

**U.S. GOVERNMENT LEASE FOR REAL PROPERTY**

DATE OF LEASE

*December 2, 2010*

LEASE NO.

GS-10B-07227

BLDG.# WA8026

THIS LEASE, made and entered into this date by and between **CEP – EMS 07, LLC**

whose address is **2829 Rucker Avenue, Suite 100,  
Everett, Washington 98201-3456**

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 11,970 rentable square feet (RSF) of office and related space, which yields 11,740 ANSI/BOMA Office Area square feet (USF) of space on the first floor of the building located at 3809 Broadway, Everett, Washington 98201-5031 to be used for such purposes as determined by the General Services Administration.

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 a term of fifteen (15) years, with a firm term of ten (10) years, subject to termination and renewal rights as may be hereinafter set forth. The actual lease term dates will be established by a subsequent Supplemental Lease Agreement. The Lessor shall deliver the premises to the Government within one hundred twenty (120) days of the Government issuing the Notice to Proceed for Tenant Improvements.

3. The Government shall pay the Lessor monthly in arrears in accordance with the following table:

Year	Shell	Base Cost of Services	Tenant Improvement Allowance	Building Specific Security Costs	Total Annual Rent	Total Monthly Rent
1-10	\$ 224,976.14	\$ 78,067.53	\$ 71,591.86	\$ 1,501.98	\$ 376,137.51	\$ 31,344.79
11-15	\$ 270,282.60	\$ 78,067.53	\$ -	\$ -	\$ 348,350.13	\$ 29,029.18

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. Rent checks shall be made payable to:

CEP-EMS 07, LLC  
2829 Rucker Avenue, Suite 100  
Everett, WA 98201-3456

LESSOR

SIG

NAME OF SIGNER

ADDRESS

*CEP-EMS 07, LLC  
2829 Rucker Ave Suite 100 Everett WA 98201*

IN T

NAME OF SIGNER

*Michael LeHerman*

UNITED STATES OF AMERICA

NAME OF SIGNER

TERRIA HEINLEIN

OFFICIAL TITLE OF SIGNER

CONTRACTING OFFICER

4. The Government may terminate this lease in whole or in part at any time after the tenth (10<sup>th</sup>) year by giving at least one hundred twenty (120) 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.
5. 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 7WA2085 dated May 5, 2010, as amended.
  - B. Build out in accordance with standards set forth in SFO 7WA2085 dated May 5, 2010, as amended, and the Government's design intent drawings. The Government's design intent drawings shall be developed subsequent to award.
  - C. Deviations to the Government's design intent drawings will not be permitted unless prior written authorization is obtained from the GSA Contracting Officer.
6. The following are attached and made a part hereof:
  - A. Solicitation for Offers 7WA2085 dated May 5, 2010;
  - B. GSA Form 3517B entitled GENERAL CLAUSES (Rev. 11/05);
  - C. GSA Form 3518 entitled REPRESENTATIONS AND CERTIFICATIONS (Rev. 1/07);
  - D. [REDACTED] Special Requirements;
  - E. Exhibit A – Base Plans;
  - F. Exhibit B – Legal Description;
  - G. Commission Agreement executed June 4, 2010.
7. Rent includes Building Specific Security Costs of \$10,780.00 to be amortized through the rent over the firm term of the Lease (120 months) at the rate of 7%.
8. The tenant build out will conform to the specifications of the Lease and all attachments, and will be provided by the Lessor as part of the total rental payment. In accordance with Paragraph 3.2 of the SFO, *Tenant Improvements Included in Offer*, the Lessor agrees to provide up to \$513,828.80 toward the cost of the Tenant Improvements. The Tenant Improvement Allowance of \$513,828.80 will be amortized for a period of 120 months at the rate of 7.0%. Therefore, the amortized tenant build out costs are \$71,591.86 per annum.
 

In accordance with SFO paragraph 3.3, *Tenant Improvement Rental Adjustment*, in the event the Tenant Improvement Cost is less than the amount provided above, the Lessor agrees to refund such difference in the form of a reduction of the base rent using a 7.0% amortization rate. The refund will be a credit of the rent equally spread out over the firm lease term (120 months). In the event the Tenant Improvement Cost is greater than the amount provided above, Lessor agrees to amortize the additional cost at 7.0% throughout the firm lease term, or the Government may choose to pay lump sum for any part of the Tenant Improvement Cost. The Government and Lessor must agree on any additional Tenant Improvement Cost through a Supplemental Lease Agreement.
9. In accordance with SFO paragraph 4.1, *Measurement of Space*, the common area factor is established as 1.0195 (11,970 RSF / 11,740 USF).
10. In accordance with SFO paragraph 4.2, *Tax Adjustment*, the percentage of Government occupancy is established as 65.5%. The property tax base is established as \$25,377.16 per annum and the tax parcel numbers are 29052900300400; 29052900300500; 29052900302000; 29052900302200; 00576002300001; 00576002300010; 00576002300011; 00576002300012; and 00576002300014.
11. In accordance with SFO paragraph 4.3, *Operating Costs Base*, the escalation base is established as \$78,067.53 per annum.
12. In accordance with SFO paragraph 4.4, *Adjustment for Vacant Premises*, the adjustment is established as \$2.00/USF for vacant space (rental reduction).
13. In accordance with SFO Paragraph 4.6, *Overtime Usage*, the rate for overtime usage is established as \$0.00 per hour beyond the normal hours of operation of 7:00 AM to 5:00 PM. Areas requiring 24/7 HVAC will be provided at a rate of \$0.50 per rentable square-foot.

14. Cleaning services requiring access to the Government's leased space shall be performed in accordance with SFO paragraph 4.8, *Janitorial Services*.
15. All information submitted by the Lessor during negotiations, including but not limited to plans, renderings, specifications, etc., are incorporated by reference.
16. The Lessor hereby forever and unconditionally waives 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, 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 will remain in the leased space after termination of the Lease contract and will become the property of the Lessor.
17. All questions pertaining to this Lease shall be referred in writing to the General Services Administration Contracting Officer 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 authorized in writing by the Contracting Officer or their designee. The Lessor will not be reimbursed for any services not provided for in this Lease, including but not limited to: repairs, alterations and overtime services. Additionally, rental will not be paid for occupancy in whole or in part except for the term specified herein.
18. 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."
19. 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.
20. In accordance with SFO paragraph 2.3, *Broker Commission and Commission Credit*, CB Richard Ellis, Inc. ("CBRE") is the authorized real estate broker representing GSA in connection with this lease transaction. The Lessor and CBRE have agreed to a cooperating lease commission of [REDACTED] for years 1 through 5 of the firm term value of this lease and [REDACTED] for years 6 through 10 of the firm term value of this lease ("Commission"). The total amount of the Commission is [REDACTED]. This Commission is earned upon lease execution and payable (i) one-half (1/2) when the Lease is awarded and (ii) one-half (1/2) upon the earlier of Tenant's occupancy of the premises leased pursuant to the Lease or the commencement date of the Lease. Due to the Commission Credit described in Paragraph 2.3, only [REDACTED] which is [REDACTED] of the Commission, will be payable to CBRE when the Lease is awarded. The remaining [REDACTED] which is [REDACTED] of the Commission ("Commission Credit"), shall be credited to the shell rental portion of the annual rental payments due and owing 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 until the credit has been fully recaptured.

First month's rental payment of \$31,344.79 minus the prorated commission credit of [REDACTED] equals [REDACTED] (adjusted first month's rent).

Second month's rental payment of \$31,344.79 minus the prorated commission credit of [REDACTED] equals [REDACTED] (adjusted second month's rent).

Third month's rental of \$31,344.79 minus the prorated commission credit of [REDACTED] equals [REDACTED] (adjusted third month's rent).