

# US GOVERNMENT LEASE FOR REAL PROPERTY

DATE OF LEASE

NOV 30 2010

LEASE NO.

GS-10B-07213

BUILDING NO.

AK3481

THIS LEASE, made and entered into this date by and between ALASKA RAILROAD CORPORATION

Whose address is 327 W SHIP CREEK AVENUE  
ANCHORAGE, ALASKA 99501-1671

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:

- The Lessor hereby leases to the Government the following described premises:

A total of 25,526 rentable square feet (RSF) of office and related space, which yields 24,036 ANSI/BOMA Office Area (ABOA) square feet of space, subject to paragraph 18 of this SF-2, at the Alaska Railroad Historic Freight Shed, 161 E 1<sup>st</sup> Avenue, Anchorage, Alaska 98501 to be used for such purposes as determined by the General Services Administration. In addition, Lessor leases to the Government one hundred fifty three (153) surface parking spaces, consisting of 29 reserved, 111 employee and 13 guest/visitor stalls valued by the Government at \$183,600 per year, which value is included in the Rent.

- TO HAVE AND TO HOLD the said premises with their appurtenances for the term beginning upon beneficial occupancy and continuing for ten (10) years, subject to termination and renewal rights as may be hereinafter set forth.

- The Government shall pay the Lessor annual rent per the table below.

Rent Period	Shell Rent	Operating Rent <sup>2</sup>	Tenant Improvement Costs <sup>3</sup>	Total Annual Rent
Years 1-5 <sup>1</sup>	\$540,895.94	\$178,682.00	\$126,957.05	\$846,534.99
Years 6-10	\$649,033.35	\$178,682.00	\$126,957.05	\$954,672.40

<sup>1</sup> Rent for the first two lease months is adjusted pursuant to Paragraph 16 below.  
<sup>2</sup> Base Operating Rent is subject to adjustments in accordance with paragraph 10 of this SF-2.  
<sup>3</sup> Tenant Improvement Costs are calculated in accordance with paragraph 8 of this SF-2.

Rent shall be paid monthly, in arrears. Rent for a lesser period shall be prorated. Rent checks shall be made payable to:

ALASKA RAILROAD CORPORATION  
327 W SHIP CREEK AVENUE  
ANCHORAGE, ALASKA 99501-1671

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

LESSOR  
ALASKA RAILROAD CORPORATION

BY *[Signature]*  
(Signature)

V.P. Real Estate & Facilities  
(Title)

IN PRESENCE OF  
*William R. Heppner*  
(Signature)

327 W. Ship Creek Ave., Anchorage, AK 99501  
(Address)

UNITED STATES OF AMERICA

BY *[Signature]*  
(Signature)

**LINDSEY D. SNOW**  
Contracting Officer, General Services Administration  
**CONTRACTING OFFICER**  
(Official Title)

4. The Government may terminate this lease in whole or in part at any time after the completion of the eighth (8<sup>th</sup>) lease year by giving at least 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. This lease may be renewed at the option of the Government, for the following terms and at the following rentals:

<u>Rent Period<sup>1</sup></u>	<u>Shell Rent</u>	<u>Operating Rent</u>	<u>Tenant Improvement Costs</u>	<u>Total Annual Rent</u>
Years 11-15	\$778,705.42	\$178,682.00	\$126,957.05	\$1,084,344.47
Years 16-20	\$934,506.86	\$178,682.00	\$0.00	\$1,113,188.86

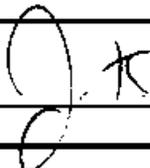
provided notice be given in writing to the Lessor at least 90 days before the end of the original lease term or any renewal term; all other terms and conditions of this lease shall remain the same during any renewal term. Said notice shall be computed commencing with the day after the date of mailing.

6. The Lessor shall furnish to the Government, as part of the rental consideration, the following:
- Those facilities, services, supplies, utilities, and maintenance in accordance with SFO 7AK2202 dated May 3, 2010.
  - Build out in accordance with standards set forth in SFO 7AK2202 dated May 3, 2010 and the Government's design intent drawings. Government space plans shall be developed subsequent to award. All tenant alterations to be completed by the lease effective date identified under Paragraph 2 above.
  - Deviations to the approved design intent drawings will not be permitted unless prior written authorization is obtained from the GSA Contracting Officer.
  - A safety railing on the north side of the facility that is in keeping with the design and function of the building.
7. The following are attached and made a part hereof:
- Solicitation for Offers 7AK2202 dated May 3, 2010 (pages 1-54).
  - Special Requirements dated September 3, 2009 (pages 1-8).
  - GSA Form 3517B entitled GENERAL CLAUSES (Rev 11/05) (pages 1-33)
  - GSA Form 3518 entitled REPRESENTATIONS AND CERTIFICATIONS (Rev 1/07) (pages 1-7)
  - Floorplan (page 1)
8. In accordance with the SFO paragraph 3.2 entitled *Tenant Improvements Included in Offer*, Tenant Improvements in the total amount of \$1,294,819.30 (24,036 ABOA SF x \$53.87) shall be amortized through the rent for 15 years at the rate of 5.5%. The total annual cost of Tenant Improvements for the amortization period shall be \$126,957.05. Should the Government terminate the lease, in accordance with paragraph 4 of this SF-2, anytime prior to the end of the fifteen (15) year Tenant Improvement amortization term, the balance of any remaining tenant improvement costs shall be waived by the Lessor and will not be due from the Government.
9. Tenant Improvement Fee Schedule: The Lessor's tenant improvement fee schedule is outlined as follows:
- The General conditions will not exceed 4.0% of the total subcontractor's costs.
  - The General Contractor's fee will not exceed 8% of the total subcontractor's costs and General Conditions.
  - The Architectural/Engineering fees will not exceed 6.0% of General Contractor's Total Cost.
  - The Lessor's Project Management fee will not exceed 2.0% of the total of General Contractor's Total Cost.
10. In accordance with the SFO paragraph 4.2, entitled Tax Adjustment, and pursuant to GSA Form 1217 Lessor's Annual Cost Statement, Base Real Estate Taxes shall be formally established after the property and improvements are fully assessed. During the interim, taxes are included in the annual shell lease rate at \$50,838.75. The parcel number is to be determined.
11. In accordance with the SFO paragraph 4.2 B entitled *Percentage of Occupancy*, the percentage of Government occupancy is established as 75% (25,526 RSF/34,023 RSF).

LESSOR

UNITED STATES OF AMERICA

BY

  
(initial)

BY

  
(initial)

12. In accordance with the SFO paragraph 4.3 entitled *Operating Costs Base*, the operating costs base is established as \$178,682.00/annum.
13. In accordance with the SFO paragraph 4.1 C entitled *Common Area Factor*, the common area factor is established as 1.062 (25,526 RSF/24,036 ABOA SF).
14. In accordance with the SFO paragraph 4.4 entitled *Adjustment for Vacant Premises*, the adjustment is established as \$3.97/ABOA SF for vacant space (rental reduction).
15. In accordance with the SFO paragraph 4.6 entitled *Overtime Usage*, upon request by the GSA Field Office Manager, the Lessor shall provide heating, ventilation, and air-conditioning (HVAC) at any time beyond normal service hours (8:00 a.m. to 5:00 p.m., Monday through Friday, and except Federal Holidays), at a rate of \$10.00 per hour for the entire premises. The Lessor will not charge the Government if Lessor otherwise provides those services to other building tenants during the Government's overtime hours. The Lessor must submit a proper invoice quarterly to GSA Building Manager or designee to receive payment.
16. The "Overtime Usage" rate specified above shall not apply to any portion of the premises that is required to have heating and cooling 24 hours per day as specified by the SFO. The charges for areas requiring 24 hour heating and cooling (HVAC) shall be provided at the rate of \$2.00 per square foot per month.
17. Adjusted monthly rent payments (application of commission credit):

The commission credit shall be applied against the shell rental payments over the minimum number of months that will not exceed the monthly shell rental per SFO subparagraph 2.4 B. The monthly rent is \$70,544.58. The monthly shell rent is \$45,074.66. The commission credit is [REDACTED] and is calculated as follows:

Commission Years 1 - 5:	[REDACTED]	x 5 years x	[REDACTED]	%	[REDACTED]
Commission Years 6 - 8:	[REDACTED]	x 3 years x	[REDACTED]	%	[REDACTED]
TOTAL COMMISSION:	[REDACTED]				[REDACTED]
GSA Commission Credit:	[REDACTED]	x	[REDACTED]	%	[REDACTED]
Studley/LaBonde Land, Inc. Commission:	[REDACTED]	x	[REDACTED]	%	[REDACTED]

The monthly rent payments adjusted for the commission credit are as follows:

Rent Period	Scheduled Monthly Rent	Scheduled Mo. Shell Rent	Commission Credit	Commission Credit Remaining	Adjusted Monthly Rent Payment
Month 1	\$70,544.58	\$45,074.66	[REDACTED]	[REDACTED]	[REDACTED]
Month 2	\$70,544.58	\$45,074.66	\$0	\$0	[REDACTED]
Month 3	\$70,544.58	\$45,074.66	\$0	\$0	\$70,544.58

18. The Lessor hereby waives and forever relinquishes any right to make a claim against the Government for waste, damages or restoration arising from or related to any alteration or removal of any alteration by the Government during the term of this Lease or any extensions. Alterations may be completed by either the Government and/or the Lessor including the initial build-out of the leased space and/or any subsequent modifications required during the lease period. At the Government's sole discretion, property remaining in leased space after termination of the lease contract will become the property of the Lessor.
19. The Government reserves the right to adjust the final square footage after receipt and approval of CAD drawings and final site acceptance of the premises. Any adjustments, including those for agreed upon square footage and annual rent shall be documented by Supplemental Lease Agreement.
20. Wherever the words "Offeror", "Lessor" 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"; where the words "space offered for lease" appear in this Lease, they shall be deemed to mean "Premises".

LESSOR

UNITED STATES OF AMERICA

BY \_\_\_\_\_

*J.K.*  
(Initials)

BY \_\_\_\_\_

*els*  
(Initials)

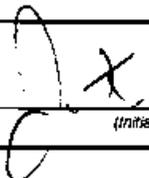
21. All terms and conditions of this lease as expressly contained herein represent the total obligations of the Lessor and the Government. Any agreements, written or oral, between the parties prior to the execution of this Lease are not applicable or binding. This agreement may be amended only by written instrument executed by the Lessor and the Government.
22. The Lessor agrees to make every effort to limit traffic on the rail line directly adjacent to the facility to hours that are outside the normal building hours of the facility (as defined in the SFO). In the event that rail traffic is required during normal operating hours, the Lessor agrees to notify the Government tenant in writing (email acceptable) at least two (2) hours prior to moving rail cars directly adjacent to the building.

LESSOR

UNITED STATES OF AMERICA

BY \_\_\_\_\_

BY \_\_\_\_\_

  
(initial)

  
(initial)