

**LEASE AGREEMENT**  
**LEASE NUMBER GS-03B-12005**

**THIS LEASE AGREEMENT** ("Lease" or "Agreement"), is made and entered into this 29<sup>th</sup> day of November 2011, by and between the **CITY OF PHILADELPHIA**, a corporation and body politic existing under the laws of the Commonwealth of Pennsylvania, acting by and through its [REDACTED], [REDACTED] (the "City" or "Landlord"), and the **UNITED STATES OF AMERICA**, acting by and through the **U.S. GENERAL SERVICES ADMINISTRATION** (the "Government"). The Government and City are sometimes referred to herein individually as "Party" and collectively as "Parties."

**BACKGROUND**

The background of this Agreement is as follows:

A. The City is the owner and operator of Philadelphia International Airport ("PHL" or the "Airport"), located in Philadelphia and Delaware Counties, in the Commonwealth of Pennsylvania.

B. The Government desires to lease from the City office and break room space at PHL for use by the [REDACTED] (the "[REDACTED]").

C. The City agrees to lease to the Government and the Government agrees to lease from the City such office and related space, subject to the terms and conditions hereof.

D. The Government enters into this Agreement under the authority of the Aviation and Transportation Security Act of 2001 ("ATSA"), Pub. L. 107-71.

E. The City, acting by and through its [REDACTED] [REDACTED]"), enters into this Agreement under the authority provided in the City's Home Rule Charter, Section 4-500(c) that authorizes the [REDACTED] to grant leases for use of City airport facilities.

F. When used in this Lease, the term "Contracting Officer" means a person with the authority to enter into, administer, and/or terminate contracts and make related determinations and findings on behalf of the Government. The term includes certain authorized representatives of the Contracting Officer acting within the limits of their authority as delegated by the Contracting Officer.

**NOW, THEREFORE**, in consideration of the mutual covenants and promises herein contained and for other good and valuable consideration, the receipt of which is acknowledged, the City and the Government intending to be legally bound hereby, agree as follows:

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**ARTICLE 1  
PREAMBLE**

The preamble above is hereby incorporated into this Agreement.

**ARTICLE 2  
PREMISES**

**2.01. Lease of Premises.** Beginning on the Commencement Date (defined below), the City, subject to the terms and conditions of this Lease, hereby leases to the Government and the Government hereby leases from the City the following described premises (the "**Leased Premises**") totaling six thousand eight hundred twenty-six (6,826) square feet ("s.f.") of office and related space as shown and more particularly described in attached Exhibits A-1 through A-4:

Terminal A-East, Second Floor Ticketing	486 s.f.
Terminal C, First Floor Ticketing	2,415 s.f.
Terminal D, First Floor Concourse	3,167 s.f.
Terminal E, First Floor Concourse	758 s.f.

**2.02. Acceptance of Premises.** The Government represents and warrants to Landlord that the Government is familiar with the Premises and that the Leased Premises have been leased to the Government in an "**AS IS**" and "**WHERE IS**" condition, without any representation or warranty, express or implied, including without limitation any warrant of fitness for purpose. The Government accepts the Leased Premises in its "AS IS" condition.

**ARTICLE 3  
USE OF PREMISES**

The Government shall occupy and use the Leased Premises and/or shall cause the Leased Premises to be occupied and used by the [REDACTED] for office and office related purposes such as break rooms ("**Permitted Use**"), and for no other purpose whatsoever.

**ARTICLE 4  
TERM**

**4.01. Term.** Notwithstanding the Parties' rights to early termination under this Lease, the Term of this Lease shall commence on December 2, 2011, ("**Commencement Date**"), shall continue through December 1, 2012 for a period of one (1) year ("**Term**"), and shall automatically renew for [REDACTED] unless cancelled or terminated by either party upon one hundred twenty (120) days advance written notice; provided however that adequate appropriations are available from year to year for payment of the of Rent (defined below) hereunder.

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**4.02. Renewal Term.** If this Lease renews for the Renewal Term, then any reference in this Lease to the Term shall include the Renewal Term, and all of the Government's obligations under this Lease shall continue through the date of expiration or earlier termination of the Term.

**ARTICLE 5  
RENT**

**5.01. Rent.** The Government shall pay to the City, as Rent during the Term, the current rental rate established by the Airport Rates and Charges Regulation ("**Rent**"). The rental rate is subject to adjustment from time to time in accordance with the annual Airport Rates and Charges Regulation, promulgated by the [REDACTED] ("**Rent**"). The current Airport Rate, which is Ninety-Seven Dollars Forty-One Cents (\$97.41) per s.f. per year yielding an annual Rent of **Six Hundred Sixty-Four Thousand, Nine Hundred Twenty Dollars and Sixty-Six Cents (\$664,920.66)**, in equal monthly installments of **Fifty-Five Thousand, Four Hundred Ten Dollars and Six Cents (\$55,410.06)**, shall be paid in arrears, due on the first workday of each calendar month, without the submission of invoices or vouchers, subject to available appropriations.

**5.02. Payment.**

**a. Confirmation of Leased Premises Square Footage.** When space is offered and accepted, the square footage delivered will be confirmed by the Government before occupancy of the Leased Premises by:

- i. The Government's measurement of plans submitted and an inspection of the space to verify that the delivered space is in conformance with such plans; or
- ii. A mutual on-site measurement of the space, if the Contracting Officer determines that it is necessary.

**b. Resolution of Square Footage Discrepancies.**

- i. The Government shall not make payment for space that is in excess of the amount of the square footage stated in the Lease.
- ii. If it is determined that the amount of square footage is actually less than the amount agreed to in the Lease, the Lease shall be modified to reflect the amount of space delivered and the annual Rent will be adjusted as follows:

s.f. not delivered x Rate per s.f. = Reduction of annual Rent

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The rate per s.f. is determined by the annual Rates and Charges Regulation promulgated by the Division of Aviation.

c. **Prompt Payment.** The Government will make Payments under the terms and conditions specified in this clause. Payment shall be considered as being made on the day a check is dated or an electronic funds transfer is made. All days referred to in this Lease are calendar days, unless otherwise specified.

i. Payment due date

a. Rental payments. Rent shall be paid monthly in arrears and will be due on the first workday of each month, and only as provided for by the Lease.

1. When the date of commencement of rent falls on the 15<sup>th</sup> of the month or earlier, the initial monthly rental payment under this Lease shall become due on the first workday of the month following the month in which the commencement of the rent is effective.

2. When the date of commencement of rent falls after the 15<sup>th</sup> day of the month, the initial monthly rental payment under this Lease shall become due on the first workday of the second month following the month in which the commencement of the rent is effective.

b. Other Payments

1. The due date of making payments other than rent shall be the 30<sup>th</sup> day after the designated billing office has received a proper invoice from the City.

2. If the designated billing office fails to annotate the invoice with the actual date of receive, the invoice payment due date shall be deemed to be the 30<sup>th</sup> day after the City's invoice is dated, provided a proper invoice is received and there is no disagreement over quantity, quality or compliance with the terms of this Agreement.

ii. Invoice Requirements (applies to payments other than rent)

a. Invoices shall be submitted in an original only, unless otherwise specified, to the following billing office:

b. Invoices must include the Accounting Control Transaction (ACT) number provided below:

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iii. Interest Penalty

a. An interest penalty shall be paid automatically by the Government, without request from the City, if payment is not made by the due date.

b. The interest penalty shall be at the rate established by the Secretary of the Treasury under Section 12 of the Contract Disputes Act of 1978 (41 U.S.C. § 611) that is in effect on the day after the due date. The rate is referred to as the "Renegotiation Board Interest Rate," and it is published in the *Federal Register* semiannually on or about January 1 and July 1. The interest penalty shall accrue daily on the payment amount approved by the Government and be compounded in 30-day increments inclusive from the first day after the due date through the payment date.

c. Interest penalties are not required on payment delays due to disagreement between the Government and the City over the payment amount or other issues involving compliance with this Lease or on amounts temporarily withheld or retained in accordance with the terms of the Lease. Claims involving disputes, and any interest that may be payable, will be resolved in accordance with Section 8.S. of this Agreement, Disputes.

iv. Method of Payment/Electronic Funds Transfer

a. The Government shall pay the Rent when due and payable, without any set-offs, deductions or prior demand thereof to the City of Philadelphia by electronic funds transfer ("EFT") to:

Wachovia Bank

[REDACTED]

Attention: Wire Transfer Unit

Aviation Operating [REDACTED]  
[REDACTED]

or to such other address as the City may designate from time to time by written Notice to the Government no later than 30 days before the date such change is to become effective. Rent shall be considered paid on the date payment by electronic funds transfer is made.

b. If the City, during the Term of this Lease, elects to designate a different financial institution for the receipt of any payment, the Contracting Officer must receive notice of such change and the required information specified above no later than thirty (30) days before the date such change is to become effective.

c. The documents furnishing the information required in this clause must

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be dated and contain the Lessor's name, the signature, title and telephone number of the City's authorized representative, and the Lease number.

d. The City's failure to properly designate a financial institution to provide appropriate payee bank account information may delay payments of amounts otherwise properly due.

**d. Partial Payments.** Any payment by the Government or acceptance by the City of a lesser amount than shall be due from the Government to the City shall be treated as a payment on account. The acceptance by the City of a check for a lesser amount with an endorsement or statement thereon, or upon any letter accompanying such check, that such lesser amount is payment in full or payment for particular Lease charges, shall be given no effect and the City may accept such check without prejudice to other rights or remedies which the City may have against the Government. The City may apply such payments against the earliest outstanding Lease charges.

#### **ARTICLE 6 STANDARD CONDITIONS AND REQUIREMENTS**

The following standard conditions and requirements shall apply to this Lease:

a. **Correction of Safety, Health and Fire Hazards.** The Leased Premises, all accesses to the Leased Premises, building operations or utilities furnished by the City, and activities of other occupants, shall be free of safety, health and fire hazards. When such hazards are detected, they must be promptly corrected at the City's expense unless they are the result of Government activity.

b. **Accessibility.** The Leased Premises shall be accessible to the disabled in accordance with Federal Management Regulations (41 C.F.R. § 102-76.65) as may be amended from time to time, and all applicable state and local accessibility laws and regulations.

c. **Compliance with OSHA Standards.** The Leased Premises shall be free of all hazardous levels and conditions regarding asbestos containing material, PCB's, radon and other environmentally hazardous substances, except those that could not be reasonably discovered by The City. If environmentally hazardous or conditions are found that do not meet the minimum compliance standards, as may be amended from time to time, under the Occupational Safety and Health Administration ("OSHA") (29 C.F.R. § 1910.1000), then the City shall immediately correct such conditions, at no cost to the Government.

d. **Government Access to Lease Premises.** The Government shall have access to the Leased Premises at all times throughout the Term, including the use of electrical services, toilets, lights, elevators (if any), and Government office machines without additional payment, other than the Rent described above.

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**IN WITNESS WHEREOF**, the parties hereto have caused this Lease to be executed by their duly authorized officers or representatives.

**LANDLORD:**

**THE CITY OF PHILADELPHIA**, acting through its Department of Commerce, Division of Aviation



Rina Cutler  
Deputy Mayor, Transportation & Utilities

Approved as to form  
Shelley R. Smith  
City Solicitor

By

**UNITED STATES OF AMERICA**, acting through its U.S. General Services Administration

By

Name: ROBBERON R. CONNORS

Its: Contracting Officer

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