

LEASE NO. GS-10P-LWA07451

Standard Single Phase Source Selection Lease
GSA FORM L201C (June 2014)

This Lease is made and entered into between

Des Moines Creek Business Park Phase II, LLC

(Lessor), whose principal place of business is 900 SW 16th Street, Suite 330 Renton, WA 98057, and whose interest in the Property described herein is that of Ground Tenant under a leasehold interest with the Port of Seattle, 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 at

the corner of 216th Street & 24th Avenue South, Des Moines, Washington 98198-6610, with the specific address to be added by Lease Amendment.

and more fully described in Section 1 and Exhibit A (Site Plans) and Exhibit B (Floor Plans), 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 and as are consistent with applicable law.

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

20 Years, 20 Years Firm,

subject to termination and renewal rights as may be hereinafter set forth. The commencement date of this Lease shall be determined following substantial completion and acceptance of the Space by the Government and shall be confirmed in a Lease Amendment.

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: See attached signature page

Title: See attached signature page

Entity Name: See attached signature page

Date: _____

FOR THE GOVERNMENT:

Name: JAMES A. CAPPOLT

Title: Lease Contracting Officer

General Services Administration, Public Buildings Service

Date: 11/23/2015

WITNESSED FOR THE LESSOR BY:

Name: _____

Title: _____

Date: _____

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 (JUN 2012)

The Premises are described as follows:

A. Office and Related Space: **281,805** rentable square feet (RSF), yielding **262,100** ANSI/BOMA Office Area (ABOA) square feet (SF), of office and related space in a 5-story building to be constructed for the Government's occupancy as depicted on the site plans attached hereto as Exhibit A and floor plans attached hereto as Exhibit B.

B. Common Area Factor: The Common Area Factor (CAF) is established as **107.52** percent. This factor, which represents the conversion from ABOA to rentable square feet, shall be used for purposes of rental adjustments in accordance with the Payment Clause of the General Clauses.

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: **60** surface parking spaces as depicted on the plan attached hereto as Exhibit C, reserved for the exclusive use of the Government. In addition, the Lessor shall make available a total of 1,140 unreserved on-site surface parking spaces for Government employees. These spaces will be made available for the full term of the lease, including any renewal periods, subject to the terms and provisions of section 1.03 (H) below.

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. Such rights are subject to Lessor review and approval of specific installations and equipment. Such approval shall not be unreasonably withheld, conditioned or delayed.

1.03 RENT AND OTHER CONSIDERATION (SEP 2013)

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

	FIRM TERM (YRS 1-5)	FIRM TERM (YRS 6-10)	FIRM TERM (YRS 11-15)	FIRM TERM (YRS 16-20)
	ANNUAL RENT	ANNUAL RENT	ANNUAL RENT	ANNUAL RENT
SHELL RENT ¹	\$6,929,821.00	\$7,276,312.05	\$7,640,127.65	\$8,022,134.04
TENANT IMPROVEMENTS RENT ²	\$755,000.00	\$755,000.00	\$755,000.00	\$755,000.00
BASE OPERATING COSTS ³	\$1,781,009.00	\$1,781,009.00	\$1,781,009.00	\$1,781,009.00
BUILDING SPECIFIC AMORTIZED CAPITAL (BSAC) ⁴	\$0	\$0	\$0	\$0
PARKING ⁵	\$0	\$0	\$0	\$0
TOTAL ANNUAL RENT ⁶	\$9,465,830.00	\$9,812,321.05	\$10,176,136.65	\$10,558,143.04

¹Shell rent calculation:

Shell Rent increases 5% in Lease Years 6, 11 and 16.
Firm Term Yrs 1-5: \$24.59 per RSF multiplied by 281,805 RSF
Firm Term Yrs 6-10: \$25.82 per RSF multiplied by 281,805 RSF
Firm Term Yrs 11-15: \$27.11 per RSF multiplied by 281,805 RSF
Firm Term Yrs 16-20: \$28.47 per RSF multiplied by 281,805 RSF

²The Tenant Improvement Allowance of \$15,100,000.00 is amortized at a rate of 0 percent per annum over 20 years.

³Base Operating Costs rent calculation: \$6.32 per RSF multiplied by 281,805 RSF. The annual rent shall be adjusted each year during the term of the Lease commencing with the second year of the Lease for changes in operating costs in accordance with the terms and provisions of section 2.09 of the Lease.

⁴Building Specific Amortized Capital (BSAC) of \$11,917,347.18 will NOT be amortized. The BSAC costs will be paid lump sum.

⁵Parking costs for 60 Government vehicles are included in the Shell Rent.

⁶Rental payment amounts are based on the whole numbers shown in the table; square footage numbers in the footnotes are rounded to the nearest whole penny for convenience.

B. Rent is subject to adjustment based upon a mutual on-site measurement of the Space upon acceptance, not to exceed **262,100** ABOA SF based upon the methodology outlined under the "Payment" clause of GSA Form 3517.

C. 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.

D. **INTENTIONALLY DELETED**

E. If the lease term is in effect for less than a full calendar month at the beginning or end of the lease term, the rent for such months shall be prorated based on the actual number of days the Lease is in effect in such month.

F. 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 in the Lessor's Central Contractor Registration (CCR), now the System for Award Management (SAM). If the payee is different from the Lessor, both payee and Lessor must be registered in SAM.

G. 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, provided that all costs for Tenant Improvements and Building Specific Amortized Capital shall be paid for by application of the Tenant Improvement Allowance, the Building Specific Amortized Capital, or by lump sum by the Government.
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.

H. In addition to the 60 reserved parking spaces included in the rental rate, the Lessor shall provide 55 spaces for visitor parking and shall make available 1,085 unreserved parking spaces in the balance of the building parking lot for lease by the Government or its employees during the entire term of the lease. Nothing herein shall prevent the Lessor from charging for such unreserved parking spaces.

1.04 BROKER COMMISSION AND COMMISSION CREDIT (JUN 2012)

A. **CBRE, Inc.** (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 **CBRE, Inc.** 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 \$788,819.166 minus prorated Commission Credit of [REDACTED] equals [REDACTED] adjusted 1st Month's Rent.*

Month 2 Rental Payment \$788,819.166 minus prorated Commission Credit of [REDACTED] equals [REDACTED] adjusted 2nd Month's Rent.*

Month 3 Rental Payment \$788,819.166 minus prorated Commission Credit of [REDACTED] equals [REDACTED] adjusted 3rd Month's Rent.*

Month 4 Rental Payment \$788,819.166 minus prorated Commission Credit of [REDACTED] equals [REDACTED] adjusted 4th Month's Rent.*

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

1.05 INTENTIONALLY DELETED

1.06 INTENTIONALLY DELETED

1.07 DOCUMENTS INCORPORATED IN THE LEASE (JUN 2014)

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

DOCUMENT NAME	NO. OF PAGES	EXHIBIT
SITE PLANS, INCLUDES LIGHTING PLAN, LANDSCAPING PLAN AND OVERALL SITE PLAN – ARCHITECTURAL	3	A
FLOOR PLATE PLANS – FLOORS 1-5	5	B
PARKING PLAN	1	C
Northwest Mountain Regional Office Facility – Program of Requirements – Full Document	121	D(1)
Northwest Mountain Regional Office Facility - Test Fit Program of Requirements	35	D(2)
SECURITY REQUIREMENTS III	9	E
GSA FORM 3517B GENERAL CLAUSES	47	F
GSA FORM 3518 REPRESENTATIONS AND CERTIFICATIONS	10	G
SEISMIC FORM C BUILDING RETROFIT OR NEW CONSTRUCTION PREAWARD COMMITMENT	1	H
SMALL BUSINESS SUBCONTRACTING PLAN	3	I

1.08 TENANT IMPROVEMENTS AND PRICING (JUN 2014)

The Tenant Improvement Allowance (TIA) for purposes of this Lease is **\$15,100,000.00**. The TIA is the amount that the Lessor shall make available for the Government to be used for the TIs. This amount is amortized in the rent over the Firm Term of this Lease at an annual interest rate of **0** percent.

1.09 TENANT IMPROVEMENT RENTAL ADJUSTMENT (SEP 2013)

A. 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 such event, the amount of the TIA returned to the Lessor shall be credited against the next installment(s) of annual rent due under the Lease and shall be memorialized through a lease amendment.

B. At any time prior to or after occupancy the Government may elect to make lump sum payments for any or all work covered by the TIA. If the Government elects to make a lump sum payment for any part of the TIA amortized in the rent, such payment shall either be credited against the next installment(s) of annual rent due under the Lease or result in a decrease in the rent over the remaining term of the lease in an amount to be agreed to by the parties and memorialized through a lease amendment.

C. 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.

1.10 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 (\$ per ABOA SF or % of TI Construction Costs)	\$2.50/ABOA SF
Lessor's Project Management Fee (% of TI and BSAC Design and Construction Costs)	4%

Costs for other design services, including design intent drawings, are included in the Shell Rent.

1.11 BUILDING SPECIFIC AMORTIZED CAPITAL (SEP 2012)

The Building Standard Amortized Capital (BSAC) for the purposes of this Lease is \$11,917,347.00. The BSAC is the amount that the Lessor shall make available to the Government to be used to fund the cost of BSAC improvements. For purposes of this Lease, there will be no amortization of the Building Specific Amortized Capital (BSAC) costs. The BSAC costs will be paid lump sum following substantial completion and acceptance of such improvements in accordance with the Prompt Payment Act.

1.12 INTENTIONALLY DELETED

1.13 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 **100** percent. The Percentage of Occupancy is derived by dividing the total Government Space of **281,805** RSF by the total Building space of **281,805** RSF.

1.14 REAL ESTATE TAX BASE (SEP 2013)

The Real Estate Tax Base, as defined in the "Real Estate Tax Adjustment" paragraph of the Lease is **\$830,691.00**. Tax adjustments shall not occur until the tax year following lease commencement has passed.

1.15 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 **\$6.32** per RSF (**\$1,781,009.00**/annum).

1.16 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 annual rent shall be reduced by **\$0.95** per ABOA SF of Space vacated by the Government. **Such credit shall be available on a full floor basis only. No credit will be provided if the Government vacates less than all of the space it occupies on a full floor.**

1.17 HOURLY OVERTIME HVAC RATES (AUG 2011)

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

- **\$180.00** per hour for the entire Space/Building. Such rate shall be adjusted annually on the anniversary of the Lease Term Commencement Date by the percentage change in the CPI in the same manner as Operating Expense Adjustments.

1.18 24-HOUR HVAC REQUIREMENT (APR 2011)

The hourly overtime HVAC rate specified above shall not apply to any portion of the Premises that is required to have heating and cooling 24 hours per day. If 24-hour HVAC is required by the Government for any designated rooms or areas of the Premises, such services shall be provided by the Lessor and the costs shall be included in the operating costs of this Lease. The following rooms require HVAC 24 hours, 7 days per week:

IT LAN Rooms = Quantity of 29 x 120 SF each = 3,480 Net Square Feet
Cornerstone Regional Operations Center (C-ROC) = 1 suite of 1,214 Net Square Feet

Should 24/7 HVAC services be required for any portion of the building, once the extent and equipment load for such spaces are known, the Lessor will submit a proposed annual cost for such 24/7 HVAC spaces to the Government for its review and consideration on June 1st of each year for the upcoming fiscal year effective October 1 of the current year through September 30 of the following year. Such rates shall be adjusted annually during the term of the lease in the same method as changes in operating costs as provided for in Paragraph 2.09 of this lease.

1.19 INTENTIONALLY DELETED

1.20 HUBZONE SMALL BUSINESS CONCERNS ADDITIONAL PERFORMANCE REQUIREMENTS (MAR 2012)

If the Lessor is a qualified HUBZone small business concern (SBC) that did not waive the price evaluation preference then as required by 13 C.F.R. 126.700, the HUBZone SBC must spend at least 50% of the cost of the contract incurred for personnel on its own employees or employees of other qualified HUBZone SBC's and must meet the performance of the work requirements for subcontracting in 13 C.F.R. § 125.6(c). If the Lessor is a HUBZone joint venture, the aggregate of the qualified HUBZone SBC's to the joint venture, not each concern separately, must perform the applicable percentage of work required by this clause.