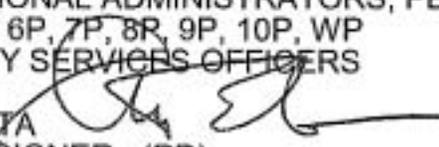




NOV 28 2006

RSL-2006-09

MEMORANDUM FOR ASSISTANT REGIONAL ADMINISTRATORS, PBS
1P, 2P, 3P, 4P, 5P, 6P, 7P, 8R, 9P, 10P, WP
REGIONAL REALTY SERVICES OFFICERS

FROM: ANTHONY E. COSTA 
DEPUTY COMMISSIONER - (PD)

SUBJECT: Lease SFO Revisions for National Broker Contract (Amended)

1. Purpose. This Realty Services Letter (RSL) revises paragraphs in the Solicitation for Offers and issues guidance to ensure that broker commissions are evaluated appropriately under the National Broker Contract (NBC).
2. Background.
 - a. The NBC is a major PBS initiative to develop partnership between PBS and commercial real estate companies to provide space procurement services to GSA. It allows PBS to leverage in house work force capacity.
 - b. The NBC provides highly skilled real estate support to the Realty Specialist who is tasked to manage lease projects that are increasingly complex in nature. Success of the leverage gained by utilizing the NBC is directly tied to the Realty Specialist/Project Manager oversight and administration of the contract.
 - c. The NBC entered its second year of performance on April 1, 2006. During the first performance year, issues regarding commission management have become evident. On July 7, 2006, we issued RSL-2006-04, "Lease SFO Revisions for National Broker Contract," to provide guidance for the appropriate administration of the contract with respect to commission management.
 - d. We are issuing this amended RSL to clarify guidance; include SFO paragraphs for use with the GSA Form 3626, U.S. Government Lease for Real Property (Short Form); revise the SFO to clarify to Lessors that the commission is to be negotiated between Offeror and Broker; to clarify Contracting Officer's Technical Representative involvement in commission management; and to revise the Notice to Proceed to remove reference to bringing a commission agreement for approval when one has been standardized and pre-approved.
3. Effective Date/Expiration Date. This RSL and attachments instructions are effective on the date of issuance and will expire 12 months from the date of issuance unless extended.
4. Cancellation. RSL-2006-04, "Lease SFO Revisions for National Broker Contract," is canceled.
5. Applicability. All real property leasing activities.

6. Instructions/Procedures. GSA associates using the NBC must follow the instructions and guidance set forth in this RSL and attachments. Revised detailed guidance is included as Attachment 1.

Attachments:

Attachment 1 – Lease SFO and Price Reasonable Guidance for NBC Commission (Revised)

Attachment 2 – Approved Commission Agreement

Attachment 3a – NBC Revised SFO Paragraphs (Revised 11/06)

Attachment 3b – NBC Revised SFO Paragraphs for Use with the GSA Form 3626 (Revised 11/06)

Attachment 4 – Revised Notice To Proceed template

Lease SFO and Price Reasonable Guidance for NBC Commission

1. GSA expects a commission to be paid on every task order that is issued. The commission offered on the GSA Form 1217, Line 31, is to be analyzed for reasonableness just as any other item on the Lessor's Annual Cost Statement.
2. If no commission is initially offered, this is to be indicated on the Negotiation Objective Memorandum and included in the Price Negotiation Memorandum (PNM). If the Lessor is paying its agent(s), broker, property manager, developer or other representative a commission or fee and final proposal revisions (FPR) are submitted with no commission offered, the FPR should be rejected as technically unacceptable.
3. If there is no opportunity for a commission to be paid, no task order should be issued under the NBC.
4. If a task order is issued with full expectations of commission receipt in a particular market, but none is offered in the FPR and the offeror confirms that no commissions are being offered to any lessor agent(s), broker(s), property manager, developer or any other representative in that market, the broker is to complete the instant action. No additional task orders shall be issued in that market without prior consultation between the Regional Program Manager and the National Program Manager.
5. The first opportunity for the COTR to review the broker's proposed commission percentage rate is during the Task Order Orientation meeting. The Task Order Notice to Proceed includes guidance that the broker is to bring commission objectives to that meeting. **Supporting data for the proposed rate will be supplied by the Broker if requested by the COTR. The COTR will review the Broker's proposed commission percentage rate objectives determine that the proposed percentage rate falls within the commercial market range for commission rates paid in that geographical market for the services performed by Broker. (Market range means what landlords have paid to any Broker for similar transactions in that market, or a similar market, within a reasonable period of time in the past for the same services.) This is not a negotiation between the COTR and the Broker regarding the commission objectives. The supporting data from the Broker must substantiate the rate through similar deals in the same or similar markets for the procurement to continue. It provides a starting point for the Broker to begin negotiations with the Offerors. The Regional Program Manager (RPM) and Regional Realty Services Officer (RSO) will review these periodically to ensure the COTRs are consistent and objective in the review of the commission percentage rates.**
6. The Commission Agreement provided as Attachment 2 is approved for use by the brokers. It is to be completed by the appropriate Broker using the firm's letterhead, and signed by the appropriate firm personnel. It is to be included with the SFO package sent to all parties expressing interest in an advertised space procurement action.
7. Any Commission agreement must be signed by the offeror and returned with each offer.

8. The offeror must include the amount of commission or fee paid to his agent(s), broker(s), property manager, developer, employee, or any other person representing the owner in Line 31, column (a) of the GSA Form 1217 and the amount of commission offered to GSA's Tenant Representative Broker in Column (b) of the same form.
 - a. If owner represents self, the profit expectation is separate and apart from the commission payment issue.
 - b. Market rental rates generally include broker commissions. If we are soliciting in a market where commissions are customarily paid to tenant's brokers, we expect the offeror to pay GSA's Broker a commission as that is part of the market rental rate.
 - c. If the owner is offering a market rate, it is reasonable to expect the Lessor to pay a tenant's broker.
9. The broker will evaluate and negotiate the elements for each deal under the review and approval of the COTR/Lease CO. If the broker is unsuccessful in negotiating a commission and brings that information back to the COTR prior to FPRs, the COTR/Lease CO will at that time make the Lessor aware of his failure to comply with the requirements of the SFO as they relate to the payment of commission.
10. **All offers received are to be evaluated in accordance with GSAM 570.203-4 or GSAM 570.306. The commission becomes a component of the rental rate just as any other annual cost on the GSA Form 1217.** If the commission percentage rate is unreasonably low or unreasonably high, it is to be documented and the Offerors are to be given the opportunity to bring the commission rate in line with the market. Results of negotiations are to be written up in accordance with GSAM 570.203-4 or GSAM 570.307. If the Offeror is paying a commission or fee to its agent(s), broker(s), property manager, developer, employee, or any other agent or representative, as evidenced in Line 331, Column (a) of the GSA Form 1217, then any final offer that includes a '0' in Line 31, Column (b) of the GSA Form 1217 should be determined "Technically Unacceptable" because it does not comply with the requirements of the SFO. **In accordance with the NBC service contracts, paragraph C.9.2 Supplemental Task Order and Contractor Evaluation Criteria, Subpart 1, the rental rate will also be evaluated through the Lease Cost Relative to Market measure to determine if it assists GSA in meeting its long term goals.**
11. Questions related to expedited lease task orders in the NBC created the need to insert the informational sentence that "Paragraphs B & C are not applicable to expedited lease transactions." in the SFO. These paragraphs should remain in the SFO because the expedited lease is a term related to the NBC not the Lease. Although a task order may be issued as an expedited requirement, for various reasons it may not be delivered with the required time frame of 120 days and paragraphs B & C would become applicable to the lease thus requiring a modification to the task order.

DATE

Name
AddressRe: Solicitation for Offer No. _____("SFO")
General Services Administration

Dear _____:

This letter, when signed by authorized representatives of both [insert name] ("Lessor") and [insert name] ("Broker"), will represent the Commission Agreement ("Agreement") between Lessor and Broker with respect to Broker's representation of the United States of America, acting by and through the General Services Administration ("Tenant"), concerning Tenant's lease of office space in [insert building address] ("Building") pursuant to the above-referenced SFO.

In the event that a lease agreement ("Lease") is awarded to Lessor by Tenant for space in the Building, Lessor agrees to pay Broker a commission ("Commission") to be calculated and paid in accordance with the terms of this Agreement. The Commission shall be equal to [insert commission in accordance with local business practice] (____%) of the "Aggregate Lease Value" (as defined below) for the initial firm term of this Lease. The Commission shall be earned upon lease execution as defined in the SFO and shall be paid, without further condition or contingency, (i) one-half (1/2) when the Lease is awarded and (ii) one-half (1/2) upon the earlier of Tenant's occupancy of the premises leased pursuant to the Lease or the commencement date of the Lease.

The Aggregate Lease Value is defined as the full service rental to be paid by Tenant for the initial firm term of the Lease. Firm Term and application of broker commissions are defined in Paragraphs 1.7 and 1.15 of the SFO. The Aggregate Lease Value shall include:

- (i) the initial full service rental to be paid by Tenant on all space leased by Tenant, including base rent, base operating costs, base real estate taxes, and amortization of any tenant improvement allowance, and
- (ii) any fixed annual or other periodic rental bumps and/or fixed annual or other periodic rent escalations.

The Aggregate Lease Value shall not include:

- (i) any rental abatement provided to Tenant pursuant to the Lease other than the Commission Credit,
- (ii) any annual rental escalations covering operating expense and/or real estate tax increases during the lease term, and

- (iii) any additional amounts paid by Tenant for services over and above those furnished by Lessor as a part of the Lease.

Any change in the Aggregate Lease Value caused by the amortization of additional Tenant Improvements, as outlined in a fully executed SLA, shall be reflected in the second one – half (1/2) payment. In addition, provided that Broker is representing Tenant in the negotiations for expansion space (as confirmed by Tenant) Lessor agrees to pay Broker a Commission on any such expansion space leased by Tenant during the initial term of the Lease substantially in accordance with the terms of the Lease.

Lessor and Broker expressly recognize and agree that the first ____% of the Commission shall be paid directly to the Broker and that the remaining ____ % of the Commission shall be applied to the benefit of Tenant in the Lease as a credit to shell rent as required in the SFO (the "Commission Credit"). The Aggregate Lease Value provided above shall be calculated before and without regard to the application of the Commission Credit.

Lessor and Broker each represents and warrants to the other that, in connection with this transaction, it has not employed or dealt with any broker, agent or finder other than Broker. Lessor and Broker shall each indemnify and hold the other and the Tenant harmless from and against any claims for brokerage or other commissions asserted by any broker, agent or finder employed by Lessor or Broker, respectively, or with whom Lessor or Broker, respectively, has dealt.

This Agreement contains the entire agreement between the parties with respect to the payment of a commission by the Lessor to the Broker and supersedes all prior agreements, negotiations and understandings between the Lessor and the Broker with respect to the subject matter hereof. Any representation, inducement or agreement not contained in this Agreement shall be of no force and effect. This Agreement may not be modified in any manner other than an instrument in writing signed by both parties. This Agreement shall be binding upon and inure to the benefit of the parties hereto and their respective successors and assigns.

Each signatory to this Agreement represents and warrants that it has full authority to sign this Agreement on behalf of the party for whom it signs and that this Agreement binds such party. If either party is required to institute legal action against the other in connection with any dispute between Lessor and Broker relating to this Agreement or either party's performance hereunder, the prevailing party shall be entitled to reasonable attorneys' fees and costs.

Please indicate your acceptance and approval of the above by having an authorized individual execute this Agreement on behalf of Lessor in the space provided below and return an executed original of this letter to the undersigned.

Sincerely,

COMPANY LOGO

COMPANY LOGO

COMPANY LOGO
Attachment 2

{BROKER TRANSACTION AGENT}
GSA AUTHORIZED REPRESENTATIVE
{INSERT SPECIFIC NBC COMPANY}

AGREED AND ACCEPTED:

By: _____ Date: _____

Name: _____

Title: _____

NBC Revised SFO Paragraphs

1.15 BROKER COMMISSION AND COMMISSION CREDIT (NOV 2006)

- A. For the purposes of this SFO, _____ (the Broker) is the authorized real estate broker representing GSA. A GSA Contracting Officer must review, approve, and execute the Lease. The government expects the Lessor to pay a commission to the Broker. By submitting an offer, the Lessor agrees that if the Lessor is paying a commission or fee in connection with this lease transaction to a listing agent, an offering agent, or broker, property manager, developer, or any, property manager, developer, or any other agent or representative, then the Lessor will pay a commission to the Broker that it normally would be entitled to pursuant to local business practices, as evidenced through a brokerage agreement between the Lessor and the Broker. **The commission will be negotiated between the Lessor and the Broker** and will be based on a lease term not to exceed the firm term of the lease contract. Commissions will not be negotiated or collected on option periods or for lease terms beyond the firm term of the lease. The Lessor agrees that the commission to be paid to the Broker shall be paid not later than the Lease Commencement date as defined in the "Construction Schedule of Tenant Improvements" paragraph in the MISCELLANEOUS section of this SFO. As part of the offer, the offeror shall disclose any and all commissions and/or fees to be paid by the Lessor including both the Lessor's agent(s), broker(s), property manager, developer or any other agent or representative and the Broker.

Paragraphs B & C are not applicable to expedited lease transactions as defined by the National Broker Contract.

- B. For the benefit of the Government, the Broker has agreed to forego ____ percent of the commission that it is entitled to receive in connection with this lease transaction. The resulting total dollar value of the foregone commission (the Commission Credit) shall be applied in equal monthly amounts against shell rental payments due and owing under the Lease. The rental amount payable shall be reduced by the Commission Credit at the commencement of the Lease, over the minimum number of months that will not exceed the monthly shell rental, until the Commission Credit has been fully recaptured. The parties agree to execute a Supplemental Lease Agreement setting forth the full nature, extent, terms, and conditions of commissions paid to the Broker and the Commission Credit to be applied against the Government's rental payment obligations under the Lease.
- C. For purposes of price evaluation, the Commission Credit shall be treated as a deduction from the rent in accordance with the "Price Evaluation" paragraph in the SUMMARY section of this SFO. The amount of the commission paid to GSA's Broker shall not be considered separately as part of this price evaluation since the value of the commission is subsumed in the gross rent rate.

1.10 HOW TO OFFER (JUL 2006)

A. Offers shall be submitted to the Contracting Officer at:

B. The following documents, properly executed, shall be submitted no later than the close of business on the offer due date.

1. SFO.
2. SFO Attachments:
 - a. Attachment #1 – Rate Structure
 - b. Attachment #2 _____
 - c. Attachment #3 _____
3. GSA Form 1364, Proposal to Lease Space.

4. GSA Form 1217, Lessor's Annual Cost Statement.

Column A of the GSA Form 1217, Line 31(a) will be used to reflect any agreement between LESSOR AND the Lessor Representative agent(s), broker(s), property manager, developer, employee, or any other agent or representative (expressed in either % or \$) and Line 31(b) will reflect the agreement between LESSOR AND the GSA Tenant Representative broker (expressed in either % or \$).

5. GSA Form 3517, General Clauses.
6. GSA Form 3518, Representatives and Certifications.
7. First generation blue-line plans of the space offered, scaled at 1/8" = 1'-0" (preferred) or larger.
 - a. Photostatic copies are not acceptable. All architectural features of the space shall be accurately shown. If conversion or renovation of the building is planned, alterations to meet this SFO shall be indicated. If requested, more informative plans shall be provided within _____ days.
 - b. Plans shall reflect corridors in place or the proposed corridor pattern for both a typical full (single-tenant) floor and/or partial (multi-tenant) floor. The corridors in place or proposed corridors shall meet local code requirements for issuance of occupancy permits.
 - c. GSA will review the corridors in place and/or proposed corridor pattern to make sure that these achieve an acceptable level of safety as well as to ensure that these corridors provide public access to all essential building elements. The Offeror will be advised of any adjustments that are required to the corridors for the purpose of determining the ANSI/BOMA Office Area space. The required corridors

may or may not be defined by ceiling-high partitions. Actual corridors in the approved layout for the successful Offeror's space may differ from the corridors used in determining the ANSI/BOMA Office Area square footage for the lease award.

8. An hourly overtime rate for overtime use of heating and cooling. Refer to the "Overtime Usage" paragraph in the SERVICES, UTILITIES, MAINTENANCE section of this SFO. If proposed rate is different than recommended by an independent Government estimate, the Offeror may be required to submit worksheets justifying overtime energy usage and rates.

9. Any other information (such as a fact sheet, 5" wide x 3" high or larger color photograph, site plan, location map, and tax parcel map) in case of multiple tax parcels for an offered building, etc., in order for the Government to perform a complete and adequate analysis of the offered property. Such information may also be requested by the Government, and in such circumstances, shall be submitted by the Offeror within 5 working days of the request.

10. Written acknowledgement and permission to represent other owners for the same SFO if a leasing agent or owner's representative is presenting buildings for multiple ownership groups.

11. If applicable, the agents' disclosure and authorization from each ownership entity to offer in this SFO and/or represent multiple buildings with different ownerships, which may have conflicting interests. Owners and agents in conflicting interest situations are advised to exercise due diligence with regard to ethics, independent pricing, and Government procurement integrity requirements. In such cases, the Government reserves the right to negotiate with the owner directly.

12. Documents supporting evidence of capability to perform. Refer to the "Evidence of Capability to Perform" paragraph in the MISCELLANEOUS section of this SFO.

13. Any Brokerage Commission Agreement between GSA's Tenant Representative and the Lessor for commissions identified in the GSA Form 1217 (July 94).

C. Refer to GSA Form 3516, Solicitation Provisions, for additional instructions. If additional information is needed, the Contracting Officer (or the Contracting Officer's designated representative) should be contacted.

D. There will be no public opening of offers, and all offers will be confidential until the lease has been awarded. However, the Government may release proposals outside the Government to a Government-support contractor to assist in the evaluation of offers. Such Government contractors shall be required to protect the data from unauthorized disclosure. The Offeror who desires to maximize protection of information in the offer may apply the restriction notice to the offer as described in GSA Form 3516, Solicitation Provision, 552.270-1 (d), *Restriction on Disclosure and Use of Data*.

E. IMPORTANT CLARIFICATIONS TO OFFER REQUIREMENTS:

1. Rate structure required from subparagraph B shall include the following:
 - a. A lease rate per square foot for the building shell rental, fully serviced. It is the intent of the Government to lease a building shell with a Tenant Improvement Allowance. All improvements in the base building, lobbies, common areas, and core areas shall be provided by the Lessor, at the Lessor's expense. This rate shall include, but not limited to, property financing (exclusive of Tenant Improvement), insurance, taxes, management, profit, etc., for the building. The building shell rental rate shall also include all basic building systems and common area buildout, including base building lobbies, common areas, and core areas, etc., exclusive of the ANSI/BOMA Office Area space offered as required in this SFO.
 - b. The annual cost (per usable and rentable square foot) for the cost of services and utilities. This equals line 27 of GSA Form 1217, Lessor's Annual Cost Statement, divided by the building size (shown on the top of both GSA Form 1364, Proposal to Lease Space, and Form 1217) for usable and rentable square feet respectively.
 - c. An annualized percentage interest rate to be used by the Lessor to amortize the cost of the Tenant Improvement Allowance over the firm term of the lease.
 - d. The annual amortized cost of the Tenant Improvement Allowance. Such amortization shall be expressed as a cost per usable and rentable square foot per year. Tenant Improvements shall be all alterations for the Government-demised area above the building shell buildout. The Tenant Alteration Allowance shall be _____ per ANSI/BOMA Office Area square foot. Such alterations shall be described and identified in the drawings used to construct the Government-demised area. The Tenant Alteration Allowance, which is to be provided by the Lessor to the Government for Tenant Improvements, shall be made available at lease execution.
 - e. A fully-serviced lease rate per usable and rentable square foot as a summation of the amounts broken out in the subparagraphs a, b, and d for the lease.
 - f. A fully-serviced lease rate per usable and rentable square foot for that portion of the lease term extending beyond the firm term. The rate proposed for this portion of the term shall not reflect any Tenant Improvements as they will have been fully amortized over the firm term.

NBC Revised SFO Paragraphs for Use with the GSA Form 3626**1.1 BROKER COMMISSION AND COMMISSION CREDIT (NOVEMBER 2006)**

- A. For the purposes of this SFO, _____ (the Broker) is the authorized real estate broker representing GSA. A GSA Contracting Officer must review, approve, and execute the Lease. The Government expects the Lessor to pay a commission to the Broker. By submitting an offer, the Lessor agrees that if the Lessor is paying a commission or fee in connection with this lease transaction to a listing agent, an offering agent, or broker, property manager, developer, or any other agent or representative, then the Lessor will pay a commission to the Broker that it normally would be. By submitting an offer, the Lessor agrees that if the Lessor is paying a commission or fee in connection with this lease transaction to a listing agent, an offering agent, or broker, property manager, developer, or any other agent or representative, then the Lessor will pay a commission to the Broker that it normally would be entitled to pursuant to local business practices, as evidenced through a brokerage agreement between the Lessor and the Broker. **The commission will be negotiated between the lessor and the Broker and will be based on a lease term not to exceed the firm term of the lease contract.** Commissions will not be negotiated or collected on option periods or for lease terms beyond the firm term of the lease. The Lessor agrees that the commission to be paid to the Broker shall be paid not later than the Lease Commencement Date. If the Lease includes a Construction Schedule of Tenant Improvements and a methodology for adjusting the Lease Commencement Date for causes such as delays or phased occupancy, then the Lease Commencement Date for purposes of commission payment shall be determined by the Schedule, unless such date is superseded in a Supplemental Lease Agreement (GSA form 276). If the Lease does not include such Construction Schedule, the Date shall be as documented in a Supplemental Lease Agreement. As part of the offer, the Offeror shall disclose any and all commissions and/or fees to be paid by the Lessor including both the Lessor's agent(s), broker(s), property manager, developer or any other agent or representative and the Broker.
- B. For the benefit of the Government, the Broker has agreed to forego ___ percent of any commission that it is entitled to receive in connection with this lease transaction. The resulting total dollar value of the foregone commission (the "Commission Credit") shall be applied in equal monthly amounts against shell rental payments due and owing under the Lease. The rental amount payable shall be reduced by the Commission Credit at the commencement of the Lease, over the minimum number of months that will not exceed the monthly shell rental, until the Commission Credit has been fully recaptured. The parties agree to execute a Supplemental Lease Agreement setting forth the full nature, extent, terms, and conditions of commissions paid to the Broker and the Commission Credit to be applied against the Government's rental payment obligations under the Lease.
- C. For purposes of price evaluation, the Commission Credit shall be treated as a deduction from the rent in accordance with the "Price Evaluation" paragraph below. The amount of any commission paid to GSA's Broker shall not be considered separately as part of this price evaluation since the value of the commission is subsumed in the gross rent rate.

1.2 PRICE EVALUATION (PRESENT VALUE) (MAY 2005)

- A. If annual CPI adjustments in operating expenses are included, the Offeror shall be required to submit the offer with the total "gross" annual price per rentable square foot and a breakout of the "base" price per rentable square foot for services and utilities (operating expenses) to be provided by the Lessor. The "gross" price shall include the "base" price.
- B. The Offeror shall be required to submit plans and any other information to demonstrate that the rentable space yields ANSI/BOMA Office Area space within the required ANSI/BOMA Office Area range. The Government will verify the amount of ANSI/BOMA Office Area square footage and will convert the rentable prices offered to ANSI/BOMA Office Area prices, which will subsequently be used in the price evaluation.
- C. If the offer includes annual adjustments in operating expenses, the base price per ANSI/BOMA Office Area square foot from which adjustments are made will be the base price for the term of the lease, including any option periods.
- D. Evaluation of offered prices will be on the basis of the annual price per ANSI/BOMA Office Area square foot, including any option periods. The Government will perform present value price evaluation by reducing the prices per ANSI/BOMA Office Area square foot to a composite annual ANSI/BOMA Office Area square foot price, as follows:
1. Parking and wareyard areas will be excluded from the total square footage but not from the price. For different types of space, the gross annual per square foot price will be determined by dividing the total annual rental by the total square footage minus these areas.
 2. Free rent will be evaluated in the year in which it is offered. The gross annual per square foot price is adjusted to reflect free rent.
 3. Prior to the discounting procedure below, the total dollar amount of the Commission Credit (if applicable) will be subtracted from the first year's gross annual rent (unless the provision of free rent causes the credit to apply against rent beyond the first year's term, in which case the Commission Credit will be allocated proportionately against the appropriate year's gross rent).
 4. Also as stated in the "Broker Commission and Commission Credit" paragraph, the amount of any commission paid to GSA's Broker will not be considered separately as part of this price evaluation since the value of the commission is subsumed in the gross rent rate.
 5. If annual adjustments in operating expenses will not be made, the gross annual per square foot price, minus the Commission Credit (if applicable), will be discounted annually at 5 percent to yield a gross present value cost (PVC) per square foot.
 6. If annual adjustments in operating expenses will be made, the annual per square foot price, minus the Commission Credit (if applicable) and the base cost of operating expenses, will be discounted annually at 5 percent to yield a net PVC per square foot. The operating expenses will be both escalated at 2.5 percent

compounded annually and discounted annually at 5 percent, then added to the net PVC to yield the gross PVC.

- 7. To the gross PVC will be added:
 - a. The cost of Government-provided services not included in the rental escalated at 2.5 percent compounded annually and discounted annually at 5 percent.
 - b. The annualized (over the full term) per ANSI/BOMA Office Area square foot cost of any items, which are to be reimbursed in a lump sum payment. (The cost of these items is present value; therefore, it will not be discounted.)

- c. The cost of relocation of furniture, telecommunications, replications costs, and other move-related costs, if applicable.
- 8. The sum of either subparagraphs 5 and 7 or subparagraphs 6 and 7 will be the ANSI/BOMA Office Area per square foot present value of the offer for price evaluation purposes.

1.3 GSA FORM 1217, LESSOR'S ANNUAL COST STATEMENT (JULY 2006)

Column A of the GSA Form 1217, Line 31(a) will be used to reflect any agreement between Lessor and the Lessor Representative agent(s), broker(s), property manager, developer, employee, or any other agent or representative (expressed in either % or \$) and Line 31(b) will reflect the agreement between Lessor and the GSA Tenant Representative broker (expressed in either % or \$).

Notice to Proceed
(May be sent by e-mail)

This is your official notice to proceed with the subject Task Order.

Please proceed with the coordination and scheduling of the Task Order and Project Orientations. Government Associates to be included in the Task Order Orientation are XXXXXX (RCO) and XXXXXX (COTR). The Government Associates to be included in the Project Orientation are XXXXXX (COTR) and XXXXXX (Client Agency Rep.).

If a subcontractor is assigned to this task order and he/she represents lessors or owners, they must have a conflict wall as described in Section H.5 of the contract. The subcontractor must identify their conflict wall and a written description of the conflict wall should be provided to me prior to the task order orientation. The purpose of the conflict wall is to ensure that task order documents and deliverables, which are procurement sensitive, are maintained in a secure environment where only personnel who have signed nondisclosure statements and who have agreed to not represent a lessor or property owner in negotiations with GSA in the same market for the term of the contract or option period and an additional period of six months after conclusion of any work under the contract, would have access to the data, either in hardcopy or electronically. This is in accordance with Section H.5(d)4 of the contract.

In addition, please provide the following to the Ordering Official and COTR at the task order orientation meeting:

- 1) Projected negotiation objectives including estimated market rates, expected commission and standard workletter information;
- 2) A preliminary list of project milestones & dates to be included on the project schedule. The final project schedule will be completed after the project orientation with the client agency.