

# U.S. GOVERNMENT LEASE FOR REAL PROPERTY

DATE OF LEASE: APR 24 2003 LEASE GS-11B- 01639

THIS LEASE, is made and entered into this date between **EOP - POLK & TAYLOR, LLC**  
whose address is **1111 19<sup>th</sup> Street, NW**  
**Suite 1120**  
**Washington, DC 20036**

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 approximately 524,867 BOMA rentable square feet (BRSF), such rentable space yielding approximately 464,597 BOMA office usable square feet (BOUSF), of office and related space which consists of all of the BOUSF in the building with the exception of 22,312 BOUSF on the first floor of the building. The space is located at the building known as the Zachary Taylor Building, located at 2531 Jefferson Davis Highway, Arlington, VA and may be used for such purposes as determined by the Government. The leased space is as follows:

<u>Floor</u>	<u>BOMA Rentable Area</u>	<u>BOMA Office Usable Area</u>
First	18,989	17,331
Third (there is no second floor)	55,915	50,403
Fourth	45,676	40,473
Fifth	45,676	40,473
Sixth	45,676	40,473
Seventh	45,676	40,473
Eighth	45,676	40,473
Ninth	45,676	40,473
Tenth	45,676	40,473
Eleventh	45,676	40,473
Twelveth	45,676	40,473
Penthouse	38,879	32,606
Totals	524,867	464,597

2. TO HAVE AND TO HOLD the said premises with their appurtenances for a five (5) year firm term commencing on May 1, 2003 (such date is a firm date not subject to any condition precedent including completion of any building shell or tenant fit-out improvements) and continuing through April 30, 2008.

3. The Government shall pay the Lessor for the period commencing May 1, 2003, and continuing through April 30, 2008, annual rent of \$16,769,500.65 at the rate of \$1,397,458.39 per month in arrears (\$31.95 per BRSF). The aforementioned total annual rental is comprised of the following:

Rent (Floors 1 & 3-13) -	\$14,958,705.05 (\$28.50 per BRSF X 524,867 BRSF)
Tenant Improvement Allowance -	\$ 1,574,601.00 (amortized cost of \$15.00 per BRSF at 0.00%)
Daytime Cleaning -	\$ 236,190.15 (\$0.45 per BRSF X 524,867 BRSF)
Total Annual Rent -	\$16,769,500.65 (\$31.95 per BRSF X 524,867 BRSF)

Rent shall be in addition to Operating Expense Adjustments and Tax Adjustments accruing during the term of the Lease as per the attached Solicitation for Offers. Rent checks shall be made payable to: EOP - Polk & Taylor LLC, 1111 19<sup>th</sup> Street, NW, Suite 1120, Washington, DC 20036.

4. ~~The Government may terminate this lease at any time on or after \_\_\_\_\_ 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 computed commencing with the day after the date of mailing.~~

LESSOR HTM GOVT OPD

EXCEPTION TO SF2 APPROVED GSA/IRMS 00-011

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

Five (5) year term at an annual rent of \$17,556,801.15 (\$33.45 per BRSF – inclusive of daytime cleaning), payable at the rate of \$1,463,066.76 per month, in arrears, together with Operating Expense Adjustments accrued during the initial five year lease term. Operating Expense and Real Estate Tax Adjustments shall continue using the base rate and base year established during the initial term of the lease. Such option shall become effective provided notice be given in writing to the Lessor at least 365 days before the end of the original lease 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. All services, utilities, alterations, repairs, maintenance, as well as any other rights and privileges stipulated by this Lease and its Attachments to be included as a component of the rental consideration.

B. Pursuant to Paragraph 1.7 "How to Offer," the Lessor shall provide to the Government a Tenant Improvement Allowance in the amount of \$15.00 per BRSF, plus a lump sum payment of \$125,000.00 to address all building shell deficiencies. The entire Tenant Improvement Allowance shall be available in full immediately upon execution of this Lease, but shall be held by the Lessor until directed by the Government on how the disbursement of funds shall occur. The Government shall have the full latitude to direct disbursement of funds in any manner associated with any Government-expense connected with this Lease, including but not limited to the funding of: tenant and building shell design and improvements; additional Lessor-provided services; services provided by third-party consultants or technical advisors; and/or to offset the Government's rental obligation to the Lessor. This Tenant Improvement Allowance is included in the rent. The Tenant Improvement Allowance has been amortized at a rate of 0.00% over the five (5) year firm Lease term. The total amount of the Tenant Improvement Allowance is \$7,998,005.00. The Government may use the Tenant Improvement Allowance anytime during the term of this Lease. A mutually agreed upon Supplemental Lease Agreement will be executed that finalizes the utilization of the Tenant Improvement Allowance and the rent credit, if any.

~~The Government shall have the right to utilize up to a total of an additional \$15.00 per BRSF of Tenant Improvement Allowance. The additional Tenant Improvement Allowance used above the initial \$15.00 per BRSF already included in the rent shall be amortized at a rate of 10.00% over the firm term of the Lease. A mutually agreed upon Supplemental Lease Agreement will be executed if the Government utilizes any of this supplemental tenant improvement allowance confirming the increased rent.~~

The actual cost of any tenant or building shell improvements directed by the Government will be determined by the competition and cost proposal process as set forth in Paragraph 8.3 "Tenant Improvements", with the understanding that bidding shall take place at the subcontractor level and any work items provided for which there is not adequate competition shall be subject to Government review of cost and pricing data. Pursuant to Paragraph 1.7 "How to Offer", all architectural and engineering fees for tenant and building shell improvements directed by the Government shall be paid for from the Tenant Improvement Allowance. Such architectural and engineering fees shall be at the Government's expense.

C. Pursuant to Paragraph 1.7 "How to Offer," it is agreed that the general contractor's total fees for overhead and profit for the any Improvement's directed by the Government shall be 12.00%, and the Lessor's total construction management fee shall be 8.00%. Regulatory fees and permit costs shall be added at cost without markup by the Lessor or General Contractor. All of these fees will be paid for out of the Tenant Improvement Allowance.

D. With the exception of items listed in "Exhibit A", the Government accepts the building shell in its current configuration and condition. The Lessor remains responsible for any necessary maintenance, repair, and/or replacement in accordance with the requirements of this lease, including the attached SFO.

E. Pursuant to Paragraph 1.12 "Broker Commission," the Lessor shall be responsible for paying all brokerage commissions due in connection with the consummation of this Lease. A commission in the total amount of a [REDACTED] of the gross aggregate value of the rental payments due under this Lease (such commission amount being [REDACTED]) shall be paid by the Lessor to Spaulding and Slye LLC ("S&S") who has acted as the Government's broker in connection with this transaction. The foregoing commission amount shall be paid in full upon Lease execution.

F. Pursuant to Paragraph 3.3 "Tax Adjustment", the Government's percentage of occupancy within the subject building for the purpose of calculating future Tax Adjustments as provided by the Lease shall be 95.55%, based upon the total building square footage of 549,317 BRSF.

LESSOR



GOV'T



EXCEPTION TO SF2 APPROVED GSA/IRMS 00-011

G. Pursuant to Paragraph 3.6 "Operating Costs Base", the Operating Cost Base for purpose of calculating future Operating Cost Adjustments as provided by the Lease and its Attachments shall be \$6.00 per BRSF (inclusive of daytime cleaning of \$0.45 per BRSF). For all Government installed supplemental HVAC equipment or concealed package air conditioning equipment (including equipment installed by the Government both prior to and after the date of this lease), the Lessor shall operate and maintain the equipment and the Government shall reimburse the Lessor for all maintenance and utility costs therefore (using separate meters or sub-meters), with such costs to be determined pursuant to Paragraph 33 "Changes" of the GSA Form 3517.

H. Pursuant to Paragraph 3.9 "Common Area Factor", the Add-On Factor is determined to be 1.1297, calculated:

$$\frac{524,867 \text{ BRSF}}{464,597 \text{ BOUSF}}$$

I. Pursuant to Paragraph 3.13 "Adjustment for Vacant Premises" the Adjustment for Vacant Premises as defined by the Lease and its Attachments shall be as follows: \$2.05 per BRSF if the entire premises are vacated; \$1.45 per BRSF for full vacant floors; and \$1.05 per BRSF for vacant partial floors. An Adjustment for Vacant Premises shall only be applicable to space completely vacated by the Government and for which the Lessor is no longer required to provide maintenance and operating services.

J. Pursuant to Paragraph 7.3 "Overtime Usage", the rate for overtime HVAC service to the premises governed by this Lease shall be \$60.00 per hour for the entire leased premises, beyond the Normal Hour Schedule. Notwithstanding the hours of HVAC service, the Government shall have the right to occupy and use the subject-leased premises at any time on any day throughout the lease term. Such use/occupancy may include, but shall not be limited to, full access to the premises and appurtenant areas as well as the use of business machinery within the premises. Daytime cleaning is required for this space, pursuant to paragraph 7.5(a) "Janitorial Services". The additional cost for daytime cleaning is [REDACTED] per BRSF and has been added to the annual rental and the operating expense base.

K. In consideration of any building shell upgrades and any tenant improvement work that the Government may elect to perform in the leased space, actual occupancy of the leased premises shall be executed in phased stages. Without regard to the actual duration thereof, the Government shall be entitled to a 60-day abatement of rent otherwise payable under the lease. The Government may elect to take such abatement at anytime during the first twelve months of the lease term. The total amount of abatement has been calculated to be \$2,756,630.24. The method in which the total amount of the aforementioned abatement shall be taken is in a continuous lump sum credited towards the monthly rental payments otherwise due.

L. The Lessor shall furnish to either the Government and/or Government's employees the continuous right throughout the Lease term to lease on a month-to-month basis (commencing or terminating only upon the first day of a month provided that the Government shall have given the Lessor not less than 30 days prior written notice of its intent to lease any space not leased during the previous month or of its intent to cancel spaces previously leased) up to six hundred sixty five (665) unreserved parking spaces in the building's parking garage. For the first six months of the term of the lease, such right shall be absolute; after six months the right to lease any space not leased during the prior month shall be on an as available basis subject to prior leasing. The rate per parking space during the initial year of the lease shall be \$110.00/per month/per unreserved space and shall thereafter be at the standard monthly rate being charged by the garage operator. Payment for the parking spaces may be made by the Government employees separately from this Lease at the standard monthly rate being charged by the garage operator (subject to change). The cost of all spaces shall be paid by the Government employees directly to the parking vendor at the building. The Lessor agrees to work with the Government to establish reasonable security procedures for the operation of the garage recognizing that such garage is available for the use of other tenants in the building and for tenants of the James K. Polk Building at all times and for public parking Monday through Friday from 6:30 AM to 5:00 PM, with no weekend or holiday public parking. The Government at its cost and expense may establish a program to inspect vehicles with its own personnel upon entry into the building garage and at any time while they are present in the garage, provided that such inspection shall not unreasonably delay entry to the garage. Lessor provided services will be limited to manning the parking garage during the hours of 6:30 AM until 5:00 PM, Monday through Friday with uniformed parking attendants and providing monthly or daily passes to be displayed in vehicles upon entry and while in the garage. All monthly and daily parkers arriving to the facility will be permitted to self-park. Once all self-park spaces have been filled, any additional monthly or daily parkers will be stack parked by the garage attendants. All costs to implement or associated with such security program shall be borne by the Government, including costs of installation and operation of equipment, all security personnel costs and any increased maintenance costs resulting from compliance with such security procedures.

LESSOR



GOVT



EXCEPTION TO SF2 APPROVED GSA/IRMS 00-011

M. The Government shall have the right to establish a building ID and visitor pass program for all persons entering the building and to administer and enforce such program. In addition, the Government shall have the right to install magnetometers and x-ray machines in or adjacent to the building lobby and to require all visitors to be screened through such machines prior to entry. The Government's security personnel will be required to afford the employees and the visitors of non-Governmental tenants access to the privately leased premises and common areas of the building in a manner equivalent to Government employees and Government visitors, or their agents. The Government's security personnel will be required to afford the employees and contractors of Lessor who have complied with the security requirements set forth in the attached SFO access to the building at all times on an unescorted basis to provide management and operations services as required by this Lease. The building lobby shall be kept clean and uncluttered. Equipment shall be kept in a clean and serviceable manner, with aesthetic screening wherever reasonable. The quality of desks, tables, and other fixtures provided by the Government for the use of the security personnel shall be of a design and quality matching the design of the lobby. All costs to implement or associated with such security program shall be borne by the Government, including costs of installation and operation of equipment, all badging and id costs, all security personnel costs and any increased maintenance costs resulting from compliance with such security procedures.

N. In addition to correcting any deficiencies identified in Attachment #5, Fire and Life Safety Evaluation relating to the building common areas (areas outside the BOUSF) , if any, the building common areas shall fully conform with the National Fire Protection Association (NFPA) and the Uniform Federal Accessibility Standard (UFAS).

~~G. The Lessor hereby grants the Government an option to lease the portion of the first floor not leased pursuant to the terms of this lease and not leased to the Navy Federal Credit Union (approximately 20,721 BRSF) upon the same terms and conditions as set forth herein with the rent commencement date to occur on the date of exercise of such option, provided that for each month after May 1, 2003 that such exercise occurs the rental abatement set forth in paragraph K-above shall be reduced by 5 days. The foregoing option may be exercised, if at all, within one hundred eighty days (180) days of the day of this lease by written notice from the Government to the Lessor. Such exercise to be confirmed in a Supplemental Lease Agreement.~~

P. In the case of discrepancies between this SF2 and its attachments, this SF2 shall govern.

7. The following are attached and made a part hereof:\*

- A. Attachment 1 – Global Summary of Areas and Floor plans – 11 Pages
- B. Exhibit A – Building Shell Improvements
- C. Solicitation for Offers # \_\_\_\_\_ - 41 Pages
- D. Attachment #5 to the SFO "Fire and Life Safety Evaluation – 11 Pages
- E. GSA Form 1217 "Lessor's Annual Cost Statement" - 1 Page
- F. GSA Form 3517B - 26 Pages
- G. GSA Form 3518 - 4 Pages
- H. Small Business Subcontracting Plan – 6 Pages

\*Attachments 1 to 4 to the SFO have been intentionally omitted and are not included as attachments to this lease.

8. The following changes were made in this lease prior to its execution:

Paragraph 4 has been deleted in its entirety.

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

LESSOR: EOP – POLK & TAYLOR, LLC

BY \_\_\_\_\_

BY Greg Meyer, Vice President

IN PRE \_\_\_\_\_

OF \_\_\_\_\_

ADDRESS Equity Office, 1111 19th St, NW, Washington DC 20036

UNITED STATES OF AMERICA

\_\_\_\_\_

CONTRACTING OFFICER

LESSOR [Signature] GOVT [Signature]

EXCEPTION TO SF2 APPROVED GSA/IRMS 00-011