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

U.S. GOVERNMENT
LEASE FOR REAL PROPERTY

DATE OF LEASE: Sept 01, 2010

LEASE No. GS-09B-02496

THIS LEASE, made and entered into this date between **KONA SCENIC LAND, INC.**, whose address is: 81956 Halekii St., Kealakekua, HI 96750-8104, 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:
2,927 rentable square feet (r.s.f.), yielding approximately 2,927 ANSI/BOMA Office Area square feet and related space located on the 1st floor Central Kona Center, Building 9, 81-948 Waena Oihana Loop, Kealakekua, HI 96750, as follows:

Blocks	ABOA	RSF	Parking Spaces	Firm Term
Block A [redacted]	2,927	2,927	7 fenced reserved	5 years
Block B [redacted] expansion)	upon acceptance via Supplementary Lease Agreement #1			
Total	2,927	2,927	7 fenced reserved	

as depicted on the attached Exhibits F and G (the "Premises"), to be used for SUCH PURPOSES AS DETERMINED BY THE GENERAL SERVICES ADMINISTRATION.

2. TO HAVE AND TO HOLD the said Premises with their appurtenances for the term beginning on August 1, 2010 through July 31, 2020, subject to termination and renewal rights as may be hereinafter set forth.

3. The Government shall pay the Lessor annual rent per the schedule below per month in arrears. Rent for a lesser period shall be prorated.

	Years 1-5 (8/1/10-7/31/15)				Years 6-10 (8/1/15-7/31/20)		
RENT:	Rent/ yr	Rent/ rsf	Rent/ usf		Rent/ yr	Rent/ rsf	Rent/ usf
BLOCK A	2,927	Sq. Ft.					
Shell	79,087.54	27.02	27.02		89,302.77	30.51	30.51
Operating	20,752.43	7.09	7.09		20,752.43	7.09	7.09
TI Amort	0.00	0	0		0.00	0	0
Annual	99,839.97	34.11	34.11		110,055.20	37.60	37.60
BLOCK B	0	Sq. Ft.					
Shell	0.00	0	0		0	0	0
Operating	0.00	0	0		0	0	0
TI Amort	0.00	0	0		0	0	0
Annual	0.00	0.00	0.00		0.00	0.00	0.00
TOTAL	2,927	Sq. Ft.					
Shell	79,087.54	27.02	27.02		89,302.77	30.51	30.51
Operating	20,752.43	7.09	7.09		20,752.43	7.09	7.09
TI Amort	0.00	0.00	0		0.00	0.00	0
Annual	99,839.97	34.11	34.11		110,055.20	37.60	37.60

Rent checks shall be payable to:

Kona Scenic Land, Inc.
P.O. Box 727
Kealakekua, HI 96750-0727

4. The Government may terminate any or all blocks of space within this lease in whole or in part effective after the five (5) year firm term by giving at least sixty (60) 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, Renewal Option, is intentionally omitted.

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 approved Design Intent Drawings; provided that the Government shall make payments for lump sum items identified in Paragraph 18 of the attachment sheets in the amounts specified therein. Rent is subject to adjustment in accordance with SFO Paragraph 3.3, "Tenant Improvement Rental Adjustment". All cost associated with services, utilities, maintenance, repair, replacement, inspections, improvements and other requirements as required by the Solicitation For Offers No. LHI02496 and its attachments.
   C. Adequate space for telecommunications antennae and transmission devices in accordance with SFO Paragraph 8.14 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) Sheet No. 1 (pages 1-2) containing Paragraphs 9-20;
   b) Attachment A, [redacted] existing floorplan;
   c) Attachment B, [redacted] expansion floorplan;
   d) Solicitation For Offers (SFO) Number LHI02496 (pages 1-45) dated July 9, 2009;
   e) GSA Form 3517A, General Clauses, (pages 1-2); and
   f) GSA Form 3518A, Representations and Certifications, (pages 1-4).

8. The following changes were made in this lease prior to its execution:
   Paragraph 5 of this STANDARD FORM 2 was deleted in its entirety. Paragraphs 9 through 20 have been added.

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

LESSOR: **KONA SCENIC LAND, INC.**

BY Faye McCormas
Faye McCormas

Secretary

IN PRESENCE OF:

(Signature)

Kona Scenic Land, Inc.
P.O. Box 727
Kealakekua, HI 96750
(Address)

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

BY
CATHY FUQUA, CONTRACTING OFFICER, GSA

STANDARD FORM 2
FEBRUARY 1965 EDITION

EXCEPTION TO SF2 APPROVED

SHEET NUMBER 1 ATTACHED TO AND FORMING A PART OF LEASE NO. GS-09B-02496

9. **TAX ADJUSTMENT**: Pursuant to SFO Paragraph 4.2, "Tax Adjustment GSAM 552.270-24," for purposes of tax escalation, the Government occupies 2,927 7,200 rentable square feet (40.65%).

10. **OPERATING COST**: Pursuant to SFO Paragraph 4.3, "Operating Cost", the base rate for purposes of operating cost escalation is established at $7.09 per rentable square foot per annum.

11. **ADJUSTMENT FOR VACANT PREMISES**: Pursuant to SFO Paragraph 4.4, "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 $1.50 per ABOA square foot per annum for operating expenses. The Adjustment for Vacant Premises rate shall be escalated annually based upon Paragraph 10, "Operating Costs."

12. **OVERTIME USAGE**: Pursuant to SFO Paragraph 4.6, "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 a.m. - 6 p.m., Monday through Friday except Federal Holidays ("Normal Hours"), at a rate of $25 per hour. 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 c/o GSA, 300 Ala Moana Blvd, #1-336, Honolulu, HI 96850, to receive payment.

13. **24 HOUR ROOMS**: 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 Lease. The charges for heating and cooling of these areas shall be provided at the rate of $1.00 per rentable square foot per year for cooling provided after "Normal Hours".

14. **TENANT IMPROVEMENT ALLOWANCE**: The maximum Tenant Improvement Allowance has been established by SFO Paragraph 3.2.A, "Tenant Improvements Included in Offer." The Tenant Improvement Allowance shall be amortized over the 5 year firm term for the lease agreement at an interest rate (amortization rate) of 8.0% per year. Since this is a succeeding lease for a tenant currently occupying the space, subsequent tenant improvements will have to be carefully coordinated to ensure protection and minimize damage from dust, debris, odors, etc. resulting from construction activities. Once the actual Government tenant improvement costs are calculated and the renovated space is accepted for occupancy by the Government, the full tenant improvement amortization may be adjusted downward Per SFO Paragraph 3.3, "Tenant Improvement Rental Adjustment" if the entire allowance was not used and a Supplementary Lease Agreement (SLA) will be drafted to memorialize this adjustment to actual costs and adjust the annual rental rate. If the actual Government tenant improvement costs exceed the maximum tenant improvement allowance, the Government can pay the overage or re-engineer to stay within the allowance.

15. **OCCUPANCY REPORTS**:
    A. **Building Systems:** In accordance with SFO Paragraph 8.2 "Building Systems," the Lessor shall furnish at no cost to the Government the required building system reports prior to the Government's occupancy of the Premises.
    B. **Acoustical Requirements:** In accordance with SFO Paragraph 6.8 "Acoustical Requirements," the Lessor shall furnish at no cost to the Government the required acoustical reports prior to the Government's occupancy of the Premises.

16. **UNAUTHORIZED IMPROVEMENTS**: All questions pertaining to this lease agreement shall be referred in writing to the General Service Administration (GSA) 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 term 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 if the improvements remain in place after the Government's acceptance of the space.**

17. 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".

18. Pursuant to SFO Paragraph 5.3, **"Subsequent Tenant Alterations $100,000 or Less"**, 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.

Initials: _____ & _____
Lessor Government

SHEET NUMBER 1 ATTACHED TO AND FORMING A PART OF LEASE NO. GS-09B-02496

ITEM	UNIT COST
A. The cost per linear foot of office subdividing ceiling-high partitions (STC 35). Each side of the partition will be painted and have vinyl base cove.	[redacted]
B. The cost per floor, flush mounted duplex convenience electrical outlet.	[redacted]
C. The cost per floor, flush mounted fourplex (double duplex) convenience electrical outlet.	[redacted]
D. The cost per floor, flush mounted dedicated, clean electrical outlet.	[redacted]
E. The cost per wall, flush mounted dedicated, clean electrical outlet.	[redacted]
F. The cost per floor, flush mounted telephone outlet.	[redacted]
G. The cost per solid core interior door (including installation, door frame, finish, hinges, door handle, latches, strike plates, cylinder passage lock and any other hardware necessary to facilitate installation and operation).	[redacted]
H. The cost per wall, flush mounted data outlet.	[redacted]
I. The cost per unit to provide one task light beneath a kitchen type cabinet.	[redacted]

19. **Suite Improvements**. For all succeeding leases, the Lessor, at Lessor's cost, shall perform the following maintenance to Block A (and subsequently to Block B):

A) Replace carpet.

B) Repaint walls and replace base cove.

C) Move and restore all furniture and equipment to facilitate recarpeting and repainting.

D) Replace all ceiling tiles.

E) Clean all HVAC supply and return grills and repair/replace if needed.

F) Replace all filters for the HVAC supply.

20. **Progressive Occupancy**. The Government intends to add Block B of 582 ABOA/582 RSF along with two unfenced reserved parking via SLA1 after minor tenant improvements (additional entry door and two-basin sink) are completed and the space is accepted by GSA. These minor tenant improvements shall be amortized back onto the rent over the remaining firm term of the lease at 8%. The Lessor will provide Suite Improvements (see #19) for Block B as well.

Initials: _____ & _____
Lessor Government