

U.S. GOVERNMENT
LEASE FOR REAL PROPERTY

DATE OF LEASE:

9/22/2011

LEASE NO. GS-09B-02854

BLDG NO. AZ8316

THIS LEASE, made and entered into this date between ARCHWAY II LLC

whose address is: 6161 Syracuse Way #330
Greenwood Village, CO 80111-4755

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:
17,064 rentable square feet (r.s.f.), yielding approximately 16,317 ANSI/BOMA Office Area square feet and related space located on the First Floor of a single story building to be constructed at 4475 South Coach Drive, Tucson, AZ 85714-3419 together with four (4) reserved, secured, surface onsite parking spaces parking spaces for Government vehicles and eighty-one (81) reserved, surface parking spaces for employee and visitor use, as depicted on the attached for the build-to-suit floor plans and site (Exhibit B) (the "Premises"), to be used for SUCH PURPOSES AS DETERMINED BY THE GENERAL SERVICES ADMINISTRATION.

2. PARAGRAPH 2 IS INTENTIONALLY OMITTED.

3. The Government shall pay the Lessor annual rent of \$0.00 at the rate of \$0.00 per month in arrears for Months 1 through 4. The Government shall pay the Lessor annual rent of \$488,030.00 at the rate of \$40,669.17 per month in arrears for Months 5 through 180. Rent for a lesser period shall be prorated. Rent checks shall be payable to:

	Months 1-4		Months 5-120		Months 121-180	
	\$/Year	\$/Month	\$/Year	\$/Month	\$/Year	\$/Month
Shell	\$0.00	\$0.00	\$327,630.30	\$27,302.53	\$413,630.00	\$34,469.17
Cost of Services	\$0.00	\$0.00	\$74,400.00	\$6,200.00	\$74,400.00	\$6,200.00
Tenant Improvement Allowance	\$0.00	\$0.00	\$81,418.67	\$6,784.89	\$0.00	\$0.00
Building Specific Security	\$0.00	\$0.00	\$4,581.03	\$381.75	\$0.00	\$0.00
Total Annual Rent	\$0.00	\$0.00	\$488,030.00	\$40,669.17	\$488,030.00	\$40,669.17
Full Service Rent per RSF	\$0.00/RSF		\$28.60/RSF		\$28.60/RSF	

Rent for a lesser period shall be prorated. Rent shall be payable to:

Archway II LLC
6161 Syracuse Way #330
Greenwood Village, CO 80111-4755

4. The Government may terminate this lease in whole or in part effective any time after the tenth (10th) year of this lease giving at least ninety (90) 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.

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6. The Lessor shall furnish to the Government as part of the rental consideration, the following:
- A. The parking space(s) described in Paragraph 1 and 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 approved Design Intent Drawings. Rent is subject to adjustment in accordance with Paragraph 3.3, "Tenant Improvement Rental Adjustment" of the SFO. All cost associated with services, utilities, maintenance, repair, replacement, inspections, improvements and other requirements as required by the Solicitation For Offers No. 8AZ2110A 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 8AZ2110A (pages 1-56, dated 10/14/2010) (all references to SFO shall also refer to any Special Requirements and Amendments);
- b) [REDACTED] Special Requirements: [REDACTED] (pages 1-29, dated 10/2010);
- c) [REDACTED] Special Requirements: Structured Cable Plant Standard (pages 1-49, dated 9/2007)
- d) [REDACTED] Special Requirements: Computer and Telephone Room Standards (pages 1-12, dated 9/2007)
- e) Amendment Number 1 (pages 1-3, dated 01/04/2011), Amendment Number 2 (pages 1-9, dated 02/04/2011); Amendment Number 3 (pages 1-4, dated 03/09/2011)
- f) GSA Form 3517B (pages 1-33, dated 11/2005);
- g) GSA Form 3518 (pages 1-7, dated 1/2007);
- h) Davis Bacon Wages (dated 06/17/2011);
- i) First generation Blue-Line Plan (Exhibit "A", page 1, dated 6/16/2011);
- j) Site Plan (Exhibit "B", page 1, dated 2/15/2011).

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

Paragraphs 2 and 5 of this STANDARD FORM 2 were deleted in their entirety. Paragraphs 9 through 25 have been added.

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

L [REDACTED]
B [REDACTED] (Signature)
IN [REDACTED] 6161 S. SYRACUSE WAY, SUITE 330
GREENWOOD VILLAGE, CO. 80111
(Address)

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

B [REDACTED]
ROBERT W. NIMMO, CONTRACTING OFFICER, GSA

SHEET NUMBER 1 ATTACHED TO AND FORMING A PART OF LEASE NO. GS-09B-02854

9. **TO HAVE AND TO HOLD** the Premises with their appurtenances for the term beginning on the day the space is accepted by the Government as complete and ready for occupancy through the following **fifteen (15) years** term in accordance with the Paragraph entitled "Acceptance of Space" herein, subject to termination rights as may be hereinafter set forth.
10. The Lessor shall have **one hundred seventy (170) 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.
11. **TAX ADJUSTMENT:** Pursuant to Paragraph 4.2, "Tax Adjustment," for purposes of tax escalation, the base rate for the purposes of tax escalation is established at \$2.05 per rentable square foot per annum; the Government occupies 17,064 / 17,064 rentable square feet (100.0%).
12. **OPERATING COST:** Pursuant to Paragraph 4.3, "Operating Costs", the base rate for purposes of operating cost escalation is established at \$74,400.00 per year or **\$4.360056 per rentable square foot** per annum.
13. **ADJUSTMENT FOR VACANT PREMISES:** Pursuant to Paragraph 4.4, "Adjustment for Vacant Premises", in the event of the Government vacating in whole or in part prior to lease expiration, the rental will be reduced by \$0.96 per rentable square foot per annum for operating expenses. The Adjustment for Vacant Premises rate shall be escalated annually based upon Paragraph 4.3, "Operating Costs."
14. **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. - 6:00 p.m., Monday through Saturday, and except Federal Holidays ("Normal Hours")), at a rate of **\$35.00 per hour**. The Lessor must submit a proper invoice quarterly to GSA Building Manager or designee located at 300 West Congress, Room 2-J, Tucson, AZ 85701-1371, to receive payment.
15. **24 HOUR ROOMS:** Pursuant to Paragraph 3.1B5m, the Lessor shall purchase and install an independent HVAC unit serving room(s) requiring 24 hour HVAC as part of the tenant improvement allowance. As part of the Lessor's shell cost, Lessor shall purchase and install a meter within the common electrical room within the building to measure the consumption of electricity associated with the room(s) requiring 24 hour HVAC. The charges for heating and cooling of these areas after "Normal Hours" shall be provided based upon the actual costs from the meter reading. Lessor shall bill GSA quarterly detailing evidence of actual cost.
16. **TENANT IMPROVEMENT ALLOWANCE:** The maximum Tenant Improvement Allowance has been established by Paragraph 3.2, "Tenant Improvements Included in Offer." The Tenant Improvement Allowance shall be **\$604,282.47** (\$37.033920 x 16,317 ABOA) amortized over the ten (10) year firm term of the lease agreement at an interest rate (amortization rate) of **6.25 %** per year.
17. **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 5.11 (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 5.11 (E), "Tenant Improvements Price Proposal," must be based upon the results of a competitive proposal process meeting all of the requirements of SFO Paragraph 5.3, B (1) through (9), 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 3517B in lieu of a competitive price proposal.
 - C. 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 5.11 (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 5.11, "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 5.11, "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.
18. **ACCEPTANCE OF SPACE:**
 - A. The following is added to Paragraph 5.11 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.

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19. **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.

20. **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.**

21. 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".

22. **COMMISSION AND COMMISSION CREDIT:** The Lessor and the Broker have agreed to a cooperating lease commission of [REDACTED] percent 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. In accordance with the "Broker Commission and Commission Credit" paragraph, the Broker has agreed to forego [REDACTED] percent of the commission that it is entitled to receive in connection with this lease transaction ("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 10 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:

Fifth Month's Rental Payment \$40,669.17 minus prorated Commission Credit of [REDACTED] equals [REDACTED] adjusted Fifth Month's Rent

Sixth Month's Rental Payment \$40,669.17 minus prorated Commission Credit of [REDACTED] equals [REDACTED] adjusted Sixth Month's Rent

Seventh Month's Rental Payment \$40,669.17 minus prorated Commission Credit of [REDACTED] equals [REDACTED] adjusted Seventh Month's Rent

Eighth Month's Rental \$40,669.17 minus prorated Commission Credit of [REDACTED] equals \$[REDACTED] adjusted Eighth Month's Rent

23. The Lessor is a Limited Liability Company and a small business. The Tax Identification Number is [REDACTED]. The DUNS number is 965525608. The signatory authority for Lessor is Mark E. Aukamp.

24. The Tenant Improvement Fee Schedule is as follows and Lessor agrees not to exceed these figures:

- A. The General Conditions will not exceed 5.00% of the total subcontractor's costs.
- B. The General Contractors fee will not exceed 5.00% of the total subcontractor's costs.
- C. Architectural and Engineering fees will not exceed 10.00% of the total subcontractor's costs.
- D. Lessor's Project Management fees will not exceed 2.50% of the total subcontractor's costs.

25. **BUILDING SPECIFIC SECURITY ALLOWANCE:** The Building Specific Security (BSS) Allowance of \$34,000.00 shall be amortized over the ten (10) year firm term of the lease agreement at an interest rate (amortization rate) of 6.25% per year as set forth in Paragraph 3 of this Lease.

- A. Building Specific Security items refer to those items in SFO Section 10 "Lease Security Standards" that are NOT marked as Building Shell or Tenant Improvements.
- B. The Government, at its sole discretion, shall make all decisions as to the usage of the BSS Allowance. The Government may use all or part of the BSS Allowance. The Government may return to the Lessor any unused portion of the BSS Allowance in exchange for a decrease in rent according to the amortization rate over the firm term.
- C. The Government reserves the right to make cash payments for any or all work performed by the Lessor. Prior to occupancy, the Government, at its sole discretion, may choose to pay lump sum for any or all of the BSS Allowance. If, prior to occupancy, the Government elects to make a lump sum payment for any portion of the BSS Allowance, the payment of the BSS Allowance by the Government will result in a decrease in the rent. At any time after occupancy and during the firm term of the lease, the Government, at its sole discretion, may choose to pay lump sum for any part or all of the remaining unpaid amortized balance of the BSS Allowance if the original occupant agency vacates the space. If the Government elects to make a lump sum payment for the BSS Allowance after occupancy, the payment of the BSS Allowance by the Government will result in a decrease in the rent according to the amortization rate over the firm term of the lease.
- D. If it is anticipated that the Government will spend more than the allowance identified above, the Government reserves the right to either 1) reduce the BSS requirements, 2) pay lump sum for the overage upon completion and acceptance of the improvements, or 3) increase the rent according to the negotiated amortization rate over the firm term of the lease.

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