

US GOVERNMENT LEASE FOR REAL PROPERTY

DATE OF LEASE

NOV 13 2009

LEASE NO.

GS-08P-14420

THIS LEASE, made and entered into this date by and between **SIMCO VENTURES WEST, LLC** whose address is 2776 "B" W. RIVERWALK CR., LITTLETON, CO 80123-7144 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: a total of 7915.45 rentable square feet (RSF) of office and related space, which yields 7300 ANSI/BOMA Office Area square feet (USF) of space in a building to be constructed at Lot 8A1, Hellgate Meadows, southeast corner of American Way and Connery Way, Missoula, MT (formal address to be determined) to be used for such purposes as determined by the General Services Administration. Included in the rent at no additional cost to the Government are 35 on site parking spaces for exclusive use of Government employees and patrons.

(NOTE: The actual space is 7603 usf, however the requirement was for a maximum 7300 usf upon which rent could be charged, with a common area factor of 1.084308825. As such, the below rents are based upon the maximum square feet upon which rent may be charged, based on 7915.45 rsf).

2. TO HAVE AND TO HOLD the said premises with their appurtenances for the term beginning on September 1, 2010 and continuing through August 31, 2025, subject to termination and renewal rights as may be hereinafter set forth.

3. The Government shall pay the Lessor annual rent for the time periods indicated below as follows:

9/1/2010 through 8/31/2015	Shell Rent	\$167,427.82	(\$21.15/rsf)
	Taxes	\$ 18,000.00	(\$ 2.27/rsf)
	Operating Rent	\$ 51,550.00	(\$6.51/rsf)
	Tenant Improvements	\$ 39,356.58	(\$4.97/rsf)
	<u>Building Specific Security</u>	<u>\$ 27,693.20</u>	<u>(\$3.50/rsf)</u>
Total Annual Rent:	\$ 304,027.60	(\$38.40/rsf)	

9/1/2015 through 8/31/2020	Shell Rent	\$167,427.82	(\$21.15/rsf)
	Taxes	\$ 18,000.00	(\$ 2.27/rsf)
	Operating Rent	\$ 51,550.00	(\$6.51/rsf)
	<u>Tenant Improvements</u>	<u>\$ 39,356.58</u>	<u>(\$4.97/rsf)</u>
	Total Annual Rent:	\$276,334.40	(\$34.90/rsf)

9/1/2020 through 8/31/2025	Shell Rent	\$167,427.82	(\$21.15/rsf)	
	Taxes	\$ 18,000.00	(\$ 2.27/rsf)	
	<u>Operating Rent</u>	<u>\$ 51,550.00</u>	<u>(\$ 6.51/r</u>	
	Total Annual Rent:	\$236,977.82	(\$29.93/rsf)	

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IN WITNESS WHEREOF, the parties hereto have hereunto subscribed their names as of the date first above written.
LESSOR: SIMCO VENTURES WEST, LLC

General Manager
(Title)

[Redacted Signature]

Contracting Officer, General Services Administration
(Official Title)

(continued)

Rents shall be paid monthly in arrears. Rent for a lesser period shall be prorated. Rent checks shall be made payable to Lessor at the address noted hereinabove.

4. The Government may terminate this lease, in whole or in part, at any time on or after August 31, 2020 by giving at least 60 days notice in writing to the Lessor and 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. The Lessor shall furnish to the Government, as part to the rental consideration, the following:
 - A. Those provisions, facilities, services, supplies, utilities, and maintenance in accordance with SFO No., 7MT2031, Part One dated December 15, 2008 and Part Two dated January 2, 2009, as amended. ("the solicitation").
 - B. Build out in accordance with standards set forth in the solicitation and the Government's design intent drawings. Government space plans shall be finalized subsequent to award. All tenant alterations to be completed by the lease effective date identified under Paragraphs 2 and 3 above. Lease term to be effective on date of occupancy, if different from the dates identified in Paragraphs 2 and 3. The Lessor hereby waives restoration.
 - C. Deviations to any and all drawings will not be permitted unless prior written authorization is obtained from the GSA Contracting Officer.
6. The following are attached and made a part hereof:
 - A. Solicitation for Offers No., 7MT2031, Part One dated December 15, 2008 and Part Two dated January 2, 2009, and amendments One through Nine. ("the solicitation").
 - B. GSA Form 3517 entitled GENERAL CLAUSES (Rev. 11/05)
 - C. GSA Form 3518 entitled REPRESENTATIONS AND CERTIFICATIONS (Rev. 1/07)
 - D. Easement/Use Agreement (in Perpetuity) benefitting the parcel that is the subject of this lease, between Lessor, the Owner's Association, and Owner of the parcel adjacent to/west of the parcel that is the subject of this Lease. Said Easement/Use Agreement shall be recorded and will provide access through the common drive aisle from the public street/road, parking in the common parking lot, trash services on the common property, and provisions for maintenance of access, parking, trash services, etc.
7. In accordance with the SFO paragraphs 3.2 and 3.3, Tenant Improvements in the allowance amount of \$270,319.00 (7300 USF x \$37.03) may be amortized through the rent for 10 years at the rate of 8%. The annual cost of Tenant Improvements allowance amount for the amortization period shall be \$39,356.58. The total Tenant Improvement (TI) cost bid is \$566,817.67. The Government under SFO Paragraph No. 3.3 has the option of paying some or all of the tenant improvement costs in lump sum, or including some or all of said costs in a rent amortization.
8. The percentage of Government occupancy is established as 100%, subject to the provisions of SFO Amendment No. 9, in that any rent adjustments (including but not limited to Tax Adjustments) shall not include any square footage beyond the maximum solicited in the attached SFO.
9. In accordance with the SFO paragraph entitled Operating Costs Base, the escalation base is established as \$6.51/RSF (\$51,550.00/annum).
10. In accordance with the SFO paragraph entitled Adjustment for Vacant Premises, the adjustment is established as \$3.79/rsf for vacant space (rental reduction), subject to the provisions of SFO Amendment No. 9.
11. In accordance with the SFO Paragraph entitled Overtime Usage, the rate for overtime usage is established as \$11.25/hour for any overtime business hours that may be ordered in accordance with the solicitation. The 24/7 HVAC for the computer room (DCR) is \$2,800.00 per year, and shall be payable in lump sum annually.
12. Building Specific Security Items cost bid is in the amount of \$113,815.45 showing as amortized through the rent for 60 months at the rate of 8%. Per SFO Paragraph/Section 3.3, the Government has the option of paying some or all of the Building Specific Security Costs in lump sum, or including some or all of said costs in the rent amortization.

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LESSOR

UNITED STATES OF AMERICA

BY 

(Initial)

BY 

(Initial)

NOV 13 2009

(continued)

13. TAX ADJUSTMENT (AUG 2008)

A. Purpose:

This paragraph provides for adjustment in the rent ("Tax Adjustment") to account for increases or decreases in Real Estate Taxes for the Property after the establishment of the Real Estate Tax Base, as those terms are defined herein.

Tax Adjustments shall be calculated in accordance with this Clause. The real estate tax portion of the rents for each lease year shall be the \$18,000.00 annual amount noted in the above rents and shall not be adjusted until final assessment determination.

B. Definitions:

The following definitions apply to the use of capitalized terms within this paragraph:

1. "Property" is the land, buildings and other improvements of which the premises (as fully described in the U.S. Government Lease for Real Property, SF2) form all or a part.

2. "Real Estate Taxes" are those taxes that are levied upon the owners of real property by a Taxing Authority (as hereinafter defined) of a State or local Government on an ad valorem basis to raise general revenue for funding the provision of government services. The term excludes, without limitation, special assessments for specific purposes, assessments for business improvement districts, and/or community development assessments.

3. "Taxing Authority" is a State, Commonwealth, Territory, County, City, Parish, or political subdivision thereof, authorized by law to levy, assess, and collect Real Estate Taxes.

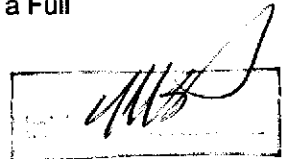
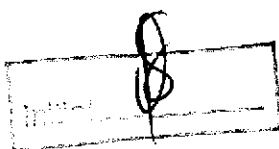
4. "Tax Year" refers to the 12-month period adopted by a Taxing Authority as its fiscal year for the purpose of assessing Real Estate Taxes on an annual basis.

5. "Tax Abatement" is an authorized reduction in the Lessor's liability for Real Estate Taxes below that determined by applying the generally applicable Real Estate Tax rate to the Fully Assessed (as hereinafter defined) valuation of the Property.

6. "Unadjusted Real Estate Taxes" are the full amount of Real Estate Taxes that would be assessed for the Property for one full Tax Year without regard to the Lessor's entitlement to any Tax Abatements (except if such Tax Abatement came into effect after the date of award of the Lease), and not including any late charges, interest or penalties. If a Tax Abatement comes into effect after the date of award of the Lease, "Unadjusted Real Estate Taxes" are the full amount of Real Estate Taxes assessed for the Property for one full Tax Year, less the amount of such Tax Abatement, and not including any late charges, interest or penalties.

7. "Real Estate Tax Base" is the Unadjusted Real Estate Taxes for the first full Tax Year following the commencement of the Lease term. If the Real Estate Taxes for that Tax Year are not based upon a Full Assessment of the Property, then the Real Estate Tax Base shall be the Unadjusted Real Estate Taxes for the Property for the first full Tax Year for which the Real Estate Taxes are based upon a Full

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Assessment. Such first full Tax Year may be hereinafter referred to as the "Tax Base Year." Alternatively, the Real Estate Tax Base may be an amount negotiated by the parties that reflects an agreed upon base for a Fully Assessed value of the property.

8. The Property is deemed to be "Fully Assessed" (and Real Estate Taxes are deemed to be based on a "Full Assessment") only when a Taxing Authority has, for the purpose of determining the Lessor's liability for Real Estate Taxes, determined a value for the Property taking into account the value of all improvements contemplated for the Property pursuant to the Lease, and issued to the Lessor a tax bill or other notice of levy wherein the Real Estate Taxes for the full Tax Year are based upon such Full Assessment. At no time prior to the issuance of such a bill or notice shall the Property be deemed Fully Assessed.

9. "Percentage of Occupancy" refers to that portion of the Property exclusively occupied or used by the Government pursuant to the Lease. For buildings, the Percentage of Occupancy is determined by calculating the ratio of the rentable square feet occupied by the Government pursuant to the Lease to the total rentable square feet in the building or buildings so occupied, and shall not take into account the Government's ancillary rights including, but not limited to, parking or roof space for antennas (unless facilities for such ancillary rights are separately assessed). This percentage shall be subject to adjustment to take into account increases or decreases in the amount of space leased by the Government or in the amount of rentable space on the Property, including SFO Amendment No. 9 provisions.

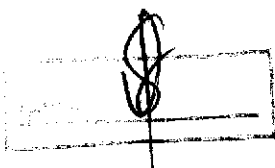
C. Adjustment for Changes in Real Estate Taxes:

1. After the Property is Fully Assessed, the Government shall pay its share of any increases and shall receive its share of any decreases in the Real Estate Taxes for the Property, such share of increases or decreases to be referred to herein as "Tax Adjustment." The amount of the Tax Adjustment shall be determined by multiplying the Government's Percentage of Occupancy, subject to the Provisions of SFO Amendment No. 9, by the difference between the current year Unadjusted Real Estate Taxes and the Real Estate Tax Base, less the portion of such difference not paid due to a Tax Abatement (except if a Tax Abatement comes into effect after the date of award of the Lease). If a Tax Abatement comes into effect after the date of award of the Lease, the amount of the Tax Adjustment shall be determined by multiplying the Government's Percentage of Occupancy by the difference between the current year Unadjusted Real Estate Taxes and the Real Estate Tax Base. The Government shall pay the Tax Adjustment in a single annual lump sum payment to the Lessor. In the event that this Tax Adjustment results in a credit owed to the Government, the Government may elect to receive payment in the form of a rental credit or lump sum payment.

2. If the Property contains more than one separately assessed parcel, then more than one Tax Adjustment shall be determined based upon the Percentage of Occupancy, Real Estate Tax Base, and Real Estate Taxes for each respective parcel.

3. After commencement of the Lease term, the Lessor shall provide to the Contracting Officer copies of all Real Estate Tax bills for the Property, all

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documentation of Tax Abatements, credits, or refunds, if any, and all notices which may affect the assessed valuation of the Property, for the Tax Year prior to the commencement of the Lease Term, and all such documentation for every year following. Lessor acknowledges that the Contracting Officer shall rely on the completeness and accuracy of these submissions in order to establish the Real Estate Tax Base and to determine Tax Adjustments. The Contracting Officer may memorialize the establishment of the Real Estate Tax Base by issuing a unilateral administrative Supplemental Lease Agreement indicating the Base Year, the amount of the Real Estate Tax Base, and the Government's Percentage of Occupancy.

4. The Real Estate Tax Base is subject to adjustment when increases or decreases to Real Estate Taxes in any Tax Year are attributable to a) improvements or renovations to the Property not required by this Lease, or b) changes in net operating income for the Property not derived from this Lease. If either condition results in a change to the Real Estate Taxes, the Contracting Officer may re-establish the Real Estate Tax Base as the Unadjusted Real Estate Taxes for the Tax Year the Property is reassessed under such condition, less the amount by which the Unadjusted Real Estate Taxes for the Tax Year prior to reassessment exceeds the prior Real Estate Tax Base.

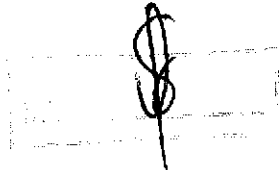
5. If this Lease includes any options to renew the term of the Lease, or be otherwise extended, the Real Estate Tax Base for the purpose of determining Tax Adjustments during the renewal term or extension shall be the last Real Estate Tax Base established during the base term of the Lease.

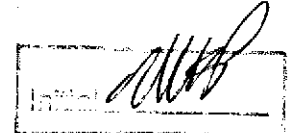
6. If any Real Estate Taxes for the Property are retroactively reduced by a Taxing Authority during the term of the Lease, the Government shall be entitled to a proportional share of any tax refunds to which the Lessor is entitled, calculated in accordance with this Clause.

7. Lessor acknowledges that it has an affirmative duty to disclose to the Government any decreases in the Real Estate Taxes paid for the Property during the term of the Lease. Lessor shall annually provide to the Contracting Officer all relevant tax records for determining whether a Tax Adjustment is due, irrespective of whether it seeks an adjustment in any Tax Year.

8. If the Lease terminates before the end of a Tax Year, or if rent has been suspended, payment for the Real Estate Tax increase due as a result of this section for the Tax Year will be prorated based on the number of days that the Lease and the rent were in effect. Any credit due the Government after the expiration or earlier termination of the Lease shall be made by a lump sum payment to the Government or as a rental credit to any succeeding lease, as determined in the Contracting Officer's sole discretion. Lessor shall remit any lump sum payment to the Government within 15 calendar days of payment or credit by the Taxing Authority to Lessor or Lessor's designee. If the credit due to the Government is not paid by the due date, interest shall accrue on the late payment at the rate established by the Secretary of the Treasury under Section 12 of the Contract Disputes Act of 1978, as amended (41 USC § 611), that is in effect on the day after the due date. The interest penalty shall accrue daily on the amount of the credit and shall be compounded in

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30-day increments inclusive from the first day after the due date through the payment date. The Government shall have the right to pursue the outstanding balance of any tax credit using all such collection methods as are available to the United States to collect debts. Such collection rights shall survive the expiration of this Lease.

9. In order to obtain a Tax Adjustment, the Lessor shall furnish the Contracting Officer with copies of all paid tax receipts, or other similar evidence of payment acceptable to the Contracting Officer, and a proper invoice (as described in GSA Form 3517, General Clauses, 552.232-75, Prompt Payment) for the requested Tax Adjustment, including the calculation thereof. All such documents must be received by the Contracting Officer within 60 calendar days after the last date the Real Estate Tax payment is due from the Lessor to the Taxing Authority without payment of penalty or interest. FAILURE TO SUBMIT THE PROPER INVOICE AND EVIDENCE OF PAYMENT WITHIN SUCH TIME FRAME SHALL CONSTITUTE A WAIVER OF THE LESSOR'S RIGHT TO RECEIVE A TAX ADJUSTMENT PURSUANT TO THIS CLAUSE FOR THE TAX YEAR AFFECTED.

D. Tax Appeals:

If the Government occupies more than 50% of the Building by virtue of this and any other Government lease(s), the Government may, upon reasonable notice, direct the Lessor to initiate a tax appeal, or the Government may elect to contest the assessed valuation on its own behalf or jointly on behalf of Government and the Lessor. If the Government elects to contest the assessed valuation on its own behalf or on behalf of the Government and the Lessor, the Lessor shall cooperate fully with this effort, including, without limitation, furnishing to the Government information necessary to contest the assessed valuation in accordance with the filing requirements of the Taxing Authority, executing documents, providing documentary and testimonial evidence, and verifying the accuracy and completeness of records. If the Lessor initiates an appeal at the direction of the Government, the Government shall have the right to approve the selection of counsel who shall represent the Lessor with regard to such appeal, which approval shall not be unreasonably withheld, conditioned or delayed, and the Lessor shall be entitled to a credit in the amount of its reasonable expenses in pursuing the appeal.

14. The building exterior (including finishes), the space and security items, shall be as proposed and presented in the final submittals and all other documents and narratives submitted as

	, LLC	
		<u>Contracting Officer, General Services Administratio</u>