

U.S. GOVERNMENT LEASE FOR REAL PROPERTY

DATE OF LEASE

May 26, 2011

LEASE NO. LNC610... / Building Number NC2675

THIS LEASE, made and entered into this date by and between Wise Developments, LLC

whose address is 1219 N. South Street
PO Box 804
Mount Airy, NC 27030-2855

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 14,950 rentable square feet (RSF) of office and related space, which yields 13,717 ANSI/BOMA Office Area square feet (USF) of space on the first (1st) floor of a building to be constructed on Parcel Number 370213144561 in Southgate Corporate Park SW, Hickory, NC 28602 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 seventy-eight (78) onsite, surface parking spaces for the exclusive use of Government employees and patrons.

2. TO HAVE AND TO HOLD the said premises with their appurtenances for the term beginning on the date the Government accepts the premises as substantially complete and continuing for ten (10) years, subject to termination as may be hereinafter set forth. The Lessor shall deliver the premises to the Government substantially complete no later than ninety (90) working days subsequent to the Government's approval of design intent drawings.

3. The Government shall pay the Lessor annual rent for the entire term, monthly, in arrears, as follows:

TERM	ANNUAL RENT	RATE per RSF ¹	RATE per ANSI/BOMA ²	MONTHLY RATE
6/22/2012 – 6/21/2017	\$434,895.50	\$29.09	\$31.70	\$36,241.29
6/22/2017 – 6/21/2022	\$325,102.99	\$21.75	\$23.70	\$27,091.92

Note 1. The rate per Rentable Square Foot (RSF) is determined by dividing the total annual rent by the RSF set forth in Paragraph 1 above.

Note 2. The rate per ANSI/BOMA Office Area Square Foot (ABOASF) is determined by dividing the total annual rental by the ABOASF set forth in Paragraph 1 above

4. The rental rate is subject to the Government's measurement of plans submitted by the Lessor or a mutual on-site measurement of the space and will be based on the rate, per rentable square foot (PRSF) as noted above, in accordance with Clause 23 (PAYMENT), GSA Form 3517B, General Clauses. The lease contract and the amount of rent will be adjusted accordingly, but not to exceed the maximum ABOASF requested in Paragraph 1.1 (Amount and Type of Space). Rent for a lesser period shall be prorated. Rent checks shall be made payable to:

Wise Developments, LLC
1219 N. South Street
Mount Airy, NC 27030-2855

LESSOR: Wise Developments, LLC

SIGNATURE

[Redacted Signature]

NAME OF SIGNER

E. Dean Bray III

ADDRESS

20 Bay 804 Mount Airy NC 27030

NAME OF SIGNER

E. D. Bray Jr

UNITED STATES OF AMERICA

NAME OF SIGNER

Wanda P. Hardiman

OFFICIAL TITLE OF SIGNER

CONTRACTING OFFICER

5. The Government may terminate this lease in whole or in part at any time after the fifth (5th) year by giving at least sixty (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.
6. The Lessor shall furnish to the Government, as part to the rental consideration, the following:
 - A. The seventy-eight (78) onsite, surface parking spaces 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; provided that the Government shall make payments for lump sum items identified in the attachment sheets in the amounts specified therein. 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. 8NC2150 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:
 - A. Solicitation for Offers No. 8NC2150 dated 10/27/2010;
 - B. [REDACTED] Special Requirements – Atlanta Region Office Space Specifications and Requirements;
 - C. GSA Form 3517B entitled GENERAL CLAUSES (Rev. 11/05);
 - D. GSA Form 3518 entitled REPRESENTATIONS AND CERTIFICATIONS (Rev. 1/07);
 - E. Labor Wage Rates;
 - F. Exhibit A – Base Plans;
 - G. Exhibit B – Site/Plat Plan.
8. Rent includes a Tenant Improvement Allowance of \$467,585.64 to be amortized through the rent over the firm term of the Lease (60 months) at the rate of 6.5% resulting in \$7.34 per rentable square foot (\$8.00 per ABOASF). In accordance with SFO paragraph 3.3, *Tenant Improvements Rental Adjustment*, the actual cost of Tenant Improvements shall be reconciled and rent adjusted accordingly. The Lessor understands, in lieu of Cost and Pricing Data, his contractor or each of his sub-contractors shall solicit three (3) bids for work completed as part of the initial tenant alterations, e.g., for electrical, plumbing, etc. The lowest responsive bid will be accepted. This does not apply to the shell build-out.
9. In accordance with SFO paragraph 1.11, *Building Shell Requirements*, the annual shell cost is established as \$240,302.99 yielding \$16.07 per rentable square foot (\$17.52 per ABOASF) which is included in the rental rate in Paragraph 3 for years 1-10 of the lease.
10. In accordance with SFO paragraph 4.1, *Measurement of Space*, the common area factor is established as 8.98% (14,950 RSF / 13,717 USF).
11. In accordance with SFO paragraph 4.2, *Tax Adjustment*, the percentage of Government occupancy is established as 100% based on Government occupancy of 14,950 rentable square feet and total building area of 14,950 rentable square feet. Percentage of occupancy is subject to revision based on actual measurement of Government occupied space at time of final inspection, not to exceed the maximum ABOASF stated in the SFO, and in accordance with GSA Form 3517B, GENERAL CLAUSES.
12. In accordance with SFO paragraph 4.3, *Operating Costs Base*, the escalation base is established as \$84,800.00 per annum (\$5.67 per rentable square foot / \$6.18 per ABOASF).
13. In accordance with SFO paragraph 4.4, *Adjustment for Vacant Premises*, the adjustment is established as \$5.00 / ABOASF for vacant space (rental reduction).
14. In accordance with SFO Paragraph 4.6, *Overtime Usage*, the rate for overtime usage is established as \$10.00 per hour for the entire building, beyond the normal hours of operation of 7:00 AM to 5:30 PM. Areas requiring 24/7 HVAC will be provided at no additional cost (\$0.00) to the Government.

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15. Cleaning services requiring access to the Government's leased space shall be performed in accordance with SFO paragraph 4.8, *Janitorial Services*. Cleaning services requiring access to the Government's leased space shall be performed **during** tenant working hours. Personnel performing cleaning services shall be employed with a licensed company. The employing company shall ensure that the employee is bonded and has been fingerprinted and a local agency check for a criminal record is completed.
16. In accordance with SFO paragraph 5.16, *Floor Plans after Occupancy*, the Lessor shall provide a copy of CAD as built drawings on CD-ROM to the contracting officer within ten (10) calendar days of completion of construction.
17. In accordance with SFO Paragraph 5.17, *Waiver of Restoration*, the Lessor hereby waives all restoration rights.
18. In accordance with SFO paragraph 9.7, *Radon in Air*, testing for radon to be complete not later than 150 days after award.
19. In accordance with SFO paragraph 9.8, *Radon in Water*, if the water source is not from a public utility, the Lessor shall demonstrate that water provided in the leased space is in compliance with EPA requirements and shall submit certification to the Contracting Officer prior to the Government occupying the space
20. Wherever the words "offeror" 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 "leased premises."
21. If, during the term of this lease including extensions, title to this property is transferred to another party either by sale, foreclosure, condemnation or other transaction, the Lessor (transferor) shall promptly notify the Contracting Officer of said transfer. The following information shall accompany this notification:
 - A. A certified copy of the deed transferring title to the property from the Lessor to the new owner.
 - B. A letter from the new owner assuming, approving, and agreeing to be bound by the terms of this lease.
 - C. A letter from the Lessor waiving all rights under this Lease against the Government up to the effective date of the transfer.
 - D. The new owner's tax identification number (TIN#) or social security number.
 - E. The new owner's DUNS#
 - F. The new owner's full legal name. If a corporation, indicate the state of incorporation. If a partnership, list all parties fully. If a limited partnership, list all general partners and identify under the laws of which state the limited partnership is created. If a realty trust, give names of all trustees and the recording date of the trust.
 - G. A Novation Agreement.
 - H. The new owner must provide a new GSA Form 3518.

The foregoing information must be received by the fifteenth day of the month in which the transfer of title will be affected. The rent for that month, adjusted in accordance with the effective date of the transfer will be processed to the Lessor. Initial rental payment, including the applicable portion of rent for the month during which the transfer occurred, to the new owner will be processed on the first day of the month following the transfer of title. If the notification of transfer and related information is not received until the sixteenth day of the month (or later), in which the transfer of title will be affected, the full contract rental for that month will be forwarded to the Lessor. In any instance, failure to submit the documentation required for transfer of title will result in a stop payment of rent until such time as all documentation is received by the Contracting Officer.

22. The Lessor shall not enter into negotiations concerning the space leased or to be leased with representatives of federal agencies other than the officers or employees of the U.S. General Services Administration or personnel authorized by the Contracting Officer.
23. Within 5 days of lease occupancy, the Lessor shall provide the tenant agency representative (with a copy forwarded to the GSA Government Representative), on site, a copy of the name and phone number of maintenance personnel in order that any cleaning, maintenance, janitorial, etc. problems can be taken care of immediately.

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- 24. This lease, upon execution, contains the entire agreement of the parties and no prior written or oral agreement, expressed or implied, shall be admissible to contradict the provisions of this lease. Wherever there is a conflict between the SF-2 and the SFO, the SF-2 shall take precedence.
- 25. Window glazing shall be provided by the Lessor in accordance with SFO paragraph 10.17, [REDACTED] Requirements. The cost is included in the shell rate.
- 26. The Lessor is a Limited Liability Company and a small business. The Tax Identification Number is [REDACTED] The DUNS number is 607114399. The signatory authority for Lessor is E. Dean Bray III.
- 27. The Tenant Improvement Fee Schedule is as follows and Lessor agrees not to exceed these figures:
 - A. The General Conditions will not exceed 5% of the total subcontractor's costs.
 - B. The General Contractors fee will not exceed 8% of the total subcontractor's costs.
 - C. Architectural and Engineering fees will not exceed 6% of TI costs.
 - D. Lessor's Project Management fees will not exceed 2% of the total subcontractor's costs.
- 28. In accordance with the Broker Commission and Commission Credit, CB Richard Ellis, Inc. ("CBRE") ("Broker") is the authorized real estate broker representing GSA in connection with this lease transaction. The Lessor and Broker have agreed to a cooperating lease commission of [REDACTED] of the firm term value of this lease ("Commission"). The total amount of the Commission is [REDACTED] and is earned upon lease execution, payable according to the Commission Agreement signed between the two parties. Due to the Commission Credit, only [REDACTED] or [REDACTED] of the Commission, will be payable to CB Richard Ellis, Inc. ("CBRE"). The remaining [REDACTED], or [REDACTED] which is the "Commission Credit", shall be credited to the shell rental portion of the annual rental payments due and owing to fully recapture this Commission Credit. The reduction in shell rent shall commence with the first month of the rental payments and continue until the credit has been fully recaptured in equal monthly installments over the shortest time period practicable.

Notwithstanding Paragraph 3 of this Lease, 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:

First Month's Rental Payment \$36,241.29 minus prorated Commission Credit of [REDACTED] equals [REDACTED] adjusted First Month's Rent;

Second Month's Rental Payment \$36,241.29 minus prorated Commission Credit of [REDACTED] equals [REDACTED] adjusted Second Month's Rent.

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