

US GOVERNMENT LEASE FOR REAL PROPERTY

DATE OF LEASE

LEASE NO.

GS-08P-14546

THIS LEASE, made and entered into this date by and between Phoenix 2006 Partners, LLC

Whose address is 5112 N 40TH STREET #105, PHOENIX, AZ 85018-9182.

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 6,300 rentable square feet (RSF) of office and related space, which yields 5,963 ANSI/BOMA Office Area square feet (BOASF) of space consisting of Suite A on the first floor as depicted on the attached floor plan (Attachment "A") at the Midland Commerce Center, 2090 North Redwood Road, Suite 80, Salt Lake City, UT 84116-1277 (Legal Description of the Property is Attachment "B"), together with thirty-six (36) onsite surface parking spaces, (the "Premises"), to be used for SUCH PURPOSES AS DETERMINED BY THE GENERAL SERVICES ADMINISTRATION.

2. TO HAVE AND TO HOLD the said premises for ten (10) years with five (5) years firm, for the term beginning October 1, 2010 subject to termination and renewal rights per Paragraph 5 of the Standard Form 2.

3. The Government shall pay the Lessor annual rent of \$70,290.00 or monthly rent of \$5,857.50 in arrears until the Tenant Improvements (TI's) are completed. Upon acceptance of the TI's the annual rent shall be adjusted for the remaining five (5) year firm term to account for amortized TI's at 8% per annum. The full term shell rate shall then adjust to \$83,160.00 per annum or \$6,930.00 at the beginning of year six (6). Rent shall be adjusted in accordance with the provisions of the Solicitation for Offers and General Clauses. Rent for a lesser period shall be prorated.

<u>Years 1 - 5</u>	<u>Annual Rent</u>	<u>Monthly Rent</u>
Shell Rent	\$ 51,579.00	\$ 4,298.25
OPEX	18,711.00	1,559.25
Firm Term Rent	\$ 70,290.00	\$ 5,857.50

<u>Years 6 - 10</u>	<u>Annual Rent</u>	<u>Monthly Rent</u>
Shell Rent	\$ 64,449.00	\$ 5,370.75
OPEX	18,711.00	1,559.25
Full Term Rent	\$ 83,160.00	\$ 6,930.00

Rent shall be made payable to:

PHOENIX 2006 PARTNERS, LLC
5112 N 40TH STREET #105
PHOENIX, AZ 85018-9182

4. The Lessor and the Broker have agreed to a cooperating lease commission of [REDACTED] of the triple net rent of this lease for the firm term estimated at [REDACTED] which shall be adjusted by a supplemental lease agreement after Tenant Improvement completion. 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 SFO Section 2.3 "Broker Commission and Commission Credit", the Broker has agreed to forego [REDACTED] of the commission that it is entitled to receive in connection with this lease transaction. The Commission Credit is [REDACTED] and shall be credited in three equal amounts of [REDACTED] over the first three monthly rent payments. Notwithstanding Paragraph 3 of this Standard Form 2, the Firm Term Rental payments shall be reduced to fully re-capture this Commission Credit. The reduction shall commence with the first month and continue as indicated as follows:

First Month's adjusted Rental Payment shall be \$3,452.20 (or the monthly payment of [REDACTED] minus rent credit of [REDACTED])

Second Month's adjusted Rental Payment shall be \$3,452.20 (or the monthly payment of [REDACTED] minus rent credit of [REDACTED]).

Third Month's adjusted Rental Payment shall be \$3,452.20 (or the monthly payment of [REDACTED] minus rent credit of [REDACTED]).

5. The Government has right to terminate this lease in whole or in part on or after September 30, 2016 by giving at least ninety (90) days' written notice 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. Those facilities, services, supplies, utilities, and maintenance in accordance with SFO 9UT2077 dated 05/10/2010, as amended.
 - B. Build out in accordance with standards and Special Requirements set forth in SFO 9UT2077 dated 05/10/2010, as amended.
 - C. Deviations 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. Attachment "A" 8 1/2" x 11" of the floor plan, 1 page.
 - B. Attachment "B" – Legal Description of the Property.
 - C. Solicitation for Offers SFO 9UT2077 dated 05/10/2010, 38 pages.
 - D. GSA Form 3517 entitled GENERAL CLAUSES (Rev. [11/05]), 2 pages.
 - E. GSA Form 3518 entitled REPRESENTATIONS AND CERTIFICATIONS (Rev. [1/07]), 7 pages.
8. The **Common Area Factor** is established as **1.0565151 %** (6,300 RSF / 5,963 BOASF)
9. The Tenant Improvement cost is exclusive of repainting and recarpeting the space plus the costs to remove and relocate furnishings - which are included in the shell rate. Recarpeting and repainting will be done in conjunction with the anticipated tenant improvements or within the second year of the lease whichever comes first. The space is offered "as is" including re-painting and re-carpeting with furnishings to be removed and replaced at the Lessor's expense.
10. Currently the Tenant Improvements are not anticipated to exceed **\$104,352.50** for the entire project – inclusive of Demolition, Tenant Improvements, General Conditions, Permits, General Contractor Mark-up, Architectural Fees, Engineering Fees, and Lessor Mark-up (at 0%). The actual Tenant Improvement work and schedule will be negotiated following award and scope approval.
11. Pursuant to Paragraph 4.2, "Tax Adjustment," for purposes of tax escalation, the Government's share of the **Base Year Tax** is established as **\$4,795.34** (Government occupies 6,300 / 27,100 rentable square feet x building tax of \$20,625.11).
12. In accordance with the SFO Paragraph 4.2.B.9 entitled **Percentage of Occupancy**, the percentage of Government occupancy is established as **23.25%** (6,300 / 27,100 rentable square feet).
13. In accordance with the SFO Paragraph 4.3 entitled **Operating Costs Base**, the escalation base is established as **\$2.97/RSF (\$18,711/ annum)**.
14. In accordance with the SFO Paragraph 4.4 entitled **Adjustment for Vacant Premises**, the adjustment is established as **\$1.00/RSF** for vacant space (rental reduction).
15. In accordance with the SFO Paragraph 4.6 entitled **Overtime Usage**, rate of **\$6.25 per hour** for the Government's space above and beyond the building's normal operating hours of 6:30 am to 5:30 pm Monday through Friday, exclusive of weekends and Government Holidays.

 Jim Harrison – President, Harrison Properties, Manager for PHOENIX
 2006 PARTNERS, LLC
 (Title)

 5112 N. 40TH STREET #105
 PHOENIX, AZ 85018-9182
 (Address)

 Tammy Eatough, Leasing Contracting Officer, General Services
 Administration

(Official Title)