

US GOVERNMENT LEASE FOR REAL PROPERTY

DATE OF LEASE

2010 31

LEASE NO.

LOR07162

BUILDING NO.

OR6595

THIS LEASE, made and entered into this date by and between BM2W, LLC

Whose address is 1750 DELTA WATERS ROAD, STE 102 PMB #203
MEDFORD, OREGON 97504 - 9783

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 13,560 rentable square feet (RSF) of office and related space, which yields 13,560 ANS/BOMA Office Area square feet (USF) of space at Airport Commerce Center, 3715 International Way, Medford, Oregon to be used for such purposes as determined by the General Services Administration. Space is comprised of Block A and Block B, each of which is 6,780 rentable square feet. In addition, the Lessor leases to the Government twelve (12) reserved parking spaces.

2. TO HAVE AND TO HOLD the said premises with their appurtenances for the term beginning:

Block A: October 16, 2010 through October 15, 2020, subject to termination and renewal rights as may be hereinafter set forth.

Block B: Beneficial occupancy of Block B through October 15, 2020, subject to termination and renewal rights as may be hereinafter set forth.

3. The Government shall pay the Lessor Annual Rent of per the table below. The rent includes parking at a rate of \$75.00 per year/per space for twelve (12) spaces, or an annual amount of \$900.00 for the term of ten (10) years.

Block	Period	Shell Rent	Operating Rent ²	Amortized TIs	Annual Parking	Annual Rent	Monthly Rent
Block A	10/16/10-10/15/20 ¹	\$95,326.80	\$33,289.80	\$0	\$900.00	\$129,516.60	\$10,793.05
Block B	Ben. Occ-10/15/20	\$95,326.80	\$33,289.80	TBD ³	\$0.00	TBD	TBD

¹ Rent for the period of 10/16/10 through 12/15/10 is adjusted pursuant to Paragraph 15 of this SF-2.

² Base Operating Rent subject to adjustments in accordance with the SFO paragraph 4.3 and Paragraph 11 of this SF-2.

³ Upon acceptance of Block B, adjustment of rent and amortization of tenant improvements will be formalized in a Supplemental Lease Agreement.

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

BM2W, LLC
1750 DELTA WATERS ROAD
SUITE 102 PMB #203

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

LESSOR
BM2W, LLC

MICHAEL J. McCULLOCH

BY
(Signature)

IN PRESENCE OF

DAVID BOALS

(Signature)

MEMBER/MANAGER
1750 DELTA WATERS RD
STE 102 PMB #203
MEDFORD, OR 97504

UNITED STATES OF AMERICA

BY
(Signature)

L. SNOW

LINDSEY D. SNOW Contracting Officer, General Services Administration
CONTRACTING OFFICER (Official Title)

4. Paragraph 4, Termination Rights, intentionally deleted.
5. Paragraph 5, Renewal Rights, intentionally deleted.
6. The Lessor shall furnish to the Government, as part of the rental consideration, the following:
 - A. Those facilities, services, supplies, utilities, and maintenance in accordance with SFO 9OR2074 dated February 9, 2010, as amended March 5, 2010.
 - B. Build out in accordance with standards set forth in SFO 9OR2074 dated February 9, 2010, as amended March 5, 2010 and the Government's design intent drawings. Government space plans shall be developed subsequent to award. The Lessor hereby waives restoration.
 - 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 9OR2074 dated February 9, 2010 (pages 1-52), attached Special Requirements (802 pages) and Amendment 1 dated March 5, 2010 (1 page).
 - B. GSA Form 3517B entitled GENERAL CLAUSES (Rev 11/05) (pages 1-33)
 - C. GSA Form 3518 entitled REPRESENTATIONS AND CERTIFICATIONS (Rev 1/07) (pages 1-7)
 - D. GSA Form 1364 entitled PROPOSAL TO LEASE SPACE (Rev 08/08) (pages 1-2)
 - E. GSA Form 1217 entitled LESSOR'S ANNUAL COST STATEMENT (Jul 94) (pages 1-2)
 - F. Building Floor Plan (undated) (1 page)
8. In accordance with the SFO paragraph 3.3 entitled *Tenant Improvement Rental Adjustment*, Tenant Improvements in the estimated total amount of \$593,385.60 (13,560USF x \$43.76) shall be amortized through the rent for ten (10) years at the rate of 7.5%. The total annual cost of Tenant Improvements for the amortization period is estimated to be \$84,523.10.
9. In accordance with the SFO paragraph 4.2 entitled *Tax Adjustment*, the tax base for the Government-occupied space is established at \$17,090.00 and the tax account numbers are [REDACTED] and [REDACTED].
10. In accordance with the SFO paragraph 4.2 B entitled *Percentage of Occupancy*, the percentage of Government occupancy is established as 50% (6,780 RSF/13,560 RSF). The percentage of occupancy will be adjusted upon beneficial occupancy of Block B to 100%.
11. In accordance with the SFO paragraph 4.3 entitled *Operating Costs Base*, the escalation base is established as \$4.91/RSF (\$66,579.60/annum).
12. In accordance with the SFO paragraph 4.1 C entitled *Common Area Factor*, the common area factor is established as 1.00 (13,560 RSF/13,560 USF).
13. In accordance with the SFO paragraph 4.4 entitled *Adjustment for Vacant Premises*, the adjustment is established as \$2.61/USF for vacant space (rental reduction).
14. In accordance with the SFO paragraph 4.6 entitled *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), at a rate of \$5.00 per hour for the entire building.

LESSOR

UNITED STATES OF AMERICA

BY
(Initial)



BY
(Initial)



15. Adjusted monthly rent payments (application of commission credit):

The commission credit shall be applied in equal monthly amounts against the shell rental payments over the minimum number of months that will not exceed the monthly shell rental per SFO subparagraph 2.3 B. The commission is based on the rental amounts of both Block A and Block B. The annual rent for Block A is \$129,516.60 and the annual rent for Block B is \$128,616.60 for a combined annual rent of \$258,133.20, without tenant improvement amortizations. The commission credit is [REDACTED] and is calculated as follows:

Commission: [REDACTED]
 Commission: [REDACTED]
 GSA Commission Credit: [REDACTED]
 Studley/LaBonde Land, Inc. Commission: [REDACTED]

The monthly rent payments adjusted for the commission credit are as follows:

<u>Rent Period¹</u>	<u>Scheduled Monthly Rent</u>	<u>Scheduled Mo. Shell Rent</u>	<u>Commission Credit</u>	<u>Commission Credit Remaining</u>	<u>Adjusted Monthly Rent Payment</u>
10/16/10 – 11/15/10	\$10,793.05	\$7,943.90	[REDACTED]	[REDACTED]	[REDACTED]
11/16/10 – 12/15/10	\$10,793.05	\$7,943.90	[REDACTED]	[REDACTED]	[REDACTED]
12/16/10 – 01/15/11	\$10,793.05	\$7,943.90	[REDACTED]	[REDACTED]	[REDACTED]
01/16/11 – 02/15/11	\$10,793.05	\$7,943.90	[REDACTED]	(b)(6)	[REDACTED]

¹ Rent schedule, Commission Credit and Monthly Rental Amount shall be reconciled upon completion of Tenant Improvements.

16. The Lessor hereby waives and forever relinquishes any right to make a claim against the Government for waste, damages or restoration arising from or related to any alteration or removal of any alteration by the Government during the term of this Lease or any extensions. Alterations may be completed by either the Government and/or the Lessor including the initial build-out of the leased space and/or any subsequent modifications required during the lease period. At the Government's sole discretion, property remaining in leased space after termination of the lease contract will become the property of the Lessor.
17. 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 and annual rent shall be documented by Supplemental Lease Agreement.
18. 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"; where the words "space offered for lease" appear in this Lease, they shall be deemed to mean "Premises".
19. 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.

LESSOR

UNITED STATES OF AMERICA

BY
(Initial) *AM*

BY
(Initial) *RS*