STANDARD FORM 2
FEBRUARY 1965 EDITION
GENERAL SERVICES
ADMINISTRATION
FPR (41CFR) 1D16.601

U.S. GOVERNMENT
LEASE FOR REAL PROPERTY

DATE OF LEASE: February 15, 2011 | LEASE No. **GS-09B-02632** Building No. **AZ8259**

THIS LEASE, made and entered into this date between **Gaedeke Holdings, Ltd**

whose address is: **3710 Rawlins Street, Suite 1000**
Dallas, TX 75219-4217

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:

1. The Lessor hereby leases to the Government the following described premises:
29,511 rentable square feet (r.s.f.), yielding approximately 26,576 ANSI/BOMA Office Area square feet and related space located on the Third and Fourth Floors (Suite numbers to be determined) at 2800 North Central Avenue, Phoenix, AZ 85004-1007, together with four (4) onsite secured, structured and reserved parking spaces as depicted on the attached Exhibit A (the "Premises"), to be used for SUCH PURPOSES AS DETERMINED BY THE GENERAL SERVICES ADMINISTRATION.

2. PARAGRAPH 2 IS INTENTIONALLY OMITTED.

3. PARAGRAPH 3 IS INTENTIONALLY OMITTED.

4. The Government may terminate this Lease in whole or in part effective any time after the tenth (10th) year of this Lease giving at least one hundred twenty (120) days' prior notice in writing to the Lessor. 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. PARAGRAPH 5 IS INTENTIONALLY OMITTED.

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6. The Lessor shall furnish to the Government as part of the rental consideration, the following:

   A. The parking space(s) described in Paragraph 1 and parking spaces required by local code.

   B. All labor, materials, equipment, design, professional fees, permit fees, inspection fees, utilities, construction drawings (including, without limitation, plans and specifications), construction costs and services and all other similar costs and expenses associated with making the space, common areas, and related facilities ready for occupancy in accordance with the requirements of this Lease and the Government's final construction drawings. Rent is subject to adjustment in accordance with Paragraph 3.3, "Tenant Improvement Rental Adjustment" of the SFO. All cost associated with services, utilities, maintenance, repair, replacement, inspections, improvements and other requirements as required by the Solicitation For Offers No. 8AZ2147 and its attachments.

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

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

   All terms, conditions, and obligations of the Lessor and the Government as set forth in the following:

   a) The Solicitation For Offers Number 8AZ2147 (pages 1-58) (all references to SFO shall also refer to any Special Requirements and Amendments);

   b) Special Requirements: [redacted] Dated December 22, 2009, 193 pages; [redacted] Dated October 8, 2003, including change 1.22 dated January 2007, 71 pages.

   c) Amendment Number 1 (1 Page)

   d) Amendment Number 2 (1 Page)

   e) Amendment Number 3 (1 Page)

   f) GSA Form 3517 (pages 1-33);

   g) GSA Form 3518 (pages 1-7);

   h) Sheet no. 1-3 containing Paragraphs 9-28;

   i) Site and Building Plans (Exhibit "A", pages 1-4).

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

   Paragraphs 2, 3 and 5 of this STANDARD FORM 2 were deleted in their entirety. Paragraphs 9 through 28 have been added.

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

LESSOR: **Gaedeke Holdings, Ltd**

BY _____ (Signature)

_____ (Signature)

NOTARY PUBLIC STATE OF TEXAS
DEBRA J. MARSHALL
My Commission Expires
March 22, 2013

IN PRESENCE OF:

Debra J. Marshall (Signature)

3710 RAWLINS ST., SUITE 1000
DALLAS, TX 76219
(Address)

UNITED STATES OF AMERICA: **GENERAL SERVICES ADMINISTRATION, Public Buildings Service:**

BY Jessica Escobedo
CONTRACTING OFFICER, GSA

SHEET NUMBER 1 ATTACHED TO AND FORMING A PART OF LEASE NO. GS-09B-02632

9. TO HAVE AND TO HOLD the Premises with their appurtenances for the term beginning on the day the space is accepted by the Government as complete and ready for occupancy through the following fifteen (15) years, ten (10) years firm term in accordance with the Paragraph entitled "Inspection of Premises" herein, subject to termination rights as may be hereinafter set forth.

10. The Government shall pay the Lessor annual rent as follows:

Months	Shell Rate (r.s.f. per year)	Annual Base Year Service Cost (r.s.f. per year)	Annual Amortized T.I.'s (r.s.f. per year)	Annual Total Rent (r.s.f. per year)	Total Monthly Rent	Total Annual Rent
01 – 12	$ 0.000000	$6.344677	$4.023564	$10.368241	$25,511.19	$ 306,134.28
13 – 24	$ 7.450000	$6.344677	$4.023564	$17.818241	$43,832.60	$ 525,991.20
25 – 60	$15.131761	$6.344677	$4.023564	$25.500002	$62,710.88	$ 752,530.56
61 – 120	$16.561759	$6.344677	$4.023564	$26.930000	$66,227.60	$ 794,731.20
121– 180	$25.905321	$6.344677	$0.000000	$32.249998	$79,310.81	$ 951,729.72

The Government shall pay rent monthly, in arrears. Rent for a lesser period will be prorated. The cost for the four (4) parking spaces referenced in Paragraph 1 of this SF-2 are included in the Shell Rent. The rent for months 1-24 reflects the Lessor's abatment of shell rent during the first year and partial abatement of shell rent during the second year of the lease term.

Rent checks shall be payable to:

Gaedeke Group
3710 Rawlins Street, Suite 100
Dallas, TX 75219-4217

11. The Lessor shall have eighty (80) working days from the receipt of the Government's Tenant Improvement Notice to Proceed to complete the build-out of the entire space. All items specified in Lease Agreement and as delineated on the Government Approved Design Intent Drawings shall be provided by the Lessor.

12. **TAX ADJUSTMENT**: Pursuant to Paragraph 4.2 of SFO Number 8AZ2147, "Tax Adjustment," for purposes of tax escalation, the Government occupies 29,511/364,533 rentable square feet (**8.096 %**).

13. **OPERATING COST**: Pursuant to Paragraph 4.3 of SFO Number 8AZ2147, "Operating Costs", the base rate for purposes of operating cost escalation is established at **$6.344677** per rentable square foot per annum.

14. **ADJUSTMENT FOR VACANT PREMISES**: Pursuant to Paragraph 4.4 of SFO Number 8AZ2147, "Adjustment for Vacant Premises", in the event of the Government vacating in whole or in part prior to lease expiration, the rental will be reduced by **$3.15** per ABOA square foot per annum for operating expenses if vacated in whole or in part. The Adjustment for Vacant Premises rate shall be escalated annually based upon Paragraph 4.3 of SFO Number 8AZ2147, "Operating Costs."

15. **OVERTIME USAGE**: Pursuant to Paragraph 4.6 of SFO Number 8AZ2147, "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 (7:00 a.m. – 6:00 p.m., Monday through Friday, and 8:00 a.m. – 1:00 p.m. on Saturdays, except Federal Holidays ("Normal Hours")), at a rate of **$4.00** per hour per zone with a maximum charge of $72.00 per hour. The Lessor, as an additional concession, agreed to provide HVAC services from 5:30 a.m. – 7:00 a.m., Monday through Friday and except Federal Holidays at no additional cost to the Government. 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 located at **401 W. Washington Street, Suite 170, Phoenix, AZ, 85003-2117**, to receive payment.

16. **24 HOUR ROOMS**: The charges for heating and cooling of these areas shall be provided based upon the actual costs from the meter reading after "Normal Hours." Lessor shall bill GSA quarterly detailing evidence of actual cost. As part of the tenant improvement cost, the Lessor shall purchase and install an independent HVAC unit serving room(s) requiring 24 hour HVAC. As part of the Lessor's shell cost, Lessor shall purchase and install a meter within the common electrical room within the building to measure the consumption of electricity associated with the room(s) requiring 24 hour HVAC. Alternatively, Lessor shall charge the Government $9,000.00 per annum.

17. **TENANT IMPROVEMENT ALLOWANCE**: The maximum Tenant Improvement Allowance has been established by Paragraph 3.2 of SFO Number 8AZ2147, "Tenant Improvements Included in Offer." The Tenant Improvement Allowance shall be amortized over the ten (10) year term of the lease agreement at an interest rate (amortization rate) of 0.0 % per year. Pursuant to Paragraph 4 of this Lease, the Government may terminate this Lease on or after the 10th year and shall not be required to make any additional TI payments after the date of termination.

Initials: _____ & _____
Lessor Government

SHEET NUMBER 2 ATTACHED TO AND FORMING A PART OF LEASE NO. GS-09B-02632

18. **BUDGET AND PRICE PROPOSALS/CONSTRUCTION SCHEDULE:**

A. If Lessor is preparing the Design Intent Drawings, then Lessor shall submit to the Government a budget proposal together with the Design Intent Drawings in accordance with SFO Paragraph 5.15 (B), "Design Intent Drawings." The budget proposal must be submitted in Construction Specification Institute (CSI) Format.

B. The price proposal required to be provided by Lessor in SFO Paragraph 5.15 (E), "Tenant Improvements Price Proposal," must be based upon the results of a competitive proposal process meeting all of the requirements of SFO Paragraph 5.15, B (1) through (9), entitled, "Tenant Improvements Pricing Requirements." The Government has the right, but not the obligation, to accept cost or pricing data as described in GSA Form 3517 in lieu of a competitive price proposal.

C. Failure to submit these budget and price proposals referenced above will constitute Lessor delay. In the event that either the budget proposal or price proposal exceeds the Tenant Improvement Allowance specified in the Lease, then the construction schedule shall be revised to afford the Government sufficient time to review and resolve the difference.

D. The construction schedule required in Paragraph 5.15 (F), "Construction of Tenant Improvements," of the SFO shall also include adequate time for additional review by the Government of revised Design Intent Drawings and Working Drawings/Construction Drawings. All references to "working days" in Paragraph 5.15, "Construction Schedule and Acceptance of Tenant Improvements" of the SFO shall not include the period from December 15 through January 1 of any calendar year.

E. In addition to the submission requirements specified under Paragraph 5.15, "Construction Schedule and Acceptance of Tenant Improvements,", Lessor shall provide to the Government the final total costs of the completed Tenant Improvements in CSI format no less than ten (10) working days prior to "Substantial Completion". The space will not be considered acceptable for inspection until the Government receives the final tenant improvement costs.

19. **ACCEPTANCE OF SPACE:**

A. The following is added to Paragraph 5. 15 G (1), "Acceptance of Space and Certificate of Occupancy": Subsequent Government inspections and notification of the results of such inspections shall be made in accordance with the foregoing procedure. Time frames for subsequent inspections will be established by the Government.

B. Any items that have been identified at the acceptance of the space as punchlist items to be completed or corrected and which do not affect beneficial occupancy shall be completed by the Lessor within 30 calendar days of acceptance.

C. Neither the Government's acceptance of the Premises for occupancy or acceptance of related appurtenances, nor the Government's occupancy of the Premises, shall be construed as a waiver of any requirement or right of the Government under this lease, or as otherwise prejudicing the Government with respect to any such requirement or right, or as an acceptance of any latent defect or condition.

20. **OCCUPANCY REPORTS:**

A. Building Systems: As part of its obligations under SFO, Paragraph 8.2 of SFO Number 8AZ2147 "Building Systems," of the SFO, the Lessor shall furnish at no cost to the Government a required building system report prior to the Government's occupancy of the Premises.

B. Acoustical Requirements: As part of its obligations under SFO, Paragraph 6.8 of SFO Number 8AZ2147 "Acoustical Requirements" of the SFO, the Lessor shall furnish at no cost to the Government a required acoustical report prior to the Government's occupancy of the Premises.

21. **UNAUTHORIZED IMPROVEMENTS:** All questions pertaining to this lease agreement shall be referred in writing to the General Services Administration Contracting Officer. This contract is between GSA and the Lessor. GSA assumes no financial responsibility for any cost incurred by the Lessor except as provided by the terms of the lease agreement or authorized in writing by the GSA Contracting Officer. **If Lessor delivers space with improvements not authorized or requested in writing by the GSA Contracting Officer, then Lessor shall not be entitled to compensation.**

22. 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"; wherever the words "space offered for lease" appear in this Lease, they shall be deemed to mean "Premises".

23. Pursuant to Paragraph 5.5 of SFO Number 8AZ2147, "Unit Costs for Adjustments", the following negotiated amounts may be used, during the first year of the Lease to price alterations costing $100,000 or less. These prices may be indexed or renegotiated to apply to subsequent years of the Lease upon mutual agreement of the Lessor and the Government.

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ITEM	UNIT COST
Ceiling High Partitioning	[redacted]
Floor Duplex Electrical	[redacted]
Wall Duplex Electrical	[redacted]
Floor Fourplex Electrical	[redacted]
Wall Fourplex Electrical	[redacted]
Dedicated Electrical Outlet	[redacted]
Floor Telephone Outlet	[redacted]
Wall Telephone Outlet	[redacted]
Interior Door	[redacted]

* Box Only. **The pricing above includes materials, labor and installation.**

24. **WAIVER OF RESTORATION:** The Lessor hereby waives, releases and discharges, and forever relinquishes any right to make a claim against the Government for waste, damages, or restoration arising from or related to (a) the Government's normal and customary use of the leased premises during the term of the Lease (including any extensions thereof), as well as (b) any initial or subsequent alteration to the leased premises, including cabling, or removal thereof, during the term of this Lease (including any extensions thereof), where such alterations or removals are performed by the Lessor or by the Government with the Lessor's consent, which shall not be unreasonably withheld. The Government may, at its sole option, abandon property in the leased space following expiration of the Lease, in which case the property will become the property of the Lessor and the Government will be relieved of any liability in connection therewith.

25. **COMMISSION AND COMMISSION CREDIT:**
The Lessor and the Broker have agreed to a cooperating lease commission of [redacted] of the firm term value of this Lease. 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 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. 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. Since the first twelve (12) months of shell rent are fully abated, this credit begins with the thirteenth (13th) month as follows:

Thirteenth Month's Rental Payment $43,832.60 minus prorated Commission Credit of [redacted] equals [redacted] adjusted Thirteenth Month's Rent.

Fourteenth Month's Rental Payment $43,832.60 minus prorated Commission Credit of [redacted] equals [redacted] adjusted Fourteenth Month's Rent;

Fifteenth Month's Rental Payment $43,832.60 minus prorated Commission Credit of [redacted] equals [redacted] adjusted Fifteenth Month's Rent;

Sixteenth Month's Rental Payment $43,832.60 minus prorated Commission Credit of [redacted] equals [redacted] adjusted Sixteenth Month's Rent;

Seventeenth Month's Rental Payment $43,832.60 minus prorated Commission Credit of [redacted] equals [redacted] adjusted Seventeenth Month's Rent;

Eighteenth Month's Rental Payment $43,832.60 minus prorated Commission Credit of [redacted] equals [redacted] adjusted Eighteenth Month's Rent;

Nineteenth Month's Rental Payment $43,832.60 minus prorated Commission Credit of [redacted] equals [redacted] adjusted Nineteenth Month's Rent;

Twentieth Month's Rental Payment $43,832.60 minus prorated Commission Credit [redacted] equals [redacted] adjusted Twentieth Month's Rent;

Twenty-first Month's Rental Payment $43,832.60 minus prorated Commission Credit [redacted] adjusted Twenty-first Month's Rent;

Initials: _____ & _____
Lessor Government

Twenty-second Month's Rental Payment $43,832.60 minus prorated Commission Credit of [redacted] equals [redacted] adjusted Twenty-second Month's Rent;

26. **TENANT IMPROVEMENT FEE SCHEDULE:**
In accordance with SFO Paragraph 3.2B, the following project development fees will be allowed in amounts not to exceed as specified below for Tenant Improvement and change orders during the initial construction.

General Conditions: [redacted];
General Contractor's fee: [redacted]
Architectural/Engineering fees: [redacted] per ABOA square foot, or [redacted]
Lessor's Project Management fee: [redacted]

27. **FIRE SAFETY REPORT CORRECTIONS.**
Lessor shall remedy the deficiencies cited on its Fire Safety Report from Rolf Jensen and Associates dated August 4, 2010 as follows:

Sprinklers: "Several sprinkler heads on the 3rd and 4th floors do not have escutcheon plates. These sprinkler heads are not installed in accordance with NFPA 13 Standard for the Installation of Sprinkler Systems." This deficiency will be corrected concurrently with the tenant improvement work and completed prior to Government occupancy of the Premises.

Rated Doors: "Electrical room doors on all floors did not have UL labels indicating a fire resistive rating. Doors required to have fire resistive rating must have a label indicating the fire resistive rating of the door (NFPA 101-8.3.3.2(B))." This deficiency will be corrected prior to Government occupancy of the Premises.

28. **INTERNAL STAIRWELL REQUIREMENT.**
Lessor shall provide an internal staircase between the 3rd and 4th floors within the Government's leased premises at no cost to the Government. The location of this staircase is shown on the exhibit plans and the Government provided DID's shall be designed around the location of the internal stairwell as specified on the CAD drawings provided by Lessor.

Initials: _____ & _____
Lessor Government