

US GOVERNMENT LEASE FOR REAL PROPERTY

DATE OF LEASE

October 5, 2011

LEASE NO.

GS-10B-07293

BUILDING NO.

WA8027

THIS LEASE, made and entered into this date by and between S Y B HOLDING CO INC

Whose address is 1440 ADMIRAL PL.
FERNDALE, WA 98248-8965

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:

- The Lessor hereby leases to the Government the following described premises:

A total of 6,077 rentable square feet (RSF) of office and related space, which yields 6,077 ANSI/BOMA Office Area (ABOA) square feet of space, subject to paragraph 19 of this SF-2, at the 5200 Building located at 5200 Industrial Pl, Ferndale, WA 98248-7812 to be used for such purposes as determined by the General Services Administration. In addition, Lessor leases to the Government fourteen (14) secured surface parking stalls, valued at \$200/month per space, and are included in the rent.

- TO HAVE AND TO HOLD the said premises with their appurtenances for the term beginning upon beneficial occupancy and continuing for ten (10) years, subject to termination and renewal rights as may be hereinafter set forth.

- The Government shall pay the Lessor annual rent per the table below.

<u>Rent Period</u>	<u>Shell Rent¹</u>	<u>Operating Rent²</u>	<u>Tenant Improvement Costs³</u>	<u>Total Annual Rent⁴</u>
Year 1	\$82,375.25	\$44,909.03	\$61,990.17	\$189,274.45
Year 2	\$84,836.44	\$44,909.03	\$61,990.17	\$191,735.84
Year 3	\$87,035.71	\$44,909.03	\$61,990.17	\$193,934.91
Year 4	\$89,982.53	\$44,909.03	\$61,990.17	\$196,881.45
Year 5	\$92,671.93	\$44,909.03	\$61,990.17	\$199,571.13
Year 6	\$95,106.27	\$44,909.03	\$-0-	\$140,015.29
Year 7	\$97,959.46	\$44,909.03	\$-0-	\$142,868.48
Year 8	\$100,898.24	\$44,909.03	\$-0-	\$145,807.27
Year 9	\$103,925.18	\$44,909.03	\$-0-	\$148,834.21
Year 10	\$107,042.93	\$44,909.03	\$-0-	\$151,951.96

¹ Shell rent starts at \$82,039.50 in year 1 and steps 3% annually beginning year 2. Shell rate for years 1 - 5 includes cost for Building Specific Security (BSS) in the amount of \$335.75 annually based on \$1,413.00 amortized over 5 years at 7% interest. 3% Annual step rents are based on shell rent only, excluding BSS.

² Base Operating Rent is subject to adjustments in accordance with paragraph 12 of this SF-2.

³ Tenant Improvement Costs are calculated in accordance with paragraph 8 of this SF-2.

⁴ Rent for the first three lease months is adjusted pursuant to paragraph 17 below.

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

LESSOR

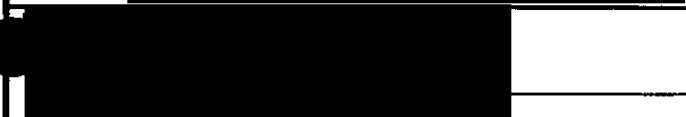
 7/20/11

its president _____
(Title)

IN PRESENCE OF



(Address)



Contracting Officer, General Services Administration

(Official Title)

Rent shall be paid monthly, in arrears. Rent for a lesser period shall be prorated. Rent checks shall be made payable to:

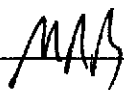
SYB HOLDING CO., INC.
PO BOX 189
FERNDALE, WASHINGTON 98248-0189

4. The Government may terminate this lease in whole or in part at any time after the completion of the fifth (5th) lease year by giving at least 120 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 paragraph intentionally deleted (renewal term).
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 7WA2388 dated November 30, 2010.
 - B. Build out in accordance with standards set forth in SFO 7WA2388 dated November 30, 2010 and the Government's design intent drawings. Government space plans shall be developed subsequent to award. All tenant alterations to be completed by the lease effective date identified under paragraph 2 above.
 - 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 7WA2388 dated November 30, 2010 (pages 1-53) and its Amendments.
 - B. Project Requirements for Lease Space dated November 2010 (pages 1-13).
 - C. GSA Form 3517B entitled GENERAL CLAUSES (Rev 11/05) (pages 1-33).
 - D. GSA Form 3518 entitled REPRESENTATIONS AND CERTIFICATIONS (Rev 1/07) (pages 1-7).
 - E. Floorplan (1 page).
 - F. Amendment No. 1 to SFO 7WA2388 (3 pages).
8. In accordance with the SFO paragraph 3.2 entitled *Tenant Improvements Included in Offer*, Tenant Improvements in the total amount of \$260,885.61 (6,077 ABOA SF x \$42.93) shall be amortized through the rent for five (5) years at the rate of 7%. The total annual cost of Tenant Improvements for the amortization period shall be \$61,990.17.
9. Tenant Improvement Fee Schedule: The Lessor's tenant improvement fee schedule is outlined as follows:
 - A. The General Conditions will not exceed 5.0% of the total Tenant Improvement costs.
 - B. The General Contractor's fee will not exceed 10% of the total Tenant Improvement costs and General Conditions.
 - C. The Architectural/Engineering fees will not exceed 6.0% of the total Tenant Improvement costs.
 - D. The Lessor's Project Management fee will not exceed 4.0% of the total Tenant Improvement costs.
10. In accordance with the SFO paragraph 4.2, entitled *Tax Adjustment*, and pursuant to GSA Form 1217 Lessor's Annual Cost Statement, Base Real Estate Taxes shall be formally established after the property and improvements are fully assessed. During the interim, taxes are included in the annual shell lease rate at \$5,468.79 and the tax parcel number is 3902334434010000.
11. In accordance with the SFO subparagraph 4.2 B.9 entitled *Percentage of Occupancy*, the percentage of Government occupancy is established as 30.39% (6,077 RSF/ 20,000 RSF).
12. In accordance with the SFO paragraph 4.3 entitled *Operating Costs*, the operating costs base is established as \$44,909.03/annum.
13. In accordance with the SFO sub paragraph 4.1 C entitled *Common Area Factor*, the common area factor is established as 1.00 (6,077 RSF/6,077 ABOA SF).

LESSOR

UNITED STATES OF AMERICA

BY



(Initial)

BY

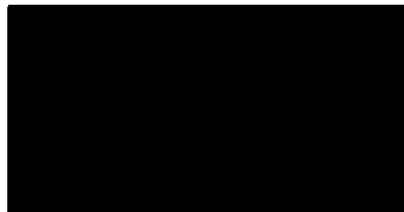


(Initial)

14. In accordance with the SFO paragraph 4.4 entitled *Adjustment for Vacant Premises*, the adjustment is established as \$2.25/ABOA SF for vacant space (rental reduction).
15. 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 (8:30 a.m. to 5:00 p.m., Monday through Friday, and except Federal Holidays), at a rate of \$2.20 per hour for the entire premises. The Lessor will not charge the Government if Lessor otherwise provides these services to other building tenants during the Government's overtime hours. The Lessor must submit a proper invoice quarterly to GSA Building Manager or designee to receive payment.
16. The "Overtime Usage" rate specified above 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 SFO. The charges for areas requiring 24 hour heating and cooling (HVAC) shall be provided at the rate of \$0.45 per ABOA SF per month.
17. 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 monthly rent is \$15,772.87. The monthly shell rent is \$6,836.61. The commission credit is [REDACTED] and is calculated as follows:

Commission Year 1:
 Commission Year 2:
 Commission Year 3:
 Commission Year 4:
 Commission Year 5:
 TOTAL COMMISSION:
 GSA Commission Credit:
 Studley/LaBonde Land, Inc. Commission:



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

<u>Rent Period</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>
Month 1	\$15,772.87	\$6,836.61	[REDACTED]	[REDACTED]	[REDACTED]
Month 2	\$15,772.87	\$6,836.61	[REDACTED]	[REDACTED]	[REDACTED]
Month 3	\$15,772.87	\$6,836.61	[REDACTED]	[REDACTED]	[REDACTED]
Month 4	\$15,772.87	\$6,836.61	\$-0-	\$-0-	\$15,772.87

18. 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.
19. 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.
20. 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".
21. 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

MJS
 (Initial)

BY

JH
 (Initial)