

Standard Form 2

General Service Administration
FPR (41 CFR) 1-16.601

U.S. GOVERNMENT LEASE FOR REAL PROPERTY

DATE OF LEASE 4/16/2003

LEASE NO. V797-P03-FDF3-0001

THIS LEASE, made and entered in to this date by and between the Greater Kelly Development Authority ("GKDA") and whose interest in the property herein described is that of Owner hereinafter called the Lessor and the United States of America, herein after called the Government:

WITNESSETH: The parties hereto for the consideration hereinafter mentioned covenant and agree as follows:

1. The Lessor hereby subleases to the Government the following described premises:

230,204 net usable square feet of warehouse space and 18,309 net usable square feet of office space for a total of 248,513 net usable square feet of Building 1534 located at 601 Davy Crockett Rd, KellyUSA, San Antonio, Texas and further identified in the attached Appendix "A" to be used for the [REDACTED]

2. TO HAVE AND TO HOLD the said premises with their appurtenances for the term beginning on subject to termination and renewal rights as may be hereinafter set forth.

Lease Term. The term ("Term") of this Sublease begins on April 16th, 2003, (the "Commencement Date"), and ends on April 15th, 2008 ("Primary Term"). If the Extended Term (defined in Paragraph 6.1) is exercised as permitted, then all references to the "Term" in this Sublease will also include the period of time covered by the Extended Term.

3. The Government will pay for all services provided by Lessor for cleaning, janitorial, building, security, lawn and landscape maintenance, essential services, common area maintenance and hazard insurance as described below:

- a) The operating cost base rate and taxes costs provided in Table A – Composite Rental Schedule is an estimate of these costs for the first 12 months of the Term. The amount actually incurred for these costs will be reconciled annually at Lessor's fiscal year-end and the Government will either pay upon demand any shortfall or will receive a rebate of any overcharge.
- b) Lessor does not pay ad valorem taxes on property it owns, but is responsible for providing Essential Services and the Government will pay Lessor for providing these services. These services include, but are not limited to, street and infrastructure maintenance. After the first 12 months of the lease term the essential service charges will be adjusted by the percentage change in the Consumer Price Index over the prior 12-month period. The Essential Service Charge in year one of the term is \$140,331.72.
- c) The Government will pay its pro rata share of common area maintenance (CAM) of real property leased or owned by Lessor. Lessor estimates CAM costs to be \$.15/SF annually. CAM charges are based on actual costs and will be reconciled annually with estimated payments adjusted accordingly. CAM charges in year one of the Term are estimated to be \$36,930.

4. The Government will pay the Lessor monthly in advance as shown below on Table A -Rental Schedule

Annual Rental		Monthly Rental	
Base Rental	\$566,609.64	Base Rental	\$47,217.47
Operating costs	214,658.00	Operating costs	17,888.17
Essential Services	<u>140,331.72</u>	Essential Services	<u>11,694.31</u>
Composite Rental	\$921,599.36	Composite Rental	\$76,799.95

Rent for a lesser period will be prorated. Rent checks will be made payable to:

Greater Kelly Development Authority
143 Billy Mitchell Blvd, Suite 6
San Antonio, TX 78226

5. The Government may terminate this lease on the following conditions. Said notice will be computed commencing with the day after the date of mailing.

Termination Option. If Government is not in material default of the terms and conditions of this Sublease and funding for the operations supported in the Premises is significantly reduced, Government may terminate this Sublease every 12 months beginning in month 13 of the Term with 120 days prior written notice to Lessor and payment of a cancellation fee equal to the unamortized cost of all improvements, if any, for which Lessor is required to be reimbursed because such improvements were necessary because of Government's specific use and would not otherwise be required, related financing costs (i.e., legal fees, origination points, survey, title policies, lien documentation, etc.) and any unamortized portion of [REDACTED] in leasing commissions paid or due. The unamortized costs will be calculated by multiplying the costs by the percentage calculated by dividing the remaining months after termination by 60. As an example, if the lease were terminated with 24 months remaining on the Term and all the applicable costs are \$248,513 for tenant improvements and \$113,321.93 in leasing commissions the cancellation fee would be \$144,733.97 which is equal to 40% (24/60) of \$361,834.93 (\$248,513 + \$113,321.93).

6. This lease may be renewed at the option of the Government for the following terms and on the following conditions:

Extended Term. Government may extend the Term once for 5 years for a total of 10 years, at the Base Rental adjusted to then negotiated rates based on fair market values, however, Government may extend only if Government gives written notice of such extension to GKDA no later than 90 days prior to the date on which the Term would otherwise expire.

7. Lessor will furnish to the Government, as part of the rental consideration, the following:

- (a) A portion of Building 1534 consisting of 248,513 Sq. Ft. in Bays A, B & C. The space occupies the southern portion of the building. See addendum to Form 1364 for layout of space.
- (b) Minimum of 50 parking Spaces located adjacent to the Premises, including handicapped spaces as required by the Building Code for the City of San Antonio.
- (c) Cleaning, Janitorial for offices and air conditioned special use areas, Building, Security, Lawn and Landscape Maintenance, and Building Management Services. (see SFO for specifics)
- (d) All utilities (Heating, Electrical, Plumbing, Air Conditioning, Water, Sewage, etc.)

7-1. The Government will reimburse the Lessor for the costs that exceed the Tenant Improvement Allowance of amount of \$248,513 for renovations of special requirements upon inspection and acceptance of space by the Contracting Officer or designee. Payment will be due 30 calendar days after date of acceptance, or included in the first full months rent, whichever is later. The only modifications to the lease premises that Lessor is obligated to make that are not be subject to the Tenant Improvement Allowance are those identified in Appendix "B" - Contract Documents and Specifications for Building 1534, Tenant (AFMLO) Improvements dated October 14, 2002 and Appendix "C" - Drawings by Alex Gonzalez Architect, LLC identified as Interior Renovations to

Building 1534 KellyUSA for Air Force Medical Logistics Office dated October 14, 2002, Sheets G-1,G-2, A1 thru A7, MEP1-1, MP1-1, MP1-2, MP2-1, E1-1 and E1-2.

Additionally, the Government will reimburse the Lessor for any costs for the following improvements if required by the Government:

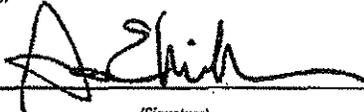
- 1) An elevator for access to the second floor offices
- 2) Replacement of the existing light fixtures in the office area with parabolic light fixtures.

8. The following are attached and made a part hereof and Government and Lessor agree to be bound accordingly:

- 1) Standard Form 2 (or GSA Form 3626) U.S. Government Lease for Real Property
- 2) General Clauses - Acquisition of Leasehold Interests in Real Property, GSA Form 3517B (REV 9/01)
- 3) Representations and Certifications - GSA Form 3518A Page 76 and 77 (Rev 9/01)
- 4) The pertinent provisions of the Solicitation for Offers for the [REDACTED] Office [REDACTED]
- 5) The Economic Development Conveyance Agreement ("EDC Agreement") with Greater Kelly Development Corporation ("GKDC"), the predecessor-in-interest to the Greater Kelly Development Authority ("GKDA"), and the Secretary of the Air Force, on behalf of the United States of America ("Government") executed on July 24, 1997. A fully executed copy of which GKDA has provided to Government and the terms of which are fully incorporated into this Sublease.
- 6) The [REDACTED] Lease of Real Property on the Non-realigned Portions of [REDACTED] Texas, dated July 24, 1997 (the "Master Lease"), between the Government, as lessor, and GKDC, the predecessor-in-interest to the GKDA. A fully executed copy of which GKDA has provided to Government and the terms of which are fully incorporated into this Sublease.
- 7) An "Operating Agency Contract," dated September 20, 2001, between GKDA and the City of San Antonio (the "City"), a fully executed copy of which GKDA has provided to Government and the terms of which are fully incorporated into this Sublease.
- 8) GKDA proposal dated 31 July 2002

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

Lessor

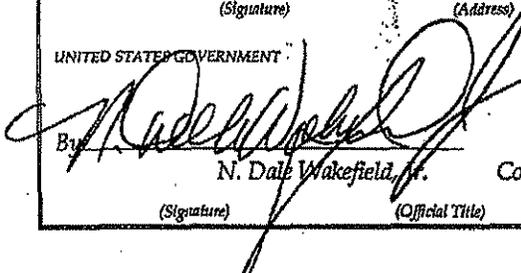
By: 
(Signature)

Bruce E. Miller
Executive Director
Greater Kelly Development Authority

IN PRESENCE OF:


Clara Ernst, Greater Kelly Development Authority
143 Billy Mitchell Blvd, Suite 6, San Antonio, TX 78226
(Signature) (Address)

UNITED STATES GOVERNMENT

By:  4/16/03
N. Dale Wakefield, Jr. Contracting Officer
(Signature) (Official Title)