



**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: 6,875 rentable square feet (RSF), yielding 5,978 ANSI/BOMA Office Area (ABOA) square feet (SF) of office and related Space located on the 1st floor of the Building, as depicted on the floor plan(s) attached hereto as Exhibit A.
- B. Common Area Factor: The Common Area Factor (CAF) is established as 15.0 percent. This factor, which represents the conversion from ABOA to rentable square feet, rounded to the nearest whole percentage, 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: 1 parking spaces reserved for the exclusive use of the Government, of which 0 shall be structured/inside parking spaces, and 1 shall be surface/outside parking spaces. In addition, the Lessor shall provide such additional parking spaces as required by the applicable code of the local government entity having jurisdiction over the Property.
- 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.

**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 YEARS 1-5	FIRM TERM YEARS 6-10	NON FIRM TERM YEARS 11-15
	ANNUAL RENT	ANNUAL RENT	ANNUAL RENT
SHELL RENT <sup>1</sup>	\$156,475.00	\$172,150.00	\$197,931.25
TENANT IMPROVEMENTS RENT <sup>2</sup>	\$42,037.26	\$42,037.26	\$0.00
OPERATING COSTS <sup>3</sup>	\$64,212.50	\$64,212.50	\$64,212.50
BUILDING SPECIFIC AMORTIZED CAPITAL (BSAC) <sup>4</sup>	\$1,149.47	\$1,149.47	\$0.00
PARKING <sup>5</sup>	\$0.00	\$0.00	\$0.00
<b>TOTAL ANNUAL RENT</b>	<b>\$263,874.23</b>	<b>\$279,549.23</b>	<b>\$262,143.75</b>

<sup>1</sup>Shell rent calculation:  
 (Firm Term Yrs. 1-5) \$22.76 per RSF multiplied by 6,875 RSF  
 (Firm Term Yrs. 6-10) \$25.04 per RSF multiplied by 6,875 RSF  
 (Non Firm Term Yrs. 11-15) \$28.79 per RSF multiplied by 6,875 RSF  
<sup>2</sup>The Tenant Improvement Allowance of \$301,709.66 is amortized at a rate of 7.0 percent per annum over 10 years. - ESTIMATE  
<sup>3</sup>Operating Costs rent calculation: \$9.34 per RSF multiplied by 6,875 RSF  
<sup>4</sup>Building Specific Amortized Capital (BSAC) of \$8,250.00 are amortized at a rate of 7.0 percent per annum over 10 years  
<sup>5</sup>Parking costs described under sub-paragraph H below

In the event that tenant improvements are not completed and accepted by September 15, 2015, rent shall only include Shell Rent and Operating costs effective September 15, 2015. The rent will be adjusted to include amortized tenant improvements and shall be more specifically set forth in a Lease Amendment upon substantial completion and acceptance of the Space by the Government.

- B. Rent is subject to adjustment based upon a mutual on-site measurement of the Space upon acceptance, not to exceed 5,978 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.



**1.08 TENANT IMPROVEMENT ALLOWANCE (AUG 2011)**

The Tenant Improvement Allowance (TIA) for purposes of this Lease is \$50.47 per ABOA SF. The TIA is the amount that the Lessor shall make available for the Government to be used for TIs. This amount is amortized in the rent over the Firm Term of this Lease at an annual interest rate of 7.0 percent.

**1.09 TENANT IMPROVEMENT RENTAL ADJUSTMENT (SEP 2013)**

- 3. 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 exchange for a decrease in rent according to the agreed-upon amortization rate over the Firm Term.
- 4. The Government may elect to make lump sum payments for any or all work covered by the TIA. That part of the TIA amortized in the rent shall be reduced accordingly. At any time after occupancy and during the Firm Term of the Lease, the Government, at its sole discretion, may elect to pay lump sum for any part or all of the remaining unpaid amortized balance of the TIA. If the Government elects to make a lump sum payment for the TIA after occupancy, the payment of the TIA by the Government will result in a decrease in the rent according to the amortization rate over the Firm Term of the Lease.
- 5. 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)	7%
LESSOR'S PROJECT MANAGEMENT FEE (% OF TI CONSTRUCTION COSTS)	7%
OVERHEAD	1%

**1.11 BUILDING SPECIFIC AMORTIZED CAPITAL (SEP 2012)**

For purposes of this Lease, the Building Specific Amortized Capital (BSAC) is \$1.38 per ABOA SF. The Lessor will make the total BSAC amount available to the Government, which will use the funds for security related improvements. This amount is amortized in the rent over the Firm Term of this lease at an annual interest rate of 7.0 percent.

**1.12 BUILDING SPECIFIC AMORTIZED CAPITAL RENTAL ADJUSTMENT (SEP 2013)**

The Government, at its sole discretion, shall make all decisions about the use of the Building Specific Amortized Capital (BSAC). The Government may use all or part of the BSAC. The Government may return to the Lessor any unused portion of the BSAC in exchange for a decrease in rent (where applicable) according to the agreed-upon amortization rate over the Firm Term.

B. The Government may elect to make lump-sum payments for any work covered by the BSAC. The part of the BSAC amortized in the rent shall be reduced accordingly. At any time after occupancy and during the Firm Term of the Lease, the Government, at its sole discretion, may elect to pay a lump sum for any part or all of the remaining unpaid amortized balance of the BSAC. If the Government elects to make a lump-sum payment for the BSAC after occupancy, the payment of the BSAC by the Government will result in a decrease in the rent according to the amortization rate over the Firm Term of the Lease.

- C. If it is anticipated that the Government will spend more than the BSAC identified above, the Government may elect to:
  - 1. Reduce the security countermeasure requirements;
  - 2. Pay a lump sum for the amount overage upon substantial completion in accordance with the "Acceptance of Space and Certificate of Occupancy" paragraph; or
  - 3. Negotiate an increase in the rent.

**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 57.89% percent. The Percentage of Occupancy is derived by dividing the total Government Space of 6,875 RSF by the total Building space of 11,875 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 \$3.22 per RSF (\$22,129.81/annum). 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 \$9.34 per RSF (\$64,212.50/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 rent shall be reduced by \$5.53 per ABOA SF of Space vacated by the Government.

**1.17 HOURLY OVERTIME HVAC RATES (AUG 2011)**

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

- \$11.00 per hour per zone
- No. of zones: 1

**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 at an annual rate of \$0.00 per ABOA SF of the area receiving the 24-hour HVAC. Notwithstanding the foregoing, Lessor shall provide this service at no additional cost to the Government if the Lessor provides this service to other tenants in the Building at no additional charge.

**1.19 BUILDING IMPROVEMENTS (SEP 2012) INTENTIONALLY DELETED**

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