BOARD OF TRUSTEES
UNIVERSITY OF THE DISTRICT OF COLUMBIA
UDC RESOLUTION NO. 2018-19

SUBJECT: Approval of a lease agreement for the property located at 4225 Connecticut Avenue, NW, Washington, DC between 4225 Connecticut Avenue NW Limited Partnership as Landlord and the Board of Trustees of the University of the District of Columbia ("University") as Tenant (the "Lease Agreement")

WHEREAS, pursuant to D.C. Code § 38-1202.1(a)(5) and (6), the Board of Trustees ("Board") possesses all powers necessary or convenient to accomplish its statutorily prescribed objects and duties, including the power to make, deliver, and receive deeds, leases and other instruments and to take title to real and other property in its own name; and

WHEREAS, pursuant to 8B DCMR §2100.1, the President of the University, subject to Board approval, is authorized to enter into real estate lease agreements with any person, partnership, corporation, or other entity; and

WHEREAS, pursuant to 8B DCMR §2100.3, the President shall lease as he deems to be in the interest of the University and necessary for the accommodation of University activities; and

WHEREAS, pursuant to 8B DCMR §2100.7 and §2100.8 acquisition of space by lease will be by negotiation, and on the basis most favorable to the University with due consideration to maintenance and operation efficiency and only at charges consistent with prevailing scales in the community for comparable facilities; and

WHEREAS, pursuant to 8B DCMR §2100.9, approval of the Board is required for all leases and lease renewals; and

WHEREAS, leasing the approximately 19,998 rentable square feet of office space at 4225 Connecticut Avenue NW is necessary for the accommodation of the University's needs for additional space for office and administrative functions; and

WHEREAS, the Lease Agreement was negotiated and the Administration has determined that the triple net terms in the Lease Agreement are most favorable to the University with due consideration to maintenance and operation efficiency and that the charges are consistent with prevailing scales in the community for comparable facilities; and

WHEREAS, the Lease Agreement terms include an initial one (1) year term with an initial option to extend the term for a fourteen (14) year term (the "First Option"), and two additional options to extend the term for a five (5) year term (each an "Extension Option"); and

WHEREAS, any future exercise by the University of the First Option and any Extension Option will require the approval of the Board and the Council of the District of Columbia ("Council") at the time such First Option or Extension Option is exercised.

NOW THEREFORE, BE IT RESOLVED, that, subject to the required approval of the Council, the Lease Agreement, substantially in the form attached hereto as **Appendix A**, is hereby approved for the initial one (1) year term, by the Board in accordance with 8B DCMR §2100.1, and the President is hereby authorized to enter into the Lease Agreement, substantially in the form attached hereto as **Appendix A**, on behalf of the Board; and

BE IT FURTHER RESOLVED, that as soon as practicable, the President is hereby directed to transmit the Lease Agreement to the Council for its approval.

Submitted by the Operations Committee: June 7, 2018

Approved by the Board of Trustees:

June 26, 2018

Christopher Bell
Chairperson of the Board

Appendix A

LEASE AGREEMENT

LEASE AGREEMENT

4225 Connecticut Avenue, NW
Washington, DC 20008

DATED AS OF _____, 2018

BY AND BETWEEN

4225 Connecticut Avenue NW Limited Partnership

LANDLORD

AND

Board of Trustees of the

University of the District of Columbia

TENANT

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Tenant

Landlord

LEASE AGREEMENT

THIS LEASE AGREEMENT (hereinafter called the "Lease") is made as of the ___ day of _____, 2018 ("Effective Date"), by and between 4225 Connecticut Avenue NW Limited Partnership, a District of Columbia limited partnership (hereinafter called "Landlord"), and the Board of Trustees of the University of the District of Columbia (hereinafter called "Tenant").

WITNESSETH:

In consideration of the mutual covenants and agreements hereinafter set forth, the parties hereto do hereby mutually agree as follows:

1. PREMISES

Landlord does hereby lease to Tenant, and Tenant does hereby lease from Landlord, for the term and on the conditions hereinafter provided, the entire building located at 4225 Connecticut Avenue, NW, Washington, DC (hereinafter referred to as "Premises"), and the land on which the building is located (the building and land are hereinafter collectively referred to as the "Property"). The Premises consists of one building with approximately 19,998 rentable square feet as shown on the space plan attached hereto as Exhibit A.

2. TERM

(a) The Premises is leased for a term (hereinafter called the "Initial Term") of one (1) year, commencing on the Lease Commencement Date (as defined below) and terminating at 11:59 PM on the date that is one (1) year from the Lease Commencement Date (the date of termination being hereinafter called the "Lease Expiration Date"), both dates inclusive, unless the Term shall be extended, renewed, or shall sooner cease, expire or be terminated, as hereinafter provided. The parties shall execute a Certificate of Commencement as evidence of the date on which the Term begins. The "Lease Commencement Date" shall be the first day of the calendar month immediately following the "Delivery Date"(hereinafter defined). It is estimated that the Lease Commencement Date shall occur on July 1, 2018.

(b) Subject to the prior approval of the Council of the District of Columbia ("District Council"), Tenant shall have the option to extend the term of this Lease for one (1) fourteen (14) year period (the "First Option") commencing on the Lease Expiration Date (also called the "First Option Commencement Date") and terminating at 11:59 PM on the fourteenth anniversary date of the First Option Commencement Date (the "First Option Expiration Date") upon written notice to the Landlord at least six (6) months prior to the end of the Initial Term. Tenant shall submit the First Option to the District Council for approval at least ninety (90) days prior to the end of the Initial Term.

(c) Provided that Tenant is not in default of the Lease, Tenant shall have the option to extend the term of this Lease for two (2) additional five (5) year periods (each an "Extension Option" and together with the Initial Term, and the First Option, the "Term"), the first commencing on the First Option Expiration Date, and the second commencing at the end of the first Extension Option, upon written notice to the Landlord at least ninety (90) days prior to the end of the First Option, or the second Extension Option, as applicable. The minimum rent for each year of the renewal shall be based on ninety percent (90%) of the market rents to be determined by agreement or by the three (3) broker method provided for herein. Unless otherwise agreed to in writing by the Landlord and Tenant, all other terms of the Lease shall remain in effect for any Extension Option. The Landlord and Tenant will execute a certificate confirming the new Minimum Rent. Tenant's exercise of any Extension Option hereunder shall be subject to possible rescission as provided for in Section 2(g) below.

(d) The Tenant shall have the option to terminate this Lease effective at the end of the seventh (7^{th}) Lease Year (hereinafter defined), upon twelve (12) months prior written notice to Landlord, with a breakage fee equal to One Hundred and Fifty Thousand Dollars ($150,000.00). The payment shall be due upon the effective date of termination of the Lease.

(e) The "Delivery Date" of the Lease shall be the date when the following conditions are satisfied: (i) Landlord and Tenant have each executed and delivered the Lease; and (ii) Landlord delivers the Premises to the Tenant and the Tenant accepts the Premises in its "as-is" condition.

(f) For the purposes of this Lease the term "Lease Year" shall mean a twelve (12) month period, with the first Lease Year commencing on the Lease Commencement Date and ending on that date which is one day prior to the first anniversary of the Lease Commencement Date, and each subsequent Lease Year shall commence on the same day of each subsequent calendar year of the Term as the Lease Commencement Date and shall end on the day prior to the commencement of the next Lease Year.

(g) Within ten (10) days from the date of Tenant's exercise of any Extension Option hereunder, each party shall appoint a broker with at least ten (10) years' experience as a broker of commercial real estate in the District of Columbia, and the two (2) brokers shall together appoint a third broker with the same qualifications within five (5) days of their appointment. Each party shall bear the cost of its designated broker and the parties shall split the cost of the third broker. Within thirty (30) days of the appointment of all three (3) brokers, such brokers shall each determine the then applicable market rate for the Premises. The Minimum Rent for the applicable extension term shall be the average of the three (3) determinations established by the three (3) brokers. The parties acknowledge that Tenant's exercise of an Extension Option shall be subject to the requisite approvals of Tenant's board and the District Council. Within sixty (60) days from the date that the Minimum Rent for an extension term is established, Tenant shall have the right to rescind its exercise of the subject Extension Option if the requisite board and/or District Council

Tenant _____ Landlord _____

approvals have not been obtained, whereupon Tenant shall reimburse Landlord for the reasonable broker costs incurred by Landlord in connection with the determination of the Minimum Rent.

3. MINIMUM RENT

(a) Commencing on the Lease Commencement Date, minimum rent shall be payable for that month and each and every month thereafter during the remaining Term of this Lease ("Minimum Rent"). The Minimum Rent for the Initial Term of this Lease shall be at the rate of Thirty-five and 00/100 Dollars ($35.00) per rentable square foot on a triple-net (NNN) basis. The estimated annual rent for the first Lease Year (as defined below) is Six Hundred Ninety Nine Thousand Nine Hundred Thirty and 00/100 dollars ($699,930.00), or Fifty Eight Thousand Three Hundred Twenty Seven and 50/100 dollars ($58,327.50) per month. The Tenant has measured the Premises and has determined that the square footage and the Minimum Rent have been accurately calculated. Beginning on the First Option Commencement Date (i.e. Lease Year 2), the Minimum Rent shall increase each Lease Year thereafter by Two and one half percent (2.5%) annually. All Minimum Rent installments are payable, in advance, on the 1st day of each and every month of this Lease during the Term. Subject to the terms of Section 1 herein, annual Minimum Rent for each Lease Year is the amount set forth in the following schedule:

Lease Year	Annual Minimum Rental Rate (psf)	Annual Minimum Rent	Monthly Minimum Rent
1	$35.00	$699,930.00	$58,327.50
2	$35.88	$717,428.25	$59,785.69
3	$36.77	$735,363.96	$61,280.33
4	$37.69	$753,748.06	$62,812.34
5	$38.63	$772,591.76	$64,382.65
6	$39.60	$791,906.55	$65,992.21
7	$40.59	$811,704.21	$67,642.02
8	$41.60	$831,996.82	$69,333.07
9	$42.64	$852,796.74	$71,066.40
10	$43.71	$874,116.66	$72,843.05
11	$44.80	$895,969.58	$74,664.13
12	$45.92	$918,368.81	$76,530.73
13	$47.07	$941,328.03	$78,444.00
14	$48.25	$964,861.24	$80,405.10
15	$49.45	$988,982.77	$82,415.23

Tenant

Landlord

(b) The payment of Minimum Rent and Additional Rent (as defined below) shall begin on the Lease Commencement Date. Until the Lease Commencement Date, (i) Tenant shall not be obligated to pay Minimum Rent, and (ii) Landlord shall not be obligated to provide any utility services in excess of that customarily provided to or for the benefit of a premises in order to perform leasehold improvement work thereto, if any. Landlord shall not be liable for the monthly cost of utilities from the Lease Commencement Date.

(c) All installments of Minimum Rent shall be payable to the Landlord as set forth herein. Except as otherwise provided elsewhere in this Lease, it is the intention of the parties that all Minimum Rent payable hereunder shall be absolutely net to Landlord, and therefore Landlord shall receive the Minimum Rent payable hereunder, free from all obligations for real estate taxes, BID taxes, and assessments (except income taxes of Landlord, franchise taxes, unincorporated business taxes and other corporate or personal taxes of Landlord). Tenant, however, shall not be required to pay any mortgage indebtedness or related expenses or any interest on any mortgages placed by Landlord that at any time may encumber the interest of Landlord in the Premises or the Property, or any judgments or liens entered against Landlord.

(d) Tenant shall pay monthly installments of Minimum Rent and any other monies due to Landlord by electronic funds transfer on the first (1st) day of each month during the Term. Landlord shall provide Tenant with account information to facilitate the payments.

4. ADDITIONAL RENT

Any amounts required to be paid by Tenant herein in addition to the Minimum Rent payable hereunder, and any charges or expenses incurred by Landlord on behalf of Tenant under the terms of this Lease, shall be considered additional rent (hereinafter called "Additional Rent"), and any failure by Tenant to pay such Additional Rent when and as the same shall become due shall entitle Landlord to the remedies provided herein for nonpayment of Minimum Rent payable hereunder.

5. PAYMENT BY TENANT OF ALL UTILITIES AND OPERATING EXPENSES

(a) Tenant shall arrange for the provision of, and shall promptly pay when due directly to the provider thereof, all charges for all utilities servicing the Premises during the Term of this Lease. Tenant shall transfer the accounts for all such utilities for the Premises to Tenant's name, and shall provide for its own telephone service (and shall promptly pay when due any charges connected therewith) on the Premises as of the Lease Commencement Date.

(b) "Operating Costs" shall be all costs of operation, maintenance and repair of the

Premises and shall include the total cost of labor, materials and services for the operation, maintenance and repair of the Premises; gas, electricity and water and sewer charges, replacement, maintenance and repairs of heating, plumbing, ventilating, electrical systems, outside plumbing, and air-conditioning system and equipment; snow removal; license, permit and inspection fees (whether denominated a fee, a tax or otherwise and whether based on gross receipts or otherwise); janitorial services maintenance and service contracts; plate glass and window repairs and replacements; the costs of maintenance, upkeep, repair, replacement and lighting of any external areas, and expenditures of a capital nature. Commencing on the Lease Commencement Date, Tenant shall be responsible for, as Operating Costs, for each Lease Year during the Term, an amount not to exceed the amount set forth below as O&M for each Lease Year. The Operating Costs shall escalate by an amount equal to three percent (3%) of the Operating Cost for the immediately preceding Lease Year; and for any partial Lease Year, the Operating Costs shall be appropriately prorated. Notwithstanding anything in this Lease to the contrary, the Tenant's financial obligations for Operating Costs are subject to Section 46.

Lease Year	1 2018	2 2019	3 2020	4 2021	5 2022
O & M	$219,780	$226,373	$233,165	$240,160	$247,364
Lease Year	6 2023	7 2024	8 2025	9 2026	10 2027
O & M	$254,785	$262,429	$270,302	$278,411	$286,763
Lease Year	11 2028	12 2029	13 2030	14 2031	15 2032
O & M	$295,366	$304,227	$313,354	$322,754	$332,437
Lease Year	16 2033	17 2034	18 2035	19 2036	20 2037
O & M	$342,410	$352,682	$363,263	$374,161	$385,386
Lease Year	21 2038	22 2039	23 2040	24 2041	25 2042
O & M	$396,947	$408,856	$421,121	$433,755	$446,767

6. PAYMENT BY TENANT OF REAL ESTATE TAXES

(a) The parties agree that the current real estate tax bill shall be pro-rated between Landlord and Tenant as of the Lease Commencement Date. Subsequent Real Estate Taxes for the Premises that become due and payable during the Term will be paid solely by the Tenant, subject to the provisions of Subsection 6(c) below. Tenant shall pay or cause to be paid to Landlord, as Additional Rent, in the manner provided in subparagraph (b) below, One Hundred Percent (100%) of all Real Estate Taxes as of the Lease Commencement Date, which shall become due or payable during the Term of this Lease, or any extension or renewal thereof whether or not such Real Estate Tax shall be assessed, levied, confirmed, imposed upon or in respect of or become a lien upon the Property or any part thereof, or shall become payable, during the Term of this Lease, or extension

Tenant _____ Landlord _____

or renewal thereof. Tenant shall provide Landlord with written confirmation of payment within thirty (30) days of the due date.

(b) "Real Estate Taxes" shall include (1) all real estate taxes, vault space rentals, rates and assessments (including general and special assessments, if any), ordinary and extraordinary, foreseen and unforeseen, that are imposed upon Landlord in connection with the Building or the Land, or assessed against the Building or the Land or Landlord's personal property used in connection therewith, and (2) any other present or future taxes or charges that are imposed upon Landlord in connection with the Building or the Land or assessed against the Building or the Land that are in the nature of or in substitution for real estate taxes, including any tax levied on or measured by the gross rents payable by tenants of the Building; any public safety fee or similar charge; any transit, sales, rental, use, receipts, franchise taxes computed on the basis of gross receipts, or occupancy tax or fee; and any assessment imposed in connection with business improvement or similar districts. Real Estate Taxes shall also include any costs incurred by Landlord to challenge the tax valuation of the Building or the Land (excluding however protest costs incurred to reduce tax valuations for years preceding the Lease Commencement Date). Real Estate Taxes shall not include any fines, penalties and interest on late payments of any Real Estate Taxes, except to the extent caused solely by Tenant's failure to pay its share of Real Estate Taxes. Real Estate Taxes shall not include capital gains, corporation, unincorporated business, net income, profits, excess profit, estate, inheritance, transfer, recordation, gift, franchise, or license fees; any hotel or business entity fees (unless such taxes or fees replace or supplement the current system of real property taxes in effect as of the date hereof).

(c) Notwithstanding any other provision in this Lease, if at any time during the Term of this Lease (including any extensions or renewals) Tenant becomes exempt by act of the District of Columbia from the obligation or liability to pay any or all Real Estate Taxes, Section 6(a) (and any other terms herein related to Tenant's obligation to pay the same) shall not apply to Tenant and 100% of such exemption shall take effect in accordance with the terms of such act, legislation or regulation of the District of Columbia. Any exemption, credit or reimbursement of Real Estate Taxes applicable to the Premises during the Term shall be for the sole benefit of Tenant. Landlord hereby grants Tenant the right to seek and pursue, at Tenant's expense, any such exemption related to the Real Estate Taxes.

7. PAST DUE RENT, DISHONORED CHECKS AND LATE CHARGES

If Tenant shall fail to pay, when the same is due and payable, any installment of Minimum Rent payable hereunder, any Additional Rent, or other amounts or charges due pursuant to this Lease within ten (10) business days after receiving written notice of late payment from Landlord, provided however, that the foregoing shall not be deemed to be a grace period, Tenant shall pay to Landlord a late charge, as Additional Rent, equal to the lesser of five percent (5%) of the amount due or the maximum amount allowable under applicable law.

Tenant _____ Landlord _____

In the event that any check or electronic transfer to Landlord for the payment of the Minimum Rent payable hereunder or Additional Rent is dishonored, Tenant shall pay to Landlord a fee equal to the greater of (a) Seventy Five Dollars ($75.00) or (b) the charges assessed against Landlord by the bank in which the dishonored check was deposited. Landlord will notify Tenant in the event the charge for any dishonored check or electronic transfer exceeds Seventy Five Dollars ($75.00). Immediately upon notification by Landlord that Tenant's check or auto debit has been dishonored, Tenant shall pay to Landlord, by certified or cashier's check, the amount of the Minimum Rent or Annual Rent payable hereunder or Additional Rent intended to be paid by such dishonored check, the dishonored check charge and a late charge, if applicable. Upon Landlord's receipt of any two checks or electronic transfers in any twelve (12) month period from Tenant which are dishonored for payment, Landlord shall have the right to require Tenant to make future payments due to Landlord hereunder by certified or cashier's check for one year. If, in any subsequent twelve (12) month period, Landlord receives two checks from Tenant which are dishonored, Landlord shall have the right to require certified or cashier's checks for all payments for the remainder of the Lease term.

8. USE OF THE PREMISES

Tenant shall use and occupy the Premises for any lawful use. The Tenant shall comply with all reasonable rules and regulations promulgated for the Building which are in accordance with applicable law and do not discriminate against the Tenant and of which the Tenant has prior written notice. Tenant shall use the property in accordance with applicable zoning and other laws. The foregoing use is subject to all applicable zoning and other governmental regulations and Tenant shall conform at all times to such applicable zoning and other governmental regulations. Use of the Premises is subject to all covenants, conditions and restrictions of record, which Landlord represents and warrants do not and will not adversely impact the permitted use hereunder. It shall be the sole obligation and risk of Tenant to obtain any and all licenses, permits and other similar governmental authorizations necessary for such uses (Tenant must obtain its Certificate of Occupancy). Tenant shall not abandon the Premises during the Term. Tenant shall not obstruct, interfere, or conflict with, the rights of adjoining property owners, or conflict with the fire laws or regulations, or with any insurance policy upon the Property or any part thereof, or with any statutes, rules or regulations now existing or subsequently enacted or established by local, state or federal governments, nor shall Tenant use or permit the Premises, or any part thereof, to be used for a dwelling or for housing of any kind, or for any disorderly, unlawful or extra hazardous purpose, nor for any purpose other than hereinabove specified. Tenant's failure to obtain and maintain the necessary permits and licenses as required for its occupancy of the Premises shall not relieve Tenant from any obligation under this Lease unless as proscribed in Section 2(d) herein.

9. COMMON AREAS-TRIPLE NET LEASE

There are no common areas to the Premises. The Lease is intended as triple net and all expenses are attributable to the Tenant.

10. PARKING

Tenant shall have the exclusive use of the parking facility located in the lower level of the Building, as well as the four (4) surface parking spaces situated along the eastern edge of the Property.

11. SECURITY DEPOSIT

There is no security deposit contemplated by this Lease Agreement.

12. SUBLETTING AND ASSIGNMENT

(a) Tenant shall not sublet or assign the Premises or any part thereof or transfer possession or occupancy thereof to any person, firm, entity or corporation or transfer or assign this Lease, without the prior written consent of Landlord (which consent shall not be unreasonably withheld, conditioned or delayed) however, the Tenant shall have the right to substitute an affiliated entity of Tenant or another District of Columbia agency or instrumentality as occupant or subtenant without such substitution constituting an assignment or sublease of the Premises and shall not require the consent of the Landlord for such substitution.

(b) The consent of Landlord to any assignment, transfer, subletting or occupancy by any party shall not be construed as a waiver or release of Tenant from the terms of any covenant or obligation under this Lease, nor shall the collection or acceptance of any rent from any such assignee, transferee, subtenant or occupant constitute a waiver or release of Tenant of any covenant or obligation contained in this Lease.

13. UPKEEP AND SURRENDER OF PREMISES

(a) Landlord agrees to deliver and the Tenant agrees to accept the Premises in its current as-is condition as of the Lease Commencement Date, subject to the provisions below. Tenant, at Tenant's sole cost and expense, as part of the Operating Costs, shall keep and maintain the Premises along with all Tenant Improvements in good repair, and maintain, repair or replace any sidewalks, curbs, and outside plumbing adjoining or appurtenant thereto, and Tenant shall keep all such areas in a clean and sanitary order and condition, and make all necessary repairs to the Premises. Tenant shall be responsible for keeping in good order, condition and repair all Building and standard mechanical, electrical and plumbing systems, and all equipment serving the Premises through the Lease Term and any extensions thereof. Tenant shall be responsible at its sole cost and expense, as part of the Operating Costs, for all capital repairs, replacements and improvements ("Capital Improvements") to the Premises, subject to the provisions of Section 46 of this Lease. The foregoing provisions are expressly subject to, and conditioned upon, Landlord's delivery of the Premises and Building to Tenant on the Delivery Date in as is condition.

Tenant

Landlord

(b) Except as otherwise expressly provided herein, Landlord shall not be required to furnish any services or facilities, or to make any repairs, alterations, additions, replacements or betterments in or to the Premises and Tenant hereby waives any and all rights to such services, facilities, repairs, alterations, additions, replacements or betterments, whether conferred by statute or otherwise, including, without limitation, any right to make any repairs, replacements, alterations or improvements at the expense of Landlord and to obtain damages or reductions or abatements of rent; except that Landlord shall deliver the Premises and Building to Tenant on the Delivery Date in good working order and condition. Except for the repair of damages resulting from fire or other casualties (which shall remain the sole responsibility of Landlord), Tenant explicitly assumes the full and sole responsibility, at Tenant's sole cost and expense, as part of the Operating Costs, for the condition, operation, repair and maintenance of the Property after the Delivery Date; subject to the provisions of Section 46 of this Lease.

(c) Tenant agrees that it will replace, at its own expense, as part of the Operating Costs, all cracked and/or broken plate, window and door glass on the Premises during the Term of the Lease at the same quality and tinting as the existing glass (unless such damage is due to fire or other casualties, in which event the repairs shall be the sole responsibility of Landlord); subject to the provisions of Section 46 of this Lease.

(d) Tenant shall keep the Premises free of all insects, pests, vermin and rodents and Tenant further agrees not to allow, suffer, or permit any noxious or offensive odors, vapors, steam, vibrations, noises or undesirable effects to emanate from the Premises, as part of the Operating Costs; subject to the provisions of Section 46 of this Lease.

(e) In addition to its obligations elsewhere in this Lease, Tenant shall, at the expiration or other termination of the Term of this Lease, surrender and deliver the Premises, broom clean, in the same order, repair and condition as the same is immediately subsequent to the alterations by Tenant to the Premises and the Property including any additional improvements approved by the Landlord, as required by Section 14 of this Lease, ordinary wear and tear excepted. Upon such termination of this Lease, Landlord shall have the right to reenter and resume possession of the Premises.

14. ALTERATIONS

(a) Tenant shall not drill into, or in any other way mar or deface any part of the Premises or the building of which they form a part without Landlord's written permission, which shall not be unreasonably withheld, conditioned or delayed. Landlord hereby approves Tenant's build-out plans for the Premises as set forth on Exhibit B, hereto. Tenant shall be solely responsible for control of the noise level emanating from within the Premises as a result of Tenant's choice of flooring. The use of cement or other adhesives non-soluble in water to adhere any flooring in the Premises is expressly prohibited. All alterations, decorations, additions or improvements

Tenant _____ Landlord _____

(including paneling, partitions, railings, and the like) made by either party, shall become the property of the Landlord upon installation, unless Landlord shall elect otherwise, which election shall be made by Landlord at the time of Landlord's approval of any such installation. However, Tenant may, at the termination of this Lease, remove its own fixtures and fittings, except any carpeting which shall remain unless Landlord requests its removal, with Tenant making all necessary repairs to the walls and floors of the Premises to provide a paint- and carpet-ready surface.

(b) It is further understood that the subject Property is located in an area which may be architecturally controlled by the U.S. and/or D.C. Government. In addition to any other requirements set forth herein subsequent to Tenant's possession of Premises, it shall be the sole responsibility of the Tenant, at its own expense, to obtain any necessary approval from these agencies. Landlord will assist Tenant in all reasonable ways in obtaining approvals.

(c) All improvements for build out are hereby approved by Landlord, as submitted to Landlord at time of execution of Lease.

(d) Tenant will make best efforts to ensure the build out and improvements are substantially completed in a timely manner. In order to facilitate such completion, a signed written bid for the build out must be provided to the Landlord in a timely manner. Tenant must further provide Landlord with copies of all contracts, permits and any other documentation requested by the Landlord with regard to building construction and completion prior to commencement of work. Failure to comply with Landlord's request will result in the Tenant being in Default pursuant to Section 30 of this Lease Agreement (which Default shall be subject to the applicable notice and cure provisions set forth in Section 30).

15. LIENS

Tenant shall not cause or permit any mechanic's lien or other lien to be filed against the Premises or the Property for work or materials claimed to have been done for or furnished to Tenant. If any mechanic's lien or other lien is filed against the Premises or the Property for work or materials claimed to have been done for or furnished to Tenant, such mechanic's lien or other lien shall be discharged by Tenant within thirty (30) days thereafter, at Tenant's sole cost and expense, by payment thereof or posting such bond or paying such amount as will effect a release of such lien.

Maintenance and repair of equipment belonging to Tenant on all Floors of the Premises, whether installed by Tenant or by Landlord on behalf of Tenant, shall be the sole responsibility of Tenant, and Landlord shall have no obligation in connection therewith.

16. [INTENTIONALLY OMITTED]

17. LANDLORD DEVELOPMENT RIGHTS.

Landlord retains all air rights to the Premises and Tenant is not afforded any air rights under this Lease Agreement. Should the either party desire to develop the air rights, the parties will require a new separate agreement in writing.

18. NOTICE OF DEFECTS

This Lease requires Tenant to take full responsibility for any repairs to the Premises that become necessary during the Term, covered under the Operating Costs, except as otherwise expressly provided in this Lease.

19. LIABILITY

(a) Landlord assumes no liability or responsibility whatsoever with respect to the conduct and operation of the business to be conducted in the Premises. Landlord shall not be liable for any accident or injury to any person or persons, or property in or about the Premises or the Property, or at any other location, caused as a result of the conduct and operation of said business, or by virtue of equipment or property of Tenant in the Premises. Notwithstanding anything to the contrary contained herein, Landlord shall be liable for (i) any injury to persons or damage to property occurring in or about the Premises, or (ii) any loss or damage to the business of Tenant, resulting from the negligence or willful misconduct of Landlord or its agents or employees. Any other provision of this Lease to the contrary notwithstanding, Landlord shall be fully responsible for all repairs to the Property resulting from fire or other casualties, in accordance with the provisions of Section 27 of this Lease.

(b) All personal property of Tenant, its agents, employees, invitees, customers or visitors in, on or about the Premises or on the Property shall be at the sole risk of Tenant. Landlord shall not be liable for loss or damage to property or business of Tenant, or Tenant's agents, employees, invitees, customers or visitors, caused by rain, snow, water or steam that may leak into or flow from any part of the Premises or the Property through any defects in the roof or plumbing or from any other source, including, without limitation, acts or omissions on the part of persons using the Property or present therein. Notwithstanding anything else contained herein to the contrary, Tenant shall not be liable for any accident, loss or damage caused by the negligence or willful, wrongful act of the Landlord.

(c) Tenant's liability is subject to the limitations of the Anti-Deficiency Acts, both Federal and District of Columbia, as further described under Section 46 herein.

20. SIGNS

Tenant shall have the right to place signage on the building. Landlord hereby consents to the installation by Tenant in a proper and workmanlike manner of any sign for which Tenant has obtained all necessary permits and regulatory approvals. Tenant shall not install or permit the installation of a telephone or any other mechanical or electric apparatus on or to the outside wall of the Premises or the Property without Landlord's prior approval, which approval shall not be unreasonably withheld, conditioned or delayed; provided, however, that Tenant shall be permitted to install a security access system for the Premises as part of its build-out. All permitted signs installed by or on behalf of Tenant shall be maintained by Tenant at its sole cost and expense. It is the Tenant's sole responsibility to secure all necessary government approvals and permits for exterior signage as per Section 14 (b) above.

21. ORDINANCES, REGULATIONS AND RULES

Tenant shall, at Tenant's sole cost and expense, promptly comply with and carry out all orders, requirements or conditions now or hereafter imposed by any and all ordinances, laws, orders, rules or regulations, foreseen or unforeseen, ordinary or extraordinary of local, state or federal governments, or by any of their various departments or agencies, which may be applicable to the Premises, the Property, the streets and sidewalks adjoining the Property, the use or manner of use of the Premises, or to the owners, tenants, occupants or other users of the Premises or the Property, whether required of Landlord or otherwise to be done or performed during the Term of this Lease, and any extension or renewal thereof, and irrespective of whether the same are occasioned by or required in the conduct of the business of Tenant or its occupancy of the Premises. The provisions of this Section 21 are expressly conditioned upon: (i) Landlord's obligation hereunder to deliver the Premises and Building to Tenant on the Delivery Date in proper working order and condition, and in full compliance with applicable ordinances, laws, orders, rules and regulations; and (ii) the provisions of Section 46 of this Lease.

22. [INTENTIONALLY OMITTED]

23. ENTRY FOR INSPECTION

(a) Tenant shall permit Landlord and Landlord's representatives to enter the Premises at all reasonable times, during business hours, without diminution of the Minimum Rent or Annual Rent payable hereunder or Additional Rent payable by Tenant, to examine, inspect and protect same, in the reasonable judgment of Landlord may be deemed necessary, or to exhibit the same to prospective mortgagees. Landlord shall provide reasonable advance notice of its intentions to enter the Premises during business hours, and such entry shall not disrupt Tenant's business operations.

(b) During the Six (6) month period prior to the expiration of the Term of this Lease , Landlord may exhibit the Premises to prospective tenants and within Sixty (60) days of the expiration of this Lease, place upon the Premises the usual notices "For Lease," which notices

Tenant _____ Landlord _____

Tenant shall permit to remain thereon without molestation.

(c) If Tenant shall not be personally present to open and permit entry into the Premises at the time of an emergency, Landlord or Landlord's agents may forcibly enter the Premises without rendering Landlord or Landlord's agents liable therefore, and without in any manner effecting the obligations and covenants of this Lease, provided that Landlord gives notice to Tenant at the time of such entry and takes prudent measures to secure the safety and security of the Premises and the contents therein.

(d) Landlord's entrance upon the Premises occasioned by this Section 23 shall not constitute an eviction, actual or constructive, of Tenant in whole or in part and the Minimum Rent or Annual Rent payable hereunder and Additional Rent payable hereunder shall not be abated or diminished while said maintenance, repairs, alterations, improvements, or additions are being made by reason of loss or interruption of business of Tenant or otherwise, except to the extent Tenant's business has been unduly interrupted.

(e) Notwithstanding the foregoing provisions of this Section, Landlord shall not be released from liability to Tenant for any injury to any person or damage to any personal property to the extent the damage is caused by the negligence or willful misconduct of Landlord, or its employees, agents, or contractors.

(f) Tenant shall provide Landlord with one complete set of all keys to the Premises. In the event Landlord is unable to gain access to the Premises in accordance with Landlord's right of access under the terms of this Lease due to any inoperable keys from Tenant, then Tenant shall pay to a locksmith the charges for opening each lock which Landlord is unable to open due to any such inoperable keys from Tenant.

24. ACCESS

Tenant shall have access to the Property and Building twenty-four (24) hours per day, seven (7) days per week, including elevator service, and the parking facility, by use of key cards or similar devices provided by Landlord under the Lease.

25. INTERRUPTION OF SERVICES OR UTILITIES

Any failure or interruption of any services or utilities to the Premises shall not render Landlord liable in any respect for damages to either person or property, nor shall such be construed as an eviction of Tenant, actual or constructive, nor work an abatement of any Minimum Rent or Annual Rent payable hereunder or Additional Rent or relieve Tenant from Tenant's obligation hereunder, unless caused by Landlord, its agents, contractors or employees.

Tenant

Landlord

26. INSURANCE

(a) As of the Effective Date and for the duration of the Term of this Lease, and any extension or renewal thereof, the Landlord shall cause to be placed and maintained in effect a policy of Special Coverage Building insurance, containing normal and usual provisions and coverage insuring the Landlord against loss due to fire and other casualties covering one hundred percent (100%) of the Building's replacement value based on the District of Columbia's assessment of the real property or as determined by the insurance carrier, specifically excluding, however, earthquake or flood insurance or damage caused by such events. Only upon the mutual agreement of Tenant and Landlord, the Landlord may require Tenant to increase the said coverage due to change of economic or other circumstances so as to reflect coverage of the replacement cost of said property and so as to provide for proper insurance coverage. Tenant shall pay the premium on the aforesaid policy during the Term of this Lease, but Tenant shall not be responsible for insurance coverage over the replacement value of the Premises. The Landlord hereby confirms that the aforesaid required insurance policy is currently in place, in full force and effect, and that a copy of said policy has been provided to Tenant prior to execution of this Lease.

(b) Tenant will, at its sole expense, obtain and keep in force during the term of this Lease general liability insurance with a combined single limit of not less than Two Million Dollars ($2,000,000.00) for injury to or death of any one person, for injury to or death of any number of persons in one occurrence, and for damage to property, and Tenant, including contractual liability, broad form property damage, with respect to the Premises or arising out of the maintenance, use, or occupancy of the Premises, and will name Landlord as an additional insured. Such insurance will insure against liability for injury to or death of persons and damage to property set forth in Section 19. Such insurance will be noncontributing with any insurance which may be carried by Landlord and will contain a provision that Landlord, although named as an additional insured, will nevertheless be entitled to recover under the policy for any loss, injury, or damage to Landlord, its agents, and employees, or the property of such persons.

(d) Tenant shall also insure all of its property in the Premises including, without limitation, its installations, improvements, inventory, and trade fixtures against the hazards described above in an amount equal to One Hundred percent (100%) of the full replacement value thereof.

(e) All insurance required in this Section 26 and all renewals of it will be issued by companies authorized to transact business in the District of Columbia, and rated at least A Class X by Best's Insurance Reports. All insurance policies will be subject to reasonable approval by Landlord as to form and substance; will expressly provide that such policies will not be cancelled or altered without thirty (30) days' prior written notice to Landlord and will contain a waiver of subrogation clause. Tenant may satisfy its obligation under this paragraph by appropriate endorsements of its blanket insurance policies.

Tenant _____ Landlord _____

(f) All policies of liability insurance which Tenant is obligated to maintain according to this Lease (other than any policy of workmen's compensation insurance) will name Landlord and such other persons or firms with an insurable interest in the Property as Landlord reasonably specifies from time to time as additional insureds. Certificates of insurance naming Landlord as additional insured will be delivered to Landlord prior to Tenant's occupancy of the premises and from time to time at least thirty (30) days prior to the expiration of the term of each such policy. All such policies maintained by Tenant will provide that they may not be terminated or amended except after thirty (30) days' prior written notice to Landlord. All public liability, property damage liability, and casualty policies maintained by Tenant will be written as primary policies, not contributing with, and not in excess of, coverage that Landlord may carry. No insurance required to be maintained by Tenant by this paragraph will be subject to any deductible greater than Ten Thousand Dollars ($10,000.00) without Landlord's prior written consent.

27. DAMAGE BY FIRE OR OTHER CASUALTY

If the Premises shall be partially damaged by fire or other cause normally within the definition of special causes of loss (or its successor form) property insurance currently being offered by property insurance companies, other than through the fault or neglect of Tenant, Landlord shall as soon as practicable after such damage occurs (taking into account the time necessary to effectuate a satisfactory settlement with any insurance company and using only the proceeds, if any, of such insurance) repair such damage, and the Minimum Rent, Additional Rent, or Annual Rent payable hereunder shall be reduced in proportion (based on square footage) to the extent the Premises are rendered untenantable until such repairs are completed; provided, however, that if the Premises are substantially damaged by fire or other casualty other than through the fault or neglect of Tenant, to such extent that the damage cannot be fully repaired within One Hundred Twenty (120) days from the date of such damage or such longer period as Tenant may permit, but not to exceed 360 days, Landlord and Tenant shall each have the option of terminating this Lease (without the obligation to pay a breakage fee or other penalty) by giving written notice to the other party of such decision and the Term of this Lease shall terminate Ten (10) days after such notice is given. No compensation or reduction of any Minimum Rent or Annual Rent payable hereunder or Additional Rent shall be allowed or paid by Landlord by reason of inconvenience, annoyance, or injury to business arising from the necessity of repairing the Premises or any portion of the Property, except as provided herein. If the Premises or the Property is damaged in any respect due to default or neglect of Tenant, Tenant's servants, employees, agents, visitors, invitees or licensees, without prejudice to any other rights or remedies of Landlord and without prejudice to the rights of subrogation of Landlord's insurer, the damages may be repaired by Landlord without any apportionment of or abatement to the Minimum Rent or Annual Rent payable hereunder or Additional Rent. In any event, if Premises is substantially damaged by fire or other casualty and cannot be fully repaired within 360 days, then this Lease shall be deemed terminated.

28. EMINENT DOMAIN

If the whole or a substantial part of the Premises shall be taken or condemned by governmental authority for any public or quasi-public use or purpose, then the Term of this Lease shall cease and terminate as of the date when title vests in such governmental authority. If the whole or a substantial part of the Property other than the Premises shall be taken or condemned by governmental authority for any public or quasi-public use or purpose, then Landlord shall have the option of terminating this Lease by written notice to Tenant and, in the event such notice is given, this Lease shall terminate as of the date when title vests in such governmental authority. If less than a substantial part of the Premises is taken or condemned by any governmental authority for any public or quasi-public use or purpose, the Minimum Rent or Annual Rent payable hereunder shall be prorated (based on square footage) on the date when title vests in such governmental authority and this Lease shall otherwise continue in full force and effect. For purposes hereof, a substantial part of the Premises shall be considered to have been taken if more than fifteen percent (15%) of the Premises are so taken. If any such taking or condemnation results in the Tenant being unable to operate his business in the Premises, then in such event Tenant may terminate this Lease by written notice to Landlord at the time of such taking or condemnation (without the obligation to pay a breakage fee or other penalty). In any of the events heretofore described in this Section 28, Tenant shall not have any claim against Landlord and shall not have any claim for any portion of the amount that may be awarded as damages as a result of such taking or condemnation, all such claims being hereby assigned by Tenant to Landlord, provided, however, that Tenant may separately assert any claim that it may have against the condemning authority for compensation for the value of any unexpired Term of this Lease or for any movable equipment and furniture owned by Tenant and for any relocation expenses compensable by statute; and provided further that any award on such claim by Tenant shall be separate from, and in no way diminish the award to Landlord.

29. BANKRUPTCY OR INSOLVENCY

If Tenant shall make an assignment of its assets for the benefit of creditors or if Tenant shall file a voluntary petition under any Federal or District of Columbia insolvency law (a "petition in bankruptcy"), or if any involuntary petition in bankruptcy or for receivership be instituted against Tenant and not dismissed within ninety (90) days of the filing thereof, or if Tenant shall be adjudged bankrupt or insolvent, then and in any of said events this Lease shall immediately cease and terminate, at the sole option of Landlord, with the same force and effect as though the date of said event was the day herein fixed for expiration of the Term of this Lease.

No Trustee, interim trustee, debtor-in-possession, debtor engaged in business, custodian, receiver or assignee, or any fiduciary by whatever name, in dominion, control, custody or title, acting under purported authority or any law, may assume or assign this Lease without the prior written consent of Landlord, unless all requirements of the Bankruptcy laws of the United States of America are fully satisfied.

Tenant _____ Landlord _____

30. DEFAULTS AND REMEDIES

(a) The following events shall constitute a default (hereinafter referred to as a "Default") of Tenant under this Lease:

(i) Failure of Tenant to make any payment of Minimum Rent payable hereunder when due within ten (10) business days after written notice from Landlord;

(ii) Failure of Tenant to make any payment of Additional Rent (including, without limitation, any applicable Real Estate Taxes or insurance premiums), or any other charge or payment due under the Lease, when due within ten (10) business days after written notice from Landlord;

(iii) Failure of Tenant to perform or comply with any provision (other than those Defaults described in (i), (ii), and (iii) of this Section 30) of this Lease to be performed or complied with by Tenant where such failure to perform, comply, or commence compliance shall continue for a period of Ten (10) days after receipt of written notice of default thereof by Landlord to Tenant;

(iv) The taking of this Lease or the Premises, or any part thereof, upon execution or by other process of law directed against Tenant, or upon or subject to any attachment at the instance of any creditor of or claimant against Tenant, which execution or attachment shall not be discharged or disposed of within Sixty (60) days after the levy thereof;

(v) If Tenant fails to take possession of the Premises within a reasonable period of time after the Rent Commencement of this Lease, or if Tenant legally abandons the Premises prior to the normal expiration of the Term, or any extension or renewal thereof; and

(vi) The involvement of Tenant in financial difficulties as evidenced by:

(1) Intentionally deleted

(2) its filing of a petition in bankruptcy or for reorganization or for the adoption of an arrangement under any Federal or District of Columbia Bankruptcy Act (as now or hereafter existing), or an answer or other pleading admitting the material allegations of such a petition or seeking, consenting to or acquiescing in the relief provided for under such Act; or

(3) its making an assignment of all or a substantial part of its property for the benefit of its creditors; or

(4) its seeking or consenting to or acquiescing in the appointment of a receiver or trustee for all or a substantial part of its property or of the Premises; or

(5) its being adjudicated as bankrupt or insolvent; or

(6) the entry of a court order without its consent, which order shall not be vacated, set aside or stayed within ninety (90) days

Tenant _____ Landlord _____

from the date of entry, appointing a receiver or trustee for all or a substantial part of its property or approving a petition filed against it for the effecting of an arrangement in bankruptcy or for a reorganization pursuant to any Bankruptcy Act or for any other judicial modification or alteration of the rights of creditors.

(b) The provisions of this paragraph relating to Defaults other than those pursuant to Section 30(a)(i) and (ii) shall apply notwithstanding the continued willingness and ability of Tenant to pay Minimum Rent or Annual Rent payable hereunder and Additional Rent and otherwise perform hereunder. The receipt by Landlord of payments of Minimum Rent or Annual Rent payable hereunder or Additional Rent, as such, accruing subsequent to the time of Tenant's Default under this Lease shall not be deemed a waiver by Landlord of the provisions of this Lease.

(c) Upon the occurrence of a Default, Landlord shall have the right, at its election, then or at any time thereafter, without further demand or notice, any statutory notice to quit other than those required by the judicial process being hereby expressly waived, to reenter and take possession of all or any part of the Premises and expel Tenant and those claiming through Tenant, and remove the property of Tenant and any other person, either by summary proceedings or by action at law or in equity or otherwise, without being deemed guilty of trespass and without prejudice to any remedies for nonpayment or late payment of any rent or breach of covenant. If Landlord elects to reenter the Premises, Landlord may terminate this Lease.

(d) Notwithstanding the foregoing provisions of this paragraph, Tenant shall forfeit any entitlement to an equity of redemption, in the event of any of the following (i) any material default which shall occur three (3) times during any twelve (12) month period; or (iii) should Tenant materially default in the performance of its obligations and not cure said material default in a timely manner, then Landlord may thereafter proceed with the remedies provided herein or may employ any other such remedy granted to it in law or any equity without affording Tenant further opportunity to cure any such default any further notice of default and all statutory or other notice to quit being expressly waived.

(e) If Landlord terminates this Lease because of a Tenant Default, in accordance with Section 46, any deficiency in Minimum Rent or Additional Rent and any Tenant liability for all reasonable expenses (including reasonable attorney's fees, disbursements and brokerage fees) incurred by Landlord in reentering and repossessing the Premises, in making good any Default of Tenant, in painting, altering, repairing or dividing the Premises, in protecting and preserving the Premises by use of watchmen and caretakers, and in reletting the Premises, or any other financial obligation of the Tenant shall not exceed the amount of funds actually appropriated and lawfully available at the time of the Default by Tenant. Notwithstanding anything to the contrary herein, Landlord agrees to use commercially reasonable efforts to relet the Premises and mitigate damages following the surrender of, or Landlord's recovery of possession of the Premises.

(f) Tenant, on its own behalf and on behalf of all persons claiming through Tenant,

Tenant _____ Landlord _____

does hereby waive any and all rights and privileges, and notices, so far as is permitted by law, which Tenant and all persons might otherwise have under any present or future law (i) in the event of non-payment of rent, to the service of any notice of intention to reenter or notice to quit which may otherwise be required to be given. Notwithstanding the foregoing, Tenant shall be entitled to any and all rights and privileges required to be given to commercial tenants by the rules of the Landlord and Tenant Branch of the Superior Court of the District of Columbia or any other court in which Landlord seeks remedies under this Lease.

(g) In the event of any breach or threatened breach by Tenant or any person or persons claiming through Tenant of any of the provisions of this Lease, Landlord shall be entitled to enjoin such breach or threatened breach and shall have the right to invoke any right or remedy allowed at law.

(h) All rights and remedies of Landlord or Tenant under this Lease shall be cumulative and shall not be exclusive of any other rights and remedies provided to Landlord or Tenant now or hereafter under law or under this Lease.

(i) The remedies of the Landlord regarding the Tenant are limited by the Anti-Deficiency Acts as herein defined.

(j) No provision of this Section 30 shall be deemed to nullify or impede Tenant's right to exercise its early termination right set forth in Section 2(d) of this Lease, if Tenant elects to do so. None of the potential liabilities of Tenant contemplated above shall apply in the event Tenant elects to exercise its early termination right in the manner provided in Section 2(d).

31. NO WAIVER

If under the provisions hereof Landlord shall institute proceedings and a compromise or settlement thereof shall be made, the same shall not constitute a waiver of any covenant herein contained nor of any of Landlord's rights hereunder. No waiver by Landlord of any breach of any covenant, condition or agreement herein contained shall operate as a waiver of such covenant, condition or agreement itself, or of any subsequent breach thereof. No payment by Tenant or receipt by Landlord of a lesser amount than the monthly installments of Minimum Rent payable hereunder shall be deemed to be other than on account of the earliest stipulated Minimum Rent payable hereunder, nor shall any endorsement or statement on any check or letter accompanying a check for payment of Minimum Rent payable hereunder or Additional Rent be deemed an accord and satisfaction, and Landlord may accept such check or payment without prejudice to Landlord's right to recover the balance of such Minimum Rent payable or Additional Rent or to pursue any other remedy provided in this Lease. No reentry by Landlord, and no acceptance by Landlord of keys from Tenant, shall be considered an acceptance of a surrender of this Lease, unless Landlord expressly agrees to such surrender in writing.

Tenant

Landlord

32. SUBORDINATION

This Lease is subject and subordinate to all ground or underlying leases and to all mortgages and deeds of trust which may now or hereafter affect such leases, the Premises or the Property, and to all renewals, modifications, consolidations, replacements and extensions thereof; provided that such ground lessor, mortgagee or trustee has executed and delivered to Tenant a non-disturbance agreement in form and substance reasonably acceptable to Tenant ("Non-Disturbance Agreement"). In confirmation of such subordination, Tenant shall use commercially reasonable efforts to execute promptly any certificate or document that the Landlord may reasonably request. At the option of any landlord under any ground lease or underlying lease to which this Lease is now or may hereafter become subject or subordinate, Tenant agrees that neither the cancellation nor termination of such ground or underlying lease shall, by operation of law or otherwise, result in cancellation or termination of this Lease or the obligations of Tenant hereunder, and Tenant covenants and agrees to attorn to such ground lessor or to any successor to Landlord's interest in such ground or underlying lease, and in that event, this Lease shall continue as a direct lease between Tenant herein and such ground lessor or its successor; and, in any case, such mortgagee, ground lessor or successor under such ground or underlying lease or mortgagee shall not be bound by any prepayment on the part of Tenant of any rent for more than one (1) month in advance, so that all rent shall be payable under this Lease in accordance with its terms, from the date of foreclosure or of the termination of the ground or underlying lease, or foreclosure of such mortgage or deed in lieu thereof, as if such prepayment had not been made; such mortgagee, ground lessor or successor under such ground or underlying lease shall not be bound by this Lease or any amendment or modification of this Lease unless, prior to the termination of such ground or underlying lease or foreclosure of such mortgage or deed in lieu thereof, a copy of this Lease or amendment or modification thereof, as the case may be, shall have been delivered to such mortgagee, ground lessor or successor. All of the foregoing provisions shall be expressly subject to the terms and conditions of the Non-Disturbance Agreement.

33. ESTOPPEL CERTIFICATES

Tenant agrees, that at any time and from time to time, upon not less than fifteen (15) business days prior written notice, to execute, acknowledge and deliver to the Landlord a statement in writing on a form submitted (i) certifying that this Lease is unmodified (or if modified, stating the modifications) and in full force and effect (or if not in full force and effect, the reasons therefor), (ii) stating the dates to which the Minimum Rent or Annual Rent payable hereunder, Additional Rent and other charges hereunder have been paid by Tenant, (iii) stating the amount of any security deposit held by Landlord, (iv) stating whether or not to the actual knowledge of Tenant, Landlord is in default in the performance of any covenant, agreement or condition contained in this Lease, and if so, specifying each such default of which Tenant may have knowledge, and (v) stating the address to which notices to Tenant should be sent. Any such statement delivered pursuant hereto may be relied upon by an owner of the Property, any prospective purchaser of the Property, any mortgagee or prospective mortgagee of the Property,

Tenant _____ Landlord _____

any prospective assignee of any such mortgagee, or any lessor or prospective lessor of the land which is a part of the Property.

34. [INTENTIONALLY OMITTED]

35. [INTENTIONALLY OMITTED]

36. HOLDING OVER

If Tenant shall, without the consent of Landlord, continue to remain in the Premises after the expiration of the Term of this Lease, and any extension or renewal thereof, then and in that event, Tenant shall, by virtue of this agreement become a tenant by the month at a monthly rental equal to one hundred twenty-five percent (125%) of the monthly installment of Minimum Rent or Annual Rent payable hereunder agreed by Tenant to be paid as aforesaid for the Lease Year immediately preceding such expiration, in addition to one hundred (100%) percent of Additional Rent, subject to all of the terms and provisions of this Lease, except any option to renew or extend the Term hereof and except as otherwise provided in this Section 36, commencing said monthly tenancy with the first day next after the end of the Term above demised; and Tenant shall give to Landlord at least Thirty (30) days written notice of any intention to quit the Premises, and Tenant shall be entitled to Thirty (30) days written notice to quit the Premises, except in the event of nonpayment of Minimum Rent or Annual Rent payable hereunder or Additional Rent or of the breach of any other covenant by Tenant, in which event Tenant shall not be entitled to any notice to quit, the usual Thirty (30) days notice to quit being hereby expressly waived, provided, however, that in the event that Tenant shall hold over after the expiration of the Term hereby created (and any extension or renewal thereof), and if Landlord shall desire to regain possession of the Premises promptly at the expiration of the Term aforesaid (and any extension or renewal thereof), then at any time prior to Landlord's acceptance of any installment of Minimum Rent or Annual Rent payable hereunder from Tenant, as a monthly tenant hereunder, Landlord, at Landlord's option, may give Tenant written notice that Landlord desires possession of the Premises, and Tenant agrees to vacate the Premises within the time period specified in such notice, in default of which Landlord may forthwith re-enter and take possession of the Premises pursuant to applicable law.

37. RIGHT OF FIRST OFFER

(a) If at anytime during the Lease term (including any option periods exercised), Landlord desires to offer the Property for sale or long term ground lease, as opposed to Landlord's receipt of an unsolicited bona fide third party offer that Landlord is willing to accept (which will not give rise to this Right of First Offer), and provided that the Tenant is not in Default as defined under the terms of the Lease, Landlord shall deliver to Tenant a written notice specifying all terms of

Tenant _____ Landlord _____

such offer ("ROFO Notice"). Tenant shall then have a period of forty-five (45) business days from the delivery of such notice to notify Landlord that it is interested in accepting the offer ("ROFO Acceptance Notice"). If Tenant has delivered the ROFO Acceptance Notice, the parties shall proceed diligently and in good faith to negotiate and prepare a form of purchase and sale agreement that incorporates the terms of the Landlord's ROFO Notice and offer ("ROFO Purchase Agreement") and is in form reasonably acceptable to both parties.Tenant's obligation to proceed with the purchase of the Property shall be subject to:(x) the execution and delivery of the ROFO Purchase Agreement;(y) all requisite Tenant board and District Council approvals; and (z) the provisions of Section 46 of this Lease.

(b) If Tenant shall fail to exercise its Right of First Offer within the forty-five (45) business days after receipt of Landlord's ROFO Notice by failing to timely deliver the ROFO Acceptance Notice, then Landlord shall be free, for a period of one hundred eighty (180) days after Tenant's rejection (deemed rejection) to sell the Property to any buyer so long as the purchase price is not less than or equal to 95% of the purchase price last offered by Landlord in its negotiations with Tenant (or, if no such negotiations, then in the ROFO Notice). Tenant's Right of First Offer shall revive if and only if, Landlord fails to sell the Property within such one hundred eighty (180) days. From and after execution of the purchase agreement by Landlord and Tenant, the terms of the purchase and sale of the Property shall be governed by such purchase agreement (including, without limitation, the remedies contained therein); provided that this Lease shall remain in full force and effect until the transfer of title to the Premises from Landlord to Tenant, whereupon this Lease shall automatically terminate and be of no further force or effect.

38. RIGHT OF FIRST REFUSAL

(a) If at any time during the Term (including any option periods exercised), Landlord receives an unsolicited bona fide offer to purchase the Property from a third party, which offer Landlord would be willing to accept, provided that the Tenant is not in Default as defined under the terms of the Lease, Landlord will, for the first such offer, deliver written notice to Tenant of the material economic terms of such offer (including the purchase price) and the closing date, together with a copy of the purchase agreement (or form of purchase agreement if attached hereto as an Exhibit) of the offered economic terms and closing date (a "ROFR Notice"), and Tenant will have a period of forty-five (45) business days from the delivery of the ROFR Notice to notify Landlord that it accepts that offer (the "ROFR Acceptance Notice") on the economic terms described in the ROFR Notice, whereupon the parties shall proceed diligently and in good faith to negotiate and execute a purchase agreement setting forth the terms and conditions of Tenant's purchase of the Property, which purchase agreement ("ROFR Purchase Agreement") must be finalized (with all terms inserted therein) within forty-five (45) business days from the date of Tenant's delivery of the ROFR Acceptance Notice.Tenant's obligation to proceed with the purchase of the Property shall be subject to: (x) the execution and delivery of the ROFR Purchase Agreement; (x) the execution and delivery of the ROFO Purchase Agreement; (y) all requisite Tenant board and District Council approvals; and (z) the provisions of Section 46 of this Lease.

(b) If Tenant shall fail to exercise its right of first refusal pursuant to this section within forty-five (45) days after receipt of the ROFR Notice (which shall include Tenant's failure to timely deliver the ROFR Acceptance Notice and/or finalize the purchase agreement), then Landlord shall be free to sell the Property to any buyer, so long as the purchase price is not less than 95% of the purchase price in the ROFR Notice. If and only if, the purchase price that Landlord would be willing to accept, is less than or equal to 95% of the purchase price in the ROFR Notice, the Tenant's right of first refusal hereunder shall refresh. From and after execution of the purchase agreement by Landlord and Tenant, the terms of the purchase and sale of the Property shall be governed by such purchase agreement (including, without limitation, the remedies contained therein); provided that this Lease shall remain in full force and effect until the transfer of title to the Premises from Landlord to Tenant, whereupon this Lease shall automatically terminate and be of no further force or effect.

39. COVENANTS OF LANDLORD

Landlord covenants that Landlord has the right to make this Lease, and that if Tenant shall pay the Minimum Rent or Annual Rent payable hereunder and Additional Rent and shall perform all of Tenant's obligations under this Lease, Tenant shall, during the Term of this Lease and any extension or renewal thereof, freely, peaceably and quietly occupy and enjoy the possession of the Premises without molestation or hindrance by Landlord or any party claiming through or under Landlord, except as otherwise provided herein. Landlord further covenants that notwithstanding any other provision of this Lease to the contrary, Landlord shall have the duty to pay-off all outstanding tax liens on the Property which were unpaid by the prior tenant in the Premises. The term "Landlord" as used herein shall mean solely the owner of Landlord's interest in the Property, whoever that may be at the relevant time, so that in the event of any sale or transfer of Landlord's interest in the Property, any prior Landlord shall be freed and relieved of all covenants and obligations of Landlord hereunder, except for the prior Landlord's indemnity obligations hereunder relating to any period when such prior Landlord owned the Property. and provided that in the event of any sale or transfer of Landlord's interest in the Property, Landlord will ensure that the purchaser/transferee takes assignment of this Lease with all agreements, modifications, and outstanding obligations of the existing Landlord to Tenant in full force and effect and to be honored by purchaser/transferee.

40. ENVIRONMENTAL CONDITIONS

A. Tenant shall not store, dispose of or bring upon the Premises any toxic substances, hazardous wastes or environmental contaminants, except for products used in the normal course of operation that are used in accordance with all applicable laws and regulations.

C. Tenant shall comply in all respects with the requirements of federal, state and local laws and related to the environmental condition of the property. Tenant shall indemnify Landlord against all costs, expenses, liabilities, losses, damages, injunctions, suits, fines, penalties, claims

and demands, including reasonable attorney's fees, related to any environmental contamination occurring during the term of Tenant's occupancy of the Premises.

D. Landlord shall have absolutely no responsibility in connection with any costs associated with tenant's occupancy and business operations, unless expressly assumed elsewhere in the Lease.

E. Landlord represents that as of the Lease Commencement Date, to Landlord's knowledge, there are no undisclosed environment conditions including toxic substances, hazardous wastes or environmental contaminants on the Property.

41. [INTENTIONALLY OMITTED]

42. ATTORNEY'S FEES

In the event that the Landlord brings an action against the Tenant to enforce its rights under this Agreement, Landlord shall be entitled to recover its costs and expenses, including without limitation, reasonable attorney's fees and costs, (including the then designated hourly rates of in-house or hired counsel) whether arbitration, litigation or administrative proceedings, incurred in connection with such action, including any appeal of such action and provided that Landlord is the prevailing party. In the event that Tenant is the prevailing party in any action with Landlord in connection with this Agreement, then Tenant shall be entitled to recover its costs and expenses, including without limitation, reasonable attorney's fees and costs, (including the then designated hourly rates of in-house or hired counsel, if any) whether incurred in connection with arbitration, litigation or administrative proceedings or any appeal.

43. NOTICES

All notices or other communications hereunder shall be in writing and shall be deemed duly given (i) if delivered in person, (ii) sent by certified or registered mail, return receipt requested, first class, postage prepaid or (iii) sent by any overnight delivery service (e.g. Federal Express, Express Mail) with the ability to confirm receipt. The effective date for any notice or communication hereunder shall be the date of delivery if delivered in person and the confirmed date of receipt of any other form of written communication.

Unless notice of a change of address is given pursuant to the provisions of this Section the address of each party is as follows:

To Landlord: 4225 Connecticut Avenue, NW Limited Partnership
P.O Box 9492
Washington, DC 20016

Tenant _____ Landlord _____

with a copy to: Alan H. Grant, Esquire
Grant, Riffkin & Strauss, P.C.
15204 Omega Drive, Ste. 210
Rockville, MD 20850

To Tenant: The Board of Trustees of the University of the District of Columbia
4200 Connecticut Avenue, NW
Washington, DC 20008

with a copy to: General Counsel
University of the District of Columbia
4200 Connecticut Avenue, NW
Washington, DC 20008

and

COO/VP of Real Estate and Facilities
University of the District of Columbia
4200 Connecticut Avenue, NW
Washington, DC 20008

Either party to this Lease may change the aforesaid address by giving the other party hereto notice in writing to that effect at least Ten (10) days prior to the date when such change is to become effective.

44. GOVERNING LAW AND JURISDICTION

The Lease and the enforcement of its terms shall be governed by the laws of the District of Columbia excluding conflict of law provisions. Tenant and Landlord agree that the courts of the District of Columbia shall have the exclusive jurisdiction regarding any disputes hereunder. Landlord and Tenant waive any right to move to transfer the case to any other jurisdiction.

45. MISCELLANEOUS

(a) This Lease contains and embodies the entire agreement of the parties hereto, and no representations, inducements, or agreements, oral or otherwise, between Landlord and Landlord's agents and Tenant not contained in this Lease and exhibits shall be of any force or effect. This Lease may not be modified, changed or terminated in whole or in part in any manner other than by an agreement in writing duly signed by both parties hereto.

Tenant

Landlord

(b) The terms, covenants, and conditions hereof shall be binding upon and inure to the parties hereto and the permitted successors in interest and assigns of the parties hereto. Landlord may freely and fully assign its interest hereunder, subject to the provisions of Sections 37 and 38 of this Lease. Landlord shall provide Tenant with not less than sixty (60) days prior written notice of any planned transfer of Landlord's interests in the Property or this Lease.

(c) If any provision of this Lease or the application thereof to any person or circumstance shall to any extent be held void, unenforceable or invalid, then the remainder of this Lease or the application of such provision to persons or circumstances other than those as to which it is held void, unenforceable or invalid shall not be effected thereby, and each provision of this Lease shall be valid and enforceable to the fullest extent permitted by law.

(d) Tenant shall not record this Lease without the prior written consent of Landlord, which may be given or denied in Landlord's sole discretion. If Landlord consents to such recordation, the cost thereof shall be paid by Tenant.

(e) The captions and headings throughout this Lease are for convenience and reference only and the words contained there shall in no way be held or deemed to define, limit, describe, explain, modify, amplify or add to the interpretation, construction or meaning of any provision of or the scope of intent of this Lease nor in any way affect this Lease.

(f) Nothing contained in this Lease shall be deemed or construed to create a partnership or joint venture of or between Landlord and Tenant, or to create any other relationship between the parties hereto other than that of Landlord and Tenant.

(g) Feminine or neuter pronouns shall be substituted for those of the masculine form, the plural shall be substituted for singular number and vice versa in any place or places herein in which the context may require such substitute or substitutions.

(h) If one or more Lease Addenda are executed by Landlord and Tenant and attached hereto, the covenants and agreements contained in each such Lease Addendum shall be incorporated into and become a part of the covenants and agreements of this Lease as if they were set forth in this instrument.

(i) This Lease is to be construed under the laws of the District of Columbia (excluding the choice of law rules thereof).

(j) Tenant will and does hereby take and hold the Premises in "as is" condition, broom clean, as of the delivery of possession thereof by Landlord to Tenant.

(k) If more than one (1) natural person, corporation, partnership or other entity shall execute this Lease as Tenant or Landlord, the liability hereunder, of each such person, corporation, partnership or other entity shall be joint and several. If Tenant or Landlord is a general partnership

or other entity, the partners or members of which are subject to personal liability hereunder, the liability of each such partner or member shall be joint and several.

(l) So long as Tenant pays the rent, and is not in default of any of its obligations in this Lease, the Tenant's possession of the Premises will not be disturbed by Landlord, or anyone claiming by, through or under Landlord, or by the holders of the mortgages described in Section 32.

(m) Tenant shall have the option of renewing this Lease upon such terms, conditions and rental amounts as specified in this Lease.

(n) Except in the event of any fraudulent or other criminal act, any liability of the Tenant under the terms of this Lease shall not extend to the personal assets of the officers of the Tenant.

(o) Landlord acknowledges and agrees that Landlord shall pay any commission or fee due to Tenant and Landlord's brokers, if any, pursuant to a separate agreement. Civitas Bedrock, LLC is recognized as the exclusive broker representing the Tenant. Landlord shall indemnify, defend and hold harmless the Tenant from any damage, injury, loss or claim relating to any other broker claiming through or under Landlord.

46. SPECIFIC DISTRICT OF COLUMBIA LAWS

THE FOLLOWING LIMITATIONS EXIST AS TO EACH AND EVERY PURPORTED OBLIGATION OF THE TENANT SET FORTH IN THIS LEASE,WHETHER OR NOT EXPRESSLY CONDITIONED:

The obligations of the Tenant to fulfill any financial obligation pursuant to this Lease or any subsequent agreement entered into pursuant to the Lease to which the Tenant is a party (an "Other Agreement"; together with the Lease, "Any Agreement"), or referenced in Any Agreement, are and shall remain subject to the provisions of (a) the federal Anti-Deficiency Act, 31 U.S.C. §§ 1341-1351 and 1511-1519 (2004), and D.C. Official Code §§ 1-206.03(e) and 47-105 (2012 Repl.); (b) the District of Columbia Anti-Deficiency Act, D.C. Official Code §§ 47-355.01 et seq. (2012 Repl. and 2014 Supp.) ((a) and (b) collectively, the "Anti-Deficiency Acts"); and (c) § 446 of the District of Columbia Home Rule Act, D.C. Official Code § 1-204.46 (2012 Repl.), as each may be amended from time to time and each to the extent applicable to Any Agreement. Pursuant to the Anti-Deficiency Acts, nothing in this Lease shall create an obligation of the Tenant In anticipation of an appropriation to Tenant for such purpose, and the Tenant's legal liability for the payment of any financial obligation, including but not limited to any Annual Rental or Additional Rent, under any Agreement shall not arise or obtain in advance of the lawful availability of appropriated funds for the applicable fiscal year as approved by the District of Columbia (references in this Section to "District of Columbia" shall mean the District of Columbia as a sovereign entity, and not as a tenant under this Lease).

If no appropriation is made by the District of Columbia to pay any financial obligation, including, but not limited to any Annual Rent or Additional Rent, under Any Agreement for any period after the District of Columbia fiscal year for which appropriations have been made, and in the event appropriated funds for such purposes are not otherwise lawfully available, the Tenant shall not be liable to make any payment under Any Agreement upon the expiration of any then-existing appropriation, nor shall Tenant be deemed to be in default of Any Agreement in the event requisite funds are not appropriated or otherwise made lawfully available to Tenant, the Tenant shall promptly notify the Landlord, and this Lease shall immediately terminate upon the expiration of any then existing appropriation.

Notwithstanding the foregoing, no officer, employee, director, member or other natural person or agent of the Tenant shall have any personal liability in connection with a breach of the provisions of this Section or in the event of a default by the Tenant under Any Agreement.

Neither the Lease nor any Other Agreement shall constitute an indebtedness of the Tenant nor shall it constitute an obligation for which the Tenant is obligated to levy or pledge any form of taxation or for which the District of Columbia has levied or pledged any form of taxation.

No agent, employee, contractor or officer of the Tenant is authorized to obligate or expend any amount under Any Agreement unless such amount has been appropriated by the Council of the District of Columbia and is lawfully available.

47. LANDLORD'S REPRESENTATIONS AND WARRANTIES.

As an inducement to Tenant to enter into this Lease, Landlord represents and warrants to Tenant, as of the Lease Commencement Date, as follows:

(a) Landlord is a limited partnership, duly created, validly existing and qualified to do business under the laws of the District of Columbia.

(b) Landlord is the sole fee owner of the Premises and has full right, power and authority to enter into, execute and deliver this Lease and to perform its obligations hereunder.

(c) This Lease has been duly executed and delivered by Landlord and, when duly executed and delivered by Tenant, shall constitute a legal, valid and binding obligation of Landlord enforceable against Landlord in accordance with its terms.

(d) The execution, delivery and performance of this Lease by Landlord does not violate any of the terms, conditions or provisions of (i) Landlord's organizational documents; (ii) any judgment, order, injunction, decree, regulation, or ruling of any court or other

Tenant _____ Landlord _____

governmental authority or applicable law to which Landlord is subject, or (iii) any agreement or contract to which Landlord is a party or otherwise subject.

(e) There is no litigation, arbitration, administrative proceeding or other similar proceeding pending or, to Landlord's knowledge, threatened in writing against Landlord involving the Premises or that, if decided adversely to Landlord, would impair Landlord's ability to perform its obligations under this Lease.

(f) There exists no lease, license, assignment, sublease or other transfer of any portion of the Premises to any person other than Tenant pursuant to this Lease.

(g) No action, consent or approval of, or registration or filing with or other action by, any governmental authority or other person is or will be required in connection with the execution and delivery by Landlord of this Lease or the assumption and performance by Landlord of its obligations hereunder.

(h) The Property or Premises is not subject to any easement, restrictions, zoning ordinance or similar government regulations that prevents the use of the Premises or Property by Tenant as set forth herein.

(i) There exists no hazardous or other adverse environmental conditions (such as mold growth) at the Premises that could endanger the health or safety of any person that enters into the Premises.

(j) Landlord is not the subject debtor under any federal, state or local bankruptcy or insolvency proceeding, or any other proceeding for dissolution, liquidation or winding up of its assets.

(k) Neither Landlord nor any partner or affiliated entity of Landlord is a Prohibited Person.

48. TENANT REPRESENTATIONS AND WARRANTIES.

As an inducement to Landlord to enter into this Lease, Tenant represents and warrants to Landlord, as of the Lease Commencement Date, as follows:

(a) Tenant is an independent agency of the District of Columbia, validly existing and qualified to do business pursuant to the laws of the District of Columbia.

(b) Tenant has full right, power and authority to enter into, execute and deliver this Lease and to perform its obligations hereunder.

(c) This Lease has been duly executed and delivered by Tenant and, when duly executed and delivered by Landlord, shall constitute a legal, valid and binding obligation of Tenant enforceable against Tenant in accordance with its terms.

(d) The execution, delivery and performance of this Lease does not violate any of the terms, conditions or provisions of (i) Tenant's organizational documents, (ii) any judgment, order, injunction, decree, regulation, or ruling of any court or other governmental authority, or any applicable law to which Tenant is subject, or (iii) any agreement or contract to which Tenant is a party or is otherwise subject.

(e) Tenant is not the subject debtor under any federal, state or local bankruptcy or insolvency proceeding, or any other proceeding for dissolution, liquidation or winding up of its assets.

(f) Neither Tenant nor any Affiliate of Tenant is a Prohibited Person.

(g) There is no litigation, arbitration, administrative proceeding or other similar proceeding pending or threatened in writing against Tenant which, if decided adversely to Tenant: (i) would impair Tenant's ability to enter into and perform its obligations under this Lease; (ii) would materially adversely affect the financial condition or operations of Tenant; or (iii) threaten the legal existence of Tenant.

"**Prohibited Person**" shall mean any of the following persons: (A) any person (or any person whose operations are directed or controlled by a person) who has been convicted of or has pleaded guilty in a criminal proceeding for a felony or who is an on-going target of a grand jury investigation convened pursuant to applicable Law concerning organized crime; or (B) any person organized in or controlled from a country, the effects of the activities with respect to which are regulated or controlled pursuant to the following United States laws and the regulations or executive orders promulgated thereunder: (x) the Trading with the Enemy Act of 1917, 50 U.S.C. § 4301 et seq., as amended (which countries are, as of the Effective Date hereof, Cuba); (y) the International Emergency Economic Powers Act of 1977, 50 U.S.C. § 1701 et seq., as amended; and (z) the Antiterrorism and Arms Export Amendments Act of 1989, codified at Section 6(j) of the Export Administration Act of 1979, 50 U.S.C. § 4605, as amended (which countries are, as of the Effective Date hereof, Iran, North Korea, Sudan and Syria); or (C) any person who has engaged in any dealings or transactions (i) in contravention of the applicable money laundering laws or regulations or conventions or (ii) in contravention of Executive Order No. 13224 dated September 24, 2001 issued by the President of the United States (Executive Order Blocking Property and Prohibiting Transactions with Persons Who Commit, Threaten to Commit, or Support Terrorism), as may be amended or supplemented from time-to-time or any published terrorist or watch list that may exist from time to time; or (D) any person who appears on or conducts any business or engages in any transaction with any person appearing on the list maintained by the U.S. Treasury Department's Office of Foreign Assets Control located at 31 C.F.R., Chapter V, Appendix A or is a person described in Section 1 of the Anti-Terrorism Order described above; or (E) any person

suspended or debarred by HUD or by the Landlord of Columbia government; or (F) any Affiliate of any of the persons described in any one or more of clauses (A) through (E) above.

[SIGNATURE PAGES FOLLOW]

Tenant

Landlord

IN WITNESS WHEREOF, Landlord and Tenant have executed this Lease under seal the day and year first hereinabove written.

LANDLORD:
4225 Connecticut Avenue, NW
Limited Partnership

By:_____
Koo L. Yuen, General Partner

STATE OF MARYLAND)
) SS:
COUNTY OF _____)

I, _____, a Notary Public in and for the jurisdiction shown above, do hereby certify that Koo L. Yuen, who is the General Partner of 4225 Connecticut Avenue, NW, Limited Partnership, a District of Columbia Limited Partnership, personally appeared before me, and being personally well known to me as (or proved by the oath of credible witnesses to be) the person who executed the foregoing Lease as General Partner, acknowledged the Lease to be the act of the Limited Partnership and that he executed the same as such.

Witness my hand and official seal this day _____ of _____, 2018.

[NOTARIAL SEAL]

_____
Notary Public

My Commission Expires: _____

_____
Tenant

_____
Landlord

TENANT:

The University of the District of Columbia

_____
Attest

By: _____
Ronald Mason, Jr.
President

DISTRICT OF COLUMBIA)
) SS:
)

I, _____, a Notary Public in and for the jurisdiction shown above, do hereby certify that _____, who is the _____ of the University of the District of Columbia, a _____, personally appeared before me, and being personally well known to me as (or proved by the oath of credible witnesses to be) the person who executed the foregoing Lease as _____, acknowledged the Lease to be the act of the University of the District of Columbia and that he executed the same as such.

Witness my hand and official seal this day _____ of _____, 2018.

[NOTARIAL SEAL]

_____
Notary Public

Exhibit "A"

Space Plan to be provided

Tenant

Landlord

Exhibit "B"

Build-out Plans

Tenant

Landlord

UNIVERSITY OF THE DISTRICT OF COLUMBIA
1851

FISCAL IMPACT STATEMENT

TO: The Board of Trustees

FROM: Managing Director of Finance

DATE: June 6, 2018

SUBJECT: Lease Agreement for 4225 Connecticut Ave NW, Washington, D.C.

Conclusion

It is concluded that the University has sufficient capital funding to cover the first-year annual rent of approximately $1 million, which includes operating and other expenses, as well as real estate taxes associated with the proposed leasing of the entire building located at 4225 Connecticut Avenue NW (the "Property").

It should be noted; the University has completed the necessary due-diligence and estimates that the cost of building-out the space will be approximately $5,000,000. This matter will be brought before the Board for consideration and approval as a separate agenda item.

The proposed lease will not have a negative financial impact to the University.

Background

The Property is the former retail location for Walgreens, located immediately across Connecticut Ave. NW from the Van Ness Campus of the University. The University is seeking to identify additional office space to support its ongoing facilities upgrades and related initiatives. The Property presents a unique opportunity for the University to provide alternative office space contiguous to the Van Ness Campus.

The University and 4225 Connecticut Avenue NW Limited Partnership (the "Owner") have negotiated a proposed lease agreement where the University will lease the entire building, totaling approximately 19,998 rental square feet, for its lawful purposes (the "Lease"). The proposed Lease includes an initial term of 12 months (Lease Year 1), followed by a 14-Year option to extend (subject to DC Council approval), with two 5-year extension options exercisable by the University. Including the first option to extend upon DC Council approval, the term would be 15 years with two additional 5-year options.

In the event that the University determines that it should not remain on the Property for the full 14-year first option term, the University has a one-time early termination right at Year 7, subject to a breakup fee. The University plans to use the space for general office and administrative programs.

Fiscal Impact

The Property is approximately 19,998 rentable square feet and is comprised of two floors and a parking garage in the basement. The terms of the Lease and other key costs anticipated are summarized below.

1. Annual Rent

The proposed annual rent for the initial 12-month term (Lease Year 1) and the 14-year First Option to Extend ("First Option") (Lease Years 2 through 15) is provided as follows:

Lease Year	Annual Base Rental Rate (psf)	Annual Base Rent	Monthly Minimum Rent
1	$35.00	$699,930.00	$58,327.50
*2	$35.88	$717,428.25	$59,785.69
3	$36.77	$735,363.96	$61,280.33
4	$37.69	$753,748.06	$62,812.34
5	$38.63	$772,591.76	$64,382.65
6	$39.60	$791,906.55	$65,992.21
**7	$40.59	$811,704.21	$67,642.02
8	$41.60	$831,996.82	$69,333.07
9	$42.64	$852,796.74	$71,066.40
10	$43.71	$874,116.66	$72,843.05
11	$44.80	$895,969.58	$74,664.13
12	$45.92	$918,368.81	$76,530.73
13	$47.07	$941,328.03	$78,444.00
14	$48.25	$964,861.24	$80,405.10
15	$49.45	$988,982.77	$82,415.23

*To extend the term beyond the initial 12-month term, the First Option must be approved by DC Council prior to the end of Lease Year 1.

**The Lease provides a one-time termination right at Lease Year 7, whereby the University can terminate the Lease subject to a negotiated breakup fee directly related to the Owner's unamortized transaction costs incurred to lease the Property. Assuming the termination right is exercised by the University, the breakup fee at the end of Year 7 is approximately $150,000.00.

Operating Expenses

Based on commercial properties in the area, ongoing operating costs, including water, electricity, gas, trash removal and other expenses, are projected at $11.00 per square foot, or approximately $219,978.00 per year. Operating expenses are projected to increase at the rate of 3 percent annually.

Operating Expenses	$219,978.00 per year

Real Estate Taxes

Based on Tax Year 2018 real property taxes for the Property, real estate taxes will begin at approximately $8.60 per square foot, or approximately $171,983.00 per year. The terms of the Lease provide that, in the event the University is exempted from paying this leasehold tax, the University will be the sole beneficiary of such an act by the District of Columbia.

Real Estate Taxes	$171,983.00 per year

Insurance

The University will be responsible for the costs of special coverage building insurance, general liability, and personal property insurance policies. The Owner's current special coverage building policy will continue, with the University covering the cost of the annual premium (approximately $1,800.00). The University currently maintains comprehensive general liability insurance and is seeking an estimate of the cost of personal property insurance coverage.

Building Insurance	$1,800.00 per year

The request is approved based on the information provided.

UNIVERSITY OF THE DISTRICT OF COLUMBIA
1851

Office of the Vice President of
Capital Assets & Real Estate Services

MEMORANDUM

TO: Troy Lemaile-Stovall, Chief Operating Officer

FROM: Erik Thompson, Vice President

DATE: June 5, 2018

SUBJECT: 4225 Connecticut Ave NW Lease Agreement

The University of the District of Columbia ("University") and 4225 Connecticut Avenue NW, Limited Partnership ("Owner") have negotiated terms whereby the University will lease the land and improvements located at 4225 Connecticut Ave NW ("Property") for its purposes. Based on the University's plans to upgrade its facilities and related initiatives, there is an immediate need to identify swing space and alternative space for administrative and other programs. This Property is located immediately across Connecticut Avenue from the University and will provide an accessible visible expansion to the University's footprint in the corridor.

The University's Capital Construction team will review planning information, coordinate and develop the construction budget and program requirements, and oversee buildout.

The proposed lease agreement with the Owner of Property includes the following:

Key Terms

1. The size of the space to be leased is approximately 19,998 rentable square feet;
2. The initial lease term is for 12-months from commencement. The lease includes an option to extend the initial term for an additional 14 years, subject to DC Council approval. This first option period includes a one-time early termination option at lease year 7 from the commencement date. The lease also includes two 5-year options to extend the term.
3. The base rent for the first year is $35.00 per rentable square foot on a triple-net (NNN) basis (or $699,930.00 in year 1);
4. Beginning the second lease year, base rent will increase by 2.5% over the prior year's base rent for each subsequent year throughout the term.
5. The annual operating expenses are estimated at $11.00 per square foot, or approximately $220,000 for the initial lease year. The University's estimates assume expenses will increase at an average rate of 3% annually. This amount includes costs for utilities, repairs, trash removal and other expenses for properties of this class and size.

Operational Details

6. The University will be responsible for ongoing maintenance and repairs during the term of the lease, including capital repairs and replacements.
7. The University may install signage on the Property to connect it with the main campus.

If you have questions or need additional information, feel free to contact my office at your convenience.