

STANDARD FORM 2  
FEBRUARY 1965  
EDITION  
GENERAL SERVICES  
ADMINISTRATION  
FPR (41 CFR) 1-16.601

# US GOVERNMENT LEASE FOR REAL PROPERTY

DATE OF LEASE

3/22/12

LEASE NO.

GS-07B-17012

THIS LEASE, made and entered into this date by and between FLEX SPACE GROUP, LTD.

Whose address is 10410 Medical Loop, Unit 1A  
Laredo, TX 78045-6612

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 28,756 rentable square feet (RSF) of office and related space, which yields 25,069 ANSI/BOMA Office Area square feet (USF) of space at 11204 McPherson Road, Laredo, TX 78045-6576 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 4 structured and 46 surface, secured, & reserved parking spaces for exclusive use of Government employees and patrons.

2. TO HAVE AND TO HOLD the said premises with their appurtenances for the term beginning upon completion and acceptance of the work required by this lease and continuing for a period of ten (10) years firm.

3. For years 1 – 5, the Government shall pay the Lessor annual rent of \$719,187.56 at the rate of \$59,932.30 per month in arrears, which includes annual shell rent of \$488,800.20 at the rate of \$40,733.35 per month, annual operating cost base of \$114,448.88 at the rate of \$9,537.41 per month, annual amortized tenant improvement allowance of \$104,737.96 at the rate of \$8,728.16 per month, and annual amortized Building Specific Security Costs of \$11,200.52 at the rate of \$933.38 per month.

For years 6 – 10, the Government shall pay the Lessor annual rent of \$817,009.76 at the rate of \$68,084.15 per month in arrears, which includes annual shell rent of \$586,622.40 at the rate of \$48,885.20 per month, and annual operating cost base of \$114,448.88 at the rate of \$9,537.41 per month, annual amortized tenant improvement allowance of \$104,737.96 at the rate of \$8,728.16 per month, and annual amortized Building Specific Security Costs of \$11,200.52 at the rate of \$933.38 per month.

Rent for a lesser period shall be prorated. Rent payments shall be made to:

FLEX SPACE GROUP, LTD  
10410 MEDICAL LOOP UNIT 1A  
LAREDO, TX 78045-6612

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

LESSOR  
FLEX SPACE GROUP, LTD

BY

IN

*Managing Partner*  
(Title)

*10410 Medical Loop # 1A, Laredo, TX 78045*  
(Address)

UNITED STATES OF AMERICA

Contracting Officer, General Services Administration  
(Official Title)

4. The Government may terminate this lease at any time by giving at least \_\_\_\_\_ days' notice in writing to the Lessor and no rental shall accrue after the effective date of termination. Said notice shall be computer-commencing with the day after the date of mailing.

5. This lease may be renewed at the option of the Government, for the following terms and at the following rentals:

provided notice be given in writing to the Lessor at least 90 days written notice before the end of the original lease term or any renewal term; all other terms and conditions of this lease shall remain the same during any renewal term. Said notice shall be computed commencing with the day after the date of mailing.

- 6. The Lessor shall furnish to the Government, as part of the rental consideration, the following:
  - A. Those facilities, services, supplies, utilities, and maintenance in accordance with SFO 9TX2896 dated April 25, 2011.
  - B. Build out in accordance with standards set forth in SFO 9TX2896 dated April 25, 2011 and the Government's design intent drawings. Government space plans shall be developed after award. All tenant alterations to be completed within 120 days after the Contracting Officer issues the Tenant Improvement Notice to Proceed. Lease term to be effective on date that space acceptance is made by the Government, if different from the date identified in Paragraph 2.
  - C. Deviations to the approved design intent drawings will not be permitted unless prior written authorization is obtained from the GSA Contracting Officer.

- 7. The following are attached and made a part hereof:
  - A. Solicitation for Offers 9TX2896 dated April 25, 2011,
  - B. [REDACTED] Design Guide;
  - C. GSA Form 3517B entitled GENERAL CLAUSES (Rev. 11/05);
  - D. GSA Form 3518 entitled REPRESENTATIONS AND CERTIFICATIONS (Rev. 1/07);
  - E. EX A Legal Description;
  - F. EX B Floor Plan.
  - G. EX C Parking Plan.

8. In accordance with the SFO paragraph entitled *Tenant Improvement Rental Adjustment*, Tenant Improvements in the total amount of \$822,902.96 shall be amortized through the rent for ten years at the rate of 5.0%.

9. In accordance with Subsection B(9) of the SFO paragraph entitled *Tax Adjustment*, the percentage of Government occupancy is established as 35.95% (28,756/80,000) (Government RSF/Total Building RSF).

10. In accordance with the SFO paragraph entitled *Operating Costs*, the escalation base is established as \$3.98/RSF (\$114,448.88/annum).

11. In accordance with Subsection C of the SFO paragraph entitled *Measurement of Space*, the common area factor is established as 1.147074 (28,756 RSF/25,069 USF).

12. In accordance with the SFO paragraph entitled *Adjustment for Vacant Premises*, the adjustment is established as \$5.78/USF for vacant space (rental reduction).

13. Security costs in the total amount of \$88,000.00 shall be amortized through the rent for ten years at the rate of 5%.

LESSOR

UNITED STATES OF AMERICA

BY \_\_\_\_\_  
(Initial)

KAK

BY \_\_\_\_\_  
(Initial)

[Signature]

14. In accordance with the SFO Paragraph entitled *Overtime Usage*, the rate for overtime usage is established as \$50.00 per hour for the entire Government leased space or any portion thereof. Overtime usage shall only apply outside the building's normal hours of HVAC operation and the agency's normal business hours. The building's normal hours are 8:00 a.m. to 9:00 p.m. Monday through Friday. The cost for the LAN Room HVAC is \$0.14 per RSF (\$4,025.84 annually).

15. 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] percent 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:

First Month's Rental Payment \$59,932.30 minus prorated Commission Credit of [redacted] equals [redacted] adjusted First Month's Rent.

Second Month's Rental Payment \$59,932.30 minus prorated Commission Credit of [redacted] equals [redacted] adjusted Second Month's Rent.

Third Month's Rental Payment \$59,932.30 minus prorated Commission Credit of [redacted] equals [redacted] adjusted Third Month's Rent.

16. Lessor's Tenant Improvement Fee Schedule: The following fee schedule will be applicable for Tenant Improvements and Change Orders during initial construction arising under the result of this lease contract:

- A. General Conditions - 4%
- B. General Contractor's Fee - 11%
- C. Architectural/Engineering Fee - 4%
- D. Lessor's Project Management Fees - 1%

17. All questions pertaining to this Lease shall be referred to the Contracting Officer of the General Services Administration (GSA) or their designee. The Government occupant is not authorized to administer this lease and GSA assumes no responsibility for any cost incurred by the Lessor except as provided by the terms of this Lease or any other authorized cost in writing by the GSA Contracting Officer. The Lessor will not be reimbursed for any services not provided for in this Lease, including but not limited to repairs, changes of scope of work, alterations, and overtime services without the written authorization of a Contracting Officer. Additionally, rental will not be paid for occupancy in whole or in part except for the term specified herein.

18. The Lessor hereby waives and forever relinquishes any right to make a claim against the Government for restoration arising from alteration or removal of any alteration by the Government during the term of this lease or any extensions, and for alterations completed by either the Government or Lessor including initial build out of the lease space and/or any subsequent modifications required during the lease period. At the Government's sole discretion, alterations that remain in the leased space after termination of the lease contract will become property of the Lessor.

19. Paragraphs 4 and 5 are intentionally deleted.

LESSOR

UNITED STATES OF AMERICA

BY

KAK  
(Initial)

BY

[Signature]  
(Initial)