

U.S. GOVERNMENT
LEASE FOR REAL PROPERTY

DATE OF LEASE

(To Be Inserted on the Date of Government Execution)

LEASE NO.

GS-07B-17070

THIS LEASE, made and entered into this date by and between MERLIN MANN INVESTMENTS, LLC

whose address is 216 W. Village Blvd, Suite 302
Laredo, TX 78041-2322

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:

A total of 19,552 rentable square feet (RSF) of office and related space, which yields 17,002 ANSI/BOMA Office Area square feet (ABOA) of space located on the 1st Floor, at 500 E Mann Road, Laredo, TX 78041-2630 (see Exhibit C - Legal Description) 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 60 parking spaces.

2. TO HAVE AND TO HOLD the said premises with their appurtenances for the term beginning upon completion and acceptance of the work required by this lease and continuing for a period of ten (10) years, with a firm term of five (5) years, subject to termination and renewal rights as may be hereinafter set forth. The actual lease term dates will be established by a subsequent Supplemental Lease Agreement.

3. For years 1 through 5, the Government shall pay the Lessor annual rent of \$623,499.02 (\$31,8893/RSF - \$36,6672/ABOA) at the rate of \$51,958.25 per month in Arrears. The total annual rent consists of annual Shell rent of \$368,518.05 (\$18,8481/RSF - \$21,6750ABOA); annual Operating Costs of \$112,850.23 (\$5,7718/RSF - \$6,6375/ABOA) plus annual CPI adjustments as stated in the Solicitation For Offer; and annual amortized Tenant Improvement Costs of \$142,130.74 (\$7,2694/RSF - \$8,3596/ABOA).

For years 6 -10, the Government shall pay the Lessor total annual rent of \$ 552,148.48 (\$28,2400/RSF - \$32,3206/ABOA) at the rate of \$46,012.37 per month paid in arrears. The total annual rent consists of annual Shell rent of \$439,298.24 (\$22,4682/RSF - \$25,8380/ABOA); Operating Costs of \$112,850.23 (\$5,7718/RSF - \$6,6375/ABOA) plus annual CPI adjustments as stated in the Solicitation For Offer. There are no annual Tenant Improvement Costs.

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

MERLIN MANN INVESTMENTS, LLC
216 W. VILLAGE BLVD, SUITE 302
LAREDO, TX 78041-2322

4. The Government may terminate this lease in whole or in part effective at any time after the fifth (5th) year of this lease by giving at least thirty (30) days' prior notice, in writing, to the Lessor. No rental shall accrue after the effective date of the termination. Said notice shall be computed commencing with the day after the date of the mailing.

5. ~~This lease may be renewed at the option of the Government for 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 to the rental consideration, the following:

A. Those facilities, services, supplies, utilities, and maintenance in accordance with SFO 0TX2340 dated March, 21, 2011
19, 2008.

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B. Build out in accordance with standards set forth in SFO 0TX2340 dated March 21, 2011, as amended, and the Government's Design Intent Drawings. Government space plans shall be developed subsequent to award within 30 days. All tenant alterations and improvements shall be completed by the date identified under Paragraph 9 of this SF-2.

C. The Lessor hereby waives restoration of the leased premises.

D. Deviations to the approved design intent drawings will not be permitted unless prior written authorization is obtained from the GSA Contracting Officer.

E. Adequate space for telecommunications antennae and transmission devices in accordance with Paragraph entitled, "Telecommunications: Local Exchange Access." of the SFO.

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

Solicitation for Offers (SFO) 0TX2340 dated March 21, 2011
GSA Form 3517B entitled GENERAL CLAUSES (Rev. [11/05])
GSA Form 3518A entitled REPRESENTATIONS AND CERTIFICATIONS (Rev. [1/07])
Exhibit A: Special Requirements for Solicitation for Offers 0TX2340 dated February 22, 2011
Exhibit B: Pre-Lease Security Plan
Exhibit C: Legal description

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

Paragraph 5 is omitted and has been struck through. Paragraphs nine (9) through eighteen (18) are added.

9. **Budget and Price Proposals/CONSTRUCTION SCHEDULE:** Pursuant to Paragraph 5.11, of the Solicitation of Offer "Construction Schedule and Acceptance of Tenant Improvements", the Lessor shall have 214 working days from the receipt of the Government Approved Design Intent Drawings to complete the build-out of the entire leased premise and have the space available for inspection and acceptance by the Government. All items specified in Lease Agreement and as delineated on the Government Approved Design Intent Drawings shall be provided by the Lessor.
10. **Percentage of Occupancy:** The lease is subject to Real Estate Tax reimbursement as provided for in the Paragraph Tax Adjustment of the SFO. For tax adjustments, the percentage of occupancy is established at 18.8%. The base year tax statement will be submitted within 60 calendar days after Lessor's payment of taxes to establish the base tax year. If the statement is for multiple parcels or buildings, the value of each property shall be defined.
11. **Operating Cost:** In accordance with the SFO paragraph entitled "Operating Costs," the escalation base is established as \$5.7718/RSF or \$112,850.23 (19,552 rsf X \$5.7718).
12. **Common Area Factor:** In accordance with the SFO paragraph entitled "Common Area Factor," the common area factor is established as 1.15 (19,552 RSF/17,002 ABOA).
13. **Adjustment for Vacant Premise:** In accordance with the SFO paragraph entitled "Adjustment for Vacant Premises," the adjustment shall be a reduction of \$2.00/ANSI-BOMA Office Area for vacant space.
14. **Overtime HVAC Usage:** In accordance with the SFO Paragraph entitled Overtime Usage, the rate for Overtime Heating and Cooling is established at \$25.00 per hour for the entire Government leased premise. The Lessor shall not charge the Government for Overtime Heating and Cooling if the building is open and the Heating and Cooling is operating for all other tenants beyond the Normal Hours stipulated in this agreement. The Overtime Heating and Cooling Usage rate shall not apply to any portion of the Premises that is required to have heating and cooling 24 hours per day as specified by the lease agreement.

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15. **Central Contractor Registration (CCR)/ACH Form:** Per the Debt Collection Improvement Act, effective July 27, 1996, Electronic Funds Transfer (EFT) shall be required on all existing and new lease/contracts that became effective no later than January 1, 1998. An enrollment form is attached to be completed and returned with this contract.

In accordance with the SFO paragraph entitled "Central Contractor Registration," the Lessor shall register by the time of the full execution of this Lease Agreement.

16. **Commission Credit:** The Lessor and the Broker have agreed to a cooperating lease commission. The total amount of the commission is [REDACTED]. The Lessor shall pay the Broker no additional commissions associated with this lease transaction. 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 to the Government is [REDACTED]. The Lessor agrees to pay the commission less the Commission Credit 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 to the Government. 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.

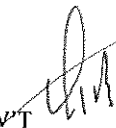
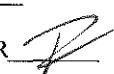
First Month's Rental Payment of \$51,958.25 minus the prorated Commission Credit [REDACTED] equals [REDACTED] as the adjusted First Month Rent.

Second Month's Rental Payment of \$51,958.25 minus the prorated Commission Credit [REDACTED] equals [REDACTED] as the adjusted Second Month Rent.

17. **Unauthorized Tenant Improvements:** All questions pertaining to this Lease shall be referred, in writing, to the Contracting Officer of the General Services Administration (GSA) or his/her designee. The Government's occupant of the leased premise is not authorized to administer this lease or make commitments to the Lessor that are not followed-up with a written agreement to the Lease. GSA assumes no responsibility for any cost incurred by the Lessor except as provided by the terms of this Lease or any other cost authorized, in writing, by the GSA Contracting Officer. The Lessor will not be reimbursed for any services not provided for in this Lease, including but not limited to; repairs, changes in scope of work, alterations, and overtime services without the written authorization of a Contracting Officer. If Lessor delivers space with Tenant Improvements not authorized, in writing, by the GSA Contracting Officer, then the Lessor shall not be entitled to compensation or payment if the Tenant Improvements remain in place after the Government's acceptance of the space.

18. **Tenant Improvement Allowance:** In accordance with the SFO paragraph entitled Tenant Improvement Rental Adjustment, Tenant Improvements in the total amount of \$558,099 (17,002 ANSI/BOMA Office Area x \$32.8255) shall be amortized through the rent for 5 years at the rate of 9.95%. The total annual cost of Tenant Improvements for the amortization period shall be \$142,130.74. Annual tenant improvement amortized payments will begin upon completion and acceptance of all tenant improvements to the leased premise.

19. **Randolph-Sheppard Act:** Approximately 120 ABOA SF will be used for the operation of a vending facility under the provisions of the Randolph-Sheppard Act (20 USC 107 et. seq.). The Government will control the number, kind, and locations of vending facilities and will control and receive income from all automatic vending machines. The Lessor is required to provide necessary utilities and to make related alterations which include one 120 volt (no more than 3 outlets per breaker) electrical outlet. The cost of the improvements are part of the Tenant Improvement costs.

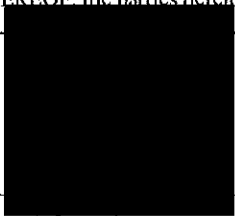
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20. **Building Purchase:** The Lessor has 45 days from lease award to close the purchase of good and indefeasible fee simple title to the real property, which is identified as the property located at 500 E Mann Road, Laredo, TX 78041-2630 and more fully described as "The Property". If The Property is not purchased by the Lessor within the 45 days from Lease Award, then Lessor will be in material breach of this Lease which will entitle the Government to immediately and unilaterally issue notice of termination of this lease. Upon such notice, all rights and obligations of the Government under this lease shall terminate. Extensions of the 45 days to Close the property will be given solely at the discretion of the Lease Contracting Officer and such denial of the extension can solely be provided by the Lease Contracting Officer for any reason.

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

LESSOR

BY



MANUEL

Title

RAULON DIEZ BARRERO

(printed name)

IN PRESENCE OF



City

State

Zip

SERVICES ADMINISTRATION

Contracting Officer

(Official title)