LEASE AGREEMENT

THIS LEASE AGREEMENT (hereinafter referred to as "Lease") made this 19th day of February, 2004 by and between the MONTGOMERY COUNTY BOARD OF EDUCATION, (hereinafter referred to as "Landlord) and MONTGOMERY COUNTY, MARYLAND, (hereinafter referred to as "County").

WITNESSETH

WHEREAS, the Landlord is the owner of the fee simple title in the property known as the Thurgood Marshall Elementary School , 12260 McDonald Chapel Drive, Gaithersburg, Maryland in Montgomery County, Maryland; and

WHEREAS, the Montgomery County Board of Education has authorized use of a portion of the school for a day care program; and

WHEREAS, Landlord approves the subleasing of a portion of the school to a day care provider to be selected by County for the sole purpose of operating a day care program; and

WHEREAS, it is the desire and intent of both Parties hereto that such a facility be maintained and operated in accordance with and subject to the terms and conditions as hereinafter set forth.

NOW THEREFORE, in consideration of the covenants hereinafter contained and for other good and valuable consideration as hereinafter provided, and the respective premises and mutual promises herein contained, the Parties hereto mutually agree as follows:

1. PREMISES: Landlord hereby demises and leases unto the County and the County hereby rents from Landlord for and upon the provisions hereinafter specified 3,816 square feet within the Thurgood Marshall Elementary School, (hereinafter referred to as "the Leased Premises"), 12260 McDonald Chapel Drive, Gaithersburg, Montgomery County, Maryland. The Leased Premises include classrooms identified as Day Care #1, Day Care #2, and Day Care #3; an office, kitchen, staff toilet and an indoor

storage room and outdoor storage shed as outlined in RED on Exhibit A attached hereto and made a part hereof.

2. TERM: Original Term - The term hereby created shall be five (5) years commencing on July 1, 2003, unless terminated for cause as herein provided before the expiration of such term.

3. RENEWAL OPTION: Subject to the limitations contained herein, County shall have the option to extend the term of this Lease for two additional five (5) year period. Notice as to each extension of the original lease shall be provided by County to Landlord, in writing, not less than six (6) months before the end of the previous term. All of the terms, conditions and covenants in this Lease shall apply during the aforementioned extended term.

4. RENT: County shall pay to Landlord for the first year of the Lease term as reimbursement of operating costs $11.00 per square foot for an annual cost of Forty-One Thousand Nine Hundred Seventy-Six and 00/100 ($41,976.00) Dollars payable in equal monthly installments of Three Thousand Four Hundred Ninety-Eight and 00/100 ($3,498.00) Dollars. All payments are to be made in advance on the first day of each month during each Lease Year and shall be payable to Department of Financial Services, Montgomery County Public Schools, 850 Hungerford Drive, Rockville, Maryland 20850. Beginning with July 1, 2004 and the first of July thereafter during the Lease term, and any renewal period, Landlord will establish the square foot rate to be paid by County for the next Lease year, based on the rates charged to non-profit joint occupancy tenants in Montgomery County Public Schools, as set forth in Paragraph 8.

5. USE OF THE PREMISES: The Leased Premises shall be used for a child care program.

6. USE OF OUTDOOR PLAYGROUND AREAS: County shall have access to the outdoor playground areas adjacent to the premises when used by County in connection with its program and during its normal hours of operations.

7. SERVICES: Landlord shall provide the following services to the Leased Premises except on days when the Thurgood Marshall Elementary School is closed; 12-month MCPS employees do not work; and building services are not provided under Lease terms.

(A) Facilities maintenance services as follows:

(i.) Routine facility inspections.

(ii.) Preventive maintenance.

(iii.) Repair and replacement of electrical, mechanical, plumbing and structural systems and components installed or constructed as a part of the original child care facility. This includes, but is not limited to, electronic systems, such as fire, security alarm and audio systems; electric lamp replacement; roofs, locks, doors, windows, walls, ceilings, walks, etc.

(iv.) Refuse removal and disposal.

(B) Maintenance, security, sanitizing and utility services as follows:

(i.)Interior cleaning and sanitizing services.

(ii.)Exterior grounds maintenance.

(iii.)24-hour security services.

(iv.)Electrical, water, sewage and other utility services.

(C) The child day care provider/tenant may conduct its use of the child day care facilities by contracting directly with the Inter-Agency Coordinating Board (ICB) for necessary support services on days when Landlord is not required to provide such services.

8. REIMBURSEMENT FOR COST OF SERVICES: Landlord's rental costs are based on the rates charged to non-profit joint occupancy tenants in Montgomery County Public Schools. These costs are established annually. County accepts such square footage rates as the basis for rental paid to MCPS during the impending fiscal year.

9. COUNTY'S IMPROVEMENTS:

(A) County shall be permitted to perform minor remodeling and improvements to the Leased Premises when requested by the occupant and approved by Montgomery County's Department of Family Resources. Before performing any minor remodeling and improvements, County will obtain formal approval from the school principal and perform such work in a manner that will not cause any disturbance to the instructional program at the school. Improvements are limited to installation of shelving, minor changes in office arrangements, addition of electrical outlets, office repainting, carpet repairs and other non-structural changes. Work performed shall be in accordance with current construction and life safety codes. No structural, electrical or mechanical systems shall be altered without the concurrence of Landlord, which concurrence shall not be unreasonably withheld.

(B) During the term of this Lease or any extension thereof, County shall at all times indemnify, defend (so long as County is a member of the County's self insurance fund) and hold the Landlord harmless against all actions, claims, demands, costs, damages, penalties, or expenses which result from the negligence or fault of the County, or its Subtenant, which may be brought or made against the Landlord or which the Landlord may pay or incur by reason of any work on the Leased Premises which may be performed by or at the direction of the County pursuant to this Lease.

10. MODERNIZATION OF ENTIRE HOST SCHOOL: Landlord and County agree that if modernization of the entire Thurgood Marshall Elementary School is undertaken by Landlord, the child day care facility shall also be modernized. County shall share in the design and construction costs on a pro-rata basis, using the gross square footage of the Thurgood Marshall Elementary School as the denominator. County reserves the option of relocating the child day care facility with the host school as space and other factors allow for the period during which the school is being modernized. All costs to provide a child day care facility at another school on a temporary basis shall be borne by County.

11. COUNTY'S PUBLIC LIABILITY INSURANCE:

(A) The County shall obtain and maintain, during the full term of this Agreement and any extension thereof, a policy of public liability insurance with bodily injury limits of TWO HUNDRED THOUSAND ($200,000.00) DOLLARS for injury (or death) to one person, FIVE

HUNDRED THOUSAND ($500,000.00) DOLLARS per occurrence, and property damage insurance with a limit of ONE HUNDRED THOUSAND ($100,000.00) DOLLARS. The County reserves the right to self-insure.

(B) The County agrees that it will not keep in or upon the Leased Premises any article, which may be prohibited by the standard form of fire or hazard insurance policy. In the event The County's articles causes any increase in the insurance premiums for the Leased Premises or any part thereof, the County shall pay the additional premiums as they become due. The County has the right to review the Landlord's policy(ies) premium and rates.

(C) The County agrees to hold harmless and hereby indemnifies Landlord, and Managing Agent, from and against any and all claims, actions, damages, liability and expense in connection with loss of life, personal injury and/or damage to property arising from or out of any occurrence, or occasioned wholly or in part by any act or omission of the County or its employees at or upon the Leased Premises, or the occupancy or use by the County, of the Leased Premises or any part thereof, or the County's use of the exterior areas designated by Landlord for the comfort and convenience of the County. This indemnification is subject to the notice and damages limitations stated in the Local Government Tort Claims Act in the Maryland Annotated Code as amended from time to time. This indemnification shall not be considered to be a waiver of governmental immunity and is not intended to create any rights or causes of action in third parties. The County shall not, however, be liable for damage or injury occasioned by the acts or omissions of Landlord or its agents, or Landlord's failure to comply with its obligations hereunder.

(D) Landlord agrees to hold harmless and hereby indemnifies the County, from and against any and all claims, actions, damages, liability and expense in connection with loss of life, personal injury and/or damage to property arising from or out of any occurrence upon or at the Leased Premises, or the occupancy or use by Landlord of the Leased Premises or any part thereof, or the Landlord's use of the exterior areas provided for the County for the comfort and convenience of the Landlord, or occasioned wholly or in part by any act or omission of Landlord, its agents, contractors, or

employees, excepting claims arising out of the acts or omissions of the County, the County's agents, and employees.

(E) All the furnishings, fixtures, equipment, effects and property of every kind, nature and description belonging to the County or to any person claiming by, through or under the County which, during the continuance of this Lease or any occupancy of the Leased Premises by the County or anyone claiming under the County, shall be at the sole risk of the County, and if the whole or any part thereof shall be destroyed or damaged by fire, water or otherwise, or by the leakage or bursting of water pipes, steam pipes, or other pipes, by theft, or from any other cause, no part of said loss or damage is to be charged to or to be borne by Landlord unless due to the intentional acts or negligence of Landlord or Landlord's failure to comply with its obligations hereunder.

(F) The County shall deliver to Landlord a certificate of insurance evidencing the coverage hereinabove described within thirty (30) days from execution of this Agreement. The County reserves the right to self-insure. The County and Landlord hereby waive any right of subrogation against the other to the extent that the liability arises from a cause covered by insurance and only to the extent of the insurance proceeds recovered, and provided that the Parties' insurance policies permit such a waiver.

12. DESTRUCTION OF PREMISES: In the event of damage or destruction of the Leased Premises by fire or any other casualty, this Lease shall not be terminated, but the Leased Premises shall be promptly and fully repaired and restored as the case may be by the Landlord to the extent of Landlord's insurance proceeds provided such repair and or restoration returns the Leased Premises to substantially the condition prior to such damage or destruction. Due allowance, however, shall be given for reasonable time required for adjustment and settlement of insurance claims, and for such other delays as may result from government restrictions, and controls on construction, if any, and for strikes, national emergencies and other conditions beyond the control of the Landlord. It is agreed that in the event of damage or destruction, this Lease shall continue in full force and effect, except for abatement of rent as provided herein. If the condition is such as to make the entire Leased Premises "Untenantable", then the rental which the County is obligated to pay hereunder shall abate as of the date of the occurrence until the

Leased Premises have been fully restored by the Landlord. Any unpaid or prepaid rent for the month in which said condition occurs shall be prorated and credited or paid to the appropriate party. If the Leased Premises are partially damaged or destroyed, then during the period that County is deprived of the use of the damaged portion of said Leased Premises, County shall be required to pay rental prorated to reflect that portion of the Leased Premises which continues to be "Tenantable" and appropriate for County's use. Landlord will proceed at its expense and as expeditiously as may be practicable to repair the damage. Notwithstanding any of the foregoing, in the event of substantial damage or destruction, and Landlord should decide not to repair or restore the Leased Premises or the building, in which event and at Landlord's sole option, Landlord may terminate this Lease forthwith, by giving County a written notice of its intention to terminate within sixty (60) days after the date of the casualty. No compensation, or claim, or diminution of rent other than as described above will be allowed or paid, by Landlord, by reason of inconvenience, annoyance, or injury to business, arising from the necessity of repairing the Leased Premises or any portion of the Building of which they are a part.

13. CONDUCT AND SAFETY OF FACILITY: County or its Subtenant shall conduct all of its operations hereunder in a workmanlike, efficient, safe and careful manner; shall observe such safety precautions and rules in its operations as the Landlord from time to time may reasonably require; shall maintain an adequate number of employees to supervise and regulate the use of the facility and shall maintain the facility at all times in safe and good operating condition and repair.

14. LANDLORD'S RIGHT OF INSPECTION: The Landlord shall be entitled to visit and inspect the Leased Premises during reasonable hours and after reasonable notice but shall be under no obligation to make any visits of inspections.

15. CONDITION OF PREMISES: County agrees to maintain the Leased Premises, including all improvements therein, in good condition and state of repair throughout the term of this Lease and any extension thereof.

16. SIGNS: County shall not place upon or remove from the Leased Premises any placard, sign,

lettering or awning except such, and in such place and manner as shall have been first approved in writing by Landlord. Landlord's approval shall not be unreasonably withheld, conditioned or denied.

17. QUIET POSSESSION: Landlord covenants and warrants that it will deliver to the County exclusive possession of the Leased Premises with appurtenances in conformity with the law, upon execution and delivery of this Lease for the purposes herein set forth.

18. EMINENT DOMAIN: Should the Leased Premises be taken by a public or quasi-public authority under any power of eminent domain or condemnation, this Lease shall terminate and the Landlord and the County shall be entitled to such award by the condemning authority as shall be proportionate to their interest in the premises.

19. DEFAULT: The Landlord or County shall be deemed to be in default of this Lease when such party shall wrongfully fail to perform any of the provisions, covenants, conditions, or agreements of this Lease which are to be performed by such party after sixty (60) days written notice stating in detail wherein either party has failed to so perform. The defaulting party shall be liable for any and all loss or damage resulting to the other party from any such default.

20. WAIVER: No waiver by the Landlord or County of any breach of any covenant, condition, or agreement herein contained shall operate as a waiver of the covenant, condition, or agreement itself or of any subsequent breach thereof.

21. RIGHTS OF LANDLORD: In the event the Landlord or County shall default under any one or more of the events of default as described in Paragraph 19 hereof, Landlord and County may, upon giving not less than thirty (30) days' written notice one to the other, after the respective period for compliance as previously described had expired, terminate this Lease and thereupon, or at any time thereafter, Landlord may re-enter the Leased Premises and have the possession of the same.

22. ASSIGNMENT AND SUB-LEASE: County shall not assign this Lease or sublet the Leased

Premises without the prior written consent of Landlord, provided that such consent will not be unreasonably withheld, conditioned or delayed. The above notwithstanding, Landlord hereby approves the subleasing of the Leased Premises to a day care provider to be selected by County for the sole purpose of operating a day care program.

23. SURRENDER OF POSSESSION: County covenants, at the expiration or other termination of this Lease, to remove all goods and effects from the premises not the property of the Landlord, and to yield up to the Landlord the premises in good repair, order and condition in all respects, reasonable wear and use thereof and damage by fire or other casualty and damage from any risk with respect to which County is not herein expressly made liable excepted.

24. HOLDOVER: In the event that the County shall continue to occupy said Leased Premises or any part thereof after the conclusion of the term of this lease, or any extension thereof, the tenancy thus created shall be deemed to be upon a month-to-month basis and may be terminated by either party giving the other not less than thirty (30) days' written notice, to expire on the day of the month from which the tenancy commenced. During any month-to-month tenancy, both Parties shall continue to observe all agreements and covenants contained in this Lease.

25. NON-APPROPRIATION: This Lease shall terminate automatically on July 1 of any year for which the Montgomery County Council does not make an appropriation of funds to pay the rent herein stated. County shall give Landlord at least thirty (30) days written notice of the lack of appropriation. The County shall not make or be entitled to any claim for reimbursement of any kind, whether for improvements or prepaid items.

26. INTEGRATED AGREEMENT: This Lease contains all of the agreements and conditions made between the Parties and may not be modified orally or in any other manner other than by an agreement in writing signed by all the Parties or their respective successors in interest.

27. BENEFIT AND BURDEN: All of the covenants, provisions, terms, agreements, and conditions of

this Lease shall inure to the benefit of and be binding upon the Landlord or its successors or assigns and upon County, its successors or assigns.

28. MAILING NOTICES: All notices required or desired to be given hereunder by either party shall be given in writing and shall be addressed as follows:

COUNTY:
Montgomery County, Maryland
Department of Public Works
and Transportation
Office of Real Estate
101 Monroe Street, 10th Flr
Rockville, Maryland 20850

LANDLORD:
Montgomery County Board of Education
850 Hungerford Drive
Rockville, Maryland 20850

With copy that does not constitute a notice:

Office of the County Attorney for Montgomery County, Maryland
101 Monroe Street, 3rd Floor
Rockville, Maryland 20850

29. STATUTORY PROVISIONS: It is understood, agreed and covenanted by and between the Parties that the Landlord and County, as their interests may appear and at their respective expense, will promptly comply with, observe and perform all of the requirements of all applicable Federal, State, County and Local statutes, ordinances, rules, orders and regulations in effect during the Lease Term.

30. NON-DISCRIMINATION: Landlord agrees to comply with the non-discrimination in employment policies in County contracts as required by Section 11B-33 and Section 27-19 of the Montgomery County Code 1994, as amended, as well as all other applicable state and federal laws and regulations regarding employment discrimination. The Landlord assures the County that in accordance with applicable law; it

does not, and agrees that it will not discriminate in any manner on the basis of race, color, religious creed, sex, martial status, national origin, ancestry, disability, sexual orientation or genetic status.

31. CONTRACT SOLICITATION: Landlord represents that it has not retained anyone to solicit or secure this Lease from Montgomery County, Maryland, upon an agreement or understanding for a commission, percentage, brokerage or contingent fee, except for bona fide employees or bona fide established, licensed commercial selling or leasing agencies maintained by the Landlord for the purpose of securing business or an attorney rendering professional legal service consistent with applicable canons of ethics.

32. PUBLIC EMPLOYMENT: Landlord understands that unless authorized under Chapter 19A and Section 11B-52 of the Montgomery County Code 1994, as amended, it is unlawful for any person transacting business with Montgomery County, Maryland, to employ a public employee for employment contemporaneous with his or her public employment.

33. GENERAL PROVISIONS:

(A) Entire Agreement: It is further understood and agreed that this instrument contains the entire agreement between the Parties hereto and shall not be modified in any manner except by an instrument in writing duly executed by the Parties hereto.

(B) Rights and Remedies: In addition to any and all rights and remedies specifically mentioned in this Lease, Landlord and County shall have all rights and remedies granted by Law or in equity. Resort to one remedy shall not be construed as a waiver of any other remedy. Failure by Landlord or County to resort to any or all of their respective rights or remedies shall not be considered to be a waiver of such rights or remedies, nor to be acquiescence of any party in any action or default.

(C) Governing Law: The provision of this Lease shall be governed by the laws of the State of Maryland. If any term of this Lease or any application thereof shall be invalid or unenforceable, the remainder of this Lease and any other application of such term shall not be affected thereby.

SIGNATURE PAGE TO FOLLOW

IN WITNESS WHEREOF, the Parties hereto have caused this Lease to be properly executed.

WITNESS:

By: Pat Hanrahan

LANDLORD:
MONTGOMERY COUNTY BOARD OF EDUCATION.

By: _____
Jerry D. Weast, Ed.D.
Superintendent of Schools

Date: 2/10/04

WITNESS:

By: Debbie Richards

TENANT:
MONTGOMERY COUNTY, MARYLAND

By: Joseph F. Beach
Joseph F. Beach, Assistant
Chief Administrative Officer

Date: 2/19/04

APPROVED AS TO FORM & LEGALITY
OFFICE OF THE COUNTY ATTORNEY

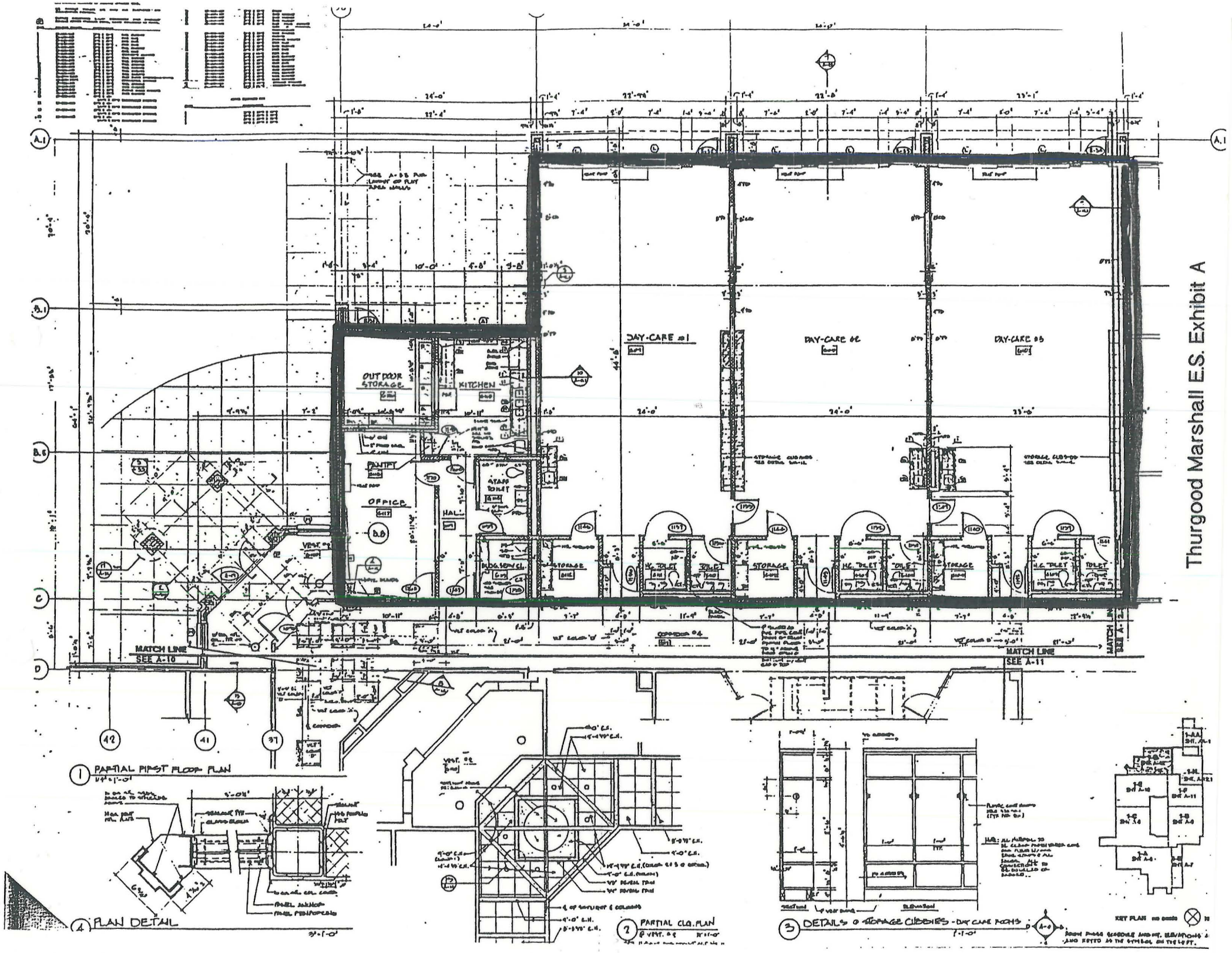
By: Eileen O. Brennan

Date: 11/7/2003

RECOMMENDED:

By: Cynthia L. Brenneman
Cynthia L. Brenneman, Director
Office of Real Estate

Date: 11/4/03


Thurgood Marshall E.S. Exhibit A
DAY-CARE #1
DAY-CARE #2
DAY-CARE #3
OUTDOOR STORAGE
KITCHEN
PANTRY
OFFICE
HALL
STAFF TOILET
STORAGE
H.C. TOILET
TOILET
CORRIDOR #4
MATCH LINE SEE A-10
MATCH LINE SEE A-11
1 PARTIAL FIRST FLOOR PLAN
4 PLAN DETAIL
2 PARTIAL CLG. PLAN
3 DETAILS OF STORAGE CUBBIES - DAY CARE ROOMS
KEY PLAN