STANDARD FORM 2 FEBRUARY 1965 EDITION GENERAL SERVICES ADMINISTRATION FPR (41CFR) 1D16.601	**U.S. GOVERNMENT LEASE FOR REAL PROPERTY**
DATE OF LEASE: MAR 01 2012	LEASE No. **GS-09B-03010** BUILDING No. **AZ6584**

THIS LEASE, made and entered into this date between **HPI/GSA 1B, LLC**

whose address is: c/o HPI Management,
100 North Tryon Street, Suite 5500
Charlotte, NC 28202-4026

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:
28,650 rentable square feet (r.s.f.), yielding 27,772 ANSI/BOMA Office Area square feet and related space located in the entire building of 691 Scenic Drive, Page, Arizona, 86040-1507, together with one hundred forty (140) surface parking spaces and twenty (20) structured parking spaces, as depicted on the attached Exhibit A, ("the "Premises") to be used for SUCH PURPOSES AS DETERMINED BY THE GENERAL SERVICES ADMINISTRATION.

2. TO HAVE AND TO HOLD the Premises with their appurtenances for the term beginning on November 1, 2012 and continuing through October 31, 2032, subject to termination rights as may be hereinafter set forth.

3. The Government shall pay the Lessor annual rent as follows:

Months	Shell Rent (r.s.f. per year)	Annual Base Year Service Cost (r.s.f. per year)	Annual Amortized T.I. Rent (r.s.f. per year)	Annual Total Rent (r.s.f. per year)	Total Monthly Rent
1 – 60	$457,760.27 **[$15.977671/rsf]**	$200,037.02 **[$6.982095/rsf]**	$115,482.82 **[$4.030814/rsf]**	$773,280.11 **[$26.990579/rsf]**	$64,440.01
61– 120	$601,010.27 **[$20.977671/rsf]**	$200,037.02 **[$6.982095/rsf]**	$115,482.82 **[$4.030814/rsf]**	$916,530.11 **[$31.990579/rsf]**	$76,377.51
121-240	$688,112.98 **[$24.0179053/rsf]**	$200,037.02 **[$6.982095/rsf]**	$ 0.00	$888,150.00 **[$31.000000/rsf]**	$74,012.50

The Government shall pay rent monthly, in arrears. Rent for a lesser period will be prorated. The cost for the one hundred sixty (160) parking spaces referenced in Paragraph 1 of this SF-2 are included in the Shell Rent.

Rent checks shall be payable to:

HPI/GSA 1B, LLC
c/o HPI Management
100 North Tryon Street, Suite 5500
Charlotte, NC 28202-4026

4. The Government may terminate this lease, in whole or in part, at any time on or after the end of the ten (10) year firm term by giving at least one hundred twenty (120) days prior notice in writing to the Lessor. 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. PARAGRAPH 5 IS INTENTIONALLY OMITTED

6. The Lessor shall furnish to the Government as part of the rental consideration, the following:

   A. The twenty (20) reserved, structured parking spaces described in Paragraph 1 and one hundred forty (140) unreserved parking spaces required by local code.

   B. All labor, materials, equipment, design, professional fees, permit fees, inspection fees, utilities, construction drawings (including, without limitation, plans and specifications), construction costs and services and all other similar costs and expenses associated with making the space, common areas, and related facilities ready for occupancy in accordance with the requirements of this lease and the Government's final construction drawings. Rent is subject to adjustment in accordance with Paragraph 3.3, "Tenant Improvement Rental Adjustment" of the SFO. All costs associated with services, utilities, maintenance, repair, replacement, inspections, improvements and other requirements as required by the Solicitation For Offers No. 0AZ2203 and its attachments.

   C. Adequate space for telecommunications antennae and transmission devices in accordance with Paragraph entitled, "Telecommunications: Local Exchange Access," of the Solicitation for Offers.

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

   All terms, conditions, and obligations of the Lessor and the Government as set forth in the following:

   a) The Solicitation For Offers Number 0AZ2203 dated June 16, 2011 (53 pages);
   b) Museum Collection Storage Requirements (3 pages)
   c) GSA Form 3517B – dated June 2008 (33 pages);
   d) GSA Form 3518 – dated January 2007 (7 pages);
   e) Exhibit A – Premises and Site Plan (4 pages);

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

   Paragraph 5 of this STANDARD FORM 2 was deleted in its entirety. Paragraphs 9 through 30 have been added.

LESSOR: **HPI/GSA 1B, LLC**
BY: ITS MEMBER, HPI/GSA PROPERTIES ONE LP
BY: Its General Partner HPI/GSA PROPERTIES ONE INC.
BY: David Givner, President

BY _____ _____
(Signature) (Signature)

IN PRESENCE OF:

_____ [redacted]
(Signature) (Address)

UNITED STATES OF AMERICA: **GENERAL SERVICES ADMINISTRATION, Public Buildings Service:**

BY Inger Whitfield
CONTRACTING OFFICER, GSA

SHEET NUMBER 1 ATTACHED TO AND FORMING A PART OF LEASE NO. GS-09B-03010

9. Paragraph Number 9 is intentionally omitted.

10. Paragraph Number 10 is intentionally omitted.

11. The Lessor shall have eighty (80) working days from the receipt of the Government's Notice to Proceed to complete the build-out of the entire space. All items specified in Lease Agreement and as delineated on the Government Approved Design Intent Drawings shall be provided by the Lessor.

12. TAX ADJUSTMENT: Pursuant to Paragraph 4.2 of Solicitation For Offers (SFO) Number 0AZ2203, "Tax Adjustment," for purposes of tax escalation, the Government occupies 28,650/ 28,650 rentable square feet (100_%).

13. OPERATING COST: Pursuant to Paragraph 4.3, "Operating Costs", the base rate for purposes of operating cost escalation is established at $6.982904 per rentable square foot per annum.

14. ADJUSTMENT FOR VACANT PREMISES: Pursuant to Paragraph 4.4 of Solicitation For Offers (SFO) Number 0AZ2203, "**Adjustment for Vacant Premises**", in the event of the Government vacating, prior to lease expiration, the rental will be reduced by $2.50 per rentable square foot if vacating in part and $4.50 per rentable square foot if vacating in whole. The Adjustment for Vacant Premises rate shall be escalated annually based upon Paragraph 4.3, "Operating Costs."

15. OVERTIME USAGE: Pursuant to Paragraph 4.6, "**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 (7:00 a.m. – 5:00 p.m., Monday through Friday, and except Federal Holidays, at an hourly rate of $20.00 per hour. These rates shall apply for the entire lease term. The Lessor will not charge the Government if Lessor otherwise provides these services to other building tenants during the Government's overtime hours.

16. 24 HOURS ROOMS/COMPUTER ROOMS: The utility cost(s) for the 24 hour room(s) shall be provided by the Lessor at a rate of $1,971.00 per year, based upon a rate of $1.00 per hour, per year, per rentable square foot. This rate is based upon the current capacity and building use as specified in the SFO and currently utilized by the Government. If additional areas or increased capacity are requested by the Government, the rate shall be adjusted accordingly.

17. TENANT IMPROVEMENT ALLOWANCE: The maximum Tenant Improvement Allowance has been established by Paragraph 3.2 of Solicitation For Offers (SFO) Number 0AZ2203, "Tenant Improvements Included in Offer" to be $866,847.43 ($31.21300/ABOA-SF). The Tenant Improvement Allowance shall be amortized over the 10 year firm term of the lease agreement at an interest rate (amortization rate) of 6.0% per year.

18. BUDGET AND PRICE PROPOSALS/CONSTRUCTION SCHEDULE:

    A. If Lessor is preparing the Design Intent Drawings, then Lessor shall submit to the Government a budget proposal together with the Design Intent Drawings in accordance with SFO Paragraph 5.9 (B), "Design Intent Drawings." The budget proposal must be submitted in Construction Specification Institute (CSI) Format.

    B. The price proposal required to be provided by Lessor in SFO Paragraph 5.9 (E), "Tenant Improvements Price Proposal," must be based upon the results of a competitive proposal process meeting all of the requirements of SFO Paragraph 5.1, B (1) through (10), entitled, "Tenant Improvements Pricing Requirements." The Government has the right, but not the obligation, to accept cost or pricing data as described in GSA Form 3517 in lieu of a competitive price proposal.

    C. Failure to submit these budget and price proposals referenced above will constitute Lessor delay. In the event that either the budget proposal or price proposal exceeds the Tenant Improvement Allowance specified in the Lease, then the construction schedule shall be revised to afford the Government sufficient time to review and resolve the difference.

    D. The construction schedule required in Paragraph 5.9 (F), "Construction of Tenant Improvements," of the SFO shall also include adequate time for additional review by the Government of revised design intent drawings and Working Drawings/Construction Drawings. All references to "working days" in Paragraph 5.9, "Construction Schedule and Acceptance of Tenant Improvements" of the SFO shall not include the period from December 15 through January 1 of any calendar year.

    E. In addition to the submission requirements specified under Paragraph 5.9, "Construction Schedule and Acceptance of Tenant Improvements,", Lessor shall provide to the Government the final total costs of the completed Tenant Improvements in CSI format twenty (20) working days prior to "Substantial Completion". The space will not be considered acceptable for inspection until the Government receives the final tenant improvement costs.

19. ACCEPTANCE OF SPACE:

    A. The following is added to Paragraph 5.9 G (1), "Acceptance of Space and Certificate of Occupancy": Subsequent Government inspections and notification of the results of such inspections shall be made in accordance with the foregoing procedure. Time frames for subsequent inspections will be established by the Government.

    B. Any items that have been identified at the acceptance of the space as punchlist items to be completed or corrected and which do not affect beneficial occupancy shall be completed by the Lessor within 30 calendar days of acceptance.

    C. Neither the Government's acceptance of the Premises for occupancy or acceptance of related appurtenances, nor the Government's occupancy of the Premises, shall be construed as a waiver of any requirement or right of the Government under this lease, or as otherwise prejudicing the Government with respect to any such requirement or right, or as an acceptance of any latent defect or condition.

INITIALS ____ (LESSOR) ____ (GOV'T)

SHEET NUMBER 2 ATTACHED TO AND FORMING A PART OF LEASE NO. GS-09B-03010

20. **OCCUPANCY REPORTS:**
   A. Building Systems: As part of its obligations under SFO, Paragraph 8.2 "Building Systems," of the SFO, the Lessor shall furnish at no cost to the Government a required building system report prior to the Government's occupancy of the Premises.
   B. Acoustical Requirements: As part of its obligations under SFO, Paragraph 6.8 "Acoustical Requirements" of the SFO, the Lessor shall furnish at no cost to the Government a required acoustical report prior to the Government's occupancy of the Premises.

21. **UNAUTHORIZED IMPROVEMENTS:** All questions pertaining to this lease agreement shall be referred in writing to the General Services Administration Contracting Officer. This contract is between GSA and the Lessor. GSA assumes no financial responsibility for any cost incurred by the Lessor except as provided by the terms of the lease agreement or authorized in writing by the GSA Contracting Officer. **If Lessor delivers space with improvements not authorized or requested in writing by the GSA Contracting Officer, then Lessor shall not be entitled to compensation.**

22. 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"; wherever the words "space offered for lease" appear in this Lease, they shall be deemed to mean "Premises.

23. Paragraph Number 23 is intentionally omitted.

24. **WAIVER OF RESTORATION:** The Lessor hereby waives, releases and discharges, and forever relinquishes any right to make a claim against the Government for waste, damages, or restoration arising from or related to (a) the Government's normal and customary use of the leased premises during the term of the lease (including any extensions thereof), as well as (b) any initial or subsequent alteration to the leased premises, including cabling, or removal thereof, during the term of this lease (including any extensions thereof), where such alterations or removals are performed by the Lessor or by the Government with the Lessor's consent, which shall not be unreasonably withheld. The Government may, at its sole option, abandon property in the leased space following expiration of the Lease, in which case the property will become the property of the Lessor and the Government will be relieved of any liability in connection therewith.

25. **COMMISSION AND COMMISSION CREDIT:**

For the purposes of this transaction, Tucson Realty & Trust Company as cooperating broker to Carpenter/Robbins Commercial Real Estate, Inc. ("the Broker") is the authorized contractor real estate broker representing GSA. Lessor shall pay a commission to the Broker as evidenced by that certain brokerage agreement between the Offeror/Lessor and the Broker, executed upon 7/7/2011.

Broker has agreed to forego a portion of the commission that it is entitled to receive in connection with the contemplated Lease. The resulting total dollar value of the foregone commission (the "Commission Credit") shall be applied in equal monthly amounts against rental payments due and owing under the Lease. The rental amount payable shall be reduced by the Commission Credit at the commencement of the Lease, over the minimum number of months that will not exceed the monthly shell rental, until the Commission Credit has been fully recaptured. Commissions and/or credits will be treated as confidential financial information and the parties will refrain from public disclosure or using the information for any other purpose than that for which it was furnished without consent of the GSA Lease Contracting Officer.

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. For the benefit of the Government, the Broker has agreed to accept [redacted] of the firm term value of this lease and forego the remainder of the commission ("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 $64,440.01 minus prorated Commission Credit of [redacted] equals [redacted] adjusted First Month's Rent;

Second Month's Rental Payment $64,440.01 minus prorated Commission Credit of [redacted] equals [redacted] adjusted Second Month's Rent;

Third Month's Rental Payment $64,440.01 minus prorated Commission Credit of [redacted] equals [redacted] adjusted Third Month's Rent;

26. **TENANT IMPROVEMENT FEE SCHEDULE:**
The following fee schedule shall be applied to the Tenant Improvement costs paid by the Government.

For the first $50,000.00 of Tenant Improvement costs (excluding the Tenant Improvement Concessions described in Paragraph 27 below), the Lessor's fees shall be as follows:

1. General Conditions shall be [redacted] of the total subcontractor's costs associated with the Tenant Improvements;
2. General Contractor's fee shall be [redacted] of the total subcontractor's costs associated with the Tenant Improvements;
3. Lessor's Project Management fee shall be [redacted] of the total subcontractor's costs associated with the Tenant Improvements;

INITIALS: _____ (LESSOR) / _____ (GOV'T)

(Paragraph 26, continued)

The fee schedule for costs exceeding $50,000.00, the fees are reduced and shall be as follows:

1. General Conditions shall be [redacted] of the total subcontractor's costs associated with the Tenant Improvements exceeding $50,000.00;
2. General Contractor's fee shall be [redacted] of the total subcontractor's costs associated with the Tenant Improvements exceeding $50,000.00;
3. Lessor's Project Management fee shall be [redacted] of the total subcontractor's costs associated with the Tenant Improvements exceeding $50,000.00;

The Architectural Fees owed by the Government shall be a flat fee of [redacted].

27. **TENANT IMPROVEMENT CONCESSIONS:**

As a negotiated concession, the following Tenant Improvements shall be installed by the Landlord at no cost to the Government.

(a): Lessor shall install new paint and carpet throughout the Premises at no cost to the Government. Installation shall be scheduled after hours at a mutually agreed upon schedule within six (6) months of lease award. Lessor shall provide appropriate packing boxes and crates. The Government shall be responsible for disconnecting and reconnecting its computer equipment, removing and re-installing its wall hangings/fixtures, packing its personal effects into boxes, leaving all furniture and file cabinets empty. Lessor shall move all furniture, equipment and effects and perform the work in phases to minimize disruption to the Government's business operations.
(b): Lessor shall also provide up to $50,000.00 for the Government to use toward Tenant Improvements in addition to the paint and carpet installation cited above.
(c): Tenant Improvement costs in excess of (a) and (b) above shall be paid from the amortized Tenant Improvement allowance provided for in SFO Paragraph 3.2.

28. **ENERGY EFFICIENCY AND CONSERVATION:**
In accordance with SFO paragraph 8.3 (D) and (E), the Lessor shall construct the space to include energy efficiency and conservation improvements in keeping with Energy Star guidelines such as will be cost effective over the firm term of the lease. The installation of energy efficient systems with the Premises shall include:

(a): Remove and replace all plumbing fixtures, faucets and water heaters and install new, water conserving fixtures and faucets;
(b): Replace all old, inefficient HVAC units and install energy efficient, energy star rated HVAC equipment that meet or exceed the current ASHRAE requirements. All HVAC zones shall be appropriately balanced for climate control and comfort within each zone;
(c): Install lighting controls and occupancy sensors to improve energy efficiency; light fixtures shall be upgraded to meet or exceed "T8";
(d): Install building automation system (EMS) upgrades to maintain efficient operation;
(e): Provide HVAC commissioning for all new equipment (mechanical and electrical);
(f): Modify exterior landscape to "xeriscape" to reduce water consumption.

The energy efficient and conservation improvements must be completed in accordance with SFO Paragraph 5.9 (G). Upon space acceptance in accordance with SFO Paragraph 5.9 (G), Lessor shall be deemed to have complied with the requirements of this Paragraph 28.

29. **LEED REQUIREMENT:**
The Government agrees to accept LEED-EB in lieu of LEED-CI as specified in SFO Paragraph 1.2(B). Lessor shall provide LEED-EB certification within eighteen (18) months of space acceptance by the Government.

30. **SHELL MODIFICATIONS:**
Lessor shall retrofit existing restrooms to fully comply with SFO Paragraph 6.1. Additionally, the restrooms will be repainted and shall meet or exceed the requirements outlined in Paragraph 8.6 at Lessor's sole expense.

<< Remainder of Page Left Blank Intentionally>>