

**LEASE NO. GS-04P-L60257**

Standard Lease  
GSA FORM L201C (September 2013)

This Lease is made and entered into between

**Colonial Development Company II, LLC**

(Lessor), whose principal place of business is 103 North Sterling Street, Morganton, NC 28655-3443, and whose interest in the Property described herein is that of Fee Owner, and

The United States of America

(Government), acting by and through the designated representative of the General Services Administration (GSA), upon the terms and conditions set forth herein.

Witnesseth: The parties hereto, for the consideration hereinafter mentioned, covenant and agree as follows:

Lessor hereby leases to the Government the Premises described herein, being all or a portion of the Property located at

**1050 US Highway 321 N.W., Hickory, NC 28601-3356**

and more fully described in Section 1 and Exhibit A, together with rights to the use of parking and other areas as set forth herein, to be used for such purposes as determined by GSA.

**LEASE TERM**

To Have and To Hold the said Premises with its appurtenances for the term beginning upon acceptance of the Premises as required by this Lease and continuing for a period of

**1 Years, .5 Years Firm**

subject to termination and renewal rights as may be hereinafter set forth. The commencement date of this Lease, along with any applicable termination and renewal rights, shall be more specifically set forth in a Lease Amendment upon substantial completion and acceptance of the Space by the Government.

In Witness Whereof, the parties to this Lease evidence their agreement to all terms and conditions set forth herein by their signatures below, to be effective as of the date of delivery of the fully executed Lease to the Lessor.

[Redacted Signature]

Title: Manager - Member  
Entity Name: Colonial Development Company II, LLC  
Date: 1-20-15

W [Redacted Signature]  
Name: \_\_\_\_\_

Title: \_\_\_\_\_  
Date: 1-20-15

FOR [Redacted Signature]

Name: [Signature]  
Title: Lease Contracting Officer  
General Services Administration, Public Buildings Service  
Date: 1/27/15

**SECTION 1 THE PREMISES, RENT, AND OTHER TERMS**

**1.01 THE PREMISES (JUN 2012)**

The Premises are described as follows:

- A. Office and Related Space: 12,000 rentable square feet (RSF), yielding 12,000 ANSIBOMA Office Area (ABOA) square feet (SF) of office and related Space located on the 1st floor of the Building, as depicted on the floor plan(s) attached hereto as Exhibit A.
- B. Common Area Factor: The Common Area Factor (CAF) is established as 1.00 percent. This factor, which represents the conversion from ABOA to rentable square feet, rounded to the nearest whole percentage, shall be used for purposes of rental adjustments in accordance with the Payment Clause of the General Clauses.

**1.02 EXPRESS APPURTENANT RIGHTS (SEP 2013)**

The Government shall have the non-exclusive right to the use of Appurtenant Areas, and shall have the right to post Rules and Regulations Governing Conduct on Federal Property, Title 41, CFR, Part 102-74, Subpart C within such areas. The Government will coordinate with Lessor to ensure signage is consistent with Lessor's standards. Appurtenant to the Premises and included in the Lease are rights to use the following:

- A. Parking: 135 parking spaces reserved for the exclusive use of the Government. In addition, the Lessor shall provide such additional parking spaces as required by the applicable code of the local government entity having jurisdiction over the Property.
- B. Antennas, Satellite Dishes, and Related Transmission Devices: (1) Space located on the roof of the Building sufficient in size for the installation and placement of telecommunications equipment, (2) the right to access the roof of the Building, and (3) use of all Building areas (e.g., chases, plenums, etc.) necessary for the use, operation, and maintenance of such telecommunications equipment at all times during the term of this Lease.

**1.03 RENT AND OTHER CONSIDERATION (SEP 2013)**

A. The Government shall pay the Lessor annual rent, payable in monthly installments in arrears, at the following rates:

	FIRM TERM	NON-FIRM TERM
	TBD* - 0 MONTHS	MONTHS 6 - 12
SHELL RENT <sup>1</sup>	\$93,953.12	\$93,953.12
TENANT IMPROVEMENTS RENT <sup>2</sup>	\$ 459,231.73	\$0.00
OPERATING COSTS <sup>3</sup>	\$ 27,080.52	\$ 27,080.52
BUILDING SPECIFIC AMORTIZED CAPITAL (BSAC) <sup>4</sup>	\$ 0	\$0.00
PARKING <sup>5</sup>	\$ 0	\$ 0
<b>TOTAL RENT</b>	<b>\$580,265.37</b>	<b>\$121,033.64</b>

<sup>1</sup>Shell rent calculation:

(Firm Term) \$15.8589 per RSF multiplied by 12,000 RSF

(Non Firm Term) \$15.8589 per RSF multiplied by 12,000 RSF

<sup>2</sup>The Tenant Improvement Allowance of \$448,704.00 is amortized at a rate of 8 percent per annum over .5 years.

<sup>3</sup>Operating Costs rent calculation: \$4.5134 per RSF multiplied by 12,000 RSF

<sup>4</sup>Building Specific Amortized Capital (BSAC) of \$0 are amortized at a rate of 0 percent per annum over 0 years

<sup>5</sup>Parking costs described under sub-paragraph H below

\* To be determined based on completion and acceptance of tenant improvements by the Contracting Officer

For landlord's administrative purposes only, the shell breaks out to As-is rent of \$13.75, Leasing Commission [REDACTED], Real Estate Taxes \$1.14, and Property Casualty Insurance \$\_.19)

In instances where the Lessor amortizes either the TI or BSAC for a period exceeding the Firm Term of the Lease, should the Government terminate the Lease after the Firm Term or does not otherwise renew or extend the term beyond the Firm Term, the Government shall not be liable for any costs, including unamortized costs beyond the Firm Term.

- B. Rent is subject to adjustment based upon a mutual on-site measurement of the Space upon acceptance, not to exceed 12,000 ABOA SF based upon the methodology outlined under the "Payment" clause of GSA Form 3617.
- C. Rent is subject to adjustment based upon the final Tenant Improvement (TI) cost to be amortized in the rental rate, as agreed upon by the parties subsequent to the Lease Award Date.
- D. Rent is subject to adjustment based on the final Building Specific Amortized Capital (BSAC) cost to be amortized in the rental rate, as agreed upon by the parties subsequent to the Lease Award Date.
- E. If the Government occupies the Premises for less than a full calendar month, then rent shall be prorated based on the actual number of days of occupancy for that month.

F. Rent shall be paid to Lessor by electronic funds transfer in accordance with the provisions of the General Clauses. Rent shall be payable to the Payee designated in the Lessor's Central Contractor Registration (CCR), now the System for Award Management (SAM). If the payee is different from the Lessor, both payee and Lessor must be registered in SAM.

G. Lessor shall provide to the Government, in exchange for the payment of rental and other specified consideration, the following:

1. The leasehold interest in the Property described in the paragraph entitled "The Premises."

2. All costs, expenses and fees to perform the work required for acceptance of the Premises in accordance with this Lease, including all costs for labor, materials, and equipment, professional fees, contractor fees, attorney fees, permit fees, inspection fees, and similar such fees, and all related expenses.

3. Performance or satisfaction of all other obligations set forth in this Lease; and all services, utilities, and maintenance required for the proper operation of the Property, the Building, and the Premises in accordance with the terms of the Lease, including, but not limited to, all inspections, modifications, repairs, replacements, and improvements required to be made thereto to meet the requirements of this Lease.

H. Parking shall be provided at a rate of \$0 per parking space per month (structured/inside), and \$0 per parking space per month (surface/outside).

1.04 INTENTIONALLY DELETED

1.05 TERMINATION RIGHTS (AUG 2011)

The original Firm Term of this Lease shall commence upon the execution of the Lease and end six months (6) months after the thereafter. The Government shall provide not less than 120 days written notice of its intention not to extend the Lease to the six (6) month Non Firm Term. It is therefore assumed that no written notification by the Government automatically extends the Lease to the six (6) month Non Firm Term period. All terms and provisions of the Lease shall remain in full force and effect during the Non Firm Term.

1.06 RENEWAL RIGHTS (SEP 2013)

This Lease may be renewed at the option of the Government for 2, [REDACTED] terms at the following rental rate(s) (UNEVALUATED AT THE TIME OF AWARD):

	OPTION TERM, YEARS [REDACTED]	
	ANNUAL RENT	ANNUAL RATE / RSF
FULLY SERVICED RATE	[REDACTED]	[REDACTED]

	OPTION TERM, YEARS [REDACTED]	
	ANNUAL RENT	ANNUAL RATE / RSF
FULLY SERVICED RATE	[REDACTED]	[REDACTED]

provided notice is given to the Lessor at least 60 days before the end of the original Lease term, all other terms and conditions of this Lease, as same may have been amended, shall remain in full force and effect during any renewal term.

1.07 DOCUMENTS INCORPORATED IN THE LEASE (SEP 2013)

The following documents are attached to and made part of the Lease:

DOCUMENT NAME	NO. OF PAGES	EXHIBIT
FLOOR PLAN(S)		A
SPECIAL REQUIREMENTS DATED 3/10/2014	12	
[REDACTED] ALARM REQUIREMENTS	15	1
GSA FORM 3517B GENERAL CLAUSES		
GSA FORM 3518, REPRESENTATIONS AND CERTIFICATIONS		
FACILITY SECURITY LEVEL II	8	
SECURITY SYSTEM SCOPE OF WORK	12	

**1.08 TENANT IMPROVEMENT ALLOWANCE (AUG 2011)**

The Tenant Improvement Allowance (TIA) for purposes of this Lease is \$37.392 per ABOA SF. The TIA is the amount that the Lessor shall make available for the Government to be used for TIs. This amount is amortized in the rent over the Firm Term of this Lease at an annual interest rate of 8 percent.

**1.09 TENANT IMPROVEMENT RENTAL ADJUSTMENT (SEP 2013)**

A. The Government, at its sole discretion, shall make all decisions as to the use of the TIA. The Government may use all or part of the TIA. The Government may return to the Lessor any unused portion of the TIA in exchange for a decrease in rent according to the agreed-upon amortization rate over the Firm Term.

B. The Government may elect to make lump sum payments for any or all work covered by the TIA. That part of the TIA amortized in the rent shall be reduced accordingly. At any time after occupancy and during the Firm Term of the Lease, the Government, at its sole discretion, may elect to pay lump sum for any part or all of the remaining unpaid amortized balance of the TIA. If the Government elects to make a lump sum payment for the TIA after occupancy, the payment of the TIA by the Government will result in a decrease in the rent according to the amortization rate over the Firm Term of the Lease.

C. If it is anticipated that the Government will spend more than the allowance identified above, the Government may elect to:

1. Reduce the TI requirements;
2. Pay lump sum for the overage upon substantial completion in accordance with the "Acceptance of Space and Certificate of Occupancy" paragraph;
3. Negotiate an increase in the rent.

**1.10 TENANT IMPROVEMENT FEE SCHEDULE (JUN 2012)**

For pricing TI costs, the following rates shall apply for the initial build-out of the Space.

	INITIAL BUILD-OUT
ARCHITECT/ENGINEER FEES (\$ PER ABOA SF OR % OF TI CONSTRUCTION COSTS)	5%
LESSOR'S PROJECT MANAGEMENT FEE (% OF TI CONSTRUCTION COSTS)	2.5%

**1.11 BUILDING SPECIFIC AMORTIZED CAPITAL (SEP 2012)**

For purposes of this Lease, the Building Specific Amortized Capital (BSAC) is \$0 per ABOA SF. The Lessor will make the total BSAC amount available to the Government, which will use the funds for security related improvements. This amount is amortized in the rent over the Firm Term of this lease at an annual interest rate of X percent.

**1.12 BUILDING SPECIFIC AMORTIZED CAPITAL RENTAL ADJUSTMENT (SEP 2013)**

A. The Government, at its sole discretion, shall make all decisions about the use of the Building Specific Amortized Capital (BSAC). The Government may use all or part of the BSAC. The Government may return to the Lessor any unused portion of the BSAC in exchange for a decrease in rent (where applicable) according to the agreed-upon amortization rate over the Firm Term.

B. The Government may elect to make lump-sum payments for any work covered by the BSAC. The part of the BSAC amortized in the rent shall be reduced accordingly. At any time after occupancy and during the Firm Term of the Lease, the Government, at its sole discretion, may elect to pay a lump sum for any part or all of the remaining unpaid amortized balance of the BSAC. If the Government elects to make a lump-sum payment for the BSAC after occupancy, the payment of the BSAC by the Government will result in a decrease in the rent according to the amortization rate over the Firm Term of the Lease.

C. If it is anticipated that the Government will spend more than the BSAC identified above, the Government may elect to:

1. Reduce the security countermeasure requirements;
2. Pay a lump sum for the amount overage upon substantial completion in accordance with the "Acceptance of Space and Certificate of Occupancy" paragraph; or
3. Negotiate an increase in the rent.

**1.13 PERCENTAGE OF OCCUPANCY FOR TAX ADJUSTMENT (JUN 2012)**

As of the Lease Award Date, the Government's Percentage of Occupancy, as defined in the "Real Estate Tax Adjustment" paragraph of this Lease is 100 percent. The Percentage of Occupancy is derived by dividing the total Government Space of 12,000 RSF by the total Building space of 12,000 RSF.

**1.14 REAL ESTATE TAX BASE (SEP 2013)**

LESSOR:  GOVERNMENT: 

The Real Estate Tax Base, as defined in the "Real Estate Tax Adjustment" paragraph of the Lease is \$1.14227prsf. Tax adjustments shall not occur until the tax year following lease commencement has passed.

**1.15 OPERATING COST BASE (SEP 2013)**

The parties agree, for the purpose of applying the paragraph titled "Operating Costs Adjustment," that the Lessor's base rate for operating costs shall be \$4.51342 per RSF (\$54,161.04/annum).

**1.16 RATE FOR ADJUSTMENT FOR VACANT LEASED PREMISES (SEP 2013)**

In accordance with the paragraph entitled "Adjustment for Vacant Premises," if the Government fails to occupy or vacates the entire or any portion of the Premises prior to expiration of the term of the Lease, the operating costs paid by the Government as part of the rent shall be reduced by \$0 per ABOA SF of Space vacated by the Government.

**1.17 HOURLY OVERTIME HVAC RATES (AUG 2011)**

The following rates shall apply in the application of the paragraph titled "Overtime HVAC Usage:"

- \$ 1.05per hour for the entire Space.

**1.18 24-HOUR HVAC REQUIREMENT (APR 2011)**

The hourly overtime HVAC rate specified above shall not apply to any portion of the Premises that is required to have heating and cooling 24 hours per day. If 24-hour HVAC is required by the Government for any designated rooms or areas of the Premises, such services shall be provided by the Lessor at an annual rate of \$TBD per ABOA SF of the area receiving the 24-hour HVAC. Notwithstanding the foregoing, Lessor shall provide this service at no additional cost to the Government if the Lessor provides this service to other tenants in the Building at no additional charge.

**1.19 BUILDING IMPROVEMENTS (SEP 2012)**

Before the Government accepts the Space, the Lessor shall complete the following additional Building improvements: N/A

**1.20 HUBZONE SMALL BUSINESS CONCERNS ADDITIONAL PERFORMANCE REQUIREMENTS (MAR 2012)**

If the Lessor is a qualified HUBZone small business concern (SBC) that did not waive the price evaluation preference then as required by 13 C.F.R. 126.700, the HUBZone SBC must spend at least 50% of the cost of the contract incurred for personnel on its own employees or employees of other qualified HUBZone SBC's and must meet the performance of the work requirements for subcontracting in 13 C.F.R. § 125.6(c). If the Lessor is a HUBZone joint venture, the aggregate of the qualified HUBZone SBC's to the joint venture, not each concern separately, must perform the applicable percentage of work required by this clause.