

US GOVERNMENT LEASE FOR REAL PROPERTY

DATE OF LEASE

May 5, 2008

LEASE NO.

GS-10B-06900

THIS LEASE, made and entered into this date by and between Millpoint Building 3000

Whose address is 730 SW Bonnett Way, Bend OR 97702

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 considerations hereinafter mentioned, covenant and agree as follows:

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

A total of 5,115 rentable square feet (RSF) of office and related space, which yields 4,567 ANSI/BOMA Office Area square feet (USF) of space at Millpoint Building 3000, 730 SW Bonnett Way, Bend OR 97702 to be used for such purposes as determined by the General Services Administration. Included in the rent, at no additional cost, to the Government are seven (7) reserved parking spaces for exclusive use of Government employees and patrons.

2. **TO HAVE AND TO HOLD** the said premises with their appurtenances for the term beginning on Beneficial Occupancy and continuing for a 10 year term, subject to termination rights after the first five (5) year firm term and renewal rights as may be hereinafter set forth.

3. The Government shall pay the Lessor annual rent pursuant to Paragraph 9.

Rent for a lesser period shall be prorated. Rent checks shall be made payable to:

Bonnett Properties, LLC
C/o Oliver Commercial Group
164 NW Hawthorne Ave
Bend OR 97701

4. The Government may terminate this lease in whole at any time on or after the firm term 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:

There are **no** renewal options on this Lease.

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

LESSOR

[Redacted Signature]

Morgan

(Signature)

[Redacted Signature]

[Redacted Signature]

UNITED STATES OF AMERICA

BY

[Redacted Signature]

Contracting Officer, General Services Administration

(Official Title)

6. The Lessor shall furnish to the Government, as part to the rental consideration, the following:
- A. Those facilities, services, supplies, utilities, and maintenance in accordance with SFO 5OR0023 dated July 28, 2006.
 - B. Build out in accordance with standards set forth in SFO 5OR0023 dated July 28, 2006, and the Government's design intent drawings. Government space plans shall be developed subsequent to award. All tenant alterations to be completed by not later than ninety (90) days after issuance of a building permit. Lease term to be effective on date of occupancy, if different from the date identified in Paragraph 2.
 - C. Deviations to the approved design intent drawings will not be permitted unless prior written authorization is obtained from the GSA Contracting Officer.

7. The following are attached and made a part hereof:
- A. Solicitation for Offers 5OR0023 dated July 28, 2006 (45 pages)
 - B. ■ Specific Requirements, dated February 9, 2006, (41 pages)
 - C. GSA Form 3517, General Clauses, 2 Page (REV 11/05)
 - D. GSA Form 3518, Representations and Certifications, Page 1-7, (Rev 7/04)
 - E. Addendum 1, dated May 26, 2006
 - F. Addendum 2, dated August 24, 2006
 - G. Addendum 3, dated Sept. 18, 2006
 - I. Addendum 4, dated March 15, 2007
 - J. Addendum 5, dated Sept 13, 2007

8. The following PARAGRAPHS were ADDED TO this lease prior to its execution:

Paragraphs 9 through 16 were are added to this lease.

LESSOR

Charles Bonnett
BONNETT PROPERTIES, LLC

UNITED STATES OF AMERICA

BY *OR*

(Initial)

9. Rental Rate:

Pursuant to Paragraph 3 of the Lease, *Amount of Annual Rent and Rate Per Month*, payable on 5,115 Rentable Square Feet and seven (7) parking spaces is as follows:

<u>Rent Period</u>	<u>Annual Rent</u>	<u>Monthly Rent</u>
Years 1-5	\$247,708.39	\$20,642.37
Years 6-11	\$217,905.43	\$18,158.79

*Rent above for a total of \$247,708.39 per annum during the firm term, years 1-5 includes a Base Rent, Operating Costs, RE Taxes, Broker Commission, and amortized Tenant Improvements. Rent above for a total of \$217,905.43 per annum during years 6-10, includes a Base Rent, Operating Costs, RE Taxes, no Broker Commission and no amortized Tenant Improvements.

10. Operating Cost Adjustment:

Base Operating Costs are established at \$10.46/RSF for years 1-5. Base Operating Costs are established at \$12.05/RSF for years 6-10. Operating costs are not subject to annual escalation per SFO Section 3.4.

11. Real Estate Tax Adjustment:

Base Real Estate Taxes are established at \$3.12 per Rentable Square Foot for years 1-5. Base Real Estate Taxes are established at \$3.61 per Rentable Square Foot for years 6-10. Percentage of Occupancy is established as 50.0%. Real Estate Tax Parcel for the leased premises is: Map 181205 C0 Tax Lot 400.

12. Tenant Improvements:

The Lessor shall provide all material, labor and equipment necessary to complete tenant alterations as directed by the Government pursuant to the terms of the SFO Package, including but not limited to those described in Section 10 Special Requirements of the SFO. These Tenant Improvements shall be further specified within the Design Intent and Construction Drawings, which shall require approval by the Government. The Lessor shall provide a Tenant Improvement Allowance of \$49.24 per usable square foot (ANSI/BOMA Office Area) of space under the Lease. The Tenant Improvement Allowance of \$224,879.08 shall be amortized and included in the base rent at an interest rate of 8.5%, amortized over sixty (60) months. Tenant Alterations in excess of the total \$49.24 per usable square foot allowance, if any, shall be paid for by lump sum by the Government, unless otherwise agreed to in writing, by the Lessor and the Government. If the Government does not use the entire \$49.24/USF for Tenant Improvements, any unused portion may be deducted from the rental rate based on the revised amortization figure. Tenant improvements amortized rate to the lease is \$10.8240 per rentable square foot per annum over the firm term.

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Barrier will be provided by landlord at landlord's expense but subject to input by tenant with specific locations/dimensions.

Smoke detector installation (item 7) will be done by landlord at landlord's expense but must be identified by tenant in design intent drawings.

The Government reserves the right at their sole cost to review or have a designated contractor review all actual construction cost and pricing data for the TI's in association with the Government portion of space under lease. In addition, the Government reserves the right at their sole cost to have a contractor monitor the construction of the tenant space for compliance to the final Government approved construction drawings and lease provisions.

Window security will be installed on the interior of window and all costs associated with installation shall be paid for out of the tenant improvement allowance.

13. Parking:

Lessor shall provide Seven (7) reserved parking spaces on site at no additional cost to the Government. The cost for all parking is included in the annual rental amounts required by the SF0 in Section 1.3.B 2.

14. Broker Commission and Commission Credit:

The Lessor and the Broker have agreed to a lease commission with a total amount of the commission being [REDACTED]. The Lessor shall pay the Broker no additional commissions associated with this lease transaction. The agreed upon commission is net of any commission credit and represents the amount that will be paid to the Broker. The commission payable to CB Richard Ellis is established to be [REDACTED] with the first 50% due and payable by certified funds in the amount of [REDACTED] no later than thirty (30) days after lease execution by GSA with the balance due thirty (30) days after acceptance of the space by GSA and reconciliation of the tenant improvements. The Broker Commission of [REDACTED] shall be amortized and paid as part of rent, as stated in Paragraph 9 above, at an interest rate of [REDACTED], amortized over 60 months. Brokers Commission amortized rate to the lease is [REDACTED] per rentable square foot per annum over the firm term, for a total additional amount due of [REDACTED] per month, or [REDACTED] per annum.

15. Square Footage Adjustments:

The Government reserves the right to adjust the final square footage after receipt and approval of CAD drawings and final site acceptance of the premises. Any adjustments, including those for agreed upon square footage, tenant improvements and annual rent, shall be documented by Supplemental Lease Agreement.

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16. Terms and Conditions:

All 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 parties prior to the execution of this Lease are not applicable or binding. This agreement may be amended only by written instrument executed by the Lessor and the Government.

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