



Term Sheet

Free Library of Philadelphia

LANDLORD: 1500 Net-Works Associates, L.P.

TENANT: Free Library of Philadelphia, an affiliate of the City of Philadelphia

LOCATION: 1500 Spring Garden Street Philadelphia, Pennsylvania

USE: Library for the public, related offices, and the operation of delivering and receiving books, subject to landlord receiving any appropriate zoning approval, if needed.

DEMISED PREMISES: Approximately 10,183 rentable square feet ("RSF"), a portion of the 2nd floor.

LEASE TERM: Fifteen (15) years, eleven (11) months.

COMMENCEMENT DATE: Commencement date shall be April 1, 2017 or upon substantial completion of Tenant's Improvements, whichever is later.

BASE RENTAL RATE: Base rental rate for the 2nd Floor Demised Premises shall be \$22.00 per rentable square foot ("RSF") per annum plus full electric and in-suite janitorial expenses with \$0.50 per rentable square foot annual increases.

RENTAL ABATEMENT: Tenant will receive the initial eleven (11) months of the Term free of Base Rent

During the Rental Abatement Period, Tenant shall continue to pay metered electric costs, janitorial expenses, and Use & Occupancy Tax, if applicable.

ELECTRIC: In addition to the Base Rental Rate specified above, Tenant shall pay the costs for any electricity consumed within the Premises (and the estimated cost of all electric energy to furnish HVAC within the Premises), which shall be separately submetered to

Tenant at the prevailing high-tension (HT) rates per the PUC tariff. Tenant shall also pay its proportionate share of electric costs related to consumption for the common areas of the building, included but not limited to any associated HVAC charges estimated to run \$0.45/SF. Tenant's proportionate share is based on the total square footage of 1500 Spring Garden Street.

JANITORIAL SERVICES:

In addition to the Base Rental Rate specified above, Tenant shall pay the costs of providing janitorial services to the Demised Premises. Tenant shall have the right to hire an outside Janitorial vendor provided the vendor is a member of Philadelphia's Janitors' union, subject to Landlord's approval which cannot be unreasonably withheld. Based on estimate dated 10/17/16 from ABM, janitorial services are estimated to be \$0.78/RSF within FLP's premises.

OPERATING EXPENSES:

In addition to Office Space Base Rent, Tenant will pay its proportionate share of any increase in operating expenses incurred by the Landlord over a 2017 Base Year which shall exclude tenant's in-suite janitorial services and all common area electric. . Operating expenses shall be adjusted to approximate the cost which would have resulted from a building at ninety-five percent (95%) occupancy ("grossed-up"). Tenant shall have the right to audit Landlord's books and records to be more specifically agreed upon in the lease. Controllable Operating Expenses shall be capped at 5% cumulative.

TAXES:

In addition to Base Rent, Tenant will pay its proportionate share of any increase in real estate taxes incurred by the Landlord over a 2017 base year.

TENANT IMPROVEMENTS,
ARCHITECTURAL AND DESIGN:

Landlord will turnkey the construction which shall include the cost of MEPs, CDs and a 2% construction management fee. Construction shall be based on Tenant Fit-Specifications and space plan SK 3.2, including all "Alternates", in accordance with separately attached '160.16.24 Free Library for Blind-

owner rev1.xlsx'. The cost of the HVAC shall be covered by Landlord as a base building expense.

All architectural plans shall be subject to Landlord's prior written approval.

Tenant shall have the right to use the architect and contractor of its choice, subject to Landlord's approval.

OPTION TO RENEW:

Tenant shall be granted one (1) five year option to renew its lease at 100% fair market value by providing Landlord with fifteen months prior written notice of its intention to renew.

SUBLET AND ASSIGNMENT:

Tenant shall have the right to sublet all or part of the Premises at any time with the Landlord's consent, which shall not be unreasonably withheld or delayed.

AMENITIES:

The building offers the following amenities:

- Dunkin Donuts
- Saladworks
- Cafeteria
- Retro Fitness (under construction)

CAFETERIA:

Landlord operates a full service cafeteria on the first floor of the building, which is available to employees of Tenant for breakfast and lunch. Daily hours of operation are weekdays from 7:00 AM until 2:00 PM.

HOURS OF OPERATION:

The Building's Normal Operating Hours are 8:00 AM to 6:00 PM, Monday through Friday, and 8:00 AM to 1:00 PM on Saturdays. Tenant shall be permitted to operate and have access to the Demised Premises 365 days per year, 24 hours per day.

LEASE SECURITY:

TBD.

BROKERAGE:

Tenant acknowledges that it has dealt only with PernaFrederick Commercial Real Estate, who represents the Tenant, and CBRE, Inc., who represents the Landlord. All commission terms and

conditions shall be provided in separate written agreements.