserved on-site surface parking spaces are included at no additional cost to the Government.

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 term of ten (10) years, five (5) years firm, beginning on or before September 2, 2010 through September 1, 2020.

3. The Government shall pay the Lessor annual rent of **\$36,945.88** at the rate of **\$3,078.82** per month in arrears for Years 1-5; **\$25,514.80** per annum at the rate of **\$2,126.23** per month in arrears for Years 6-10.

CPI and tax escalations continue throughout the term of the lease.

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:

UTAH Group II, LLC
510 22nd Avenue East, Suite 101
Alexandria, MN 56308-1979

4. The Government may terminate this lease at any time after the firm term of five (5) years by giving at least one hundred-twenty (120) days' notice 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:

A. All services, utilities, maintenance, and other operations as set forth elsewhere in this lease.

B. All responsibilities and obligations as defined in the Solicitation for Offers Number 9MN2025 and other attachments to the Lease referenced in Paragraph 7 of this SF-2 form.

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

- U.S. Government Lease For Real Property, Standard Form 2 (2 Pages);
- Attachment A (Paragraphs 9 – 31) (4 Pages);
- Solicitation for Offers (SFO No. 9MN2025 dated November 10, 2009) (49 Pages);
- Special Requirements [REDACTED] Requirements Package for Solicitation for Offers (22 Pages);
- Special Requirements: New 2 and 4 Post LAN Rack Guidelines for [REDACTED] Branch Offices (3 Pages);
- Amendment 1 to SFO 9MN2025 dated November 10, 2009 (2 Pages);
- Amendment 2 to SFO 9MN2025 dated November 10, 2009 (2 Pages);
- Form 3517B, General Clauses (Rev 11/05) (33 Pages);
- Form 3518, Representations and Certifications (Rev 1/07) (7 Pages);
- Exhibit A, Floor Plan (1 Page);
- Commission Agreement dated November 11, 2009 (3 Pages).

8. The following changes were made in this lease prior to execution:

Paragraph 4 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

[REDACTED]

By

[REDACTED]

Signature

IN PRESENCE OF:

[REDACTED]

Signature

UNITED STATES OF AMERICA GENERAL SERVICES ADMINISTRATION

[REDACTED]

9. This contract was formed as a result of the Government's acceptance of the Lessor's Final Proposal Revision offer dated May 2, 2010, submitted by the Lessor under SFO No. 9MN2025 and all attachments. This Lease reflects the terms and conditions of the accepted Final Proposal Revision Offer.
10. The date of September 2, 2010 in Paragraph 2 of the SF-2 is the estimated effective date. If the actual date of substantial completion is different from this date, then the actual effective date shall be established by Supplemental Lease Agreement. The lease term will then be in effect for ten (10) years thereafter, computed from the actual effective date. The anniversary date for adjustments shall be adjusted to coincide with any revised actual effective date.
11. 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 provisions of Paragraph 4.1 in the SFO. However it is mutually agreed that the total ANSI/BOMA office area square feet may not exceed the maximum limitation of 977 ANSI/BOMA office area square feet as stated in Paragraph 1.1 of the SFO.
12. 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.
13. Rental is subject to a physical mutual measurement and will be based on the rate, per ANSI/BOMA Office Area square foot (USF) as noted in Paragraph 3 of the SF-2, and the actual USF in accordance with Paragraph 27, "PAYMENT" of the GENERAL CLAUSES. The lease contract and the amount of rent will be adjusted accordingly, but not to exceed the maximum USF requested in Paragraph 1.1 "AMOUNT AND TYPE OF SPACE" of the Solicitation for Offers (SFO).
14. In accordance with Paragraph 4.1 of the SFO, the Common Area Factor is established as 1.15% (1,124 RSF / 977 USF).
15. For the purpose of computing Operating Cost adjustments in accordance with Paragraph 4.3 of the SFO, the base cost of services in accordance with Paragraph 4.3 is \$8,643.56 per annum or \$7.69 per rentable square foot for 1,124 square feet of rentable office space. This equates to a rate of \$8.847 per usable square foot.
16. The lease is subject to real estate tax escalation. For tax escalation in accordance with terms of Paragraph 4.2 of the SFO, the Government's percentage of occupancy is 13.41% (1,124 sq. ft. / 8,383 sq. ft.).
17. In the event of the Government vacating in whole or in part prior to lease expiration, the rental will be reduced by \$9.10 per usable square foot per annum for operating expenses.
18. Pursuant to Paragraph 4.6 of the SFO, "Overtime Usage," upon request by the GSA Field Office Manager, the Lessor shall provide heating, ventilation, and air-conditioning (HVAC) at any time beyond normal service hours (7:00 a.m. – 5:00 p.m. Monday through Friday,) and except Federal Holidays ("Normal Hours"), at \$0.75 per hour. Areas requiring 24/7 HVAC will be provided at \$0.05 per rentable square foot.
19. Lessor shall provide janitorial service during tenant working hours of 6:30 a.m and 5:50 p.m., Monday through Friday, except Saturdays, Sundays and federal holidays.

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STANDARD FORM 2, ATTACHMENT A

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20. 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 3.2 of the SFO, the Lessor agrees to provide up to \$44,815.00 toward the cost of the Tenant Improvements. The tenant build out cost of \$44,815.00 (based on a maximum \$45.87 per ANSI/BOMA Office Area square foot) is amortized for a period of sixty (60) months at 5.75%. Therefore, the maximum amortized tenant build out costs are \$10,329.56 per annum or \$9.19 per rentable square foot. Actual Tenant Improvements will be negotiated and subject to change.

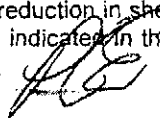

Pursuant to Paragraph 3.3 of the SFO, in the event the Tenant Improvement Cost is less than the amount provided above, the Lessor agrees to refund such difference in the form of reduction of base rent using a 5.75% amortization rate. The refund will be a credit of the rent equally spread out throughout the lease term (one hundred-twenty (120) days). In the event that the Tenant Improvement Cost is greater than the amount provided above the Government can (1) reduce the Tenant Improvement requirements, (2) pay lump sum for the overage upon completion and acceptance of the improvements, or (3) have the Lessor amortize the additional cost at 5.75% throughout the firm lease term. The Government and Lessor must agree on any additional Tenant Improvement Cost through a Supplemental Lease Agreement.

21. Information regarding Electronic Funds Transfer Payment Methods is provided in Paragraph 24, 552.232-76, General Clauses.
22. The Lessor is a Limited Liability Company and a small business. The Tax Identification Number is [REDACTED]. The DUNS number is 828512934. The signatory authority for Lessor is Phillip L. Ellingson, UTAH Group II, LLC.
23. Lessor is registered with the Central Contractor Registration (CCR) system as referenced in Paragraph 11 of Form 3518.
24. Pursuant to Paragraph 4.12 of the SFO, Novation and Change of Name, 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).
- A. 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
- B. 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.
- C. 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.
- D. The transferee must submit a new GSA Form 3518, Representations and Certifications.
- E. Any separate agreement between the transferor and transferee regarding the assumption of liabilities shall be referenced specifically in the Novation Agreement.
- F. 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.

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- G. When executed on behalf of the Government, a Novation Agreement will be made part of the lease via Supplemental Lease Agreement.
 - H. 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.
 - I. 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.
25. 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.
26. 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.
27. 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 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.
28. 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, and overtime services. Additionally, rental will not be paid for occupancy in whole or in part except for the term specified herein.
29. 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".
30. The Lessor and the Broker (CB Richard Ellis) have agreed to a cooperating lease commission of [REDACTED] of the Aggregate Lease Value as defined in the Broker Commission Letter dated 11/11/2009. The total amount of the commission is [REDACTED] (1,124 RSF x \$32.87 RSF x 5 YRS x [REDACTED]). 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 Lessor agrees to pay the Commission less the Commission Credit [REDACTED] 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 continue as indicated in this schedule for adjusted Monthly Rent:

LEASOR: 
GOVT: 

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First Month's Rental Payment \$3,078.82 minus prorated Commission Credit of [REDACTED] equals [REDACTED] adjusted First Month's rent.

Second Month's Rental Payment \$3,078.82 minus prorated Commission Credit of [REDACTED] equals [REDACTED] adjusted Second Month's rent.

Third Month's Rental Payment \$3,078.82 minus prorated Commission Credit of [REDACTED] equals [REDACTED] adjusted Third Month's rent.

31. The Tenant Improvement Fee Schedule is as follows and Lessor agrees not to exceed these figures:
- A. The General Conditions will not exceed 15.00% of the total subcontractor's costs.
 - B. The General Contractors fee will not exceed 6.00% of the total subcontractor's costs.
 - C. Architectural and Engineering fees will not exceed \$8.00 per usable square foot.
 - D. Lessor's Project Management fees will not exceed 0.00% of the total subcontractor's costs.

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