

**LEASE NO. GS-04P-LNC62595**

Global Lease  
GSA FORM L100 (09/2015)

This Lease is made and entered into between

**Highwoods Realty Limited Partnership**

(Lessor), whose principal place of business is 3100 SmokeTree Court, Suite 600, Raleigh, NC 27604-1050 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 Situs III,  
**1100 Situs Court, Raleigh, NC 27606-4295**

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

**10 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.

**FOR THE LESSOR:**

Name: Jeffrey D. Miller

Title: Senior Vice President

Entity Name: Highwoods Realty Limited Partnership

Date: 8/3/16 By: Highwoods Properties, Inc., its general partner

**FOR THE GOVERNMENT:**

Name: Alvin P. Jackson

Title: Lease Contracting Officer

General Services Administration, Public Buildings Service

Date: August 5, 2016

**WITNESSED FOR THE LESSOR BY:**

Name: Brendan Majorano

Title: Vice President

Date: 8/3/16

The information collection requirements contained in this Solicitation/Contract that are not required by the regulation have been approved by the Office of Management and Budget pursuant to the Paperwork Reduction Act and assigned the OMB Control No. 3090 0163

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

**1.01 THE PREMISES (SEP 2015)**

The Premises are described as follows:

A. **Office and Related Space:** 14,583 rentable square feet (RSF), yielding 13,043 ANSI/BOMA Office Area (ABOA) square feet (SF) of office and related Space located on partial 2nd 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 11.80 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

C. This subparagraph intentionally deleted.

**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:** 58 parking spaces as depicted on the plan attached hereto as Exhibit B, reserved for the exclusive use of the Government, of which 0 shall be structured/inside parking spaces, and 58 shall be surface/outside parking spaces. 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 2015)**

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

	FIRM TERM	NON-FIRM TERM
	ANNUAL RENT	ANNUAL RENT
SHELL RENT <sup>1</sup>	\$241,409.51	\$303,763.89
TENANT IMPROVEMENTS RENT <sup>2</sup>	\$128,713.32	\$0.00
OPERATING COSTS <sup>3</sup>	\$72,707.02	\$72,707.02
BUILDING SPECIFIC AMORTIZED CAPITAL (BSAC) <sup>4</sup>	\$6,180.72	\$0.00
PARKING <sup>5</sup>	\$ 0.00	\$ 0.00
<b>TOTAL ANNUAL RENT</b>	<b>\$449,010.57</b>	<b>\$376,470.91</b>

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

(Firm Term) \$16.55417 per RSF multiplied by 14,583 RSF  
(Non-Firm Term) \$20.83 per RSF multiplied by 14,583 RSF

<sup>2</sup>Tenant Improvements of \$548,197.29 are amortized at a rate of 6.5 percent per annum over 5 years

<sup>3</sup>Operating Costs rent calculation: \$4.98674 per RSF multiplied by 14,583 RSF

<sup>4</sup>Building Specific Amortized Capital (BSAC) of \$26,324.02 are amortized at a rate of 6.5 percent per annum over 5 years

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

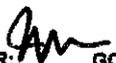
B. This subparagraph intentionally deleted.

C. Rent is subject to adjustment based upon a mutual on-site measurement of the Space upon acceptance, not to exceed 13,043 ABOA SF based upon the methodology outlined under the "Payment" clause of GSA Form 3517.

D. 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.

E. This subparagraph intentionally deleted.

F. 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

LESSOR:  GOVERNMENT: 

G. 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 by the Lessor in the System for Award Management (SAM). If the payee is different from the Lessor, both payee and Lessor must be registered and active in SAM.

H. 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.

I. Parking shall be provided at a rate of \$0.00 per parking space per month (structured/inside), and \$0.00 per parking space per month (surface/outside).

J. In accordance with the Lease negotiations, the Lessor has offered free rent to the Government for the first two (2) months (November 2016 and December 2016) of the Lease. Therefore, the first two (2) months of the Lease shall be provided at no cost to the Government.

**1.04 BROKER COMMISSION AND COMMISSION CREDIT (SEP 2015)**

A. DTZ Americas Inc. d.b.a Cushman & Wakefield (Broker) is the authorized real estate Broker representing GSA in connection with this Lease transaction. The total amount of the Commission is [redacted] and is earned upon Lease execution, payable according to the Commission Agreement signed between the two parties. Only [redacted] of the Commission will be payable to DTZ Americas Inc. d.b.a Cushman & Wakefield with the remaining [redacted] which is the Commission Credit, to be credited to the shell rental portion of the annual rental payments due and owing 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 in equal monthly installments over the shortest time practicable.

B. Notwithstanding the "Rent and Other Consideration" paragraph of this Lease, the shell rental payments due and owing under this Lease shall be reduced to recapture fully 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:

Month 1 Rental Payment \$37,417.55 minus prorated Commission Credit of [redacted] equals [redacted] adjusted 1st Month's Rent \*

Month 2 Rental Payment \$37,417.55 minus prorated Commission Credit of [redacted] equals [redacted] adjusted 2nd Month's Rent. \*

\* Subject to change based on adjustments outlined under the paragraph "Rent and Other Consideration."

**1.05 TERMINATION RIGHTS (AUG 2011)**

The Government may terminate this Lease, in whole or in part, at any time effective after the Firm Term of this Lease, by providing not less than 90 days' prior written notice to the Lessor. The effective date of the termination shall be the day following the expiration of the required notice period or the termination date set forth in the notice, whichever is later. No rental shall accrue after the effective date of termination.

**1.06 RENEWAL RIGHTS (SEP 2013) INTENTIONALLY DELETED**

**1.07 DOCUMENTS INCORPORATED IN THE LEASE (SEP 2015)**

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

DOCUMENT NAME	NO. OF PAGES	EXHIBIT
FLOOR PLAN	1	A
PARKING PLAN	1	B
AGENCY PROGRAM OF REQUIREMENTS & ROOM MATRIX	83	C
SECURITY REQUIREMENTS - LEVEL II	5	D
SECURITY UNIT PRICE LIST - LEVEL II	2	E
GSA FORM 3517B GENERAL CLAUSES (DATED 6/16)	15	F
GSA FORM 3518-SAM, ADDENDUM TO SYSTEM FOR AWARD MANAGEMENT (SAM) REPRESENTATIONS AND CERTIFICATIONS (ACQUISITIONS OF LEASEHOLD INTERESTS IN REAL PROPERTY)	2	G
SMALL BUSINESS SUBCONTRACTING PLAN	8	H
LEASE AMENDMENT(S) ISSUED UNDER RLP AMENDMENT NO. 1 & 2	2	I
EGRESS SIDEWALK DIAGRAM	1	J

LESSOR:  GOVERNMENT: 

**1.08 TENANT IMPROVEMENT RENTAL ADJUSTMENT (SEP 2015)**

A. The Tenant Improvement Allowance (TIA) for purposes of this Lease is \$42.03 per ABOA SF, total of \$548,197.29. 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 6.6 percent

B. 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.

C. 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.

D. 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.

**1.09 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 (FLAT FEE)	\$45,000
LESSOR'S PROJECT MANAGEMENT FEE (% OF TI CONSTRUCTION COSTS)	5%

**1.10 BUILDING SPECIFIC AMORTIZED CAPITAL (SEP 2013) INTENTIONALLY DELETED**

**1.11 BUILDING SPECIFIC AMORTIZED CAPITAL RENTAL ADJUSTMENT (SEP 2013) INTENTIONALLY DELETED**

**1.12 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 37.73 percent. The Percentage of Occupancy is derived by dividing the total Government Space of 14,583 RSF by the total Building space of 38,646 RSF.

**1.13 REAL ESTATE TAX BASE (SEP 2013) INTENTIONALLY DELETED**

**1.14 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 \$4.9857 per RSF (\$72,707.02/annum).

**1.15 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 \$2.00 per ABOA SF of Space vacated by the Government.

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

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

- \$35.00 per hour per zone
- No. of zones: 2

**1.17 24-HOUR HVAC REQUIREMENT (SEP 2014) INTENTIONALLY DELETED**

**1.18 BUILDING IMPROVEMENTS (SEP 2012)**

Before the Government accepts the Space, the Lessor shall complete the following additional Building Improvements:

- A. Sidewalk from rear left exit of the building around to the front parking lot shall be constructed by the Lessor, at Lessor's cost. See Lease Exhibit J.
- B. Lessor shall pursue and obtain an Energy Star label when the building reaches required 50% occupancy for a period of 12 months. The Energy Star label shall be provided to the GSA Contracting Officer within 30 days of receipt. The Lessor is solely responsible for costs associated with obtaining the Energy Star label.

**1.19 ~~HURZONE SMALL-BUSINESS CONCERNS ADDITIONAL PERFORMANCE REQUIREMENTS (MAR 2012)~~ INTENTIONALLY DELETED**