

145 Gorman Lease (Amended and Restated)

Rent Commencement: July 1, 2015

Lease Expiration: June 30, 2030

Basic Rent:

Year 1	\$32,525.67 per month
Year 2	\$33,501.44 per month
Year 3	\$34,506.48 per month
Year 4	\$35,541.68 per month
Year 5	\$36,607.93 per month
Year 6	\$37,706.17 per month
Year 7	\$38,837.35 per month
Year 8	\$40,002.47 per month
Year 9	\$41,202.55 per month
Year 10	\$42,438.62 per month
Year 11	\$43,711.78 per month
Year 12	\$45,023.13 per month
Year 13	\$46,373.83 per month
Year 14	\$47,765.04 per month
Year 15	\$49,197.99 per month

There is a three percent (3%) escalation each year, starting on July 1, 2016. For the fiscal year starting July 1 2015, the City was paying \$33,226.00 per month under the prior lease with KDBA for this building based on the escalation rate of the previous lease.

Additional Rent: \$5,310 per month initially for Additional Rent, which includes taxes (see below) and Common Expenses (i.e. operation, management, maintenance, repairs and Capital Repairs). The Additional Rent will be documented for each fiscal year through Common Expense Statements, and KDBA reserves the right to revise and adjust these expenses each fiscal year to cover actual costs.

Real Estate Taxes: Actual real estate taxes paid by KDBA are included in the Additional Rent, which is then paid by the City.

Insurance: The City responsibility is \$3 million limit of liability, \$1 million for each person for death/injury, and \$500,000 for property damage, although the City's self-insurance is sufficient to meet this requirement.

Utilities: The City pays all utilities.

Maintenance & Repair of Building: KDBA is responsible for the roof, foundation, exterior walls and capital improvements (i.e. Capital Repairs). The City is responsible for everything else, including elevator, HVAC, electrical, interior walls, floors and grounds.

Holding Over: If the City holds possession of the building after Lease expiration, the Lease converts to a month-to-month lease at one hundred percent (100%) of the Basic Rent amount.

Option to Extend: The City retains the right to extend this Lease by paying the "Extension Price" which comprises prepayment of Basic Rent. The Extension Price will be the greater of:

1. \$6,000,000; or
2. $20,372 \times$ (Per square foot fair market rent/Fair Market Capitalization Rate).

Payment of the Extension Price will extend the Lease to July 1, 2094, with no Basic Rent to be paid and only Additional Rent would be required during the extension period. The Extension Price must now be paid on or after July 1, 2019 through July 1, 2029.

Space Allocation – Total: 20,400 SF:

<u>Second Floor</u>		<u>Third Floor</u>	
DPW	4,400 SF	P&Z	3,800 SF
HR	2,200 SF	Fire	600 SF
DNEP	<u>1,200 SF</u>	DNEP	<u>3,500 SF</u>
Sub-Total	7,800 SF	Sub-Total	7,900 SF
Common Areas	<u>2,400 SF</u>	Common Areas	<u>2,300 SF</u>
Total – 2 nd Floor	10,200 SF	Total – 3 rd Floor	10,200 SF