

LEASE AGREEMENT
BETWEEN
MONTGOMERY COUNTY, MARYLAND
AND
NOBEL LEARNING COMMUNITIES, INC.
DATED
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LEASE AGREEMENT

THIS LEASE AGREEMENT (the "Lease"), dated this 26 day of May 2016, by and between MONTGOMERY COUNTY, MARYLAND, a political subdivision of the State of Maryland (hereinafter, together with its successors and assigns called "the County"), and NOBEL LEARNING COMMUNITIES, INC., a Delaware corporation qualified to do business in the State of Maryland (hereinafter, together with its successors and assigns called "the Tenant") (the County and the Tenant together the "Parties").

BACKGROUND:

1. The County is the owner of a former public school site known as the Alta Vista Elementary School in Bethesda, Montgomery County, Maryland (as more particularly described in Section 1.A below, the "Property"), which was declared surplus by the Board of Education of Montgomery County and the State Board of Public Works and conveyed by the Board of Education to the County by deed recorded among the Land Records for Montgomery County, Maryland in Liber 4829 at Folio 464 (the "Deed"). A copy of the Deed is incorporated by reference and made a part of this Lease as Exhibit A. The Property is more particularly described in the Legal Description of Property which is incorporated by reference and made a part of this Lease as Exhibit B-1.; and
2. The Tenant is the operator of the Bethesda Country Day School, which offers a curriculum for pre-school (ages 2 through 5), junior kindergarten, kindergarten, kindergarten programs, before and after school programs and summer programs; and
3. The County has completed the reuse procedure and has obtained necessary approvals to lease the Property to the Tenant, as set forth in Executive Regulation 4-99AM, Code of Montgomery County Regulations ("COMCOR") Section 11B.45.02, and the Tenant was approved as an appropriate tenant for the Property; and
4. The County and Tenant wish to enter into a ten (10) year lease agreement which incorporates all of the terms prescribed for such leases;

NOW THEREFORE, in consideration of the terms of this Lease, and for the construction of certain substantial Qualified Capital Improvements to be made to the Property by the Tenant as provided in Article 9 below, including the payment of rent by the Tenant to the County as provided below, and for other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the Parties agree as follows:

1. PROPERTY: LEASED PREMISES: BUILDING: ADJACENT PARCEL:

A. The "Leased Premises" shall mean the area shown as cross hatched on Exhibit B-2. The County leases to Tenant and Tenant leases from the County the Leased Premises located on the Property, including all improvements, including, without limitation the Building (as defined below), walkways, play areas, parking lots, driveways, outdoor recreation fields and land located on the Leased Premises, and the right to occupy the Adjacent Parcel (as defined below) pursuant to the terms set forth in this Lease. The "Building" shall mean the former Alta Vista Elementary School, 5615 Beech Avenue, Bethesda, Maryland that is located on the Leased Premises. The "Adjacent Parcel" shall mean the play areas and outdoor recreation fields located on the land contiguous to the Leased Premises and as shown as double cross hatched on Exhibit C. The Leased Premises, of which the Building is a part, the Adjacent Parcel, and the land upon which the same is located, are hereinafter collectively referred to as the "Property". The Leased Premises and the Adjacent Parcel are leased and accepted by Tenant in "as is" condition.

B. Tenant hereby acknowledges that entering into this Lease shall not provide the Tenant with an option to buy the Property or any portion thereof.

2. TERM: The term of this Lease (the "Term") is for ten (10) years unless extended by mutual written agreement between the Parties. The Commencement Date of this Lease is July 1, 2016 and shall continue until June 30, 2026. Each twelve (12) month period, commencing with the Commencement Date, shall be referred to as a "Lease Year." Notwithstanding anything to the contrary contained herein, provided Tenant is not then in default beyond all applicable notice and

cure periods, and Tenant has not elected to terminate this Lease by delivery of written notice to the County twelve (12) months prior to the expiration of the original Term (i.e., June 30, 2026, with notice to be given not later than June 30, 2025), this Lease shall automatically renew for a period of five (5) years, under the same terms and conditions as are contained herein, except that the rental payable during such renewal term will be escalated in accordance with Section 4.D hereof.

3. USE OF THE LEASED PREMISES: The Leased Premises shall be used (i) for preschool (ages 2-5), junior kindergarten, kindergarten, kindergarten programs, before and after school programs, summer programs (the "Permitted Use"), and (ii) for community and the County's use as set forth in Articles 6 and 7 of this Lease. Tenant agrees that its use of the Leased Premises, including any use of the Leased Premises by subtenants pursuant to Article 19 herein, shall conform fully with all applicable zoning ordinances, and shall be subject to all rules, regulations, statutes, permits or any other requirements for the use and occupancy of the Leased Premises as established by all appropriate authorities having jurisdiction, including COMCOR Section 11B.45.02, dealing with the Reuse, Leasing and Sale of Closed Schools by the County. As required by COMCOR Section 11B.45.02.06, Section 6.12, Tenant agrees that all uses of the Leased Premises shall comply with the State of Maryland Department of Human Resources Child Care Administration License issued according to Family Law Article, Sections 5-570 through 5-585, and COMAR 13a.16.02, License Number 15-35998, a copy of which is attached hereto and incorporated herein by reference as Exhibit H-2, as such License may be revised and amended from time to time. Tenant agrees that, in addition to (i) the student occupancy numbers as set forth in such License (which shall in no event exceed 290 students) (ii) a nominal number of daily visitors, and (iii) parents who are visiting or dropping off and picking up their students, all uses of the Leased Premises shall generate a total occupancy of teachers, other staff and vendors not to exceed thirty-two (32) persons. Special events organized by Tenant or its subtenants, which bring large numbers of visitors to the facility shall be coordinated through the community coordinating group established in Article 41 below, with the goal of mitigating the effects of traffic and parking on the adjacent community.

4. RENT: RENTAL ADJUSTMENTS:

A. Rent: For the first Lease Year, Tenant shall pay to the County an annualized rental amount of ONE HUNDRED FORTY-ONE THOUSAND, FIVE

HUNDRED TWENTY-TWO AND 00/100 DOLLARS (\$141,522.00), payable in twelve equal installments, during each Lease Year, of ELEVEN THOUSAND SEVEN HUNDRED AND NINETY-THREE AND 50/100 DOLLARS (\$11,793.50) each (the “Rent”). For each Lease Year thereafter during the Term, the Rent shall be adjusted pursuant to Article 4D below.

- B. Due Date for Rent: The first monthly payment shall be due upon the Commencement Date. All Rent is to be made in advance on the first day of each month during the Term and shall be payable to: Montgomery County Government, Office of Finance, P.O. 829464, Philadelphia, Pennsylvania19182-9464.
- C. Failure to Pay Monthly Rent: Should Tenant fail to submit monthly Rent in accordance with this Lease, and if Tenant’s failure continues for more than five (5) calendar days after receipt of written notice from the County, Tenant shall pay to the County, in addition to and as a part of the monthly Rent in question, a late penalty equal to five percent (5%) of the monthly Rent. If Tenant’s failure to pay continues for more than fifteen (15) calendar days after receipt of the aforesaid written notice from the County, Tenant shall pay to the County, in addition to and as a part of the monthly Rent in question and the aforesaid late penalty, an additional late penalty equal to ten percent (10%) of the monthly Rent. Any late penalty imposed under this Paragraph shall be payable to the County as Additional Rent, and shall be paid at the time that the overdue installment of Rent is paid to the County by Tenant.
- D. Rent Adjustments: As required by COMCOR Section 11B.45.02.06, Section 6.7, the annual Rent payable by Tenant during the previous Lease Year shall be added that sum representing one hundred percent (100%) of the amount resulting after (1) multiplying said annual Rent payable during the previous Lease Year by a fraction, the numerator of which shall be the index now known as the U.S. Department of Labor, Bureau of Labor Statistics, Consumer Price index for All Urban Consumers, National Average, All Items

(1984 = 100), or its successor, for the month two months prior to the last month of the previous Lease Year and denominator of which shall be said index for the month two months prior to the first month of the previous Lease Year and (2) subtracting from such product the annual Rent payable during the previous Lease Year. For instance, for a lease commencing in July, 2016, the first annual calculation would be as follows: (current annual rent x (April 2016 CPI U / May 2015 CPI U)) - current annual rent = CPI increase. In any event, and notwithstanding the results obtained through the above calculation, the Tenant's adjusted annual Rent shall not be less than 103%, nor more than 105% of the Rent paid by Tenant the previous year.

E. Re-Renting Leased Premises: The County may, by appropriate proceedings, recover the Rent then due, or, at its option, the County may re-rent from time to time the Leased Premises, and such re-renting may be for a term or terms equal to, less, or greater than the remaining term hereunder. The Tenant shall not be liable for any deficiency in Rent for any part of the term of such re-renting beyond the term of this Lease. County shall be entitled to collect the Rent accruing under such re-renting and to apply the same first to Rent and then to any costs and expenses, including "standard" improvements and repairs necessary for re-renting, and reasonable attorney's fees incurred in connection with such re-renting and collection of Rent. The County may, at the County's option, attempt to recover any remaining deficiency or unrecovered sums from the Tenant. In the event of any suit by the County to recover possession, or for unpaid Rent, the County shall also be entitled to recover costs of suit, including reasonable attorney's fees.

5. TERMINATION:

A. Termination for Convenience: This Lease and all rights and obligations hereunder may be terminated by the County, for any reason, at any time and at no cost to the County, whenever the Chief Administrative Officer shall determine that termination of this Lease is in the best interest of the County.

A termination pursuant to this Article 5.A. shall be a “Termination for Convenience.” Such termination shall be effective to Tenant on the later to occur of (i) one hundred eight (180) days after delivery to Tenant of written notice, or (ii) the date specified in a written notice as the termination date.

B. Termination for Reuse: As required by COMCOR Section 11B.45.02.06,

Section 6.2, this Lease and all rights and obligations hereunder may be terminated by the County due to a request by the Board of Education for Montgomery County, Maryland (the “BOE”) to re-convey the Leased Premises for public education purposes. A termination pursuant to this Article 5.B. shall be a “Termination for Reuse” and shall be made in accordance with the procedures below:

1. Upon written notice to the Tenant of not less than (i) Eighteen (18) months before the proposed termination date, or (ii) the remaining Term, if the remaining Term is less than eighteen (18) months.
2. If the termination of the Lease is due to a request by the Board of Education of Montgomery County (herein “Montgomery County Public Schools” or “MCPS”) to re-convey the Leased Premises for public education purposes, then before notice of such termination may be given to Tenant after the Superintendent of Schools for MCPS notifies both the Tenant and the Chief Administrative Officer of Montgomery County “CAO,” on or before September 1 of the second year before the proposed termination date, that MCPS will need the school for public education purposes. For example, in order to re-convey the Leased Premises after June 30, 2020, a Termination for Reuse notice shall be given to the Tenant on or before September 1, 2019.
3. If a notice of Termination for Reuse is given to Tenant but the Montgomery County Council does not approve such a reuse and does

not appropriate sufficient funds to re-convey the Leased Premises, the CAO may, after consulting with MCPS, withdraw the termination notice.

4. In the event the Tenant is operating the Leased Premises as a private school, the County agrees that under no circumstances shall the Tenant be required to surrender the Leased Premises during the normal and usual school year, defined to be September 1 to July 1.
5. If the County elects to terminate this Lease pursuant to this provision, during the notice period Tenant shall not be obligated to make further Capital Improvements or expenditures to the Leased Premises notwithstanding anything to the contrary elsewhere contained in this Lease, although Tenant shall continue to be responsible for ordinary maintenance and repair of the Leased Premises during the notice period. Under no circumstance will the County be responsible for any needed Capital Improvements during this time period, whether by virtue of an emergency or otherwise. In the event that a needed emergency Capital Improvement renders the Leased Premises uninhabitable, the Tenant shall vacate.
6. USE OF ALL-PURPOSE ROOM BY THE COMMUNITY, DEPARTMENT OF RECREATION AND OTHER COUNTY AGENCIES:
 - A. Community Use of Public Facilities: As required by COMCOR Section 11B.45.02.06, Section 6.14, and subject to a nominal charge for utilities to be jointly determined by Tenant and the County's Office of Community Use of Public Facilities or its successor agency (the "CUPF"), the All-Purpose Room within the Leased Premises (as shown on Exhibit B-2 and identified as the "Multi-Purpose Room") shall remain available to the community for use during hours outside of the Tenant's activities and regular use during the Term, subject to the terms herein. For the purposes of this Lease, "Tenant's

activities" are defined as those programs and activities directly related to the Tenant's approved occupants and the "hours of Tenant's regular use" are Monday through Saturday from 9:00 A.M. to 6:00 P.M. Tenant shall forward all requests to use the All-Purpose Room outside of the hours of Tenant's regular use directly to CUPF. CUPF shall honor such requests in accordance with the priorities established in the Guidelines for the Community Use of Educational Facilities and Services set forth in COMCOR 44.00.01, et seq., as amended. Tenant acknowledges and agrees that only CUPF may agree to any rental of the All-Purpose Room. Tenant agrees to provide CUPF with a schedule of its activities during Tenant's hours of regular use and outside the hours of Tenant's regular use for the All-Purpose Room on a semi-annual basis. The Fall/Winter schedule (October-March) shall be submitted by September 15 and the Spring/Summer schedule (April-September) shall be submitted by February 1. Times not scheduled for daytime activities by the Tenant shall be deemed to be available for community use; however, such community use during hours outside of the hours of Tenant's regular use shall be limited to Monday through Saturday at night from 6:00 P.M. to 11:00 P.M. and all day Sunday from 9:00 A.M. to 11:00 P.M. The above notwithstanding, each Party agrees to honor and allow any activities scheduled in the All-Purpose Room prior to the Commencement Date. Any use outside of the hours of Tenant's regular use by the Tenant deviating from its previously submitted schedule shall be subject to the approval of CUPF. Tenant agrees to make the All-Purpose Room available, upon request from CUPF, to the Montgomery County Supervisor of Elections for use as a polling facility during the day, if necessary, during primary, general and special elections, irrespective of Tenant's prior scheduled activities.

B. Tenant Limitation: The Tenant shall not be responsible for (i) providing security and safety measures for the Leased Premises, including, without limitation the All-Purpose Room, during such community, CUPF and County use, or (ii) mitigating the traffic and parking burdens placed on the adjacent community during such community, CUPF and County use.

7. USE OF EXTERIOR PLAY AREAS AND FIELDS ON LEASED PREMISES AND ADJACENT PARCEL:

- A. Tenant shall have the exclusive right to use and occupy the Leased Premises, including without limitation all improvements located thereon, including the Building, walkways, play areas, parking lots, driveways, outdoor recreation fields and land located on the Leased Premises, in accordance with the terms and conditions set forth in this Lease. Notwithstanding the foregoing, the County shall have the non-exclusive right to use and occupy the play areas and outdoor recreation fields located on the Leased Premises (the "Exterior Play Areas and Fields on the Leased Premises") for community and/or County use after 6:00 p.m., Monday through Friday and all day on Saturday and Sunday unless the Tenant needs the Exterior Play Areas and Fields on the Leased Premises for a scheduled activity.
- B. Tenant shall have the exclusive right to use and occupy the Adjacent Parcel, including without limitation the outdoor recreation areas, play areas and fields located on the Adjacent Parcel, at all times during the hours of Tenant's regular use, and Tenant shall have the non-exclusive right to use and occupy the Adjacent Parcel outside of the hours of Tenant's regular use as approved by CUPF as set forth below. Notwithstanding the foregoing, as required by COMCOR Section 11B.45.02.06, Section 6.15, the County shall have use of the Adjacent Parcel for community and/or County use after 6:00 p.m., Monday through Friday and all day on Saturday and Sunday, unless the Tenant needs the field(s) for a CUPF approved regular scheduled program or an exception is approved by CUPF. Tenant agrees to and shall work together with the Parks Department of the Maryland-National Capital Park and Planning Commission, the County's Recreation Department, and CUPF to resolve the use and scheduling of the Adjacent Parcel. As consideration for Tenant's use of the Adjacent Parcel, the Tenant shall maintain such areas to the same standards as outdoor recreation areas maintained by the Parks or

Recreation Department, as per the maintenance standards made a part of this Lease as Exhibit I.

8. **PARKING**: Tenant is entitled to full use of the parking facilities which are a part of the Leased Premises as of the Commencement Date. As required by COMCOR Section 11B.45.02.06, Section 6.13, parking for Tenant and any other occupants of the Building, their staff, clients and guests shall be confined to the surfaced parking areas located on the Leased Premises. Tenant may not use or permit any other occupants of the Building, their staff, clients, and guests to use on-street parking in such a way that deprives the nearby property owners of their beneficial use of the public right of way or in any manner that violates the Traffic Management Plan described in Paragraph 42. Subject to all approvals required by all applicable laws, regulations, ordinances and codes, including, without limitation, mandatory referral as required by County regulations, and subject to all of the provisions of this Lease, Tenant may expand the parking facilities to support the Leased Premises, with the express written consent of the County. Tenant shall, at Tenant's risk and expense, be responsible for the ongoing maintenance, cleaning, and repair of all parking facilities, whether in existence at the time of commencement of this Lease or expanded in accordance with this Article. The Tenant shall grant access to all parking facilities to the County's representatives at all times, or to community users of the Leased Premises during times of community use as set forth in Articles 6 and 7 above. Tenant agrees to make repairs as necessary to maintain all of the parking areas in a safe state and as necessary for compliance with any laws, including, but not limited to the Americans with Disabilities Act [42 U.S.C. 12101, *et. seq.*] (the "ADA"). Subject to appropriations and to the notice provisions and the liability and damage caps stated in the Local Government Tort Claims Act Maryland Code Ann., Cts & Jud. Proc. §§ Sec. 5-301, *et seq.* (2015 Repl. Vol), as amended from time to time (the "LGTCA"), the County shall hold Tenant harmless from any claim of liability made or arising out of the County's use of the parking facilities, except for damage or liability arising from the negligent or willful acts or omissions of Tenant, Tenant's agents, employees, guests or contractors.

9. **CAPITAL IMPROVEMENTS**:

A. **Capital Improvement Definitions**:

1. Elective Capital Improvements are Capital Improvements or additions made by Tenant which:
 - a. Increase the value of the Leased Premises to the County;
 - b. Are not required to protect or preserve the Building structure or systems; and
 - c. Are not mandated by County, State, or Federal law, code ordinance or regulation.
 - d. By way of example, and not intended to be a complete list, Elective Capital Improvements include, but are not limited to, work such as installation of program specific improvements (e.g., rock climbing walls, boxing rings, raised platform floors, etc.).
2. Non-Elective Capital Improvements are Capital Improvements or additions made by Tenant which:
 - a. Increase the value of a closed school to the County;
 - b. Are required to protect and preserve the Building structure or systems; or
 - c. Are mandated by County, State, or Federal code, law ordinance and/or regulations.
 - d. By way of examples, and not intended to be a complete list, Non-Elective Capital Improvements include but are not limited to work such as roof replacement, boiler replacement, HVAC system replacement, replacement of failing exterior structural walls, electrical system replacement, conversion from oil fired boilers to gas heat, asbestos removal, underground storage tank removal, window replacement (excepting window pane replacements) and ADA mandated improvements.
3. Qualified Capital Improvements are Elective or Non-Elective Capital Improvements that have been reviewed and approved in writing by

the County and that are specifically identified in the County's written approval as Qualified Capital Improvements.

4. Capital Improvements are a substantial improvement or addition to a building which extends beyond ordinary repair or maintenance.

B. As Required by COMCOR Section 11B.45.02.06, Section 6.4, Approval Process for Non-Elective and Elective Capital Improvements:

1. Tenant shall obtain the prior written consent of the County for all Capital Improvements. Tenant shall submit to the County complete plans, drawings, specifications, or quotes, at least 45 days prior to beginning work. Tenant's submittal to the County shall be of sufficient detail and content to permit the County to fully evaluate Tenant's proposed project. In the event the proposed Capital Improvements are Elective Capital Improvements, two copies of the submission shall be sent by Tenant to the County. The County shall coordinate review with the BOE of any proposed improvement that may affect the future educational use of the Leased Premises. The County shall respond in writing to Tenant's submission within 45 days of the receipt of all required documentation the County reserves the right to deny approval of any and all Capital Improvements proposed by Tenant.
2. In the event of an emergency need for a capital improvement, Tenant shall notify the County as soon as practicable under the circumstances, and the County shall respond within a reasonable and appropriate period of time, as dictated by the emergency situation.
3. The County has the right to inspect all work and materials before, during and after construction.

4. Within thirty (30) days after receipt by the County of Tenant's notice of completion of the Qualified Capital Improvements, representatives of the County and Tenant shall meet to inspect such Capital Improvements in order to ensure that such Qualified Capital Improvements are in compliance with the plans and specifications previously approved by the County. After such inspection, the County and Tenant shall complete the "Capital Improvements Completion Report" attached hereto as Exhibit D-1. In the event of a material deficiency from such plans and specifications, Tenant shall repair such deficiencies at Tenant's expense, and the County and Tenant shall meet again, within thirty (30) days after receipt by the County of Tenant's notice of completion of such repairs, to inspect such repairs and complete the Capital Improvements Completion Report. In the event Tenant shall fail to make such repairs, the County shall have the right to make such repairs and charge Tenant as Additional Rent the County's reasonable costs for such repairs. The cost of such corrective measures is not eligible for Rent credit and/or reimbursement.
5. The total cost of all Capital Improvements shall be borne solely by Tenant and shall be subject to a Rent credit and/or reimbursement from the County as set forth below. In the event Tenant is eligible for a Rent credit, such Rent credit shall commence with the first installment of Rent due after the completion of the Capital Improvements Completion Report. Tenant shall be solely responsible for obtaining any and all permits, approvals and licenses from all appropriate County, State, and/or municipal authorities having jurisdiction over such work.

6. Tenant shall comply with all applicable zoning, land use, health and safety regulations. This includes, specifically and without limitation, Section 59-3-3.4.5(B)(2)(b) of the Montgomery County Zoning Ordinance, (2014) as amended, (“Zoning Ordinance”) which requires site plan review for any expansion of an existing private school building that would exceed the lesser of (a) 7,500 square feet, or (b) a 15% increase over the size of the Building existing on February 1, 2000, and for the installation of any portable classrooms within the Leased Premises for a period longer than one year.

C. As required by COMCOR Section 11B.45.02.06, Section 6.8. Rent Credits for Capital Improvements: The County may credit the Tenant's annual Rent in an amount not to exceed fifty percent (50%) of the annual amortized cost of Qualified Capital Improvements. Said annual Rent credit shall be subject to the following conditions:

1. The total of all Rent credits shall not exceed fifty (50%) of the Tenant's annual Rent as set forth in this Lease.
2. Tenant shall not be entitled to Rent credits for any finance charges, fees, administrative costs, performance bonds, permit fees, insurance, operating, maintenance, or repair expenses, or any other costs except the actual costs directly related to the design and construction and/or installation of Capital Improvements, which costs shall be fully documented by Tenant.
3. Capital Improvements completed by Tenant without the prior written approval of the County shall not receive Rent credit.
4. The County has the right to audit all construction or other costs for which Tenant requests Rent credits.

5. As required by COMCOR Section 11B.45.02.06, Section 6.4(c), in the event the work performed requires repairs pursuant to Article 9.B.4 above, the costs of such corrective measures are the responsibility of the Tenant and are not eligible for Rent credit. If the Tenant fails to take the required corrective measures and the County performs the required repairs the Tenant must reimburse the County the cost of the corrective measures as additional rent. Tenant's failure to take corrective measures may be treated by the County as default under this Lease.
6. Rent credits for Elective Capital Improvements shall be made only to the degree that said improvements are determined, at the reasonable determination of the County, to be of value to the County and/or the MCPS.
7. Future Rent credits may be forfeited, at the County's option, if Tenant defaults and fails to cure as set forth in Article 17, on any term or condition of this Lease.
8. For purposes of determining annual Rent credit amounts, amortization of Capital Improvements shall be made over the anticipated useful life. In order to determine an appropriate amortization schedule for Capital Improvements, the anticipated useful life of such improvements shall be deemed to be the applicable recovery periods used in computing deductions for depreciation under The Internal Revenue Code.
9. No Rent credits shall be granted for any improvement to the extent that the improvement was paid for by a grant, loan, bond or other financial assistance from Montgomery County, Maryland, or from any other government or instrumentality.

D. As required by COMCOR Section 11B.45.02.06, Section 6.9, Partial Reimbursement of Capital Improvements in the Event of Early Termination:

1. In the event the County terminates this Lease pursuant to Article 5 of this Lease, or in the event either party terminates this Lease pursuant to Article 16 of this Lease, the County shall reimburse Tenant one hundred (100%) percent of the remaining unamortized portion of the cost of each Qualified Non-Elective Capital Improvement and fifty (50%) percent of the remaining unamortized portion of the cost of each Qualified Elective Capital Improvement, less any Rent credits for Capital Improvements already granted to Tenant. In the event this Lease is terminated pursuant to Article 18 of this Lease, the County shall reimburse Tenant any applicable awards received by the County for the fair market value of the Qualified Capital Improvements, and such reimbursement shall not preclude Tenant from filing a separate claim against the authority exercising eminent domain pursuant to Article 18 of this Lease.
2. Such reimbursements shall be made within ninety (90) days of such termination date, or, in the event of eminent domain, within thirty (30) days of the County's receipt of such awards, and, if applicable, shall be subject to appropriation of funds by the Montgomery County Council. In the event appropriations of funds is required, and the County is unable to secure the funding necessary to reimburse Tenant, the County shall not terminate the Lease until such time as funding is appropriated; in which event such termination shall be in accordance with Article 5.B.4 of this Lease.
3. In no event shall Tenant be entitled to receive reimbursement from both the County and any other public agency for the same, like item, or work of any nature or description, and in no event shall the County be entitled to receive unjust enrichment from any insurance coverage

or governing authority in connection with the Qualified Capital Improvements performed by Tenant.

4. Capital Improvements performed by Tenant without the prior written approval of the County will not receive reimbursement.
5. [Intentionally Omitted].
6. The County will not reimburse Tenant for any Qualified Capital Improvements in the event Tenant vacates the Leased Premises before the end of the Term, whether voluntarily or pursuant to legal action for breach of this Lease.
7. Tenant shall not be entitled to reimbursement in the Event of Default by Tenant pursuant to Article 17 below.
8. Tenant will not be entitled to reimbursement for any finance charges, fees, administrative costs, bonds, permit fees, insurance, operating, maintenance or repair expenses, or any other costs not directly attributable to the actual construction and/or installation of Qualified Capital Improvements.
9. Tenant will not be entitled to reimbursement for Elective Capital Improvements, unless the improvements are, at the reasonable discretion of the County, determined to be Qualified Capital Improvements.
10. No reimbursement will be granted for any improvement to the extent that the improvement was paid for by a grant, loan, bond or other financial assistance from Montgomery County, Maryland or any other government or public agency.

E. Required Capital Improvements: As a condition of granting this Lease to Tenant, commencing with the date of full execution of this Lease, Tenant agrees to act with all commercially reasonable speed to: (i) obtain all permits and to commence construction for the Non-Elective Capital Improvements, in accordance with Exhibit D-2, and (ii) complete such construction for the Non-Elective Capital Improvements during the first three (3) Lease Years of the Term. The Elective Capital Improvements and the Non-Elective Capital Improvements, in accordance with Exhibit D-2, are hereby designated and approved as Qualified Capital Improvements by the County. Tenant agrees to spend a total of THREE HUNDRED FIVE THOUSAND FIVE HUNDRED and 00/100 DOLLARS (\$305,500.00) for Qualified Non-Elective and Elective Capital Improvements for which it will receive no refund. In the event the actual cost of such Qualified Non-Elective Capital Improvements exceeds \$305,500.00, the County shall credit Tenant the actual costs in excess of \$305,500.00 pursuant to Article 9.C above.

10. OPERATING EXPENSES:

A. Maintenance, Repair and Upkeep of the Leased Premises: As required by COMCOR Section 11B.45.02.06, Section 6.3(a) and 6.3(c), the Tenant shall, at the Tenant's sole cost and expense (unless this Lease expressly provides otherwise), assume full responsibility for the maintenance, repair, and upkeep of the entire Leased Premises and all improvements thereon, including but not limited to the repair and/or replacement of all Building elements and equipment, fixtures, roof, windows, floors, ceiling tiles, walls, electrical systems, heating and air conditioning systems, plumbing systems, interior and exterior painting, outdoor areas, outdoor fields and playgrounds, shrubbery and landscaping located on the Leased Premises; however, if such maintenance and repair is due to the County's use of the Leased Premises pursuant to Article 6 above, the County shall reimburse the Tenant for all costs and expenses incurred by the Tenant in connection with such maintenance and repair within thirty (30) days of the Tenant's delivery to the County of written

receipt thereof. The County shall have the right to determine in its reasonable discretion, and shall notify Tenant in writing, that such maintenance, repair, upkeep, and replacement is required to protect the Leased Premises from damage and deterioration.

- B. Operating Expenses for Leased Premises: As required by COMCOR Section 11B.45.02.06, Section 6.3(b), the Tenant shall be fully responsible at the Tenant's sole cost and expense, for all operating expenses for the Leased Premises, including, but not limited to, utility bills and expenses, janitorial services, trash removal, pest control, snow removal (including snow removal on sidewalks adjacent to the Leased Premises located on Forest Road, Beech Avenue, and Montgomery Drive), grounds maintenance, on-site parking facilities, preventive maintenance, day-to-day minor and major maintenance, tree removal, fence repair and/or replacement, and repair or replacement of playground equipment.

- B. Operating Expenses for Adjacent Parcel: Tenant shall be fully responsible, at Tenant's expense, for all operating expenses in connection with the maintenance and repair of the Adjacent Parcel.

11. FIXTURES AND EQUIPMENT: All items which are attached to the Building, or are a part of the Building's systems at the time the Leased Premises are delivered to Tenant, shall remain with the Leased Premises and shall be delivered to Tenant along with the Leased Premises. All moveable partitions, trade fixtures, floor coverings or equipment installed within the Leased Premises at Tenant's expense shall remain the property of Tenant and may be removed by Tenant at the expiration or other termination of this Lease. Upon removal of the Tenant's property from the Leased Premises, the Tenant, at its sole expense shall repair any damage to the Leased Premises caused by such removal so that the Leased Premises are in substantially the same condition as at the commencement of the Lease Term, reasonable wear and tear excepted.

12. CONDITION OF PREMISES: As required by COMCOR Section 11B.45.02.06, Section 6.3(a), Tenant accepts the Leased Premises in "as is" condition, and Tenant agrees to maintain the Leased Premises, including all improvements therein, in good condition and state of repair throughout the Term and any extension thereof. Tenant acknowledges that Tenant and its predecessors have been in exclusive, continuous use and possession of the Leased Premises under prior Leases dated November 19, 1996 and March 10, 2006, copies of which are attached hereto as Exhibit E. For purposes of maintenance and upkeep, the Leased Premises includes the improvements, including, without limitation the Building, walkways, play areas, parking lots, driveways, outdoor recreation fields and land located on the Leased Premises but shall not include adjacent athletic fields or outside grounds or other areas not within the exclusive control of Tenant. Tenant agrees to keep the Leased Premises clean and neat in appearance at all times, and to keep grass trimmed, trees treated and shrubbery pruned as necessary to maintain them in good condition and appearance. Tenant agrees to make repairs and replacements as necessary for the safe use of the Leased Premises, protection of the Leased Premises from damage or deterioration, including changes necessary to comply with state, federal or local laws, including, but not limited to changes, if required, to comply with the ADA, however, if such maintenance and repair is due to the County's use of the Leased Premises pursuant to Article 6 above, the County shall reimburse the Tenant for all costs and expenses incurred by the Tenant in connection with such maintenance and repair within thirty (30) days of the Tenant's delivery to the County of written receipt thereof.

13. LIABILITY, PROPERTY DAMAGE AND FIRE INSURANCE:

A. Tenant Insurance: Tenant agrees to obtain and maintain, during the full term of this Lease, and any extension thereof, a policy of general liability insurance with a minimum limit of liability of \$5,000,000 (five million dollars) per claim for bodily injury and property damage including Contractual Liability, Premises and Operations, Independent Contractors, Personal Injury and a \$2,500,000 (two million five hundred thousand dollar) limit for fire legal liability issued by an insurance company licensed in the State of Maryland and acceptable to the County.

- B. Tenant agrees to obtain and maintain, during the term of the Lease, and any extension thereof, a policy of Automobile Liability Coverage with a minimum limit of liability of one million dollars (\$1,000,000), combined single limit, for bodily injury and property damage coverage per occurrence including owned automobiles, hired automobiles and non-owned automobiles.
- C. Tenant agrees to obtain and maintain, during the term of the Lease, and any extension thereof, a policy of workers compensation and employers liability coverage in the amount of \$100,000 (each person) for bodily injury by accident or by disease and \$500,000 for bodily injury by accident or by disease (policy limits).
- D. Tenant agrees to obtain and maintain, an All-Risks Broad Form Property Policy including fire and extended coverage during the Term and any renewal terms to protect the full replacement value of all contents of the Leased Premises and all interests of the Tenant, including Capital Improvements, against any loss. Any deductibles under this policy shall be funded by the Tenant. The County does not provide any coverage for Tenant's owned contents and Capital Improvements to the Licensed Premises. County shall be named as a loss payee.
- E. The General Liability, Automobile and any excess liability policies or floaters must name Montgomery County as an additional insured. All policies must provide the County with thirty (30) days advance written notice of material amendment or cancellation (except for non-payment of premium, in which case the notice of cancellation would be 10 days), or Tenant shall be responsible for providing the County with such notice.
- F. The Tenant shall, within ten (10) days following execution of this Lease deliver to the County a certificate(s) of insurance and copies of the policies evidencing the coverage(s) required above. The certificate(s) must be issued

to Montgomery County, Maryland, Department of General Services, Office of Real Estate, 101 Monroe Street, 9th Floor, Rockville, Maryland 20850.

Tenant has the obligation to assure that the County always has a valid Certificate of Insurance in its possession.

G. County Insurance: The County shall obtain and maintain, during the Term, an All Risk Property policy covering 100% of the Building on the Leased Premises. The County shall provide insurance covering general liability for the Property but will not cover any operations of the Tenant. Notwithstanding the above, the County shall have the right to self-insure. The County is a member of the Montgomery County Self-Insurance Program. The County shall obtain and maintain, during the full term of this Lease, and any extension thereof, a policy of public liability insurance with bodily injury limits of \$400,000 for injury (or death) to one person, \$800,000 per occurrence. These are the maximum limits of liability for which the Montgomery County Self-Insurance Program is responsible, as determined by the LGTCA. .

14. INDEMNIFICATION:

A. TENANT'S INDEMNIFICATION OF COUNTY: The Tenant will indemnify the County and save it harmless from and against any and all claims, actions, damages, liability and expense in connection with loss of life, personal or bodily injury and /or damage to property arising from or out of any occurrence upon or at the Premises, or the occupancy or use by the Tenant of the Premises or any part thereof including exterior areas, the Exterior Play Areas and Fields on the Leased Premises, and Adjacent Lot occasioned by any act or omission of the Tenant , its agents, contractors, employees, or invitees excepting claims arising out of the wrongful acts or omissions of the County, the County's agents, and employees County's and CUPF's use as outlined in Sections 6 and 7 above. Provided, however, that the County provides to Tenant, as soon as possible following receipt thereof, notice of any and all claims under which County will rely on this indemnification. The Tenant shall indemnify the County against any penalty, damage or charge incurred or imposed by reason of the Tenant's, its employees, agents, contractor's, invitees or guests' violation of any law or ordinance.

B. INDEMNIFICATION BY COUNTY: The County will indemnify Tenant and save it harmless 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 Premises, or the occupancy or use by the County of the Premises or any part thereof including the Exterior Play Areas and Fields on the Leased Premises, and Adjacent Lot occasioned, by any negligent act or omission of the County, its agents, contractors, or employees, with use as outlined in Sections 6 and 7 above except to the degree such claims arise out of the wrongful acts or omissions of the Tenant, Tenant's agents, employees, contractors, guests or invitees. Provided, however, that the Tenant provides to the County as soon as possible following receipt thereof, notice of any and all claims under which Tenant will rely on this indemnification. The County shall indemnify the Tenant against any penalty, damage or charge incurred or imposed by reason of the County's violation of any law or ordinance. Any indemnification given by the County is subject to appropriations and to the liability and damage caps stated in the LGTCA; 2015 Md. Code Ann., Local Govt. Art. §§ 10-201, et seq.; and Md. Code Ann., Cts. & Jud. Proc. § 5-301 (together the "County Indemnification Statutes"), all as amended from time to time. This indemnification is not intended to be a waiver of governmental immunity by the County, and is not intended to create any rights or causes of action in third parties.

15. TENANT'S DUTIES AND COVENANTS:

- A. Waste: Tenant shall not damage or deface the Building, nor suffer or permit any waste in or upon the Leased Premises or the Adjacent Parcel.
- B. Hazardous Materials: Tenant shall not keep or store gasoline, other flammable material, any explosive, or hazardous material as defined under State and Federal and County laws and regulations, within the Leased Premises or the Adjacent Parcel which shall increase the rate of fire insurance on the Leased Premises or Adjacent Parcel beyond the ordinary risk established for the type of operations described in Article 3 of this Lease. Any such increase in the insurance rate due to the above, or due to Tenant's special operations within the Leased Premises or Adjacent Parcel, shall be

borne by Tenant. Tenant shall not willfully do any act or thing in or about the Leased Premises or Adjacent Parcel which may make void or voidable any insurance on the Leased Premises or Adjacent Parcel, and Tenant agrees to conform to all reasonable written rules and regulations established from time to time by the County (as a governmental authority and not as a landlord), the Maryland Insurance Rating Bureau, or any other authority having jurisdiction over such matters.

- C. Use: Tenant shall not permit any trade or occupation to be carried on or use made of the Leased Premises or Adjacent Parcel outside of the scope of this Lease described in Article 3 hereof. Further, Tenant shall not use or allow to be used the Leased Premises or any part thereof for any illegal, unlawful or improper purpose or for any activity which shall constitute a nuisance to adjacent properties or the adjacent neighborhood. Tenant acknowledges that all of its responsibilities relating to the use or misuse of the Leased Premises and Adjacent Parcel and anything therein shall be construed to include use or misuse thereof by Tenant's agents, subtenants, employees, students, guests and subtenants.
- D. Signage: Tenant shall not place upon the Leased Premises or Adjacent Parcel any placard, sign, lettering or awning (a "Projection") except such, and in such place and manner, as first approved in writing by the County or CUPF as may be the case. The County's approval shall not be unreasonably withheld. Any such sign or Projection must be permitted under the Zoning Ordinance and must be approved by the County agency responsible for administering the Zoning Ordinance, which may withhold its approval for any reason.

The Tenant's monument sign at the corner of Beech Avenue and Forest Road was approved by the County pursuant to a prior Lease and Tenant may repair and replace the same, provided any such work is made in accordance with all applicable laws, rules, orders, or ordinances.

E. Expenses: Tenant shall pay all of its bills and expenses relating to Tenant's use of the Leased Premises and Adjacent Parcel on time and shall not permit any disruption of any service, including, but not limited to, utilities, to any portion of the Leased Premises or Adjacent Parcel.

F. Authority: Tenant verifies and acknowledges that the person executing this Lease on behalf of the Tenant has the legal authority to bind the Tenant to the duties and obligations set forth herein. Tenant further verifies and acknowledges that such person's signature creates a binding obligation on the part of the Tenant for the Term. Tenant verifies and acknowledges that it is in good standing and/or qualified to do business in the State of Maryland, as attached as Exhibit J.

G. Performance: Tenant agrees to and shall perform any and all obligations under this Lease in a timely manner. It is understood, agreed and covenanted by and between the parties that Tenant, at Tenant's expense, shall promptly comply with, observe and perform all of the requirements of all of the statutes, ordinances, rules, orders and regulations now in effect or hereafter promulgated whether required by the Federal Government, State of Maryland, Montgomery County, or any local government with jurisdiction over the Leased Premises and Adjacent Parcel.

H. Toxic Substances Control Act: Tenant specifically acknowledges its responsibility to comply with the requirements of the Toxic Substances Control Act ("TSCA") 15 U.S.C. 2601 et seq. and its implementing regulations governing asbestos-containing materials in schools, the Asbestos Hazard and Emergency Response Act ("AHERA"), 40 C.F.R. Part 763, Appendix C Subpart E.

16. DAMAGES TO OR DESTRUCTION OF LEASED PREMISES AND ADJACENT PARCEL:

- A. Notice: Tenant shall provide the County with notice, as soon as practicable, of accidents on or damages to the structure, equipment, or fixtures of the Leased Premises or Adjacent Parcel or of defects in the roof, plumbing, electric and heating and cooling systems of the Building, or to any defects or damages to the Property.
- B. Right to Restore or Terminate: In the event that the Leased Premises or Adjacent Parcel are substantially destroyed or damaged from whatever cause so as to render all or a substantial portion (which, for purposes of the Lease, shall mean 25% or more of the Leased Premises or Adjacent Parcel) of the Leased Premises or Adjacent Parcel unfit for the purposes for which such areas were leased, and the Leased Premises or Adjacent Parcel can be restored to its pre-existing condition within two-hundred seventy (270) days, the County shall notify Tenant in writing within thirty (30) days of the date of such destruction or damage whether or not it intends to make such repairs and the County shall promptly and with due diligence repair any damage to the Leased Premises or Adjacent Parcel. Notwithstanding the foregoing, if the repair of said destruction or damage to the Leased Premises cannot reasonably be accomplished by the County within available insurance proceeds within two hundred seventy (270) days following the date of such destruction or damage, the County shall notify the Tenant in writing within thirty (30) days after the date of the destruction or damage occurred, and Tenant and the County shall each be entitled to terminate this Lease by written notice to the other within ten (10) days of such written notice.
- C. Standard of Work: In the event that the County is able to undertake the repair of the Leased Premises and determines it is in the County's best interest to do so, and provided neither party elects to terminate this Lease in accordance with Article 16B. above, the County shall complete said repairs in a diligent manner as soon as practical after the date of destruction or damage, with all parties acting diligently, and this Lease shall not be affected, except that during reconstruction the Rent shall be reduced by a percentage

corresponding to the portion of the Leased Premises to which Tenant is denied normal occupancy and use.

D. County Right Not to Repair: The County reserves the right to not repair the Leased Premises or Adjacent Parcel, if it decides, in its reasonable discretion, repair of the Leased Premises or Adjacent Parcel is not in the County's best interest. If the County elects not to repair the Leased Premises, the County shall notify the Tenant in writing within thirty (30) days after the date of the destruction or damage occurred, and Tenant shall be entitled to terminate this Lease by written notice to the County within ten (10) days of receipt of such written notice.

17. DEFAULT:

A. Events of Default. Each of the following shall constitute an event of default (the "Event of Default"):

1. Tenant's failure to pay Rent and the continuance thereof for thirty (30) days after receipt from the County of written notice. Notwithstanding the foregoing, the County shall not be required to provide Tenant with more than three (3) monthly written notices during any twelve (12) month period.
2. Failure to substantially perform under any term, covenant or condition of this Lease other than failure to pay rent, and the continuance thereof for thirty (30) days after written notice from the County specifying said failure, or such greater time as may be reasonably required to correct such failure, with Tenant acting diligently.
3. The commencement of any involuntary action or proceeding for the dissolution or liquidation of Tenant, or for the appointment of a

receiver or trustee of Tenant's property, and the failure to discharge any such action within one hundred twenty (120) days.

4. The making of any assignment for the benefit of Tenant's creditors.
5. The abandonment of the Leased Premises by Tenant. Abandonment is defined as the failure of Tenant to operate the Permitted Use for ninety one (91) consecutive days or longer, unless otherwise excused under the terms of this Lease.
6. Failure to comply with the Traffic Management Plan required in Article 42, below.

B. Tenant Penalties. In the event that an Event of Default shall occur hereinabove stated, provided Tenant fails to cure said default within the time period set forth in this Lease, then, and in every such case thenceforth, at the option of the County or the County's assigns pursuant to Article 23 below, the Tenant shall be subject to one of the following penalties, depending upon the nature and severity, in the County's sole judgment, of the Event of Default:

1. Tenant's right of possession shall end, the Lease shall be terminated by the County, and the County may proceed to recover possession under the laws of the State of Maryland.
2. The County may, but shall not be obligated to, without waiving such Event of Default, undertake appropriate action to correct the Event of Default at the reasonable expense of Tenant, in which case Tenant shall pay the County all incurred costs of such performance promptly upon receipt of an invoice.

3. In addition to the other rights of the County, as set forth in this Article 17.B, in the event Tenant's Event of Default is due to a failure to perform under Article 17.A.2 above, and such Event of Default continues for forty-eight (48) hours after written notice from the County that the cure period specified in Article 17.A.2 above has expired, the County shall charge Tenant, as Additional Rent, the greater of (i) Five Hundred Dollars (\$500) per day for each day such Event of Default continues, or (ii) the actual costs to undertake appropriate action to correct the Event of Default pursuant to Article 17.B.2 above.
4. The County's acceptance of Additional Rent, as provided in Article 17.B.3 above, shall not constitute a waiver of the County's right to terminate the Lease in accordance with Article 17.B.1 above or to recover possession in a subsequent month during the Term if the Event of Default continues or an additional Event of Default occurs.

C. County Remedies. Upon occurrence of an Event of Default by the Tenant, the County is entitled to all remedies available at law or in equity, including, but not limited to, the right to terminate the Lease, the right to re-let the Leased Premises (if the Lease has been terminated), with any termination of this Lease to be effectuated by appropriate proceedings brought in any court of competent jurisdiction in Montgomery County, Maryland. Notwithstanding the termination of this Lease, the Tenant shall remain liable for any and all claims, costs, damages, expenses, fees, liabilities and losses suffered by or incurred on behalf of the County as a result of Tenant's Event of Default, including all reasonable attorney's fees and any costs the County incurs recovering possession of the Leased Premises.

D. No Waiver. In the event that proceedings shall at any time be commenced for recovery of possession as aforesaid and a compromise or settlement shall be effected either before or after judgment whereby the Tenant shall be permitted to retain possession of the Leased Premises, then such proceedings

do not constitute a waiver of any condition or agreement contained herein or of any subsequent breach of this Lease. No waiver of any breach of any condition contained herein shall be construed to be a waiver of that condition or of any subsequent breach thereof.

18. EMINENT DOMAIN:

- A. County Right: The County is entitled to receive any award from a governmental authority other than Montgomery County, Maryland for the fair market value of the land and improvements upon which the Leased Premises are located.
- B. Tenant Right: Tenant is not precluded from claiming, proving and receiving, in a separate claim filed by Tenant against the authority exercising the power of eminent domain, such sums to which the Tenant may be entitled as compensation, including, without limitation, reimbursement of Qualified Capital Improvements, provided that such a separate claim does not interfere with or reduce the County's award and is pursuant to the terms set forth in Article 9.D herein.
- C. Right to Terminate: The County or Tenant may terminate this Lease upon exercise of eminent domain by a condemning authority that renders the Leased Premises unfit for the use and purpose set forth in Article 3 herein.

19. SUBLEASING:

- A. County Consent for Tenant Subleasing: As required by COMCOR Section 11B.45.02.06, Section 6.10, Tenant shall not sublease any part of the Leased Premises without the County's express written consent. The County's written consent shall be obtained in the following manner:

1. Tenant shall submit to the County a copy of the proposed sublease, a description of the activities and uses proposed by subtenant, proof of the subtenant's ability to pay Rent, adequately maintain its premises and otherwise comply with all terms and conditions of this Lease, and any other information pertinent to the proposed subtenant's use and occupancy as may be requested by the County.
2. The County shall provide copies of the above information to the Montgomery County Council, the Montgomery County Planning Board and BOE and shall solicit and consider their comments on the proposed sublease as required by law.
3. The County shall make a decision on the proposal and shall respond in writing to the Tenant not later than ninety (90) days after receipt of all information required by Article 19.A.1, above, or any additional information that may be requested by the County.
4. It shall not be unreasonable for the County to deny approval for any sublease if the County determines, in its sole discretion, that such sublease will have a negative impact to the surrounding neighborhood.

B. Permitted Subleasing by Tenant: As required by COMCOR Section 11B.45.02.06, Section 6.11, subleasing by Tenant shall be permitted only under the following terms and conditions:

1. Tenant shall not be permitted to sublease more than fifty percent (50%) of the net useable square footage of the Building.
2. Subleasing of any portion of the Leased Premises by Tenant shall have as its primary goal the recovery of reasonable operating and Rent expenses incurred by Tenant in the operation, maintenance and

administration of the Leased Premises. Tenant agrees that any Rent charged to subtenant shall be limited to the subtenant's prorated share of actual operating, maintenance and administrative expenses, as well as, non-reimbursed Capital Improvements, and/or other improvements benefiting the subtenant incurred by Tenant, plus an amount equal to the same square foot rate of Rent paid by Tenant to the County.

3. The County shall not approve any sublease or transfer of any right or interest in any portion of the Leased Premises if such a sublease or transfer results in any profit or financial gain in excess of the permitted costs and expenses as set forth, above. The County shall require satisfactory written evidence of compliance with this Article.
4. In the event the County approves a sublease, Tenant remains responsible for the payment of all monies due to the County and for the performance of all obligations required of the Tenant under this Lease.
5. All subtenants or assignees must conform to all applicable zoning and land use requirements, to all applicable use and occupancy regulations, laws or statutes, to the use restrictions contained in this Lease, to any restrictions that have been imposed by the Montgomery County Council on the use of the Leased Premises, and to all of the terms and conditions of this Lease.
6. In the event the County determines that Tenant is receiving Rent from subtenant in excess of the costs permitted herein, Tenant shall pay all of the Rent received over and above the allowable costs to the County, as Additional Rent.

20. RIGHT OF ENTRY:

- A. Repairs and Inspection: As required by COMCOR Section 11B.45.02.06, Section 6.0, the Tenant shall permit the County as landlord, its agents or employees, at reasonable times and upon reasonable notice (not less than three (3) business days prior written notice) to enter the Leased Premises without charge and without diminution of Rent to: (1) examine, inspect and protect the Leased Premises; (2) to perform maintenance and repairs the County may in its reasonable discretion consider necessary or desirable; (3) to exhibit the Leased Premises to prospective purchasers or tenants; and, (4) enforce the terms of the Lease and take action, including an inspection of the Leased Premises at least annually, to assure that the Tenant complies with its obligations under the Lease. The County retains all of its rights as a government to enter onto the Leased Premises and Adjacent Parcel as permitted by law and for all lawful purposes.
- B. Emergency Access: In cases of an emergency involving imminent risk of injury or death to persons or damage to property, the County, its agents or employees, without prior notice to the Tenant, may enter onto the Leased Premises, however, the County shall notify the Tenant of any such entry under this Article as soon as it is practicable under the circumstance.
- C. Locks: Tenant shall not alter or change exterior locks installed on the Leased Premises, however, in the event of an approved County change, Tenant shall provide the County with keys to the new locks installed in the Building.

21. RETURN OF THE LEASED PREMISES:

- A. Tenant's Property: At the conclusion of the Term as set forth in Article 2, or following the termination of this Lease for any other cause, the Tenant shall remove all of Tenant's goods and effects from the Leased Premises and return to the County all keys, locks, and other fixtures belonging to the County, in good repair, reasonable wear and tear and damage by casualty excepted. In

the event that Tenant's property is not removed from the Leased Premises after the termination of this Lease, the property remaining shall become the property of the County. The County shall dispose of such property in the manner it deems appropriate.

- B. Condition of Leased Premises: The Tenant shall return the Leased Premises to the County in the same condition as received at the beginning of the Lease Term in "broom clean" condition, reasonable wear and tear and damage by casualty excepted. At the time of termination of this Lease, and at the County's option, the Tenant shall participate in a walk-through with the County's agent or employee to inspect the Leased Premises.
- C. Signs: Following termination of this Lease, the Tenant shall remove any and all signs erected by or on behalf of Tenant and shall pay for or repair any damage caused by the installation or removal of such signage.

22. HOLDOVER:

- A. No Right to Holdover: The Tenant shall have no right to holdover and continue to occupy the Leased Premises upon expiration or termination of this Lease without first obtaining the prior written permission of the County.
- B. Holdover with Consent: If the Tenant holds over after the expiration of this Lease with the County's consent, the tenancy created by such holding over shall be a month-to-month tenancy, but in all other respects shall be governed by the terms of this Lease, provided, however, that (i) in all cases (except an Event of Default by the Tenant) a thirty (30) day notice shall be required to terminate the tenancy created by such consented hold-over; and (ii) the monthly Rent payable hereunder during any such holdover period shall be 150% of the Rent in effect for the last month of the Term then ending; and provided that (a) if, upon the expiration of this Lease, the County and Tenant are actively engaged in good faith negotiations for a renewal or extension of

this Lease, the County agrees (on the condition the remainder of such holdover rent is paid timely) to defer payment in excess of such holdover rent above the Rent in effect immediately prior to the expiration of this Lease until the earlier of the sixtieth (60th) day after the expiration of the Term or the date on which such negotiations cease, and (c) if, on or before the ninetieth (90th) day after the expiration of the Term, County and the Tenant execute and deliver a renewal or extension of this Lease, then County may agree to waive payment of the amount of holdover rent deferred pursuant to this Article.

C. Holdover without Consent: Notwithstanding the foregoing, if the Tenant holds over the expiration of this Lease without the County's consent, the Tenant shall, in the absence of any agreement to the contrary, be the Tenant at sufferance and shall pay to the County holdover damages equal to the then-current fair market value of the Leased Premises plus Additional Rent in effect immediately prior to the expiration of the Term for the entire period of such tenancy at sufferance.

D. Indemnification: Tenant shall defend, indemnify, and hold the County harmless from and against any and all claims, losses, liabilities, or damages resulting from the Tenant's failure to surrender possession of the Leased Premises in accordance with this Article (including, but not limited to, any and all claims made by any succeeding tenant).

23. ASSIGNMENT: Tenant shall not assign this Lease without the prior written consent of the County, which consent shall not be unreasonably conditioned, withheld or delayed, nor shall any assignment hereof be effected by operation of law or otherwise without the prior written consent of the County. Any assignment consented to by the County shall not relieve the Tenant from any of its obligations under this Lease, and such consent by the County shall not be effective unless and until (i) Tenant gives written notice thereof to the County, which notice shall state the name and address of the proposed assignee, and identify the nature and character of the proposed use of the Leased Premises by assignee, (ii) such assignee shall deliver to the County a written agreement in

form and substance satisfactory to the County pursuant to which such assignee assumes all of the obligations and liabilities of the Tenant hereunder, and (iii) Tenant shall deliver to the County a copy of the proposed assignment agreement. Tenant shall also provide any additional information the County reasonably requests regarding such proposed assignment. The County shall not approve any assignment if such an assignment results in any profit or financial gain in excess of permitted costs and expenses. Any assignment without the County's written consent may be declared null and void by the County and, at the County's election, constitute an Event of Default hereunder. The County shall not assign this Lease without prior notice to the Tenant.

24. THE COUNTY'S TITLE AND COVENANT OF QUIET ENJOYMENT: The County covenants that it has full right and power to execute and perform this Lease, and that it shall put Tenant into complete and exclusive possession of the Leased Premises and the Adjacent Parcel, as set forth herein. The County covenants and agrees that, if Tenant pays all Rent, and performs all of its obligations under this Lease, the Tenant shall, at all times during the Term, and any extensions thereof, have the peaceable and quiet enjoyment and possession of the Leased Premises and the Adjacent Parcel for the purposes stated in this Lease unless the County terminates this Lease as provided in COMCOR Section 11B.45.02.

25. CUMULATIVE REMEDIES: Except as otherwise expressly set forth herein, all remedies granted in this Lease otherwise provided by law shall be cumulative and, unless inconsistent, may be exercised separately, conicurrently or successively.

26. BENEFIT AND BURDEN: The provisions of this Lease shall be binding upon, and shall inure to the benefit of the Parties and each of their respective successors, assigns or representatives.

27. DISPUTES: The County and Tenant agree that any dispute concerning a question of fact arising under this Lease which is not resolved by agreement of the Parties shall be decided by the Chief Administrative Officer of Montgomery County, or his/her designee, who shall notify the Parties in writing of the determination made. The Tenant and the County shall be afforded an opportunity to be heard and offer evidence in support of their respective positions. Pending final decision of a dispute hereunder, Tenant and the County shall proceed diligently with the performance

of all provisions under this Lease. The decision of the Chief Administrative Officer or his/her designee shall be final and conclusive. This Article does not preclude consideration of questions of law by a court of competent jurisdiction in connection with the aforesaid decisions.

28. WAIVER: The waiver at any time by either of the Parties of any particular covenant, condition, obligation, or duty under this Lease shall extend to the particular case only, and for the particular time and in the particular manner specified, and such waiver shall not be construed or understood as waiving any further or other rights of either Party.

29. NON-DISCRIMINATION: Tenant agrees to comply with the non-discrimination in employment policies in County contracts as required in Sections 11B-33 and 27-19 of the Montgomery County Code (2004), as amended, as well as all other federal, state and local laws, rules and regulations regarding employment discrimination. By signing this Lease, the Tenant assures the County that in accordance with applicable law, it does not, and agrees that it shall not engage in any employment discrimination in violation of the above sections of the Montgomery County Code as well as any other federal, state or local laws, rules and regulations. The Tenant 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, , ancestry, national origin, age, sex, marital status, sexual orientation, gender identity, family responsibilities, or genetic status of any individual or disability of a qualified individual, or because of any reason that would not have been asserted but for the race, color, religious creed, ancestry, national origin, age, sex, marital status, disability, sexual orientation, gender identity, family responsibilities, or genetic status:

30. CONTRACT SOLICITATION: Tenant represents that it has not retained anyone to solicit or secure this Lease from the County upon an agreement or understanding for a commission, percentage, brokerage or contingent fee, except for bona fide employees of bona fide established, licensed, commercial selling or leasing agencies (the "Broker") maintained by the Tenant for the purpose of securing business or an attorney rendering professional legal services consistent with the canons of ethics of the profession. Tenant is responsible for paying any Broker's fees or commissions for any Broker with whom Tenant has any contract or agreement and for paying all of Tenant's attorneys' fees in connection with the negotiation of this Lease.

31. ETHICS REQUIREMENT: Tenant understands and agrees that unless authorized pursuant to Section 11B-52 and Chapter 19A of the Montgomery County Code (2004), as amended, that it is unlawful for any person or entity transacting business with the County to employ a public employee contemporaneous with his or her public employment.

32. FORCE MAJEURE: Neither party shall be deemed in default with respect to the performance of any of the terms, covenants and conditions of this Lease if same shall be due to any strike, lockout, civil commotion, war-like operation, invasion, rebellion, hostilities, military or insurgency, sabotage, inability to obtain any material or service, through natural or other causes beyond the control of either of the Parties; provided, however, that this provision shall not excuse any non-payment of Rent. For purposes of this provision, lack of funds shall not be considered a cause beyond the control of a party.

33. RESIDENT AGENT: The Resident Agent for the Tenant is CSC-Lawyers Incorporating Service Company, 7 St. Paul Street, Suite 820, Baltimore, Maryland 21202.

34. MAILING NOTICES: All notices required by this Lease shall be in writing and shall be given by either party by first class mail, postage prepaid, return receipt requested or with a nationally recognized overnight delivery service which provides confirmations of receipt, addressed to the County or Tenant, respectively. Notice to the Parties shall be addressed as follows:

THE COUNTY:

MONTGOMERY COUNTY, MARYLAND

Department of General Services
Office of Real Estate
101 Monroe Street, 9th Floor
Rockville, Maryland 20850
Attn: Director

With a copy that does not constitute notice to:

Office of the County Attorney
101 Monroe Street, 3rd Floor
Rockville, Maryland 20850
Attn: County Attorney, Department of General Services

THE TENANT:

NOBEL LEARNING COMMUNITIES, INC.

1615 West Chester Pike, Suite 200
West Chester, PA 19382-6223
Attn: General Counsel

With a copy that does not constitute notice to:

Shulman, Rogers, Gandal, Pordy & Ecker, P.A.
12505 Park Potomac Ave., 6th Floor
Potomac, Maryland 20854
Attn: Lawrence A. Shulman, Esq.

35. INDEMNITY BOND: Upon the request of the County, for reasonable cause in its reasonable discretion, concurrent with the effective date of the Lease or at any time during the term of this Lease, Tenant shall obtain and maintain an executed miscellaneous indemnity bond in the amount of the annual Rent for the current Lease Year to remain in full force and effect throughout the remainder of the Term, as security for the faithful performance of all the terms and conditions of this Lease. The County shall have the right, but not the obligation, to request such a bond from the Tenant. The County, in its reasonable discretion, may accept an appropriate substitute surety. Tenant shall, within fifteen (15) days from the date of the request by the County, deliver to the County the said surety, evidencing the coverage hereinabove stated. Failure to deliver the bond or surety as required is considered by the County to be an Event of Default under this Lease.

36. INDEMNIFICATION BY COUNTY: Notwithstanding anything in this Lease to the contrary, any indemnification given by the County in this Lease is subject to the notice requirements and damages caps stated in the LGTCA. This indemnification is not intended to be a waiver of governmental immunity by the County, and is not intended to create any rights or causes of action in third parties. The County is not liable for damages or injury occasioned by the acts or omissions of Tenant or its agents, or failure to comply with its obligations under this Lease.

37. GOVERNING LAW: This Lease and its performance is governed, interpreted, construed and regulated by the laws of Montgomery County and the State of Maryland. Should any

provision of this Lease be found invalid or unenforceable no other unrelated provision shall be affected and shall continue in full force and effect.

38. CLAIMS: Any claim or action brought by or on behalf of either Party in connection with the performance of this Lease shall be filed and maintained in a court of competent jurisdiction located in Montgomery County, Maryland.

39. RIGHT OF REDEMPTION: To the extent permitted by law, the Tenant hereby waives any and all rights of redemption and rights to cure any default hereunder (howsoever denominated) after the County recovers possession of the Leased Premises now or hereafter granted to the Tenant pursuant to applicable law. No acceptance by the County of any monies owed by the Tenant to the County shall constitute a waiver of the provisions of this Article, nor shall any refusal by the County to accept any tender by the Tenant of any sums owed by the Tenant to the County, in connection with any purported exercise of any right of redemption or right to cure to which the Tenant would otherwise be entitled, constitute a termination of this Lease or a release of the Tenant from any liability hereunder.

40. RULES AND REGULATIONS: Existing Rules and Regulations are incorporated by reference and made a part of this Lease as Exhibit G. The County reserves the right to amend the existing Rules and Regulations from time to time, at the County's reasonable discretion. Tenant shall comply with any and all Rules and Regulations adopted by the County and provided in writing to the Tenant. Tenant's failure to obey the Rules and Regulations constitutes an Event of Default under this Lease for which the County may pursue any or all of the remedies set forth in Article 17.C, County's Remedies. In the event of a conflict between the Rules and Regulations and this Lease, the Lease is controlling.

41. COMMUNITY LIAISON COMMITTEE: As required by COMCOR Section 11B.45.02.06, Section 6.16, the Tenant shall convene a community liaison body that shall effectively respond to concerns of residents of the surrounding neighborhood that result from operation of the school. The Tenant shall meet with members of the surrounding communities on at least a quarterly basis, for the purpose of establishing a neighborly relationship. The first of such meetings under the Lease shall be held within ninety (90) days of the effective date of the Lease. At

a minimum, the Tenant and the community shall be represented by at least (i) one member from the Maplewood Citizens Association, (ii) one resident, appointed by the Maplewood Citizens Association, that lives on each of Forest Place, Forest Road, Edgeley Road, and Montgomery Drive, (iv) one member from the Office of the People's Counsel, (v) one member from the administrative staff of the Tenant's school, and (vi) one parent representative from the Tenant's school. This coordinating group shall monitor traffic impact on the neighborhood and discuss possible solutions to be implemented. Tenant shall keep the community abreast of any activity planned at the school that could substantially impact the community's use of the facility or the quality of life in the neighborhood. Tenant shall respond to community complaints or concerns in an expeditious manner. Tenant shall work cooperatively with the neighborhood and all interested parties on the matter of future traffic improvements pursuant to the Traffic Management Plan attached hereto as Exhibit H-1 or any future revised version of the plan. The coordinating group shall submit to the Office of the Montgomery County Executive and the Montgomery County Council an annual report which shall contain, at a minimum, (i) summary of events that occurred at the coordinating group meetings, and (ii) the action, if any, taken or recommended to complaints or concerns raised by the community in connection with the operation of the school.

42. TRAFFIC MANAGEMENT PLAN:

- A. **Compliance:** The Tenant shall comply with the Traffic Management Plan (the "Plan"), an updated version of which is attached hereto as Exhibit H-1.
- B. **Requirements:** Any traffic management plan shall accomplish the following:
 1. **Operating Plan:** Establish an operating plan for both routine school activities and special events that clearly identifies on-site access, circulation and parking rules and regulations, and the use of off-site parking areas other than on-street parking to prevent a detrimental impact on surrounding residential areas.
 2. **Drop-off and Dismissal:** Identify means by which vehicular traffic associated with school drop-off and dismissal activities shall be contained on site.

3. Monitoring: Establish regular monitoring activities to facilitate identification and implementation of operational access and circulation improvements.
4. Tenant Representative: Provide the name, phone number, address, fax number, and email address of the Tenant representative responsible for enforcing the Plan. Tenant shall be responsible for keeping the Tenant representative information up-to-date.

C. Continuing Review: The Plan shall be subject to review and modification from time-to-time as deemed necessary by the County and as agreed by the Tenant.

{signature page to follow}

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

WITNESS:

By:

Barbara Beacock

TENANT:

NOBEL LEARNING COMMUNITIES, INC.,
a Delaware corporation qualified to do
business in the State of Maryland

By: G. Lee Bell
SVP, Corporate Development
Date: 4/15/2016

THE COUNTY:

MONTGOMERY COUNTY, MARYLAND

By: Ramona Bell-Pearson
RAMONA BELL-PEARSON

Title: _____
ASSISTANT CHIEF ADMINISTRATIVE OFFICER

Date: 5/26/16

APPROVED AS TO FORM & LEGALITY
OFFICE OF THE COUNTY ATTORNEY

By:

Debra Rupp

Date:

5/26/16

RECOMMENDED

By: Cynthia L. Brennenman
CYNTHIA L. BRENNEMAN
DIRECTOR, OFFICE OF REAL ESTATE

Date:

4/29/16

Exhibit A - Deed
[Background 1]

Liber 4929 page 64

CLERK'S OFFICE
MONTG. CO., MD.

(Alta Vista)

D E E D

1976 AUG 18 PM 2:47

NO FEE - MONTG. CO. MD.

THIS DEED made this 27th day of July, 1976,
by and between the BOARD OF EDUCATION OF MONTGOMERY COUNTY,
MARYLAND, GRANTOR, and MONTGOMERY COUNTY, MARYLAND, GRANTEE,
hereinafter called the "COUNTY".

W I T N E S S E T H:

That in consideration of the sum of Ten Dollars (\$10.00)
and other good and valuable consideration, the receipt of which is
hereby acknowledged, the said GRANTOR does hereby grant, convey in
fee simple, and release unto the COUNTY, a body corporate, its
successors and assigns, all those pieces or parcels of ground and
other rights situate and lying in Montgomery County, Maryland, and
more particularly described as follows:

FEE TAKING

Beginning for the same at the intersection of
the northern boundary of Beech Avenue and the
westerly limit of the Washington Rockville
Electric Railway Company right of way and run-
ning thence with the line of said right of way
North 07°40' East 321.8 feet to the intersec-
tion of the westerly limit of said right of way
and the southern boundary of lot numbered 36,
"ALTA VISTA SUBDIVISION", according to the plat
recorded in Plat Book 2, at folio 107, one of
the Land Records of Montgomery County, Maryland,
and running thence South 87°54' East 25 feet to
the easterly limit of the said right of way and
running thence with the line of said right of
way South 07°40' West 321.8 feet to the intersec-
tion of the easterly limit of the said right of
way and the northern boundary of Beech Avenue and
thence with the line of said Beech Avenue South
63°48' East 25 feet to the point of beginning,
containing 8,045 square feet of land, more or less,
including aforesaid right of way.
The afore described property is conveyed subject
to the right of the Potomac Electric Power Company,
or affiliated companies, to install and maintain
from time to time upon said property, or any part
thereof, ducts, feeder cables, poles, wires, fix-
tures and other appurtenances for the sale and
distribution of electricity. This easement is
granted permanently by instrument recorded in
Liber 552 at folio 215, one of the Land Records
of Montgomery County, Maryland.

BEING all the same land conveyed to the Board of Educa-
tion of Montgomery County, Maryland, by G. Calvert Bowie and Mary
Graff Bowie, his wife, by deed dated October 31, 1950, and recor-
ded in the Land Records for Montgomery County, Maryland, in Liber
1454 at Folio 461.

All that lot, piece or parcel of land, situate, lying and being in Montgomery County in the State of Maryland, which is known and distinguished as and being Lot numbered 35 in the Bethesda Land Company's Subdivision called "Alta Vista", as laid down and described upon a plat of said subdivision in Plat Book No. 2, Plat No. 107.

BEING all the same land conveyed to the Board of Education of Montgomery County, Maryland, by Sallie F. Perry and Walter E. Perry, her husband, by deed dated August 15, 1929, and recorded in the Land Records for Montgomery County, Maryland, in Liber 438 at folio 285.

TOGETHER WITH ALL the rights, privileges, easements, improvements, appurtenances and advantages thereto belonging or appertaining.

TO HAVE AND TO HOLD the above granted property and rights unto the said COUNTY, its successors or assigns in fee simple.

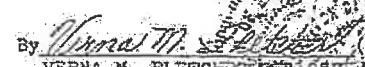
AND the said GRANTOR does hereby covenant that he will warrant specially the property hereby conveyed, and that he will execute such further assurances of said lands as may be requisite.

WITNESS his hand and seal the day and year first above written.

ATTEST:

BOARD OF EDUCATION OF
MONTGOMERY COUNTY, MARYLAND


CHARLES M. BERNARDO

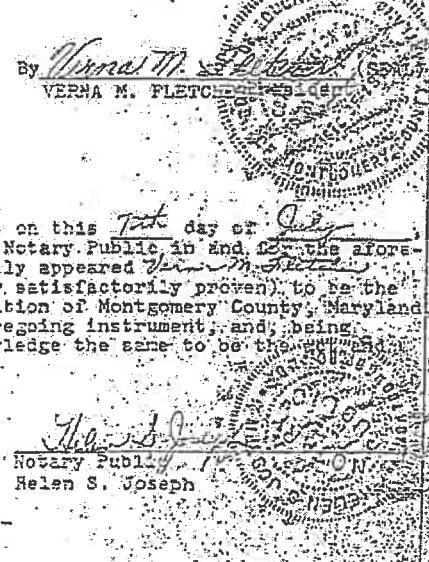
By 
VERMA M. FLETCHER

STATE OF MARYLAND :
COUNTY OF MONTGOMERY : ss:

I hereby certify that on this 7th day of July 1976, before the subscriber, a Notary Public in and for the aforesaid State and County, personally appeared  personally well known to me (or satisfactorily proven) to be the President of the Board of Education of Montgomery County, Maryland whose name is signed to the foregoing instrument, and being authorized to do so, did acknowledge the same to be the original deed of said corporation.

My Commission Expires:

July 1, 1978


Notary Public
Helen S. Joseph

I hereby certify that I am a Notary Public admitted to practice before the Court of Appeals of Maryland and that the above instrument was certified for my signature.


R. B. Frederick

1234523-3468

Exhibit B-1 - Legal Description of Property
[Background 1]

Exhibit B-1
Legal Description of Property

Tax Account: District 7, Subdivision 50, Account Number 554045.

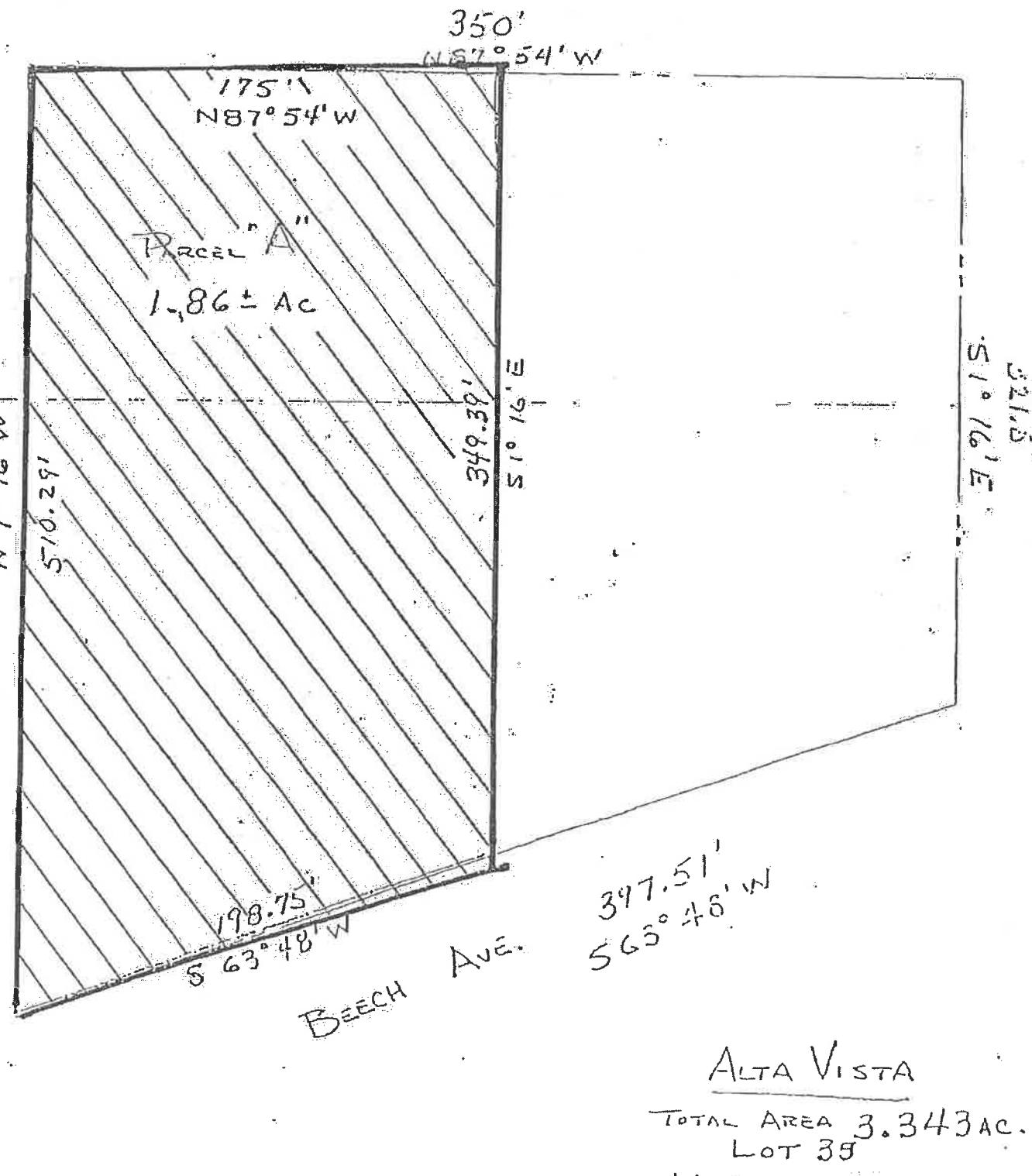
Deed: Dated July 7, 1976 and recorded at Liber 4829, Folio 464 among the Land Records of Montgomery County.

Description: Property consists of two (2) parcels: first, a parcel containing 8,045 square feet of land described by metes and bounds as "Fee Taking" in the aforementioned deed recorded at Liber 4829, Folio 464; and, second, a parcel known as Lot 35 "Alta Vista" in a subdivision recorded in Plat Book No.2, Plat 107 among the Land Records of Montgomery County. Both parcels are reported to contain a total of 3.53 acres of land.

Property Address: 5615 Beech Avenue
Bethesda, Maryland 20814

Exhibit B-2 – Plat of Property and Leased Premises
[Article 1]

EXHIBIT B-2



107

After
all drawings reduced to true magnification.
all should be kept before property lines.

Nº 107.

341

АЛТА ВИСТА

—belonging to—
THE BETHESDA LAND CO.

Shanti is

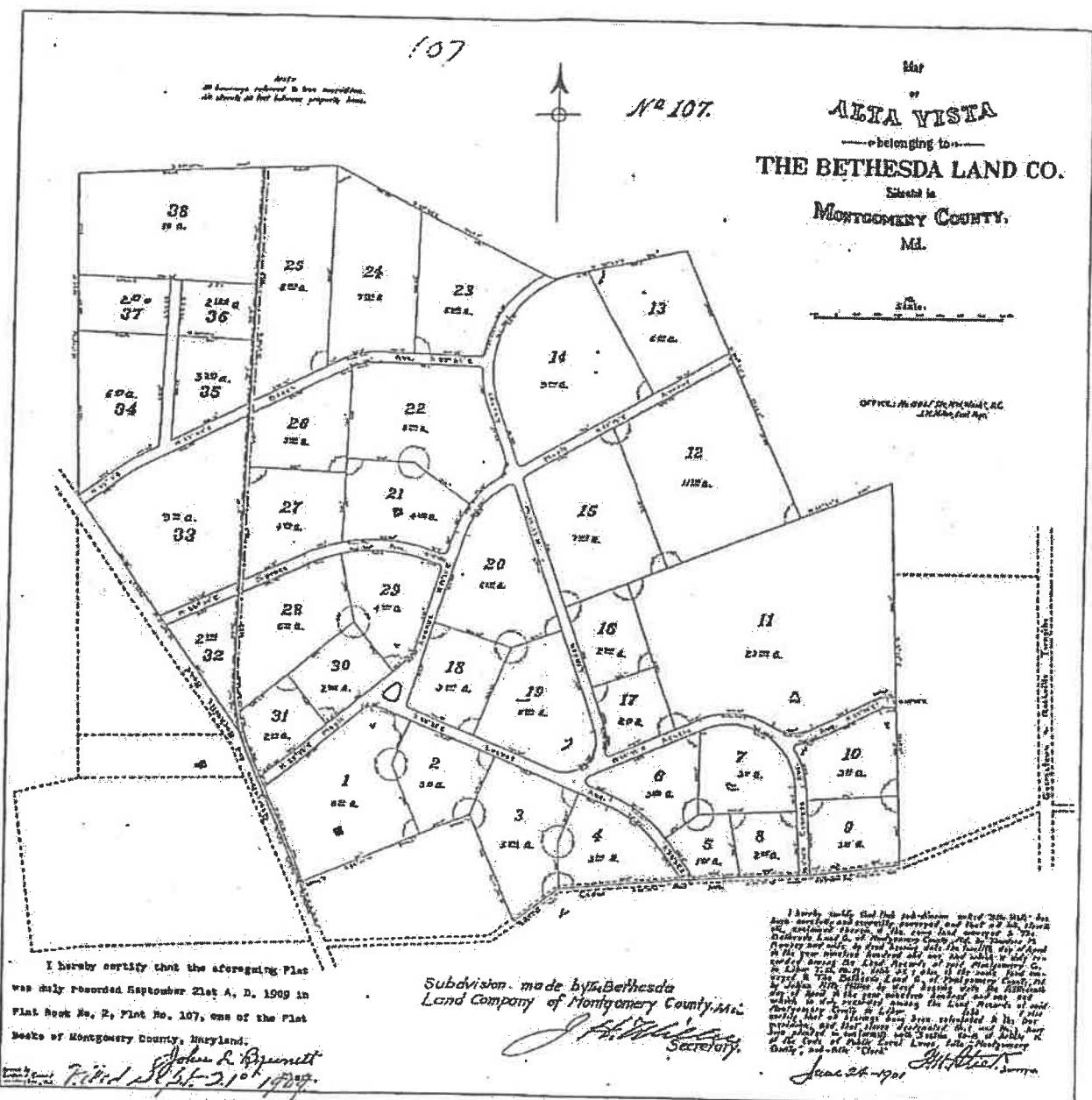
200

Montgomery County.

卷之三

Sample.

OFFICE OF THE STATE INSPECTOR OF PUBLIC WELFARE
120 N. Main, Fort Wayne



I hereby certify that the foregoing Plat was duly recorded September 21st A. D. 1909 in Plat Book No. 2, Plat No. 107, one of the Plat Books of Montgomery County, Maryland.

Books of Montgomery County, Maryland.

Subdivision made by Bethesda
Land Company of Montgomery County, Md.

J. H. Miller
Secretary.

Exhibit C - Adjacent Parcel
[Article 1]

-EXHIBIT C

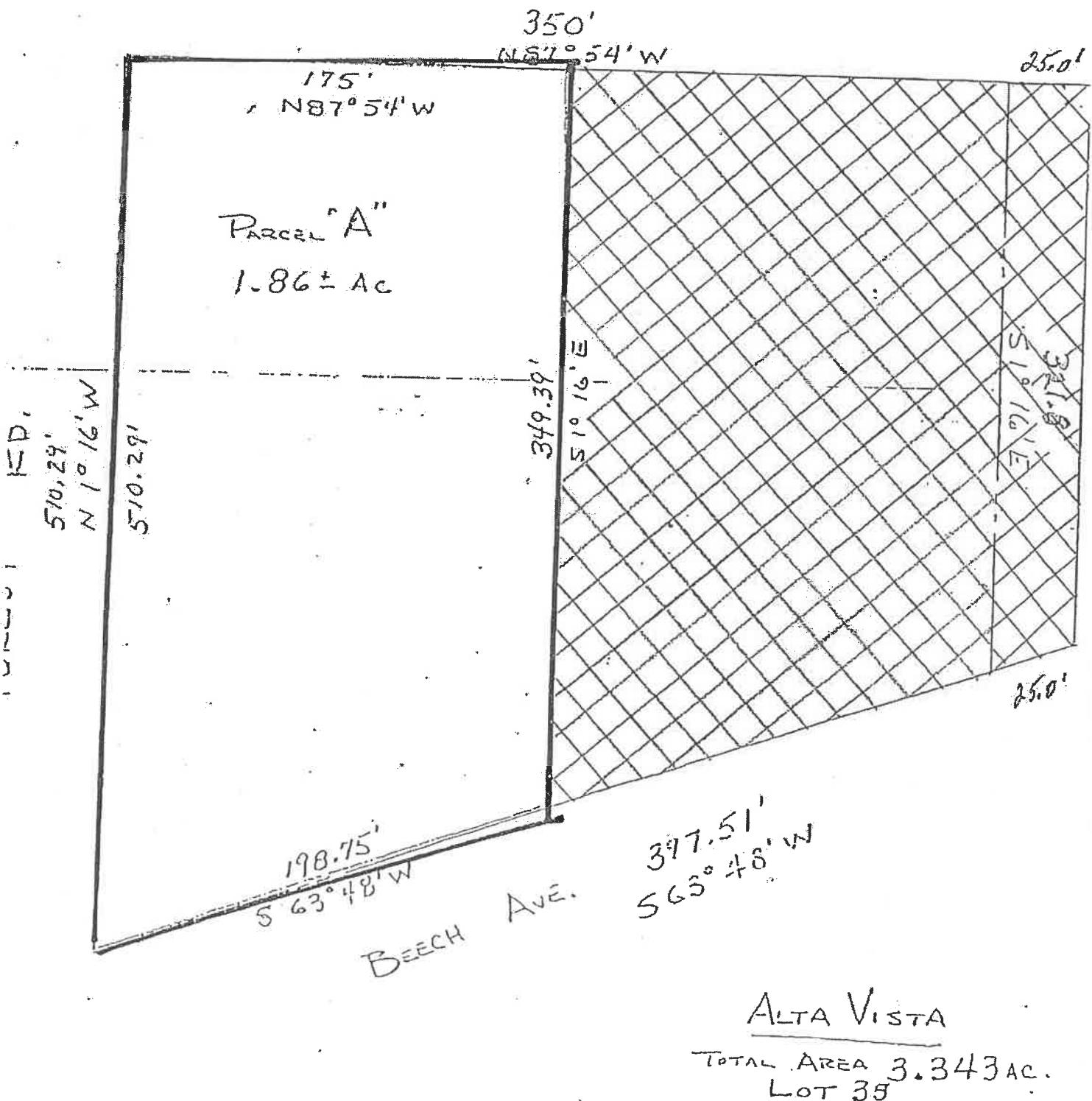


Exhibit D-1 –Capital Improvements Completion Report
[Article 9]

Exhibit D-1
Capital Improvements Completion Report

School Name: _____

Tenant Name: _____

Inspection Date: _____

Action Required	Status (*see codes)	Comments
County Received Tenant Notice of Completion of Capital Improvements		Date: _____
County and Tenant Conduct Inspection Meeting		Date: _____
Capital Improvements in Compliance with Plans and Specifications		
Material Deficiencies from Plans and Specifications		
Tenant Obtained Required Construction Permits		Date: _____
Tenant Obtained Use and Occupancy Permit		Date: _____
As-Built Drawings Received		
County Approval of Tenant Capital Improvements	<input type="radio"/> Qualified <input type="radio"/> Non-Qualified	

*Codes: Y = Yes, N = No, N/A = Not Applicable, N/V = Non-Verifiable

The Undersigned Acknowledge and Accept the Findings of the Inspection

Tenant: _____ Date: _____
 BY _____

County: _____ Date: _____
 BY _____

Exhibit D-2 -Phase 1 Capital Improvements
 [Article 9.E]

Phase 1 Capital Improvements

LEASE PROPOSAL IMPROVEMENTS	CURRENT ESTIMATES
NON-ELECTIVE CAPITAL IMPROVEMENTS	
Library/Multi-Purpose Room HVAC Replacement	\$ 68,000.00*
Flooring	\$125,000.00
Exterior Stair Replacement	\$ 60,000.00
Security System	\$ 40,000.00
Parking Lot Restriping	\$ 2,500.00
Total Current Estimate Non-Elective Capital Improvements	\$295,500.00
ELECTIVE CAPITAL IMPROVEMENTS**	
Playground Swing	\$ 10,000.00**
Total Current Estimate Elective Capital Improvements	\$ 10,000.00
Total Current Estimates Non-Elective and Elective Capital Improvements	\$305,500.00

*This Capital Improvement work has been completed as of the effective date of the Lease.

**Funds for this Elective Capital Improvement will be paid directly to the County.

Exhibit E – Prior Lease Agreement
[Article 12]

LEASE AGREEMENT
BETWEEN
MONTGOMERY COUNTY, MARYLAND
AND
NOBEL LEARNING COMMUNITIES, INC.
DATED

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Article

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- 34. Mailing Notices
- 35. Indemnity Bond
- 36. Indemnification by County
- 37. Governing Law
- 38. Claims
- 39. Right of Redemption
- 40. Rules and Regulations
- 41. Community Coordinating Group
- 42. Traffic Management Plan

Exhibit A - Deed [Background 1]

Exhibit B-1 - Legal Description of Property
[Background 1]

Exhibit B-2 – Plat of Property and Leased
Premises [Article 1]

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Exhibit D-1 – Capital Improvements Completion
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13.A]

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Exhibit H-1 – Traffic Management Plan [Article
42]

Exhibit H-2 – State of Maryland Department of
Human Resources Child Care
Administration License [Article 3]

Exhibit I - Maintenance Standards [Article 7]

Exhibit J – Certificate of Good Standing [Article
15.F]

LEASE AGREEMENT

THIS LEASE AGREEMENT (the "Lease"), dated this 10TH day of March, 2008, by and between MONTGOMERY COUNTY, MARYLAND, a political subdivision of the State of Maryland (hereinafter, together with its successors and assigns called "the County"), and NOBEL LEARNING COMMUNITIES, INC., a Delaware corporation qualified to do business in the State of Maryland (hereinafter, together with its successors and assigns called "the Tenant") (the County and the Tenant together the "Parties").

BACKGROUND:

1. The County is the owner of a former public school site known as the Alta Vista Elementary School in Bethesda, Montgomery County, Maryland (the "Property"), which was declared surplus by the Board of Education of Montgomery County and the State Board of Public Works and conveyed by the Board of Education to the County by deed recorded among the Land Records for Montgomery County, Maryland in Liber 4829 at Folio 464 (the "Deed"). A copy of the Deed is incorporated by reference and made a part of this Lease as Exhibit A. The Property is more particularly described in the Legal Property Description which is incorporated by reference and made a part of this Lease as Exhibit B-1.; and
2. The Tenant is the operator of the Bethesda Country Day School, which offers a curriculum for pre-school (ages 2 through 5), junior kindergarten, kindergarten, kindergarten programs, before and after school programs and summer programs; and
3. The County has completed the reuse procedure and has obtained necessary approvals to lease the Property to the Tenant, as set forth in Executive Regulation 4-99AM, Code of Montgomery County Regulations (COMCOR) Section 11B.45.02 ("ER 4-99"), and the Tenant was selected as an appropriate tenant for the Property by the County and in accordance with County law, rules and regulations; and
4. The County and Tenant wish to enter into a ten (10) year lease agreement which incorporates all of the terms prescribed for such leases in ER 4-99;

NOW THEREFORE, in consideration of the terms of this Lease, and for the construction of certain substantial Qualified Capital Improvements to be made to the Property by the Tenant as provided in Article 9 below, including the payment of rent by the Tenant to the County as provided below, and for other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the Parties agree as follows:

1. PROPERTY; LEASED PREMISES; BUILDING; ADJACENT PARCEL:

A. The "Leased Premises" shall mean the area shown as cross hatched on Exhibit B-2. The County leases to Tenant and Tenant leases from the County the Leased Premises located on the Property, including all improvements, including, without limitation the Building (as defined below), walkways, play areas, parking lots, driveways, outdoor recreation fields and land located on the Leased Premises, and the right to occupy the Adjacent Parcel (as defined below) pursuant to the terms set forth in this Lease. The "Building" shall mean the Alta Vista Elementary School, 5615 Beech Avenue, Bethesda, Maryland that is located on the Leased Premises. The "Adjacent Parcel" shall mean the play areas and outdoor recreation fields located on the land contiguous to the Leased Premises and as shown as double cross hatched on Exhibit C. The Leased Premises, of which the Building is a part, the Adjacent Parcel, and the land upon which the same is located, are hereinafter collectively referred to as the "Property". The Leased Premises and the Adjacent Parcel are leased and accepted by Tenant in "as is" condition.

B. Tenant hereby acknowledges that entering into this Lease shall not provide the Tenant with an option to buy the Property or any portion thereof.

2. TERM: The term of this Lease (the "Term") is for ten (10) years unless extended by mutual written agreement between the Parties. The Commencement Date of this Lease is July 1, 2006. Each twelve (12) month period, commencing with the Commencement Date, shall be referred to as a "Lease Year." Tenant and the County acknowledge that this Lease is contingent upon the approval of the Board of Public Works of the State of Maryland, and that the County shall therefore

submit a copy of this Lease to the Board of Public Works for approval. If approval by the Board of Public Works is not granted, then this Lease and any subleases entered into by the Tenant hereunder shall be null and void as of the date of action by the Board of Public Works.

3. USE OF THE LEASED PREMISES: The Leased Premises shall be used (i) for preschool (ages 2-5), junior kindergarten, kindergarten, kindergarten programs, before and after school programs, summer programs (the "Permitted Use"), and (ii) for community and the County's use as set forth in Articles 6 and 7 of this Lease. Tenant agrees that its use of the Leased Premises, including any use of the Leased Premises by subtenants pursuant to Article 19 herein, shall conform fully with all applicable zoning ordinances, and shall be subject to all rules, regulations, statutes, permits or any other requirements for the use and occupancy of the Leased Premises as established by all appropriate authorities having jurisdiction, including ER 4-99, dealing with the Reuse, Leasing and Sale of Closed Schools by the County. As required by ER 4-99, Paragraph 6.12, Tenant agrees that all uses of the Leased Premises shall comply with the State of Maryland Department of Human Resources Child Care Administration License issued according to Family Law Article, Sections 5-570 through 5-585, and COMAR 07.04.02, License Number 15-35998, a copy of which is attached hereto and incorporated herein by reference as Exhibit H-2, as such License may be revised and amended from time to time. Tenant agrees that, in addition to (i) the student occupancy numbers as set forth in such License (which shall in no event exceed 290 students), (ii) a nominal number of daily visitors, and (iii) parents who are visiting or dropping off and picking up their students, all uses of the Leased Premises shall generate a total occupancy of teachers, other staff and vendors not to exceed thirty-two(32) persons. Special events organized by Tenant or its subtenants, which bring large numbers of visitors to the facility shall be coordinated through the community coordinating group established in Article 41 below, with the goal of mitigating traffic and parking on the adjacent community.

4. RENT: RENTAL ADJUSTMENTS:

A. Rent: For the first Lease Year, Tenant shall pay to the County an annualized rental amount of One Hundred Five Thousand and No/100 Dollars

(\$105,000.00) payable in twelve (12) equal monthly installments of Eight Thousand Seven Hundred Fifty and No/100 Dollars (\$8,750.00) (the "Rent"). For each Lease Year thereafter during the Term, the Rent shall be adjusted pursuant to Article 4D below.

B. Due Date for Rent: The first monthly payment shall be due upon the Commencement Date. All Rent is to be made in advance on the first day of each month during the Term and shall be payable to: Montgomery County Government, Leasing Management, P.O. Box 62077, Baltimore, Maryland 21264-2077.

C. Failure to Pay Monthly Rent: Should Tenant fail to submit monthly Rent in accordance with this Lease, and if Tenant's failure continues for more than five (5) calendar days after receipt of written notice from the County, Tenant shall pay to the County, in addition to and as a part of the monthly Rent in question, a late penalty equal to five percent (5%) of the monthly Rent. If Tenant's failure to pay continues for more than fifteen (15) calendar days after receipt of the aforesaid written notice from the County, Tenant shall pay to the County, in addition to and as a part of the monthly Rent in question and the aforesaid late penalty, an additional late penalty equal to ten percent (10%) of the monthly Rent. Any late penalty imposed under this Paragraph shall be payable to the County as Additional Rent, and shall be paid at the time that the overdue installment of Rent is paid to the County by Tenant.

D. Rent Adjustments: As required by ER 4-99, Paragraph 6.7, to the annual Rent payable by Tenant during the previous Lease Year shall be added that sum representing one hundred percent (100%) of the amount resulting after (1) multiplying said annual Rent payable during the previous Lease Year by a fraction, the numerator of which shall be the index now known as the U.S. Department of Labor, Bureau of Labor Statistics, Consumer Price index for All Urban Consumers, National Average, All Items (1984 = 100), or its successor, for the month two months prior to the last month of the previous

Lease Year and denominator of which shall be said index for the month two months prior to the first month of the previous Lease Year and (2) subtracting from such product the annual Rent payable during the previous Lease Year. The Tenant's adjusted annual Rent shall not be less than 103%, nor more than 105% of the Rent paid by Tenant the previous year.

E. Re-Renting Leased Premises: The County may, by appropriate proceedings, recover the Rent then due, or, at its option, the County may re-rent from time to time the Leased Premises, and such re-renting may be for a term or terms equal to, less, or greater than the remaining term hereunder. The Tenant shall not be liable for any deficiency in Rent for any part of the term of such re-renting beyond the term of this Lease. County shall be entitled to collect the Rent accruing under such re-renting and to apply the same first to Rent and then to any costs and expenses, including "standard" improvements and repairs necessary for re-renting, and reasonable attorney's fees incurred in connection with such re-renting and collection of Rent. The County may, at the County's option, attempt to recover any remaining deficiency or un-recovered sums from the Tenant. In the event of any suit by the County to recover possession, or for unpaid Rent, the County shall also be entitled to recover costs of suit, including reasonable attorney's fees.

5. TERMINATION:

A. Termination for Convenience: This Lease and all rights and obligations hereunder may be terminated by the County, for any reason, at any time and at no cost to the County, whenever the Chief Administrative Officer shall determine that termination of this Lease is in the best interest of the County. A termination pursuant to this Article 5.A. shall be a "Termination for Convenience." Such termination shall be effective to Tenant on the later to occur of (i) one hundred eight (180) days after delivery to Tenant of written notice, or (ii) the date specified in a written notice as the termination date.

B. Termination for Reuse: As required by ER 4-99, Paragraph 6.2, this Lease and all rights and obligations hereunder may be terminated by the County due to a request by the Board of Education for Montgomery County, Maryland (the "BOE") to retrieve and reuse the Lease Premises for public education purposes. A termination pursuant to this Article 5.B. shall be a "Termination for Reuse" and shall be made in accordance with the procedures below:

1. Upon written notice to the Tenant of not less than (i) Eighteen (18) months before the proposed termination date, or (ii) the remaining Term, if the remaining Term is less than eighteen (18) months.
2. Superintendent of Schools for the BOE shall notify in writing both the Tenant and the Chief Administrative Officer of Montgomery County (the "CAO"), on or before September 1 of the second Lease Year before the proposed termination date on any June 30th that the BOE shall need the school for public educational purposes. For example, in order to retrieve and reuse the Leased Premises after June 30, 2008, a Termination for Reuse notice shall be given to the Tenant on or before September 1, 2006.
3. If a notice of Termination for Reuse is given to Tenant, but the Montgomery County Council does not approve such a reuse and does not appropriate sufficient funds to retrieve and reuse the Leased Premises, the CAO may, after consulting with the BOE, withdraw the termination notice by written notice to the Tenant on or before June 30th of the Lease Year immediately prior to the proposed termination date. For example, in order for a withdrawal of a Termination for Reuse to be effective on June 30, 2008, notice of such withdrawal must be given no later than June 30, 2007.
4. In the event the Tenant is operating the Leased Premises as a private school, the County agrees that under no circumstances shall the

Tenant be required to surrender the Leased Premises during the normal and usual school year, defined to be September 1 to July 1.

6. USE OF ALL-PURPOSE ROOM BY THE COMMUNITY, DEPARTMENT OF RECREATION AND OTHER COUNTY AGENCIES:

A. Community Use of Public Facilities: As required by ER 4-99, Paragraph 6.14, and subject to a nominal charge for utilities to be jointly determined by Tenant and the County's Office of Community Use of Public Facilities or its successor agency (the "CUPF"), any All-Purpose Room within the Leased Premises shall remain available to the community for use during hours outside of the Tenant's activities and regular use during the Term, subject to the terms herein. For the purposes of this Lease, "Tenant's activities" are defined as those programs and activities directly related to the Tenant's approved occupants and the "hours of Tenant's regular use" are Monday through Saturday from 9:00 A.M. to 6:00 P.M. Tenant shall forward all requests to use any All-Purpose Room outside of the hours of Tenant's regular use directly to CUPF. CUPF shall honor such requests in accordance with the priorities established in the Guidelines for the Community Use of Educational Facilities and Services set forth in Chapter 44 of the Montgomery County Code (1994), as amended. Tenant acknowledges and agrees that only CUPF may agree to any rental of any All-Purpose Room. Tenant agrees to provide CUPF with a schedule of its activities during Tenant's hours of regular use and outside the hours of Tenant's regular use for any All-Purpose Room on a semi-annual basis. The Fall/Winter schedule (October-March) shall be submitted by September 15 and the Spring/Summer schedule (April-September) shall be submitted by February 1. Times not scheduled for daytime activities by the Tenant shall be deemed to be available for community use; however, such community use during hours outside of the hours of Tenant's regular use shall be limited to Monday through Saturday at night from 6:00 P.M. to 11:00 P.M. and all day Sunday from 9:00 A.M. to 11:00 P.M. The above notwithstanding, each party agrees to honor and allow

any activities scheduled in any All-Purpose Room prior to the Commencement Date. Any use outside of the hours of Tenant's regular use by the Tenant deviating from its previously submitted schedule shall be subject to the approval of CUPF. Tenant agrees to make any All-Purpose Room available, upon request from CUPF, to the Montgomery County Supervisor of Elections for use as a polling facility during the day, if necessary, during primary, general and special elections, irrespective of Tenant's prior scheduled activities.

B. Tenant Limitation: The Tenant shall not be responsible for (i) providing security and safety measures for the Leased Premises, including, without limitation any All-Purpose Room, during such community, CUPF and County use, or (ii) mitigating the traffic and parking burdens placed on the adjacent community during such community, CUPF and County use.

7. USE OF EXTERIOR PLAY AREAS AND FIELDS ON LEASED PREMISES AND ADJACENT PARCEL:

A. Tenant shall have the exclusive right to use and occupy the Leased Premises, including without limitation all improvements located thereof, including the Building, walkways, play areas, parking lots, driveways, outdoor recreation fields and land located on the Leased Premises, in accordance with the terms and conditions set forth in this Lease. Notwithstanding the foregoing, the County shall have the non-exclusive right to use and occupy the play areas and outdoor recreation fields located on the Leased Premises (the "Exterior Play Areas and Fields on the Leased Premises") for community and/or County use after 5:00 p.m., Monday through Friday and all day on Saturday and Sunday unless the Tenant needs the Exterior Play Areas and Fields on the Leased Premises for a scheduled activity.

B. Tenant shall have the exclusive right to use and occupy the Adjacent Parcel, including without limitation the outdoor recreation areas, play areas and fields

located on the Adjacent Parcel, at all times during the hours of Tenant's regular use, and Tenant shall have the non-exclusive right to use and occupy the Adjacent Parcel outside of the hours of Tenant's regular use as approved by CUPF as set forth below. Notwithstanding the foregoing, as required by ER 4-99, Paragraph 6.15, the County shall have use of the Adjacent Parcel for community and/or County use after 5:00 p.m., Monday through Friday and all day on Saturday and Sunday, unless the Tenant needs the field(s) for a CUPF approved regular scheduled program or an exception is approved by CUPF. Tenant agrees to and shall work together with the Parks Department of the Maryland-National Capital Park and Planning Commission, the County's Recreation Department, and CUPF to resolve the use and scheduling of the Adjacent Parcel. As consideration for Tenant's use of the Adjacent Parcel, the Tenant shall maintain such areas to the same standards as outdoor recreation areas maintained by the Parks or Recreation Department, as per the maintenance standards made a part of this Lease as Exhibit I.

8. PARKING: Tenant is entitled to full use of the parking facilities which are a part of the Leased Premises as of the Commencement Date. As required by ER 4-99, Paragraph 6.13, parking for Tenant and any other occupants of the Building, their staff, clients and guests shall be confined to the surfaced parking areas located on the Leased Premises. Tenant may not use or permit any other occupants of the Building, their staff, clients, and guests to use on-street parking in such a way that deprives the nearby property owners of their beneficial use of the public right of way or in any manner that violates the Traffic Management Plan described in Paragraph 42. Subject to all approvals required by all applicable laws, regulations, ordinances and codes, including, without limitation, mandatory referral as required by County regulations, and subject to all of the provisions of this Lease, Tenant may expand the parking facilities to support the Leased Premises, with the express written consent of the County. Tenant shall, at Tenant's risk and expense, be responsible for the ongoing maintenance, cleaning, and repair of all parking facilities, whether in existence at the time of commencement of this Lease or expanded in accordance with this Article. The Tenant shall grant access to all parking facilities to the County's representatives at all times, or to community users of the Leased Premises during times of community use as set forth in Articles 6 and 7 above. Tenant agrees to make repairs as necessary to maintain all of the parking areas in a safe state and as

necessary for compliance with any laws, including, but not limited to the Americans with Disabilities Act [42 U.S.C. 12101, et. seq.]

9. **CAPITAL IMPROVEMENTS:**

A. **Capital Improvement Definitions:**

1. Elective Capital Improvements are improvements or additions made by Tenant which:
 - a. Increase the value of the Leased Premises to the County;
 - b. Are not required to protect or preserve the Building structure or systems; and
 - c. Are not mandated by County, State, or Federal law, code ordinance or regulation.
 - d. By way of examples, and not intended to be a complete list, Elective Capital Improvements include but are not limited to work such as installation of program specific improvements (e.g., rock climbing walls, boxing rings, raised platform floors, etc.).
2. Non-Elective Capital Improvements are improvements or additions made by Tenant which:
 - a. Increase the value of a closed school to the County;
 - b. Are required to protect and preserve the Building structure or systems; or
 - c. Are mandated by County, State, or Federal code, law ordinance and/or regulations.
 - d. By way of examples, and not intended to be a complete list, Non-Elective Capital Improvements include but are not limited to work such as roof replacement, boiler replacement, HVAC system replacement, replacement of failing exterior structural walls, electrical system

replacement, conversion from oil fired boilers to gas heat, asbestos removal, underground storage tank removal, window replacement (excepting window pane replacements), and ADA mandated improvements.

3. Qualified Capital Improvements are Elective or Non-Elective Capital Improvements that have been reviewed and approved in writing by the County and that are specifically identified in the County's written approval as Qualified Capital Improvements.

B. As Required by ER 4-99, Paragraph 6.4, Approval Process for Non-Elective and Elective Capital Improvements:

1. Tenant shall obtain the prior written consent of the County for all Capital Improvements. Tenant shall submit to the County complete plans, drawings, specifications, or quotes, at least 45 days prior to beginning work. Tenant's submittal to the County shall be of sufficient detail and content to permit the County to fully evaluate Tenant's proposed project. In the event the proposed Capital Improvements are Elective Capital Improvements, two copies of the submission shall be sent by Tenant to the County. The County shall coordinate review with the BOE of any proposed improvement that may affect the future educational use of the Leased Premises. The County shall respond in writing to Tenant's submission within 45 days of the receipt of all required documentation. The County reserves the right to deny approval of any and all Capital Improvements proposed by Tenant.
2. In the event of an emergency need for a capital improvement, Tenant shall notify the County immediately, and the County shall respond within a reasonable and appropriate period of time, as dictated by the emergency situation.

3. The County has the right to inspect all work and materials before, during and after construction.
4. Within thirty (30) days after receipt by the County of Tenant's notice of completion of the Qualified Improvements, representatives of the County and Tenant shall meet to inspect such Capital Improvements in order to ensure that such Capital Improvements are in compliance with the plans and specifications previously approved by the County. After such inspection, the County and Tenant shall complete the "Capital Improvements Completion Report" attached hereto as Exhibit D-1. In the event of a material deficiency from such plans and specifications, Tenant shall repair such deficiencies at Tenant's expense, and the County and Tenant shall meet again, within thirty (30) days after receipt by the County of Tenant's notice of completion of such repairs, to inspect such repairs and complete the Capital Improvements Completion Report. In the event Tenant shall fail to make such repairs, the County shall have the right to make such repairs and charge Tenant as Additional Rent the County's reasonable costs for such repairs. The cost of such corrective measures is not eligible for Rent credit and/or reimbursement.
5. The total cost of all Capital Improvements shall be borne solely by Tenant and shall be subject to a Rent credit and/or reimbursement from the County as set forth below. In the event Tenant is eligible for a Rent credit, such Rent credit shall commence with the first installment of Rent due after the completion of the Capital Improvements Completion Report. Tenant shall be solely responsible for obtaining any and all permits, approvals and licenses from all appropriate County, State, and/or municipal authorities having jurisdiction over such work.

6. Tenant shall comply with all applicable zoning, land use, health and safety regulations. This includes, specifically and without limitation, Section 59-G-2.19 of the 2004 Montgomery County Code, which requires site plan review for any expansion of an existing private school building that would exceed the lesser of (a) 7,500 square feet, or (b) a 15% increase over the size of the Building existing on February 1, 2000, and for the installation of any portable classrooms within the Leased Premises for a period longer than one year.

C. As required by ER 4-99, Paragraph 6.8, Rent Credits for Capital Improvements: The County may credit the Tenant's annual Rent in an amount not to exceed fifty percent (50%) of the annual amortized cost of Qualified Capital Improvements. Said annual Rent credit shall be subject to the following conditions:

1. The total of all Rent credits shall not exceed fifty (50%) of the Tenant's annual Rent as set forth in this Lease.
2. Tenant shall not be entitled to Rent credits for any finance charges, fees, administrative costs, performance bonds, permit fees, insurance, operating, maintenance, or repair expenses, or any other costs except the actual costs directly related to the design and construction and/or installation of Capital Improvements, which costs shall be fully documented by Tenant.
3. Capital Improvements completed by Tenant without the prior written approval of the County shall not receive Rent credit.
4. The County has the right to audit all construction or other costs for which Tenant requests Rent credits.

5. As required by ER 4-99, Paragraph 6.4(c), in the event the work performed requires repairs pursuant to Article 9.B.4 above, the costs of such corrective measures are not eligible for Rent credit.
6. Rent credits for Elective Capital Improvements shall be made only to the degree that said improvements are determined, at the reasonable determination of the County, to be of value to the County and/or the BOE.
7. Future Rent credits may be forfeited, at the County's option, if Tenant defaults and fails to cure as set forth in Article 17, on any term or condition of this Lease.
8. Only improvements approved and completed after the effective date of ER 4-99, (June 5, 2001) shall be eligible for Rent credits, unless such improvements were already approved for credit by the County prior to the effective date of such Executive Regulation.
9. For purposes of determining annual Rent credit amounts, amortization of Capital Improvements shall be made over the anticipated useful life. In order to determine an appropriate amortization schedule for Capital Improvements, the anticipated useful life of such improvements shall be deemed to be the applicable recovery periods used in computing deductions for depreciation under The Internal Revenue Code.
10. No Rent credits shall be granted for any improvement to the extent that the improvement was paid for by a grant, loan, bond or other financial assistance from Montgomery County, Maryland, or from any other government or instrumentality.

D. As required by ER 4-99, Paragraph 6.9, Partial Reimbursement of Capital Improvements in the Event of Early Termination:

1. In the event the County terminates this Lease pursuant to Article 5 of this Lease, or in the event either party terminates this Lease pursuant to Article 16 of this Lease, the County shall reimburse Tenant one hundred (100%) percent of the remaining unamortized portion of the cost of each Qualified Non-Elective Capital Improvement and fifty (50%) percent of the remaining unamortized portion of the cost of each Qualified Elective Capital Improvement, less any Rent credits for Capital Improvements already granted to Tenant. In the event this Lease is terminated pursuant to Article 18 of this Lease, the County shall reimburse Tenant any applicable awards received by the County for the fair market value of the Qualified Capital Improvements, and such reimbursement shall not preclude Tenant from filing a separate claim against the authority exercising eminent domain pursuant to Article 18 of this Lease.
2. Such reimbursements shall be made within ninety (90) days of such termination date, or, in the event of eminent domain, within thirty (30) days of the County's receipt of such awards, and, if applicable, shall be subject to appropriation of funds by the Montgomery County Council. In the event appropriations of funds is required, and the County is unable to secure the funding necessary to reimburse Tenant, the County shall not terminate the Lease until such time as funding is appropriated; in which event such termination shall be in accordance with Article 5.B.4 of this Lease.
3. In no event shall Tenant be entitled to receive reimbursement from both the County and any other public agency for the same, like item, or work of any nature or description, and in no event shall the County be entitled to receive unjust enrichment from any insurance coverage

or governing authority in connection with the Qualified Capital Improvements performed by Tenant.

4. Capital Improvements performed by Tenant without the prior written approval of the County will not receive reimbursement.
5. As required by ER 4-99, Paragraph 6.4(c), in the event the work performed requires repairs pursuant to Article 9.B.4 above, the costs of such corrective measures are not eligible for reimbursement.
6. The County will not reimburse Tenant for any Qualified Capital Improvements in the event Tenant vacates the Leased Premises before the end of the Term, whether voluntarily or pursuant to legal action for breach of this Lease.
7. Tenant shall not be entitled to reimbursement in the Event of Default by Tenant pursuant to Article 17 below.
8. Tenant will not be entitled to reimbursement for any finance charges, fees, administrative costs, bonds, permit fees, insurance, operating, maintenance or repair expenses, or any other costs not directly attributable to the actual construction and/or installation of Qualified Capital Improvements.
9. Tenant will not be entitled to reimbursement for Elective Capital Improvements, unless the improvements are, at the reasonable discretion of the County, determined to be Qualified Capital Improvements.
10. No reimbursement will be granted for any improvement to the extent that the improvement was paid for by a grant, loan, bond or other

financial assistance from Montgomery County, Maryland or any other government or public agency.

E. Required Capital Improvements: As a condition of granting this Lease to Tenant, commencing with the date of full execution of this Lease, Tenant agrees to act with all commercially reasonable speed to: (i) obtain all permits and to commence construction for the Non-Elective Capital Improvements, in accordance with Exhibit D-2, and (ii) complete such construction for the Non-Elective Capital Improvements no later than the first (1st) year anniversary of the date of full execution of this Lease. The Elective Capital Improvements and the Non-Elective Capital Improvements, in accordance with Exhibit D-2, are hereby designated and approved as Qualified Capital Improvements by the County. Tenant agrees to spend a total of \$236,000.00 for Qualified Non-Elective Capital Improvements for which it will receive no refund. In the event the actual cost of such Qualified Non-Elective Capital Improvements exceeds \$236,000.00, the County shall credit Tenant the actual costs in excess of \$236,000.00 pursuant to Article 9.C above.

10. OPERATING EXPENSES:

A. Maintenance, Repair and Upkeep of the Leased Premises: As required by ER 4-99, Paragraphs 6.3(a) and 6.3(c), the Tenant shall, at the Tenant's sole cost and expense, assume full responsibility for the maintenance, repair, and upkeep of the entire Leased Premises and all improvements thereon, including but not limited to the repair and/or replacement of all Building elements and equipment, fixtures, roof, windows, floors, ceiling tiles, walls, electrical systems, heating and air conditioning systems, plumbing systems, interior and exterior painting, outdoor areas, outdoor fields and playgrounds, shrubbery and landscaping located on the Leased Premises; however, if such maintenance and repair is due to the County's use of the Leased Premises pursuant to Article 6 above, the County shall reimburse the Tenant for all costs and expenses incurred by the Tenant in connection with such maintenance and

repair within thirty (30) days of the Tenant's delivery to the County of written receipt thereof. The County shall have the right to determine in its reasonable discretion, and shall notify Tenant in writing, that such maintenance, repair, upkeep, and replacement is required to protect the Leased Premises from damage and deterioration.

- B. Operating Expenses for Leased Premises: As required by ER 4-99, Paragraph 6.3(b), the Tenant shall be fully responsible at the Tenant's sole cost and expense, for all operating expenses for the Leased Premises, including, but not limited to, utility bills and expenses, janitorial services, trash removal, pest control, snow removal, grounds maintenance, on-site parking facilities, preventive maintenance, day-to-day minor and major maintenance, tree removal, fence repair and/or replacement, and repair or replacement of playground equipment.
- C. Operating Expenses for Adjacent Parcel: Tenant shall be fully responsible, at Tenant's expense, for all operating expenses in connection with the maintenance and repair of the Adjacent Parcel required as a result of Tenant's use thereof.

11. FIXTURES AND EQUIPMENT: All items which are attached to the Building, or are a part of the Building's systems at the time the Leased Premises are delivered to Tenant, shall remain with the Leased Premises and shall be delivered to Tenant along with the Leased Premises. All moveable partitions, trade fixtures, floor coverings or equipment installed within the Leased Premises at Tenant's expense shall remain the property of Tenant and may be removed by Tenant at the expiration or other termination of this Lease. Upon removal of the Tenant's property from the Leased Premises, the Tenant, at its sole expense shall repair any damage to the Leased Premises caused by such removal so that the Leased Premises are in substantially the same condition as at the commencement of the Lease Term, reasonable wear and tear excepted.

12. CONDITION OF PREMISES: As required by ER 4-99, Paragraph 6.3(a), Tenant accepts the Leased Premises in "as is" condition, and Tenant agrees to maintain the Leased Premises,

including all improvements therein, in good condition and state of repair throughout the Term and any extension thereof. Tenant acknowledges that Tenant and its predecessors have been in exclusive, continuous use and possession of the Leased Premises under a prior Lease dated November 19, 1996, a copy of which is attached hereto as Exhibit E. For purposes of maintenance and upkeep, the Leased Premises includes the improvements, including, without limitation the Building, walkways, play areas, parking lots, driveways, outdoor recreation fields and land located on the Leased Premises. Tenant agrees to keep the Leased Premises clean and neat in appearance at all times, and to keep grass trimmed, trees treated and shrubbery pruned as necessary to maintain them in good condition and appearance. Tenant agrees to make repairs and replacements as necessary for the safe use of the Leased Premises, protection of the Leased Premises from damage or deterioration, including changes necessary to comply with state, federal or local laws, including, but not limited to changes, if required, to comply with the Americans With Disabilities Act [42 U.S.C. 12101], et. seq., however, if such maintenance and repair is due to the County's use of the Leased Premises pursuant to Article 6 above, the County shall reimburse the Tenant for all costs and expenses incurred by the Tenant in connection with such maintenance and repair within thirty (30) days of the Tenant's delivery to the County of written receipt thereof.

13. LIABILITY, PROPERTY DAMAGE AND FIRE INSURANCE:

- A. Tenant Insurance: Tenant agrees to obtain and maintain, during the full term of this Lease, and until all of Tenant's obligations which survive termination of this Lease have been completed, a policy or policies of insurance issued by an insurance company or companies licensed to do business in the State of Maryland and acceptable to the County containing the types of insurance coverages and limitations set forth in Exhibit F Insurance Requirements, which is incorporated by reference and made a part of this Lease.
- B. County Insurance: The County shall obtain and maintain, during the Term, an All Risk Property policy covering 100% of the Building on the Leased Premises. The County shall provide insurance covering general liability for the Property. Notwithstanding the above, the County shall have the right to self-insure. The County is a member of the Montgomery County Self-

Insurance Program. The County shall obtain and maintain, during the full term of this Lease, and any extension thereof, a policy of public liability insurance with bodily injury limits of \$200,000 for injury (or death) to one person, \$500,000 per occurrence, and property damage insurance with a limit of \$200,000. These are the maximum limits of liability for which the Montgomery County Self-Insurance Program is responsible, as determined by the Local Government Tort Claims Act Maryland Code Ann., Cts & Jud. Proc. §§ Sec. 5-301, *et seq.* (2003 Repl. Vol), as amended from time to time (the "LGTCA").

- C. Tenant Owned Contents and Non-Structural Improvements: Tenant shall provide evidence of property coverage for their owned contents and any non-structural improvements, to the Leased Premises. Coverage shall be on a replacement cost basis for "all risks of direct physical loss or damage except as specifically excluded."
- D. Additional Insured:
 - 1. Tenant's General Liability Policy shall list Montgomery County, Maryland as an additional insured and all insurance policies obtained by Tenant as required by this Lease shall provide that Tenant shall give the County written notice of amendment, cancellation, termination or non-renewal, no later than 45 days prior to amendment, cancellation, termination or non-renewal. The Tenant shall provide on an annual basis, upon written request from the County, evidence that is satisfactory to the County of the insurance coverages required under this Lease.
 - 2. County's All Risk Property Policy shall list Tenant as an additional insured on all insurance policies obtained by the County as required by this Lease and shall provide that County shall give the Tenant written notice of amendment, cancellation, termination or non-renewal, no later than 45 days prior to amendment, cancellation, termination or non-renewal.

E. Certificate of Insurance: Tenant shall, within ten (10) days from the Commencement Date of this Lease, deliver to the County a certificate(s) of insurance evidencing the coverages required under this Lease. The certificates shall be issued to: Montgomery County, Maryland, c/o Department of Public Works and Transportation, Office of Real Estate, 101 Monroe Street, 10th Floor, Rockville, Maryland 20850, with a copy to Montgomery County, Risk Management Department, 101 Monroe Street, 15th Floor, Rockville, Maryland 20850. Tenant is solely responsible for payment of the premiums for all of Tenant's insurance. The limits of Tenant's insurance in no way limits Tenant's liability under this Lease, at law, or in equity.

14. INDEMNIFICATION:

A. By Tenant: Tenant agrees to indemnify and hold harmless and pay for the defense of the County by counsel of the County's choosing from any and all claims of liability, actions, damages and expenses, including, but not limited to, reasonable attorneys fees and litigation costs, arising out of or related to Tenant's use or possession of the Leased Premises, and any Adjacent Parcel, from any breach of this Lease by Tenant, or from any claim, action, damage, liability or expense occasioned wholly or in part by any act or omission of Tenant, its agents, contractors, guests or employees, except such negligent or willful acts or omissions of the County and the County's employees. Tenant further specifically agrees to hold the County harmless and pay for the defense of the County from any claim of liability made in connection with any construction or installation of equipment within the Leased Premises, notwithstanding that any such construction or equipment may or may not be deemed to be a part of the Leased Premises hereinabove described. In case the County shall, without fault on its part, be made a party to any litigation commenced by or against Tenant, then Tenant shall protect and hold harmless

the County at Tenant's sole cost and expense, but only pursuant to its obligations set forth in this Article above.

B. By County: The County shall indemnify Tenant, hold Tenant harmless and defend Tenant by counsel of Tenant's choosing from any and all claims, losses, costs, damages, liability and expense, including, without limitation, attorneys' fees, arising out of or related to any claim, suit or judgment brought by or in favor of any person or persons for damage, loss or expense due to, but not limited to, bodily injury, including death, or property damage sustained by such person or persons which arises out of, is occasioned by or is in any way attributable to the use or occupancy of the Leased Premises, or any portion of the Adjacent Parcel by the community, CUPF or the County or its agents, employees, contractors, guests, or invitees, or the acts or omission of the community, CUPF or the County or its agents, employees, contractors, guests, or invitees, except for damage or liability arising from the negligent or willful acts or omissions of Tenant, Tenant's employees or guests. In case the Tenant shall, without fault on its part, be made a party to any litigation commenced by or against the County, then County shall protect and hold harmless the Tenant at County's sole cost and expense. Notwithstanding the foregoing, any indemnification given by the County is subject to the notice requirements and damages limitations stated in the LGTCA; Md. Code Ann. Art. 25A, Sec. 1A (2003 Repl. Vol.); and Md. Code Ann., Cts. & Jud. Proc. Sec. 5-509 (2002 Repl. Vol.), (together the "County Indemnification Statutes"), all as amended from time to time.

15. TENANT'S DUTIES AND COVENANTS:

A. Waste: Tenant shall not strip, overload, damage or deface the Building, nor suffer or permit any waste in or upon the Leased Premises or the Adjacent Parcel.

B. Hazardous Materials: Tenant shall not keep or store gasoline, other flammable material, any explosive, or hazardous material as defined under State and Federal and County laws and regulations, within the Leased Premises or the Adjacent Parcel which shall increase the rate of fire insurance on the Leased Premises or Adjacent Parcel beyond the ordinary risk established for the type of operations described in Article 3 of this Lease. Any such increase in the insurance rate due to the above, or due to Tenant's special operations within the Leased Premises or Adjacent Parcel, shall be borne by Tenant. Tenant shall not willfully do any act or thing in or about the Leased Premises or Adjacent Parcel which may make void or voidable any insurance on the Leased Premises or Adjacent Parcel, and Tenant agrees to conform to all reasonable rules and regulations established from time to time by the County (as a governmental authority and not as a landlord), the Maryland Insurance Rating Bureau, or any other authority having jurisdiction over such matters.

C. Use: Tenant shall not permit any trade or occupation to be carried on or use made of the Leased Premises or Adjacent Parcel outside of the scope of this Lease described in Article 3 hereof. Further, Tenant shall not use or allow to be used the Leased Premises or any part thereof for any illegal, unlawful or improper purpose or for any activity which shall constitute a nuisance to adjacent properties or the adjacent neighborhood. Tenant acknowledges that all of its responsibilities relating to the use or misuse of the Leased Premises and Adjacent Parcel and anything therein shall be construed to include use or misuse thereof by Tenant's agents, subtenants, employees, patrons, guests and subtenants.

D. Signage: Tenant shall not place upon the Leased Premises or Adjacent Parcel any placard, sign, lettering or awning (a "Projection") except such, and in such place and manner, as first approved in writing by the County or CUPF as may be the case. The County's approval shall not be unreasonably withheld.

Any such sign or Projection must be permitted under Chapter 59 of the Montgomery County Code (2004), as amended, (the "Zoning Ordinance") and must be approved by the County agency responsible for administering the Zoning Ordinance, which my withhold its approval for any reason.

- E. Expenses: Tenant shall pay all of its bills and expenses relating to Tenant's use of the Leased Premises and Adjacent Parcel on time and shall not permit any disruption of any service, including, but not limited to, utilities, to any portion of the Leased Premises or Adjacent Parcel.
- F. Authority: Tenant verifies and acknowledges that the person executing this Lease on behalf of the Tenant has the legal authority to bind the Tenant to the duties and obligations set forth herein. Tenant further verifies and acknowledges that such person's signature creates a binding obligation on the part of the Tenant for the term of this Lease. Tenant verifies and acknowledges that it is in good standing and/or qualified to do business in the State of Maryland, as attached as Exhibit J.
- G. Performance: Tenant agrees to and shall perform any and all obligations under this Lease in a timely manner. It is understood, agreed and covenanted by and between the parties that Tenant, at Tenant's expense, shall promptly comply with, observe and perform all of the requirements of all of the statutes, ordinances, rules, orders and regulations now in effect or hereafter promulgated whether required by the Federal Government, State of Maryland, Montgomery County, or any local government with jurisdiction over the Leased Premises and Adjacent Parcel.
- H. Toxic Substances Control Act: Tenant specifically acknowledges its responsibility to comply with the requirements of the Toxic Substances Control Act ("TSCA") 15 U.S.C. 2601 to 2692, and its implementing regulations governing asbestos-containing materials in schools, the Asbestos

Hazard and Emergency Response Act ("AHERA"), 40 C.F.R. Part 763,
Subpart E.

16. DAMAGES TO OR DESTRUCTION OF LEASED PREMISES AND ADJACENT PARCEL:

- A. Notice: Tenant shall provide the County with notice, as soon as practicable, of accidents on or damages to the structure, equipment, or fixtures of the Leased Premises or Adjacent Parcel or of defects in the roof, plumbing, electric and heating and cooling systems of the Building, or to any defects or damages to the Property.
- B. Right to Restore or Terminate: In the event that the Leased Premises or Adjacent Parcel are substantially destroyed or damaged from whatever cause so as to render all or a substantial portion (which, for purposes of the Lease, shall mean 25% or more of the Leased Premises or Adjacent Parcel) of the Leased Premises or Adjacent Parcel unfit for the purposes for which such areas were leased, and the Leased Premises or Adjacent Parcel can be restored to its pre-existing condition within two-hundred seventy (270) days, the County shall notify Tenant in writing within thirty (30) days of the date of such destruction or damage whether or not it intends to make such repairs and the County shall promptly and with due diligence repair any damage to the Leased Premises or Adjacent Parcel. Notwithstanding the foregoing, if the repair of said destruction or damage to the Leased Premises cannot reasonably be accomplished by the County within available insurance proceeds within two hundred seventy (270) days following the date of such destruction or damage, the County shall notify the Tenant in writing within thirty (30) days after the date of the destruction or damage occurred, and Tenant and the County shall each be entitled to terminate this Lease by written notice to the other within ten (10) days of such written notice.

C. Standard of Work: In the event that the County is able to undertake the repair of the Leased Premises and determines it is in the County's best interest to do so, and provided neither party elects to terminate this Lease in accordance with Article 16B. above, the County shall complete said repairs in a diligent manner as soon as practical after the date of destruction or damage, with all parties acting diligently, and this Lease shall not be affected, except that during reconstruction Rent shall be reduced by a percentage corresponding to the portion of the Leased Premises to which Tenant is denied normal occupancy and use.

D. County Right Not to Repair: The County reserves the right to not repair the Leased Premises or Adjacent Parcel, if it decides, in its reasonable discretion, repair of the Leased Premises or Adjacent Parcel is not in the County's best interest. If the County elects not to repair the Leased Premises, the County shall notify the Tenant in writing within thirty (30) days after the date of the destruction or damage occurred, and Tenant shall be entitled to terminate this Lease by written notice to the County within ten (10) days of receipt of such written notice.

17. DEFAULT:

A. Events of Default. Each of the following shall constitute an event of default (the "Event of Default"):

1. Tenant's failure to pay Rent and the continuance thereof for thirty (30) days after receipt from the County of written notice. Notwithstanding the foregoing, the County shall not be required to provide Tenant with more than three (3) monthly written notices during any twelve (12) month period.
2. Failure to substantially perform under any term, covenant or condition of this Lease other than failure to pay rent, and the continuance

thereof for thirty (30) days after written notice from the County specifying said failure, or such greater time as may be reasonably required to correct such failure, with Tenant acting diligently.

3. The commencement of any involuntary action or proceeding for the dissolution or liquidation of Tenant, or for the appointment of a receiver or trustee of Tenant's property, and the failure to discharge any such action within one hundred twenty (120) days.
4. The making of any assignment for the benefit of Tenant's creditors.
5. The abandonment of the Leased Premises by Tenant. Abandonment is defined as the failure of Tenant to operate the Permitted Use for ninety one (91) consecutive days or longer, unless otherwise excused under the terms of this Lease.
6. Failure to comply with the Traffic Management Plan required in Article 42, below.

B. Tenant Penalties. In the event that an Event of Default shall occur hereinabove stated, provided Tenant fails to cure said default within the time period set forth in this Lease, then, and in every such case thenceforth, at the option of the County or the County's assigns pursuant to Article 23 below, the Tenant shall be subject to one of the following penalties, depending upon the nature and severity, in the County's sole judgment, of the Event of Default:

1. Tenant's right of possession shall end, the Lease shall be terminated by the County, and the County may proceed to recover possession under the laws of the State of Maryland.

2. The County may, but shall not be obligated to, without waiving such Event of Default, undertake appropriate action to correct the Event of Default at the reasonable expense of Tenant, in which case Tenant shall pay the County all incurred costs of such performance promptly upon receipt of an invoice.
3. In addition to the other rights of the County, as set forth in this Article 17.B, in the event Tenant's Event of Default is due to a failure to perform under Article 17.A.2 above, and such Event of Default continues for forty-eight (48) hours after written notice from the County that the cure period specified in Article 17.A.2 above has expired, the County shall charge Tenant, as Additional Rent, the greater of (i) Five Hundred Dollars (\$500) per day for each day such Event of Default continues, or (ii) the actual costs to undertake appropriate action to correct the Event of Default pursuant to Article 17.B.2 above.
4. The County's acceptance of Additional Rent, as provided in Article 17.B.3 above, shall not constitute a waiver of the County's right to terminate the Lease in accordance with Article 17.B.1 above or to recover possession in a subsequent month during the Term if the Event of Default continues or an additional Event of Default occurs.

C. County Remedies. Upon occurrence of an Event of Default by the Tenant, the County is entitled to all remedies available at law or in equity, including, but not limited to, the right to terminate the Lease, the right to re-let the Leased Premises (if the Lease has been terminated), with any termination of this Lease to be effectuated by appropriate proceedings brought in any court of competent jurisdiction in Montgomery County, Maryland. Notwithstanding the termination of this Lease, the Tenant shall remain liable for any and all claims, costs, damages, expenses, fees, liabilities and losses suffered by or incurred on behalf of the County as a result of Tenant's Event

of Default, including all reasonable attorney's fees and any costs the County incurs recovering possession of the Leased Premises.

D. No Waiver. In the event that proceedings shall at any time be commenced for recovery of possession as aforesaid and a compromise or settlement shall be effected either before or after judgment whereby the Tenant shall be permitted to retain possession of the Leased Premises, then such proceedings do not constitute a waiver of any condition or agreement contained herein or of any subsequent breach of this Lease. No waiver of any breach of any condition contained herein shall be construed to be a waiver of that condition or of any subsequent breach thereof.

18. EMINENT DOMAIN:

- A. County Right: The County is entitled to receive any award from a governmental authority other than Montgomery County, Maryland for the fair market value of the land and improvements upon which the Leased Premises are located.
- B. Tenant Right: Tenant is not precluded from claiming, proving and receiving, in a separate claim filed by Tenant against the authority exercising the power of eminent domain, such sums to which the Tenant may be entitled as compensation, including, without limitation, reimbursement of Qualified Capital Improvements, provided that such a separate claim does not interfere with or reduce the County's award and is pursuant to the terms set forth in Article 9D herein.
- C. Right to Terminate: The County or Tenant may terminate this Lease upon exercise of eminent domain by a condemning authority that renders the Leased Premises unfit for the use and purpose set forth in Article 3 herein.

19. SUBLEASING:

A. County Consent for Tenant Subleasing: As required by ER 4-99, Paragraph 6.10, Tenant shall not sublease any part of the Leased Premises without the County's express written consent. The County's written consent shall be obtained in the following manner:

1. Tenant shall submit to the County a copy of the proposed sublease, a description of the activities and uses proposed by subtenant, proof of the subtenant's ability to pay Rent, adequately maintain its premises and otherwise comply with all terms and conditions of this Lease, and any other information pertinent to the proposed subtenant's use and occupancy as may be requested by the County.
2. The County shall provide copies of the above information to the Montgomery County Council, the Montgomery County Planning Board and BOE and shall solicit and consider their comments on the proposed sublease as required by law.
3. The County shall make a decision on the proposal and shall respond in writing to the Tenant not later than ninety (90) days after receipt of all information required by Article 19.A.1, above, or any additional information that may be requested by the County.
4. It shall not be unreasonable for the County to deny approval for any sublease if the County determines, in its sole discretion, that such sublease will have a negative impact to the surrounding neighborhood.

B. Permitted Subleasing by Tenant: As required by ER 4-99, Paragraph 6.11, subleasing by Tenant shall be permitted only under the following terms and conditions:

1. Tenant shall not be permitted to sublease more than fifty percent (50%) of the net useable square footage of the Building.
2. Subleasing of any portion of the Leased Premises by Tenant shall have as its primary goal the recovery of reasonable operating and Rent expenses incurred by Tenant in the operation, maintenance and administration of the Leased Premises. Tenant agrees that any Rent charged to subtenant shall be limited to the subtenant's prorated share of actual operating, maintenance and administrative expenses, as well as, non-reimbursed Capital Improvements, and/or other improvements benefiting the subtenant incurred by Tenant, plus an amount equal to the same square foot rate of Rent paid by Tenant to the County.
3. The County shall not approve any sublease or transfer of any right or interest in any portion of the Leased Premises if such a sublease or transfer results in any profit or financial gain in excess of the permitted costs and expenses as set forth, above. The County shall require satisfactory written evidence of compliance with this Article.
4. In the event the County approves a sublease, Tenant remains responsible for the payment of all monies due to the County and for the performance of all obligations required of the Tenant under this Lease.
5. All subtenant's shall conform to all applicable zoning and land use requirements, to all applicable use and occupancy regulations, laws or statutes, to the use restrictions contained in this Lease, to any restrictions that have been imposed by the Montgomery County Council on the use of the Leased Premises, and to all of the terms and conditions of this Lease.
6. In the event the County determines that Tenant is receiving Rent from subtenant in excess of the costs permitted herein, Tenant shall pay all

of the Rent received over and above the allowable costs to the County, as Additional Rent.

20. RIGHT OF ENTRY:

- A. Repairs and Inspection: As required by ER-99, Paragraph 6.0, the Tenant shall permit the County as landlord, its agents or employees, at reasonable times and upon reasonable notice (not less than 72 hours prior notice) to enter the Leased Premises without charge and without diminution of Rent to: (1) examine, inspect and protect the Leased Premises; (2) to perform maintenance and repairs the County may in its reasonable discretion consider necessary or desirable; (3) to exhibit the Leased Premises to prospective purchasers or tenants; and, (4) enforce the terms of the Lease and take action, including an inspection of the Leased Premises at least annually, to assure that the Tenant complies with its obligations under the Lease. The County retains all of its rights as a government to enter onto the Leased Premises and Adjacent Parcel as permitted by law and for all lawful purposes.
- B. Emergency Access: In cases of an emergency involving imminent risk of injury or death to persons or damage to property, the County, its agents or employees, without prior notice to the Tenant, may enter onto the Leased Premises, however, the County shall notify the Tenant of any such entry under this Article as soon as it is practicable under the circumstance.
- C. Locks: Tenant shall not alter or change exterior locks installed on the Leased Premises, however, in the event of an approved change, Tenant shall provide the County with keys to the new locks installed in the Building.

21. RETURN OF THE LEASED PREMISES:

- A. Tenant's Property: At the conclusion of the Term as set forth in Article 2, or following the termination of this Lease for any other cause, the Tenant shall remove all of Tenant's goods and effects from the Leased Premises and return to the County all keys, locks, and other fixtures belonging to the County, in good repair, reasonable wear and tear and damage by casualty excepted. In the event that Tenant's property is not removed from the Leased Premises after the termination of this Lease, the property remaining shall become the property of the County. The County shall dispose of such property in the manner it deems appropriate.
- B. Condition of Leased Premises: The Tenant shall return the Leased Premises to the County in the same condition as received at the beginning of the Lease Term in "broom clean" condition, reasonable wear and tear and damage by casualty excepted. At the time of termination of this Lease, and at the County's option, the Tenant shall participate in a walk-through with the County's agent or employee to inspect the Leased Premises.
- C. Signs: Following termination of this Lease, the Tenant shall remove any and all signs erected by or on behalf of Tenant and shall pay for or repair any damage caused by the installation or removal of such signage.

22. HOLDOVER:

- A. No Right to Holdover: The Tenant shall have no right to holdover and continue to occupy the Leased Premises upon expiration or termination of this Lease without first obtaining the prior written permission of the County.
- B. Holdover with Consent: If the Tenant holds over after the expiration of this Lease with the County's consent, the tenancy created by such holding over shall be a month-to-month tenancy, but in all other respects shall be governed by the terms of this Lease, provided, however, that (i) in all cases (except an Event of Default by the Tenant) a thirty (30) day notice shall be required to

terminate the tenancy created by such consented hold-over; and (ii) the monthly Rent payable hereunder during any such holdover period shall be 150% of the Rent in effect for the last month of the Term then ending; and provided that (a) if, upon the expiration of this Lease, the County and Tenant are actively engaged in good faith negotiations for a renewal or extension of this Lease, the County agrees (on the condition the remainder of such holdover rent is paid timely) to defer payment in excess of such holdover rent above the Rent in effect immediately prior to the expiration of this Lease until the earlier of the sixtieth (60th) day after the expiration of the Term or the date on which such negotiations cease, and (c) if, on or before the ninetieth (90th) day after the expiration of the Term, County and the Tenant execute and deliver a renewal or extension of this Lease, then County may agree to waive payment of the amount of holdover rent deferred pursuant to this Article.

- C. Holdover without Consent: Notwithstanding the foregoing, if the Tenant holds over the expiration of this Lease without the County's consent, the Tenant shall, in the absence of any agreement to the contrary, be the Tenant at sufferance and shall pay to the County holdover damages equal to the then-current fair market value of the Leased Premises plus Additional Rent in effect immediately prior to the expiration of the Term for the entire period of such tenancy at sufferance.
- D. Indemnification: Tenant shall defend, indemnify, and hold the County harmless from and against any and all claims, losses, liabilities, or damages resulting from the Tenant's failure to surrender possession of the Leased Premises in accordance with this Article (including, but not limited to, any and all claims made by any succeeding tenant).

23. ASSIGNMENT: Tenant shall not assign this Lease without the prior written consent of the County, which consent shall not be unreasonably conditioned, withheld or delayed, nor shall any assignment hereof be effected by operation of law or otherwise without the prior written consent

of the County. Any assignment consented to by the County shall not relieve the Tenant from any of its obligations under this Lease, and such consent by the County shall not be effective unless and until (i) Tenant gives written notice thereof to the County, which notice shall state the name and address of the proposed assignee, and identify the nature and character of the proposed use of the Leased Premises by assignee, (ii) such assignee shall deliver to the County a written agreement in form and substance satisfactory to the County pursuant to which such assignee assumes all of the obligations and liabilities of the Tenant hereunder, and (iii) Tenant shall deliver to the County a copy of the proposed assignment agreement. Tenant shall also provide any additional information the County reasonably requests regarding such proposed assignment. The County shall not approve any assignment if such an assignment results in any profit or financial gain in excess of permitted costs and expenses. Any assignment without the County's written consent may be declared null and void by the County and, at the County's election, constitute an Event of Default hereunder. The County shall not assign this Lease without prior notice to the Tenant.

24. THE COUNTY'S TITLE AND COVENANT OF QUIET ENJOYMENT: The County covenants that it has full right and power to execute and perform this Lease, and that it shall put Tenant into complete and exclusive possession of the Leased Premises and the Adjacent Parcel, as set forth herein. The County covenants and agrees that, if Tenant pays all Rent, and performs all of its obligations under this Lease, the Tenant shall, at all times during the Term, and any extensions thereof, have the peaceable and quiet enjoyment and possession of the Leased Premises and the Adjacent Parcel for the purposes stated in this Lease unless the County terminates this Lease as provided in ER 4-99.

25. CUMULATIVE REMEDIES: Except as otherwise expressly set forth herein, all remedies granted in this Lease otherwise provided by law shall be cumulative and, unless inconsistent, may be exercised separately, concurrently or successively.

26. BENEFIT AND BURDEN: The provisions of this Lease shall be binding upon, and shall inure to the benefit of the Parties and each of their respective successors, assigns or representatives.

27. DISPUTES: The County and Tenant agree that any dispute concerning a question of fact arising under this Lease which is not resolved by agreement of the Parties shall be decided by the Chief Administrative Officer of Montgomery County, or his designee, who shall notify the Parties in writing of the determination made. The Tenant and the County shall be afforded an opportunity to be heard and offer evidence in support of their respective positions. Pending final decision of a dispute hereunder, Tenant and the County shall proceed diligently with the performance of all provisions under this Lease. The decision of the Chief Administrative Officer or his designee shall be final and conclusive. This Article does not preclude consideration of questions of law by a court of competent jurisdiction in connection with the aforesaid decisions.

28. WAIVER: The waiver at any time by either of the Parties of any particular covenant, condition, obligation, or duty under this Lease shall extend to the particular case only, and for the particular time and in the particular manner specified, and such waiver shall not be construed or understood as waiving any further or other rights of either Party.

29. NON-DISCRIMINATION: Tenant agrees to comply with the non-discrimination in employment policies in County contracts as required in Sections 11B-33 and 27-19 of the Montgomery County Code (2004), as amended, as well as all other federal, state and local laws, rules and regulations regarding employment discrimination. By signing this Lease, the Tenant assures the County that in accordance with applicable law, it does not, and agrees that it shall not engage in any employment discrimination in violation of the above sections of the Montgomery County Code as well as any other federal, state or local laws, rules and regulations. 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, marital status, national origin, ancestry, disability, sexual orientation or genetic status.

30. CONTRACT SOLICITATION: Tenant represents that it has not retained anyone to solicit or secure this Lease from the County upon an agreement or understanding for a commission, percentage, brokerage or contingent fee, except for bona fide employees of bona fide established, licensed, commercial selling or leasing agencies (the "Broker") maintained by the Tenant for the purpose of securing business or an attorney rendering professional legal services consistent with the canons of ethics of the profession. Tenant is responsible for paying any Broker's fees or

commissions for any Broker with whom Tenant has any contract or agreement and for paying all of Tenant's attorneys' fees in connection with the negotiation of this Lease.

31. ETHICS REQUIREMENT: Tenant understands and agrees that unless authorized pursuant to Section 11B-52 and Chapter 19A of the Montgomery County Code (2004), as amended, that it is unlawful for any person or entity transacting business with the County to employ a public employee contemporaneous with his or her public employment.

32. FORCE MAJEURE: Neither party shall be deemed in default with respect to the performance of any of the terms, covenants and conditions of this Lease if same shall be due to any strike, lockout, civil commotion, war-like operation, invasion, rebellion, hostilities, military or insurgency, sabotage, inability to obtain any material or service, through natural or other causes beyond the control of either of the Parties; provided, however, that this provision shall not excuse any non-payment of Rent. For purposes of this provision, lack of funds shall not be considered a cause beyond the control of a party.

33. RESIDENT AGENT: The Resident Agent for the Tenant is: The Corporation Trust Incorporated (CT), 300 E. Lombard Street, Baltimore, Maryland 21202.

34. MAILING NOTICES: All notices required by this Lease shall be in writing and shall be given by either party by first class mail, postage prepaid, return receipt requested or with a nationally recognized receipted delivery service, addressed to the County or Tenant, respectively. Notice to the Parties shall be addressed as follows:

THE COUNTY:

MONTGOMERY COUNTY, MARYLAND

Department of Public Works and Transportation
Office of Real Estate
101 Monroe Street, 10th Floor
Rockville, Maryland 20850
Attn: Director
With a copy that does not constitute notice to:

Office of the County Attorney
101 Monroe Street, 3rd Floor

Rockville, Maryland 20850
Attn: County Attorney

THE TENANT:

NOBEL LEARNING COMMUNITIES, INC.

1615 West Chester Pike, Suite 200
West Chester, PA 19382-6223
Attn: General Counsel

With a copy that does not constitute notice to:

Shulman, Rogers, Gandal, Pordy & Ecker, P.A.
11921 Rockville Pike, Suite 300
Rockville, Maryland 20852
Attn: Ross D. Cooper, Esq.

35. INDEMNITY BOND: Upon the request of the County, for reasonable cause in its reasonable discretion, concurrent with the effective date of the Lease or at any time during the term of this Lease, Tenant shall obtain and maintain an executed miscellaneous indemnity bond in the amount of the annual Rent for the current Lease Year to remain in full force and effect throughout the remainder of the Term, as security for the faithful performance of all the terms and conditions of this Lease. The County shall have the right, but not the obligation, to request such a bond from the Tenant. The County, in its reasonable discretion, may accept an appropriate substitute surety. Tenant shall, within fifteen (15) days from the date of the request by the County, deliver to the County the said surety, evidencing the coverage hereinabove stated. Failure to deliver the bond or surety as required is considered by the County to be an Event of Default under this Lease.

36. INDEMNIFICATION BY COUNTY: Notwithstanding anything in this Lease to the contrary, any indemnification given by the County in this Lease is subject to the notice requirements and damages caps stated in the Local Government Tort Claim Act. Md. Cts. & Jud. Proc. Code Ann. §§5-301, et seq., (2003 Repl. Vol.) as amended from time to time. This indemnification is not intended to be a waiver of governmental immunity by the County, and is not intended to create any rights or causes of action in third Parties. The County is not liable for damages or injury occasioned by the acts or omissions of Tenant or its agents, or failure to comply with its obligations under this Lease.

37. GOVERNING LAW: This Lease and its performance is governed, interpreted, construed and regulated by the laws of Montgomery County and the State of Maryland. Should any provision of this Lease be found invalid or unenforceable no other unrelated provision shall be affected and shall continue in full force and effect.

38. CLAIMS: Any claim or action brought by or on behalf of either Party in connection with the performance of this Lease shall be filed and maintained in a court of competent jurisdiction located in Montgomery County, Maryland.

39. RIGHT OF REDEMPTION: To the extent permitted by law, the Tenant hereby waives any and all rights of redemption and rights to cure any default hereunder (howsoever denominated) after the County recovers possession of the Leased Premises now or hereafter granted to the Tenant pursuant to applicable law. No acceptance by the County of any monies owed by the Tenant to the County shall constitute a waiver of the provisions of this Article, nor shall any refusal by the County to accept any tender by the Tenant of any sums owed by the Tenant to the County, in connection with any purported exercise of any right of redemption or right to cure to which the Tenant would otherwise be entitled, constitute a termination of this Lease or a release of the Tenant from any liability hereunder.

40. RULES AND REGULATIONS: Existing Rules and Regulations are incorporated by reference and made a part of this Lease as Exhibit G. The County reserves the right to amend the existing Rules and Regulations from time to time, at the County's reasonable discretion. Tenant shall comply with any and all Rules and Regulations adopted by the County and provided in writing to the Tenant. Tenant's failure to obey the Rules and Regulations constitutes an Event of Default under this Lease for which the County may pursue any or all of the remedies set forth in Article 17.C, County's Remedies. In the event of a conflict between the Rules and Regulations and this Lease, the Lease is controlling.

41. COMMUNITY COORDINATING GROUP: As required by ER 4-99, Paragraph 6.16, the Tenant shall convene a community liaison body that shall effectively respond to concerns of residents of the surrounding neighborhood that result from operation of the school. The Tenant shall meet with members of the surrounding communities on at least a quarterly basis, for the purpose of

establishing a neighborly relationship. The first of such meetings shall be held within ninety (90) days of the effective date of the Lease. At a minimum, the Tenant and the community shall be represented by at least (i) one member from the Maplewood Citizens Association, (ii) one member from the Maplewood Park Homeowners Association, (iii) one resident, appointed by the Maplewood Citizens Association, that lives on each of Forest Place, Forest Road, Edgeley Road, and Montgomery Drive, (iv) one member from the Office of the People's Counsel, (v) one member from the administrative staff of the Tenant's school, and (vi) one parent representative from the Tenant's school. This coordinating group shall monitor traffic impact on the neighborhood and discuss possible solutions to be implemented. Tenant shall keep the community abreast of any activity planned at the school that could substantially impact the community's use of the facility or the quality of life in the neighborhood. Tenant shall respond to community complaints or concerns in an expeditious manner. Tenant shall work cooperatively with the neighborhood and all interested parties on the matter of future traffic improvements pursuant to the Traffic Management Plan attached hereto as Exhibit H-1 or any future revised version of the plan. The coordinating group shall submit to the Office of the Montgomery County Executive and the Montgomery County Council an annual report which shall contain, at a minimum, (i) summary of events that occurred at the coordinating group meetings, and (ii) the action, if any, taken or recommended to complaints or concerns raised by the community in connection with the operation of the school.

42. TRAFFIC MANAGEMENT PLAN:

- A. Compliance: The Tenant shall comply with the Traffic Management Plan (the "Plan") attached hereto as Exhibit H-1.
- B. Initial Review: It is the understanding of the parties that the Plan will be reviewed by a workgroup comprised of the community representatives as set forth in Article 41 above and one member from the Transportation Planning staff of the Montgomery County Planning Board, with facilitation being provided by the Office of the People's Counsel. It is further understood that the Plan, as attached hereto, shall be subject (for a period from the date of full execution of Lease until July 1, 2006) to reasonable modifications by the workgroup, as deemed necessary by the County and as agreed by the Tenant. The Tenant shall work reasonably with the workgroup to identify

accountability measures, up to and including termination of the Lease, as deemed necessary by the County and as agreed by the Tenant. The Plan shall specify the level of failure required to determine a default.

C. Requirements: Any traffic management plan shall accomplish the following:

1. Operating Plan: Establish an operating plan for both routine school activities and special events that clearly identifies on-site access, circulation and parking rules and regulations, and the use of off-site parking areas other than on-street parking to prevent a detrimental impact on surrounding residential areas.
2. Drop-off and Dismissal: Identify means by which vehicular traffic associated with school drop-off and dismissal activities shall be contained on site.
3. Monitoring: Establish regular monitoring activities to facilitate identification and implementation of operational access and circulation improvements.
4. Tenant Representative: Provide the name, phone number, address, fax number, and email address of the Tenant representative responsible for enforcing the Plan. Tenant shall be responsible for keeping the Tenant representative information up-to-date.

D. Continuing Review: The Plan shall be subject to review and modification from time-to-time as deemed necessary by the County and as agreed by the Tenant

{signature page to follow}

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

WITNESS:

By: Margot Hager

TENANT:

NOBEL LEARNING COMMUNITIES, INC.,
a Delaware corporation qualified to do
business in the State of Maryland

By: J. H. B. J.

Date: February 17, 2006

THE COUNTY:

MONTGOMERY COUNTY, MARYLAND

By: Bruce Romer
Bruce Romer

Title: _____

CHIEF ADMINISTRATIVE OFFICER

Date: 3-10-06

APPROVED AS TO FORM & LEGALITY
OFFICE OF THE COUNTY ATTORNEY

By: Eileen O. Bresnan

RECOMMENDED

By: Cynthia L. Brenneman

CYNTHIA L. BRENNEMAN
DIRECTOR, OFFICE OF REAL ESTATE

Date: 3/1/2006

Date: 2/27/06

Exhibit A - Deed
[Background 1]

EX-1
NO FEE - MONTG. CO. MD.

LSEN 4829 FOLN 464

CLERK'S OFFICE
MONTG. CO. MD.

(Alta Vista)

D E E D

1976 AUG 18 PM 2:47

THIS DEED made this 7th day of July, 1976,
by and between the BOARD OF EDUCATION OF MONTGOMERY COUNTY,
MARYLAND, GRANTOR, and MONTGOMERY COUNTY, MARYLAND, GRANTEE,
hereinafter called the "COUNTY".

W I T N E S S E T H:

That in consideration of the sum of Ten Dollars (\$10.00)
and other good and valuable consideration, the receipt of which is
hereby acknowledged, the said GRANTOR does hereby grant, convey in
fee simple, and release unto the COUNTY, a body corporate, its
successors and assigns, all those pieces or parcels of ground and
other rights situate and lying in Montgomery County, Maryland, and
more particularly described as follows:

FEE TAKING

Beginning for the same at the intersection of
the northern boundary of Beech Avenue and the
westerly limit of the Washington Rockville
Electric Railway Company right of way and run-
ning thence with the line of said right of way
North 07°40' East 321.8 feet to the intersec-
tion of the westerly limit of said right of way
and the southern boundary of lot numbered 36,
"ALTA VISTA SUBDIVISION", according to the plat
recorded in Plat Book 2, at folio 107, one of
the Land Records of Montgomery County, Maryland,
and running thence South 87°54' East 25 feet to
the easterly limit of the said right of way and
running thence with the line of said right of
way South 07°40' West 321.8 feet to the intersec-
tion of the easterly limit of the said right of
way and the northern boundary of Beech Avenue and
thence with the line of said Beech Avenue South
63°48' East 25 feet to the point of beginning,
containing 8,045 square feet of land, more or less,
including aforesaid right of way.
The afore described property is conveyed subject
to the right of the Potomac Electric Power Company,
or affiliated companies, to install and maintain
from time to time upon said property, or any part
thereof, ducts, feeder cables, poles, wires, fix-
tures and other appurtenances for the sale and
distribution of electricity. This easement is
granted permanently by instrument recorded in
Liber 562 at folio 215, one of the Land Records
of Montgomery County, Maryland.

BEING all the same land conveyed to the Board of Educa-
tion of Montgomery County, Maryland, by G. Calvert Bowie and Mary
Graff Bowie, his wife, by deed dated October 31, 1950, and recor-
ded in the Land Records for Montgomery County, Maryland, in Liber
1454 at Folio 461.

All that lot, piece or parcel of land, situate, lying and being in Montgomery County in the State of Maryland, which is known and distinguished as and being Lot numbered 35 in the Bethesda Land Company's Subdivision called "Alta Vista", as laid down and described upon a plat of said subdivision in Plat Book No. 2, Plat No. 107.

BEING all the same land conveyed to the Board of Education of Montgomery County, Maryland, by Sallie F. Perry and Walter E. Perry, her husband, by deed dated August 15, 1929, and recorded in the Land Records for Montgomery County, Maryland, in Liber 498 at folio 285.

TOGETHER WITH ALL the rights, privileges, easements, improvements, appurtenances and advantages thereto belonging or appertaining.

TO HAVE AND TO HOLD the above granted property and rights unto the said COUNTY, its successors or assigns in fee simple.

AND the said GRANTOR does hereby covenant that he will warrant specially the property hereby conveyed, and that he will execute such further assurances of said lands as may be requisite.

WITNESS his hand and seal the day and year first above written.

ATTEST:

BOARD OF EDUCATION OF MONTGOMERY COUNTY, MARYLAND

CHARLES M. BERNARDO

By *Verna M. Fletcher* (Seal)
VERNA M. FLETCHER, President

STATE OF MARYLAND : ss:
COUNTY OF MONTGOMERY :

I hereby certify that on this 7th day of July, 1976, before the subscriber, a Notary Public in and for the aforesaid State and County, personally appeared *Verna M. Fletcher*, personally well known to me (or satisfactorily proven) to be the President of the Board of Education of Montgomery County, Maryland whose name is signed to the foregoing instrument, and, being authorized to do so, did acknowledge the same to be the true and deed of said corporation.

My Commission Expires:

July 1, 1978

Helen S. Joseph
Notary Public
Helen S. Joseph

I hereby certify that I am an attorney duly admitted to practice before the Court of Appeals of Maryland and that the herein instrument was prepared under my supervision.

R. E. Frederick
R. E. Frederick

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18. 35
18. 35
18. 35
18. 35

TRANSFER TO GOVERNMENTAL, RECLAMATION
OR CHARTERED ORGANIZATION

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WEDNESDAY, DECEMBER 11, 1957, PREPARED BY THE COUNTY
TAX COMMISSIONERS ON THE AUTHORITY
OF THE COUNTY ASSESSMENT BODIES
CITY OF NEW YORK
1958
TRANSFER, CLERIC, DIVISION OF ASSESSMENT

THE JOURNAL OF CLIMATE

**Exhibit B-1 - Legal Description of Property
[Background 1]**

Exhibit B-1
Legal Description of Property

Tax Account: District 7, Subdivision 50, Account Number 554045.

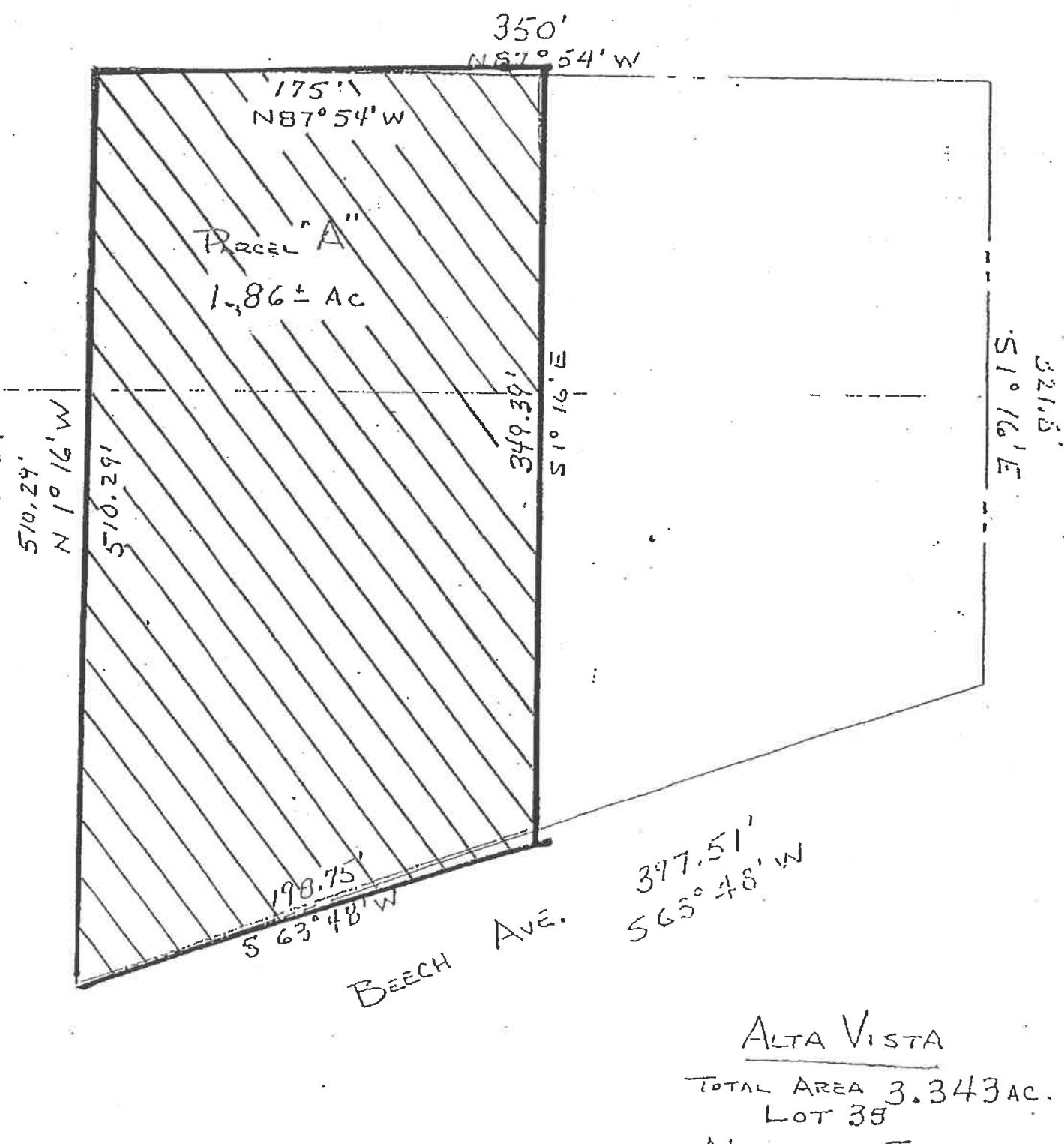
Deed: Dated July 7, 1976 and recorded at Liber 4829, Folio 464 among the Land Records of Montgomery County.

Description: Property consists of two (2) parcels: first, a parcel containing 8,045 square feet of land described by metes and bounds as "Fee Taking" in the aforementioned deed recorded at Liber 4829, Folio 464; and, second, a parcel known as Lot 35 "Alta Vista" in a subdivision recorded in Plat Book No.2, Plat 107 among the Land Records of Montgomery County. Both parcels are reported to contain a total of 3.53 acres of land.

Property Address: 5615 Beech Avenue
Bethesda, Maryland 20814

Exhibit B-2 – Plat of Property and Leased Premises
[Article 1]

EXHIBIT A



107

Note
22 Louraga referred to last conviction,
23 trials at first before property here.

N° 107.

ALTA VISTA
— belonging to —
THE BETHESDA LAND CO.
Situated in
MONTGOMERY COUNTY.
Md.

14

ALTA VISTA

belonging to—

26

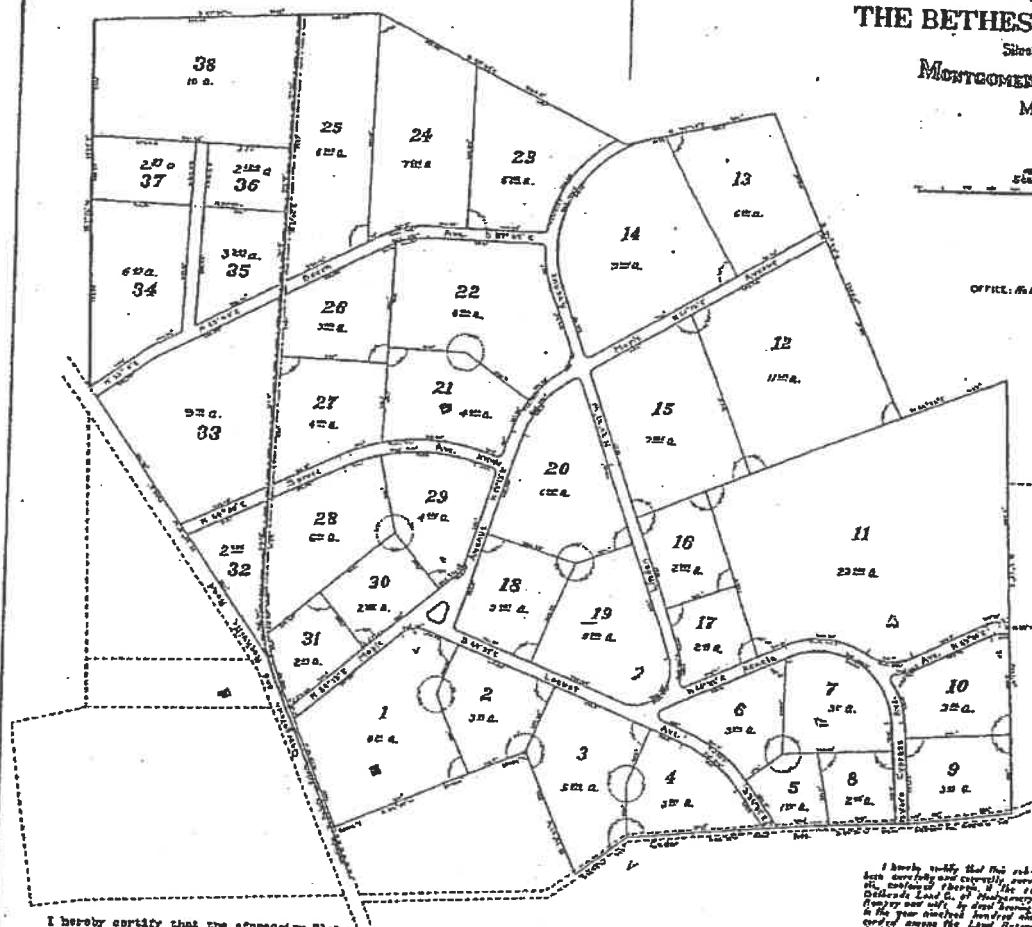
THE BETTER LAND

21-22

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50

OFFICE: 1600 PENNSYLVANIA AVENUE, N.W.
WASHINGTON, D.C.



I hereby certify that the aforesaid Plat was duly recorded September 21st A. D. 1909 in Plat Book No. 2, Plat No. 107, one of the Plat Books of Montgomery County, Maryland.

Subdivision made by the Bethesda
Land Company of Montgomery County, Md.

Jan 24-1908 ~~Atkins~~ 3000pm

MÄRZ 1940

Exhibit C - Adjacent Parcel
[Article 1]

EXHIBIT A

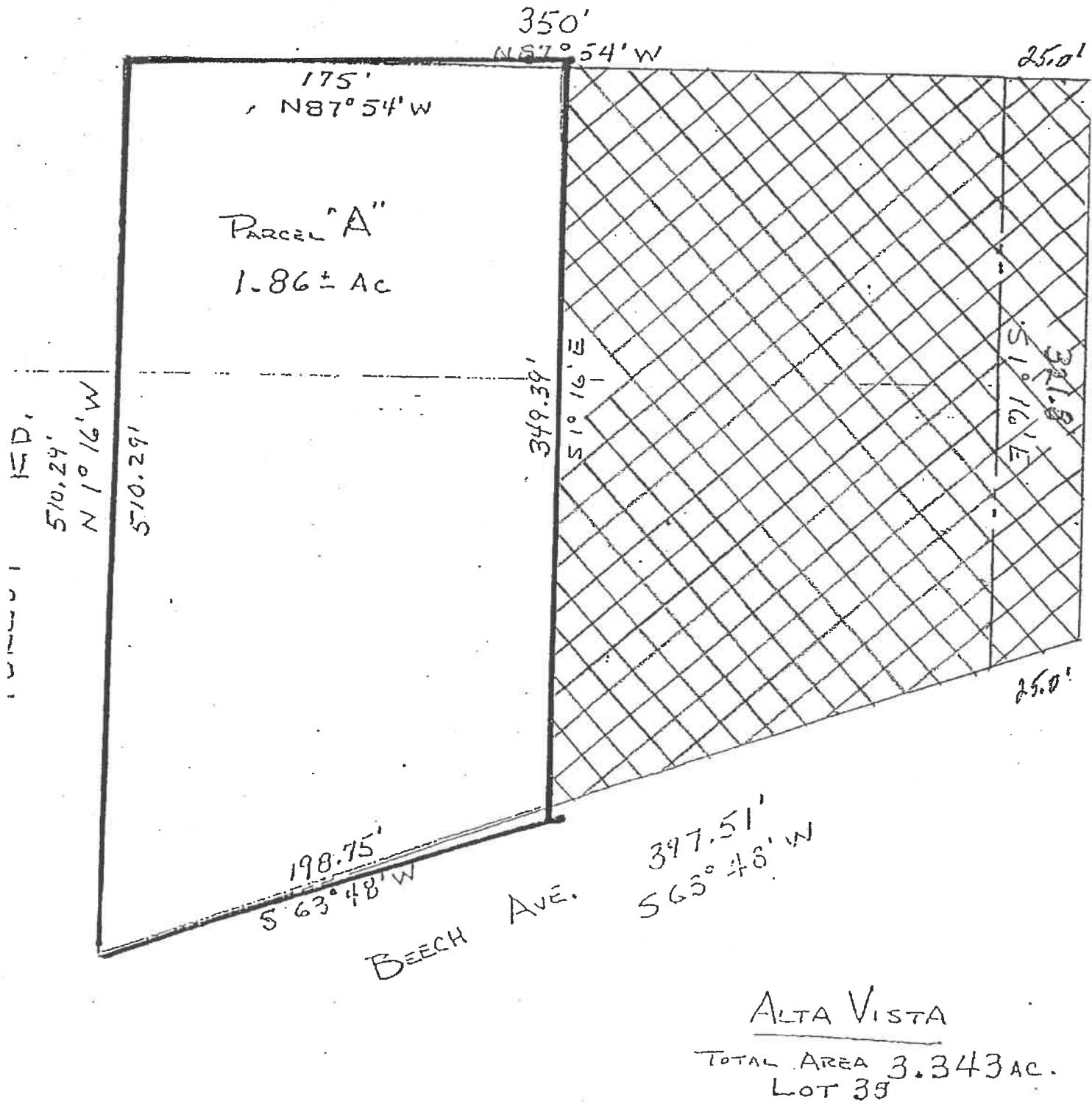


Exhibit D-1 –Capital Improvements Completion Report
[Article 9]

Exhibit D-1
Capital Improvements Completion Report

School Name: _____

Tenant Name: _____

Inspection Date: _____

Action Required	Status (*see codes)	Comments
County Received Tenant Notice of Completion of Capital Improvements		Date: _____
County and Tenant Conduct Inspection Meeting		Date: _____
Capital Improvements in Compliance with Plans and Specifications		
Material Deficiencies from Plans and Specifications		
Tenant Obtained Required Construction Permits		Date: _____
Tenant Obtained Use and Occupancy Permit		Date: _____
As-Built Drawings Received		
County Approval of Tenant Capital Improvements	<input type="radio"/> Qualified <input type="radio"/> Non-Qualified	

*Codes: Y = Yes, N = No, N/A = Not Applicable, N/V = Non-Verifiable

The Undersigned Acknowledge and
Accept the Findings of the Inspection

Tenant: _____ Date: _____
BY _____

County: _____ Date: _____
BY _____

**Exhibit D-2 -Phase 1 Capital Improvements
[Article 9.E]**

Exhibit D-2

Phase 1 Capital Improvements

LEASE PROPOSAL IMPROVEMENTS	CURRENT ESTIMATES
NON-ELECTIVE CAPITAL IMPROVEMENTS	
Playground Surfaces	\$21,000.00*
Flooring	Unavailable at this time
Parking Lot	Unavailable at this time
Roof	\$60,000.00
HVAC / Plumbing	\$17,000.00
Interior Lighting	\$100,000.00
Door Replacement	\$20,000.00
Interior and Exterior Painting	\$60,000.00
Interior Ceilings	\$30,000.00
Playground Equipment / Sports Court	\$49,000.00
Replace Smoke Detectors	Unavailable at this time
Total Current Estimate Non-Elective Capital Improvements	\$357,000.00 [Subject to adjustment based on new estimates]
ELECTIVE CAPITAL IMPROVEMENTS**	
Playground Surfaces	\$21,000.00*
Interior Shelving	\$25,000.00
Signage	Unavailable at this time
Landscaping	Unavailable at this time
Total Current Estimate Elective Capital Improvements	\$46,000.00 [Subject to adjustment based on new estimates]
Total Current Estimates Non-Elective and Elective Capital Improvements	\$382,000.00 [Subject to adjustment based on new estimates]

*The estimated cost for the combined Non-Elective and Elective Playground Surfaces' work items is \$21,000.00. The separate estimates for such work items are unavailable at this time.

**For purposes of Article 9.E. of the Lease, the actual costs in connection with the Elective Capital Improvements set forth above shall not be counted for purposes of Tenant's requirement to spend a total of \$236,000.00.

**Exhibit E – Prior Lease Agreement
[Article 12]**

E

MONTGOMERY COUNTY, MARYLAND

AND

NOBEL EDUCATION DYNAMICS

FIRST AMENDMENT TO LEASE AGREEMENT

THIS AGREEMENT made and executed this 29th day of Oct, 1998 by and between MONTGOMERY COUNTY, MARYLAND, a body politic and corporate, (hereinafter referred to as "Lessor"), and NOBEL EDUCATION DYNAMICS, successor in interest to Educo (hereinafter referred to as Lessee).

WITNESSETH

WHEREAS, Lessor and Lessee are parties to a Lease Agreement dated November 19, 1996, (hereinafter referred to as the "Lease"), which is attached hereto and made a part hereof as Exhibit "A", and under which Lease the Lessee occupies the Premises known as the former Alta Vista Elementary School, 5615 Beech Avenue, Bethesda, Maryland; and

WHEREAS, Lessee wishes to perform certain capital improvements to the facility to improve the safety of the drop-off area as well as to accommodate the installation of curbs and elimination of on-street parking on Beech Avenue; and

WHEREAS, as a result of the Lessee's willingness to invest in capital improvements for the facility, Lessor and Lessee wish to incorporate certain terms and conditions of Administrative Procedure 1-14, dated September 10, 1998, into the Lease agreement;

NOW THEREFORE, Lessor and Lessee agree to certain amendments of the Lease as follows:

- I. Paragraph 10, entitled CAPITAL IMPROVEMENTS, is deleted in its entirety and replaced as follows:

10. CAPITAL IMPROVEMENTS:

A. Capital Improvement Definitions:

1. Elective Capital Improvements are improvements or additions made by Lessee to meet its programmatic needs, which are not otherwise required for the preservation of the building structure or systems or which are mandated by County, State, or Federal Code or Regulation.
2. Non-Elective Capital Improvements are roof replacement, boiler replacement, HVAC system replacement, replacement of failing exterior structural walls, electrical system replacement, conversion from oil fired boilers to gas heat, asbestos removal, underground storage tank removal, window replacement (excepting window pane replacement), capital improvements required to protect and preserve the Premises, and other items mandated by County, State, or Federal Code and/or regulations.
3. Qualified Capital Improvements are Elective or Non-Elective Capital Improvements or additions that have been reviewed and approved in writing by Lessor and specifically identified in that approval as Qualified Capital Improvements.

B. Approval Process for Non-Elective and Elective Capital Improvements:

1. Lessee must obtain the prior written consent of Lessor for all Capital Improvements. Lessee must submit complete plans, drawing, and specifications at least 45 days prior to beginning work. Lessee's submittal must be of sufficient detail and content to permit the Lessor to fully evaluate Lessee's anticipated project. In the event the Capital Improvements are of an elective nature, two copies of the submission must be sent by Lessee to Lessor. Lessor will respond in writing to Lessee's submission within 45 days of the receipt of all required documentation. Lessor reserves the right to deny approval of any and all improvements proposed by Lessee.

2. In the event of an emergency need for a capital improvement, Lessee will notify Lessor immediately, and Lessor will respond within a reasonable and appropriate period of time, as dictated by the emergency situation.
3. Lessor has the right to inspect all work and materials before, during and after construction.
4. The total cost of all Capital Improvements will be borne solely by Lessee. Lessee will be solely responsible for obtaining all permits and licenses from all appropriate County, State, and/or municipal authorities.

C. Rent Credits for Capital Improvements

The Lessor may credit the Lessee's annual rent in an amount not to exceed fifty percent (50%) of the annual amortized cost of qualified capital improvements as defined herein. Said annual rent credit will be subject to the following conditions:

1. Rent credits will not exceed fifty (50%) of the Lessee's current annual rent.
2. Lessee will not be entitled to credit for any finance charges, fees, administrative costs, bonds, permit fees, insurance, operating, maintenance, or repair expenses, or any other costs except the actual cost of construction and/or installation of capital improvements, which costs must be fully documented by Lessee.
3. Capital improvements completed by Lessee without the prior written approval of the Lessor will not receive rent credit.
4. Lessor has the right to audit all construction or other costs for which Lessee requests credit.
5. Lessor has the right to inspect all work and materials before, during, and after construction.
6. In the event the work performed is not in compliance with the plans and specifications previously approved by Lessor, Lessee will immediately undertake any necessary corrections at Lessee's sole risk and expense. Corrective measures are not eligible for

reimbursement. If Lessee fails to take corrective actions, Lessee's right to rent credits for that capital project will be terminated. If necessary in the sole reasonable judgement of Lessor, Lessor may perform the corrective action and charge Lessee the cost of that corrective action as additional rent hereunder.

7. Rent credits for elective improvements will be made only to the degree that said improvements are determined, at the sole determination of Lessor, to be of value to Lessor and/or other public agencies.
8. The foregoing rent credit provisions will not be in force and effect in the event of default by Lessee of any of the terms and conditions of the Lease Agreement.
9. Only improvements approved and completed after the effective date of the Administrative Procedure will be eligible for rent credits.
10. Amortization of capital improvements will be made over their anticipated useful life. In order to determine an appropriate amortization schedule for capital improvements, in connection with the herein set forth rent credits, the anticipated life of such improvements will be determined by the IRS depreciation lifespan schedule.

D. Reimbursement of Unamortized Improvements in the Event of Early Termination by Lessor: In the event Lessor terminates this Lease for reasons other than default on the part of the Lessee, Lessor will reimburse Lessee for up to fifty (50%) percent of the cost of qualified capital improvements, pro-rated to reflect the remaining unamortized portion of their initial cost beyond the date of any such termination, less any rent credits for capital improvements already granted to Lessee, upon presentation to the Lessor of documentation as to the cost of the improvements and the contractor's or manufacturer's warranty. This reimbursement will be subject to the following conditions:

1. Reimbursement will be subject to appropriation. In the event Lessor is unable to secure the funding necessary to reimburse Lessee, the Lessor will not terminate the Lease until such time as funding is appropriated.
2. In no event will Lessee be entitled to receive reimbursement from both the Lessor and any other public agency for the same, like item, or work of any nature or description.
3. Capital improvements performed by Lessee without the prior written approval of the Lessor will not receive reimbursement.
4. In the event the work performed is not in compliance with the plans and specifications previously approved by Lessor, Lessee will immediately undertake any necessary corrections at Lessee's sole risk and expense. Corrective measures are not eligible for rent credits or amortized reimbursement by Lessor. In the event Lessee fails to take the corrective action as requested by Lessor, Lessee will forfeit its right to rent credits or reimbursement.
5. Lessor will not reimburse Lessee for any capital improvements in the event Lessee vacates the premises before the end of the lease term, whether voluntarily or pursuant to legal action for breach.
6. This reimbursement provision will not be in force and effect in the event of default by Lessee of any of the terms and conditions of the Lease Agreement.
7. Lessee will not be entitled to reimbursement for any finance charges, fees, administrative costs, bonds, permit fees, insurance, operating, maintenance or repair expenses, or any other costs not directly attributable to the actual construction and/or installation of Capital Improvements.
8. Lessee will not be entitled to reimbursement for Elective Capital Improvements unless the improvements are, at the sole discretion of Lessor, determined to be qualified Elective Capital Improvements.

II. Paragraph 11, entitled NON-ELECTIVE IMPROVEMENTS, is deleted in its entirety.

Lessor and Lessee agree that all terms, conditions and covenants in the Lease dated November 19, 1996, shall remain in full force and effect without any change or modifications except as otherwise indicated in this Amendment.

SIGNATURE PAGE TO FOLLOW

IN WITNESS WHEREOF, the parties hereto have caused this agreement to be properly executed.

WITNESS:

By: Donna York

LESSEE:

For: National Education Dynamics, Inc.

By: J.R.T.

Title: Exec. V.P.

Date: 10/22/98

WITNESS:

By: Rebecca S. Domaruk

LESSOR:

MONTGOMERY COUNTY, MARYLAND

By: William J. Mooney

WILLIAM MOONEY, ASSISTANT
CHIEF ADMINISTRATIVE OFFICER

Title: _____

Date: 10/29/98

APPROVED AS TO FORM & LEGALITY
OFFICE OF THE COUNTY ATTORNEY

By: W. Murphy

RECOMMENDED

By: R. Junquera

REY JUNQUERA, LEASING MANAGER
DIVISION OF FACILITIES AND SERVICES

Date: 10-12-98

Date: 10-13-98

disb9alta.rmd

LEASE AGREEMENT
BETWEEN
MONTGOMERY COUNTY, MARYLAND
AND
EDUCO, INCORPORATED

DATED 11/19/96

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Exhibit A - Leased Premises

LEASE AGREEMENT

THIS LEASE AGREEMENT (hereinafter referred to as "Lease"), entered into this 19 day of June, 1996 by and between MONTGOMERY COUNTY, MARYLAND, a body corporate and politic (hereinafter referred to as "Lessor") and EDUCO, INC. (hereinafter referred to as "Lessee").

WITNESSETH:

WHEREAS, Lessor and Lessee are parties to a Lease Agreement dated August 30, 1990, (hereinafter referred to as the "Lease"), which is attached hereto and made a part hereof as Exhibit "A", and under which Lease the Lessee occupies the premises known as the Alta Vista Elementary School, 5615 Beech Avenue, Bethesda, Maryland; and

WHEREAS, the Lease expires at midnight, June 30, 1996; and

WHEREAS, Lessor and Lessee wish to enter into another lease agreement for an additional five (5) years term; and

WHEREAS, the Lessor and Lessee have agreed that the new Lease will take effect upon the expiration of the old Lease at 12:01 A.M., July 1, 1996;

NOW THEREFORE, in consideration of the premises, and for other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the parties hereto agree as follows:

1. PREMISES: Lessor does hereby lease and demise unto Lessee the premises described as the Alta Vista Elementary School, 5615 Beech Avenue, Bethesda, Maryland, (hereinafter referred to as "leased premises"). The leased premises shall include the building, walkways, paved play area, parking lot, driveway and land contiguous to the building, as outlined in red on Exhibit A attached hereto and made a part hereof.

2. TERM: The term hereby created shall be five (5) years, commencing July 1, 1996 and expiring at midnight on June 30, 2001.

3. RENT: RENTAL ADJUSTMENTS

- A. The annual rental rate established for the term in the amount of **FOORTY FOUR THOUSAND THREE HUNDRED NINETY SIX AND 10/100 (\$44,396.10) DOLLARS**, payable in twelve equal installments, during each lease year, of **THREE THOUSAND SIX HUNDRED NINETY NINE AND 67/100 (\$3,699.67) DOLLARS**. This rental rate equates to two dollars and sixty one cents (\$2.61) per square foot based on 17,010 square feet. This rental rate is subject to adjustment as set forth in subparagraph D. below.
- B. The first monthly payment hereunder shall be due on the commencement date of the lease term. All payments thenceforth shall be due and payable on the first day of each month during the lease term, at the Division of Revenue, P.O. Box 6210, Rockville, Maryland 20849-6210.
- C. Should the Lessee fail to submit monthly rental payments in the above described manner, and should said failure continue for more than ten (10) calendar days after the first day of the month for which such rental payment is due and payable, Lessee shall pay to Lessor, in addition to and as a part of the rental payment in question, a late penalty of five percent (5%) of said monthly rental payment. Should Lessee's failure to pay continue for more than twenty (20) calendar days after a monthly payment becomes due and payable Lessee shall pay to Lessor, in addition to and as a part of the rental payment in question, a late penalty of fifteen percent (15%) of said monthly rental payment. Should Lessee's failure to pay continue for more than thirty (30) calendar days after a monthly payment becomes due and payable, Lessor shall have the right to terminate this Lease, recover possession of the leased premises and pursue any other legal remedies available to Lessor under the laws of the State of Maryland.
- D. To the annual rent payable by Lessee during the previous lease year shall be added that sum representing fifty percent (50%) of the amount

resulting after (1) multiplying said annual rent payable during the previous lease year by a fraction, the numerator of which shall be the index now known as the "U.S. Department of Labor, Bureau of Labor Statistics, Consumer Price index for Local Urban Consumers, Maryland, Virginia and Distract of Columbia Average, All Items (1984 = 100)," for the month two months prior to the last month of the previous lease year and denominator of which shall be said index for the month two months prior to the first month of the previous lease year and (2) subtracting from such product the annual rent payable during the

previous lease year and (3) adding SIX THOUSAND FOUR HUNDRED SIXTY THREE AND 80/100 DOLLARS (\$6,463.80) to the total annual rent. This amount represents thirty eight cents per square foot, the additional amount required in each year of the five year lease to bring the rent up to the minimum acceptable rent established by the Lessor by the end of the renewal period. The increases will follow this schedule:

YR 2 - \$2.61/sq. ft. + 50% of increase in CPI = .38/sq. ft.

YR 3 - Year 2 rent + 50% of increase in CPI + .38/sq. ft.

YR 4 - Year 3 rent + 50% of increase in CPI + .38/sq. ft.

YR 5 - Year 4 rent + 50% of increase in CPI + .38/sq. ft.

4. TERMINATION FOR CONVENIENCE OF GOVERNMENT: This Lease and all obligations hereunder may be terminated by Lessor at any time upon three (3) years written notice to the Lessee in the event that the Lessor determines a need for this facility or that it is in its best interest to reclaim the facility. Lessor and Lessee agree that Lessee shall not be required to surrender the Leased Premises during a school year (as established by MCPS on an annual basis).

5. RIGHT TO PURCHASE:

A. At any time during the term of this Lease, Lessee shall have the right to purchase the leased premises, provided that the Chief Administrative Officer of Montgomery County concurs with the disposition of the Leased Premises by sale to the Lessee, and in accordance with Article 25A, Section 5 of the Annotated Code of Maryland. The price to be paid by Lessee for the Leased Premises shall be established in the following manner:

- i. Lessor and Lessee shall each select a qualified licensed appraiser. The two appraisers selected shall choose a third qualified, licensed appraiser.
- ii. The respective parties shall each bear the cost of their own appraisers and the fee for the third appraiser shall be equally divided between the two parties.
- iii. The price to be paid for the Lensed Premises by the Lessee shall be the average of the fair market values as submitted by each of the three appraisers.

B. Lessee shall notify the Lessor in writing of its election to exercise its right to purchase within one hundred twenty (120) days from the date appraisals are concluded and Lessee is notified of the established price. Lessee shall make the necessary arrangements to effect a settlement with the Lessor not later than sixty (60) days after receipt by Lessor of the Lessee's notice of election to purchase. In the event Lessee does not elect to purchase, then neither party shall have any further obligation to the other with respect to such right to purchase.

C. The hereinabove right to purchase may not at any time be sold, transferred, assigned or subleased by Lessee to any third party without the written consent of Lessor first had and obtained.

6. USE OF THE PREMISES: The leased premises shall be used only for the provision of educational services and related activities, and for community and Lessor's use as set forth in Paragraphs 7 and 8., hereof. Lessee agrees that all uses in the lease premises, including sublessees', shall conform with all applicable zoning ordinances.

7. USE OF ALL-PURPOSE ROOM BY THE COMMUNITY, DEPARTMENT OF RECREATION AND OTHER COUNTY AGENCIES: Subject to a nominal charge for utilities to be jointly determined by Lessee and the Interagency Coordinating Board, the All-Purpose Room shall remain available to the community during the term of this Lease. Lessee agrees to make the All-Purpose Room available Monday through Saturday during the daytime from 9:00 A.M. to 6:00 P.M., but only when such use will not interfere with Lessee's previously scheduled daytime activities. For the purposes of this Lease, "Lessee's activities" are

defined as those programs and activities directly related to the Lessee's approved occupants. All requests to use the All-Purpose Room will be channeled directly to the Interagency Coordinating Board and placed according to the priorities indicated in the Guidelines for the Community Use of Educational Facilities and Services. Lessee understands and agrees that no rental of the All-Purpose Room is to be made except through the Interagency Coordinating Board. Lessee agrees to provide the Interagency Coordinating Board with a schedule of its activities for the All-Purpose Room on a semi-annual basis, i.e., the Fall/Winter schedule (October-March) must be submitted by September 15 and the Spring/Summer schedule (April-September) by February 1. Times not scheduled for daytime activities by the Lessee shall be presumed to be available for community use. Lessee agrees to make the All-Purpose Room available Monday through Saturday at night from 6:00 P.M. to 11:00 P.M. and all day Sunday from 9:00 A.M. to 11:00 P.M., but only when such use will not interfere with Lessee's previously scheduled activities during these times, as submitted by the Lessee in its semi-annual schedule. The above notwithstanding, the Lessee agrees to honor and allow any activities scheduled in the All-Purpose Room through the Interagency Coordinating Board prior to the date of execution of this Lease. Any use for the Lessee deviating from its previously submitted schedule will be subject to the approval of the Interagency Coordinating Board. Lessee agrees to make the All-Purpose Room available, upon request from the Interagency Coordinating Board, to the Montgomery County Supervisor of Elections for use as a polling facility during the day, if necessary, during primary, general and special elections, irrespective of Lessee's prior scheduled activities.

8. USE OF PLAY AREAS AND FIELDS: Lessee will have the exclusive use of outdoor recreation and athletic fields until 5:00 P.M. Monday through Friday. After 5:00 P.M. during the week and all day Saturday and Sunday, these areas will remain available, on a continuing basis, for use by the community. In consideration therefore, Lessee agrees at all times to keep such areas mowed, trees and shrubs pruned as necessary, and such areas clean and neat in appearance. In the event Lessee desires use of these areas during the times reserved for the community, Lessee will schedule such use with the Maryland-National Capital Park and Planning Commission, the Community Use of Schools or The Department of Recreation, as appropriate.

9. PARKING: Lessee shall be entitled to full use of the parking facilities which are a part of the leased premises. Lessee shall, at Lessee's risk and expense, be responsible for the ongoing maintenance, cleaning, and repair of said parking facilities. The Lessee shall grant access to said parking facilities to the Lessor's representatives at all times or community users of the premises during times of community use as set forth in Articles 7 and 8 hereinabove.

10. CAPITAL IMPROVEMENTS:

A. Definitions:

- i. Elective Capital Improvements are improvements or additions made by Lessee to meet their programmatic needs, which are not otherwise required for the preservation of the building structure or systems or mandated by County, State, or Federal Code or Regulation.
- ii. Non-Elective Capital Improvements are roof replacement, boiler replacement, HVAC system replacement, replacement of failing exterior structural walls, electrical system replacement, conversion from oil fired boilers to gas heat, asbestos removal, underground storage tank removal, window replacement (excepting window pane replacement), Capital Improvements required to protect and preserve the public asset, and other items mandated by County, State, or Federal Code and/or regulations.
- iii. Qualified Elective Capital Improvements are Elective Capital Improvements or additions that have been reviewed and approved in writing by Lessor and/or Montgomery County Public Schools, and have been determined to be qualified for reimbursement as a result of the potential future value to Lessor and/or Montgomery County Public Schools.

B. Capital Improvement Expense Reimbursement: Lessor will reimburse Lessee for a percentage of the cost of Non-Elective and Qualified Elective Capital Improvements, pro-rated to reflect the remaining life of the improvements beyond the date of expiration of the lease or other termination thereof. Said reimbursement will be subject to the following conditions:

- i. Approval Process for Non-Elective and Elective Capital Improvements:
 - a. Lessee must obtain the prior written consent of Lessor for all Capital Improvements. Lessee must submit complete plans, drawing, and specifications at least 45 days prior to beginning work. Lessee's submittal must be of sufficient detail and content to permit the Lessor to fully evaluate

Lessee's anticipated project. In the event the Capital Improvements are of an elective nature, a like submission must be made by Lessee to Montgomery County Public Schools. Lessor will respond in writing to Lessee's submission within 45 days of the receipt of all required documentation. Capital Improvements made by Lessee without the prior written approval of Lessor will not be considered for reimbursement. Lessor reserves the right to deny approval of any and all improvements proposed by Lessee.

- b. In the event of an emergency improvement, Lessee will notify Lessor immediately and Lessor will respond appropriately as dictated by the emergency situation.
- c. Lessor has the right to inspect all work and materials before, during and after construction. Lessor has the right to audit all construction or other costs for which Lessee request reimbursement.
- d. In the event the work performed is not in compliance with the plans and specifications previously approved by Lessor, Lessee will immediately undertake any necessary corrections at Lessee's sole risk and expense. Corrective measures are not eligible for reimbursement. In the event Lessee fails to take the corrective action as requested by Lessor, Lessee will forfeit its right to reimbursement.
- e. The anticipated life of Capital Improvements will be determined by the IRS depreciation lifespan schedule. Lessee will assign all warranties, if any, to Lessor.

ii. Limitations on Reimbursement:

- a. In the event that the Lease Agreement is terminated for default on the part of Lessee, or Lessee vacates the Leased Premises before the end of the lease term, whether voluntarily or pursuant to legal action for breach, Lessee

may not be entitled to reimbursement, whether the Capital Improvements are Elective, Non-Elective, or Qualified Elective. This provision does not apply in the event Lessee vacates pursuant to a notice of termination under Paragraph 4 of this Lease.

- b. The total cost of all Capital Improvements will be borne solely by Lessee. Lessee will be solely responsible for obtaining all permits and licenses from all appropriate County, State, and/or municipal authorities. Lessee will not be entitled to reimbursement for any finance charges, fees, administrative costs; bonds, permit fees, insurance, operating, maintenance or repair expenses, or any other costs not directly attributable to the actual construction and/or installation of Capital Improvements.
- c. Reimbursement will be subject to the availability of funds in a current or future adopted operating budget of the Department of Facilities and Services and/or the Board of Education. In the event funds are not available Lessor will: (1) Not terminate pursuant to Paragraph 4 of the Lease until funds are available for reimbursement, or (2) Provide for an extension of the Lease for an additional five year term. Said extension will be subject to the provisions of this Lease. In no event will Lessee be entitled to receive reimbursement from both Lessor and the Board of Education for the same, like item or work of any similar nature or description.
- d. Lessee will not be entitled to reimbursement for Elective Capital improvements unless the improvements are, at the sole discretion of Lessor and/or Montgomery County Public Schools, determined to be qualified Elective Capital Improvements.

11. NON-ELECTIVE IMPROVEMENTS:

- A. In the event that it becomes necessary for Lessee to make substantial, non-elective capital improvements to the leased premises, and should the life of such work, as warranted by the contractor, exceed the balance of the lease term, Lessor shall, subject to appropriation by the County Council, reimburse Lessee for the cost of said work, pro-rated to reflect the balance of the remaining life of the improvement beyond the expiration of the lease term. Said reimbursement shall be made in the form of a lump sum payment to the Lessee within 90 days of the expiration of the lease term, and only upon presentation to the Lessor of documentation as to the cost of the improvements and the contractor's or manufacturer's warranty and the value of the balance of said warranty or improvement. Lessor shall not reimburse Lessee for any non-elective capital improvements to the premises in the event Lessee vacates the premises before the end of the Lease term. In the event Lessor terminates the Lease Agreement, the provisions of this Paragraph 11 (A) shall apply.

- B. In the event that Lessee is notified by Lessor that it is the Lessee's responsibility to encapsulate or remove asbestos from the subject premises, Lessee shall have the right to terminate this Lease and all obligations hereunder within one hundred eighty (180) days following Lessor's notification.

12. OPERATING EXPENSES:

- A. Lessee assumes, at its exclusive and sole risk and expense, full responsibility for the maintenance, repair, and/or replacement of the building and its systems and equipment, including but not limited to equipment, fixtures, roof, windows, floors, walls, electrical systems, heating and air conditioning systems, and plumbing systems. Lessor shall have sole discretion to determine repairs and/or replacements that are required to protect the building from damage or deterioration.

- B. Lessee will be fully responsible, at its sole and exclusive risk and expense, for all operating expenses for the leased premises, including, but not limited to: utility bills and expenses, janitorial services, trash removal, pest control, grounds maintenance, preventive maintenance, day to day minor and major maintenance, tree removal fence repair and/or replacement, and repair or replacement of playground equipment.

13. FIXTURES AND EQUIPMENT: All items which are attached to the building, or are a part of the building's systems at the time the building is delivered to Lessee, shall remain with the building and shall be delivered to Lessee along with the building. All moveable partitions, trade fixtures, floor coverings or equipment installed within the leased premises at Lessee's expense shall remain the property of Lessee and may be removed by Lessee at the expiration or other termination of this Lease. Lessee shall, however, repair any damage caused by reason of said removal. Any personal property remaining within the leased premises after termination by the Lessee shall become property of the Lessor. The Lessor shall dispose of any such property in the manner it deems appropriate.

14. CONDITION OF PREMISES: Lessee 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. For purposes of maintenance and upkeep, the leased premises shall include the building, walkways, parking lot, driveway, and grounds contiguous to the building. Lessee agrees to keep the leased premises clean and neat in appearance at all times, and to keep grass trimmed, trees treated and shrubbery pruned as necessary to maintain them in good condition and appearance.

15. LIABILITY, PROPERTY DAMAGE AND FIRE INSURANCE:

- A. Lessee agrees to obtain and maintain, during the full term of this lease, and any extension thereof, a policy of general liability insurance with a minimum limit of liability of \$1,000,000 (one million dollars) for bodily injury and property damage including fire legal liability issued by an insurance company licensed in the State of Maryland and acceptable to Lessor.
- B. Lessee agrees to obtain and maintain, during the term of the Lease, and any extension thereof, a policy of workers compensation and employers liability coverage in the amount of \$100,000 for bodily injury by accident (each person) or by disease (each person) and \$500,000 for bodily injury by disease (policy limits).
- C. Lessee agrees to obtain and maintain, during the term of the lease, an All Risk Property policy covering 100% of the content of the leased premises.

- D. The general liability policy must list Montgomery County as additional insured and all policies must provide Montgomery County 60 days written notice of cancellation.
- E. The Lessee shall, within ten (10) days from execution of this instrument deliver to Lessor a certificate(s) of insurance evidencing the coverage enumerated above. The certificate(s) must be issued to Montgomery County Government, Department of Facilities and Services, Office of Real Estate Management, 110 N. Washington Street, Rockville, Maryland 20850. Lessee has the obligation to assure that Lessor always has a valid unexpired Certificate of Insurance.
- F. Lessee will indemnify Lessor and save it harmless from and against any and all claims, action, 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 Lessee of the Leased premises or any part thereof, or occasioned wholly or in part by any act or omission of Lessee, its agents, contractors, or employees, excepting claims arising out of the acts, omissions or negligence of Lessor, the Lessor's agents and employees. Lessee shall indemnify Lessor against any penalty, damage or charge incurred or imposed by reason of Lessee's violation of any law or ordinance. In case Lessor shall, without fault on its part, be made a party to any litigation commenced by or against Lessee, then Lessee shall protect and hold Lessor harmless.

16. **HOLD HARMLESS:** Lessee agrees to hold harmless and defend the Lessor from any and all claims of liability, actions, damages and expenses arising out of or related to Lessee's use or possession of the premises, including play fields and play areas from any claim, action, damage, liability or expense occasioned wholly or in part by any act or omission of Lessee, its agents, contractors, guests or employees, except such negligence as may be occasioned by the acts or omissions of the Lessor, the Lessor's employees, agents and contractors. Lessee further specifically agrees to hold Lessor harmless and defend Lessor from any claim of public liability made in connection with any construction or installation of equipment within the leased premises, notwithstanding that any such construction or equipment may or may not be deemed to be a part of the premises hereinabove described.

17. RESPONSIBILITIES OF LESSEE: Lessee covenants and agrees as follows:

- A. Lessee shall not strip, overload, damage or deface the leased premises, hallways, stairways or other approaches thereto or the fixtures therein or used therewith, nor suffer or permit any waste in or upon said leased premises.
- B. Lessee shall not keep gasoline or other flammable material or any explosive within the leased premises which will increase the rate of fire insurance on the leased premises beyond the ordinary risk established for the type of operations described in Article 6 hereof. Any such increase in the insurance rate due to the above, or due to Lessee's special operations within the leased premises, shall be borne by Lessee. Lessee shall not willfully do any act or thing in or about the leased premises which may make void or voidable any insurance on the leased premises, and Lessee agrees to conform to all rules and regulations established from time to time by the Lessor, the Maryland Insurance Rating Bureau, or any other authority having jurisdiction over such matters.
- C. Lessee shall not use or allow to be used the leased premises or any part thereof for any illegal, unlawful or improper purpose or for any activity which will constitute a nuisance to adjacent properties or the adjacent neighborhood.
- D. Lessee shall not place upon 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 Lessor. Lessor's approval shall not be unreasonably withheld.
- E. Lessee acknowledges that all responsibilities of Lessee relating to the use or misuse of the leased premises and anything therein shall be construed to include use or misuse thereof by Lessee's agents, employees, patrons and sublessees.
- F. Lessee shall comply with all reasonable rules and regulations with regard to the use of the leased premises that may be from time to time promulgated by Lessor, and any violation of said rules and regulations shall be deemed to constitute a violation of this Lease. It is understood

that such rules and regulations shall not interfere or prevent the intended uses of the demised premises as set forth in this lease.

18. DESTRUCTION OF PREMISES:

- A. In the event that the leased premises are destroyed or damaged from whatever cause so as to render all or a substantial portion of the premises unfit for the purposes for which the premises were leased, and the repair of said destruction or damage cannot reasonably be accomplished by Lessor within ninety (90) days from the date of such damage, Lessee and Lessor shall each be entitled to terminate this Lease by written notice to the other within thirty (30) days after the irreparable destruction or damage occurred.
- B. In the event that the Lessor is able to undertake the repair of the leased premises and determines it is in Lessor's best interest to do so, Lessor shall complete said repairs within ninety (90) days from the date of destruction or damage and this Lease shall not be affected, except that during reconstruction rental payments shall be reduced by a percentage corresponding to the portion of the leased premises to which Lessee is denied normal occupancy and use.
- C. In the event that Lessor does not repair the leased premises as hereinabove provided, Lessee shall not be entitled to any compensation or payment from Lessor for the value of any remaining term of the Lease.

19. DEFAULT:

- A. Lessee shall be considered in default of this Lease upon the occurrence of any of the following:
 - i. Failure to perform under any term, covenant or condition of this Lease and the continuance thereof for thirty (30) days after written notice from Lessor specifying said failure.
 - ii. The commencement of any action or proceeding for the dissolution or liquidation of Lessee, or for the appointment of a receiver or

trustee of Lessee's property, and the failure to discharge any such action within thirty (30) days.

iii. The making of any assignment for the benefit of Lessee's creditors.

iv. The abandonment of the leased premises by Lessee.

B. In the event that the Lessee shall be found in default as hereinabove stated, and shall fail to cure said default within thirty (30) days after written notice from the Lessor (or such period as may be reasonably required to correct the default with exercise of due diligence), which period shall run simultaneous with the curative period as provided in 19(A) herein then, and in every such case thenceforth, at the option of the Lessor or Lessor's assigns, the Lessee's right of possession shall thereupon end, and the Lessor may proceed to recover possession under the laws of the State of Maryland.

20. EMINENT DOMAIN:

A. In the event that the leased premises shall be taken by any governmental or quasi-governmental authority pursuant to its power of eminent domain, Lessee shall be entitled to recover the unamortized, undepreciated portion of capital expenditures for improvements and betterments made by Lessee to the leased premises at the Lessee's expense, excepting routine repairs to the premises, and shall make no further claim for compensation or assert any other right which Lessee may have to any portion of any award made as a result of such governmental taking.

B. Nothing contained hereinabove shall be construed to preclude Lessee from claiming, proving and receiving, in a separate claim filed by Lessee against the authority exercising the power of eminent domain, such sums to which the Lessee may be entitled as compensation, provided that such a separate claim does not interfere with or reduce the Lessor's award.

21. ASSIGNMENT AND SUBLLESSING:

A. Lessee shall not be entitled to and shall not assign this Lease or sublease all or any part of the Leased Premises without the Lessor's express written consent thereto which consent shall not be unreasonably withheld. Lessee

shall not be permitted to sublease more than fifty percent (50%) of the net useable square footage of the facility. All subtenants must conform with existing zoning laws and to the Use Provision in Paragraph 6 of the Lease, as amended herein. Subleases must also honor and abide by all covenants and conditions in this lease agreement.

B. The Lessor's written consent to prospective sublessees or assignees shall be obtained in the following manner:

- i. The Lessee shall submit to Lessor copies of the proposed occupancy or sublease agreements, a description of the activities of the proposed sublessees or assignees and any other information pertinent to the proposed sublessee's or assignee's use and occupancy.
- ii. The Lessor shall respond in writing not later than forty five (45) days after receipt of the information cited in Paragraph 21(B)(i) hereinabove.

C. Financial Restrictions:

- i. The Lessor and Lessee agree that the subleasing or assignment of all or any portion of the premises by the Lessee shall have as its primary goal the recovery of reasonable operating and leasing expenses incurred by Lessee in the operation, maintenance and administration of the subleased premises. The Lessee therefore agrees that any rental amounts charged to sublessees within the premises shall be limited to the sublessees prorated share of actual operating, maintenance and administrative expenses incurred by Lessee, plus an amount equal to the same per square foot rate actually paid by the Lessee to the Lessor in accordance with the provisions of Paragraph 3 of the Lease.
- ii. Lessee acknowledges and agrees that the Lessor shall not approve any assignment, sublease or transfer of any right or interest in all or any portion of the Leased Premises if such an assignment, sublease or transfer results in any profit or financial gain in excess

of that permitted under (C)(1). Pursuant to the provisions of this Paragraph 21, the Lessor may require the Lessee to provide written evidence of compliance hereunder.

- D. In the event Lessor accepts and approves any assignment, sublease or transfer, Lessee shall nonetheless remain responsible for the payment of all sums and the performance of all obligations required of the Lessee under the Lease.
- E. In the event Lessor determines that Lessee is receiving rental payments from subtenants in excess of the costs permitted herein, Lessee must pay all of the rents received over and above the allowable costs, to Lessor as additional rent.

22. MARKETABILITY OF LEASE: Lessee acknowledges and agrees that this Lease is non-marketable. Lessee may not market, sell, trade, assign, or transfer any right, title or interest in this Lease to any third party, except as provided for in Paragraph 21 herein.

23. ACCESS: Lessee shall allow Lessor and Lessor's employees or agents to have access to said leased premises at all reasonable times and after reasonable notice, during normal working hours for the purpose of inspection, or in the event of fire or other property damage, or for the purpose of performing any work required to be performed by Lessor, or which Lessor considers necessary or desirable, or for any other purpose pursuant to the reasonable protection of the leased premises. Lessee shall not alter or change the exterior locks installed on the premises, and in the event of an approved change, shall provide Lessor with keys to the facility, said keys to be used by Lessor to obtain access to the facility in emergency situations.

24. SURRENDER OF POSSESSION: Lessee covenants, at the expiration or other termination of this lease, to remove all goods and effects from the leased premises not the property of Lessor, and to yield up to Lessor the leased premises and all keys, locks and other fixtures connected therewith (except trade fixtures and other fixtures belonging to Lessee), 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 Lessee is not herein expressly made liable excepted.

25. HOLDOVER: In the event that the Lessee shall continue to occupy said leased premises or any part thereof after the conclusion of the term of this lease, 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 sixty (60) 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. Lessee shall continue to pay monthly rental under rates to be negotiated a minimum of thirty (30) days prior to the expiration of the initial lease term or extension thereof, which month-to-month rental rates shall in no event be less than the rental rates in effect at the time of expiration of the Lease term. Lessee will not be permitted to occupy the Premises under this Holdover provision for more than six (6) months.

26. NOTICE OF DEFECTS: Lessee shall give to Lessor prompt written notice of accidents in or damages to the leased premises.

27. LESSOR'S TITLE AND COVENANT OF QUIET ENJOYMENT: Lessor covenants that it has full right and power to execute and perform this lease, and that it will put Lessee into complete and exclusive possession of the Leased Premises. Lessor covenants and agrees that, if Lessee shall perform all the covenants, conditions, and agreements herein contained to be performed on Lessee's part, Lessee shall at all times during the term of this lease have the peaceable and quiet enjoyment and possession of the Leased Premises for the purposes leased without hindrance from any person or persons whomsoever, regardless of whether the building is sold or otherwise conveyed to a third party(s).

28. COMPLIANCE WITH LAWS: It is understood, agreed and covenanted by and between the parties hereto that Lessee, at Lessee's expense, will promptly comply with, observe and perform all of the requirements of all of the statutes, ordinances, rules, orders and regulations now in effect or hereinafter promulgated whether required by the Federal Government, State of Maryland, Montgomery County Government, Montgomery County Department of Environmental Protection or Montgomery County Fire Marshal's Office. The foregoing shall not be construed to preclude the Lessee from exercising its legal right to contest the validity of legislation through judicial process, provided that the Lessee shall continue to fully comply with the provisions of this Article 28 pending the outcome of the Lessee's efforts.

29. BENEFIT AND BURDEN: The provisions of this lease shall be binding upon, and shall inure to the benefit of the parties hereto and each of their respective successors, assignees or representatives.

30. DISPUTES: Lessor and Lessee agree that any dispute concerning a question of fact arising under this Lease which is not resolved by agreement of the parties shall be decided by the Chief Administrative Officer of Montgomery County, who shall notify the parties in writing of the determination made. The Lessee and Lessor shall be afforded an opportunity to be heard and offer evidence in support of their respective positions. Pending final decision of a dispute hereunder, Lessee and Lessor shall proceed diligently with the performance of all provisions under this Lease Agreement. The decision of the Chief Administrative Officer shall be final and conclusive. This Article 30 does not preclude consideration of questions of law by a court of competent jurisdiction in connection with the aforesaid decisions.

31. WAIVER: No waiver 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.

32. NON-DISCRIMINATION: Lessee 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 Lessee 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 age, color, creed, national origin, race, religious belief, sexual preference or handicap.

33. CONTRACT SOLICITATION: Lessee represents that Lessee 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, excepting for bona fide employees or bona fide established commercial, selling or leasing agencies maintained by Lessee for the purpose of securing business or an attorney rendering professional legal services consistent with applicable canons of ethics.

34. PUBLIC EMPLOYMENT: Lessee understands that unless authorized under Sections 11B-52 and Chapter 19A 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.

35. RESIDENT AGENT: The Resident Agent for the Lessee is :

Corporate Trust Incorporated

and its address for receipt of notices and service of process is:

32 South Street
Baltimore, MD 21202

36. PROHIBITION OF HAZARDOUS SUBSTANCES: The Lessee agrees to not store or bring hazardous substances onto the premises. The Lessee shall be responsible for any personal injuries or personal and real property damage as a result of any hazardous substance being brought on the premises by the Lessee, its agents, contractors, employees or guests.

37. MAILING NOTICES: All notices required or desired to be given hereunder by either party to the other shall be given by certified or registered mail and shall be deemed to be effective when received or refused by the addressee. Notices to the respective parties shall be addressed as follows:

LESSEE:

EDUCO, INC.
1899 Preston White Dr.
Reston, VA 22091

LESSOR:

MONTGOMERY COUNTY, MARYLAND
Division of Facilities & Services
Leasing Management
110 N. Washington St., Suite 318
Rockville, Maryland 20850

38. INDEMNITY BOND: Upon the request of Lessor, concurrent with the effective date of the Lease or at any time during the term of this lease, Lessee agrees to obtain and maintain an executed miscellaneous indemnity bond in the amount of the annual rent for the current lease year to remain in full force and effect throughout the remainder of the lease term, as security for the faithful performance of all the terms and condition of this Lease.

For good cause shown, Lessor shall have the right, but not the obligation, to request such a bond. Lessor, in its sole discretion, may accept an appropriate substitute surety. Lessee shall, within thirty (30) days from the date of the request by the Lessor, deliver to Lessor the said surety, evidencing the coverage hereinabove stated. Failure to deliver the bond or surety as required is considered by Lessor to be a material breach of the Lease.

39. GENERAL PROVISIONS: This Lease is governed by the Laws of the State of Maryland. Should any provision of this Lease be found invalid or unenforceable no other unrelated provision will be affected and will continue in full force and effect.

IN WITNESS WHEREOF, the parties hereto have caused this agreement to be properly executed.

WITNESS:

By: Barthomeus Vessell

LESSEE:
MONTGOMERY COUNTY,
MARYLAND

By: Gordon Aoyagi
GORDON AOYAGI, SENIOR ASSISTANT
CITY OF MONTGOMERY COUNTY
ADMINISTRATIVE OFFICER

Date: 11/14/96

WITNESS:

By: Cynthia Morris

LESSOR:
EDUCO, INC.

By: J.P. Far

Title: Executive Vice President

Date: 10/31/96

APPROVED AS TO FORM & LEGALITY
OFFICE OF THE COUNTY ATTORNEY

By: Barbara Bell-Pearson

RECOMMENDED

By: Key Junqueira
KEY JUNQUEIRA, LEASING MANAGER
DIVISION OF FACILITIES AND SERVICES

Date: September 24, 1996

Date: 11/1/96

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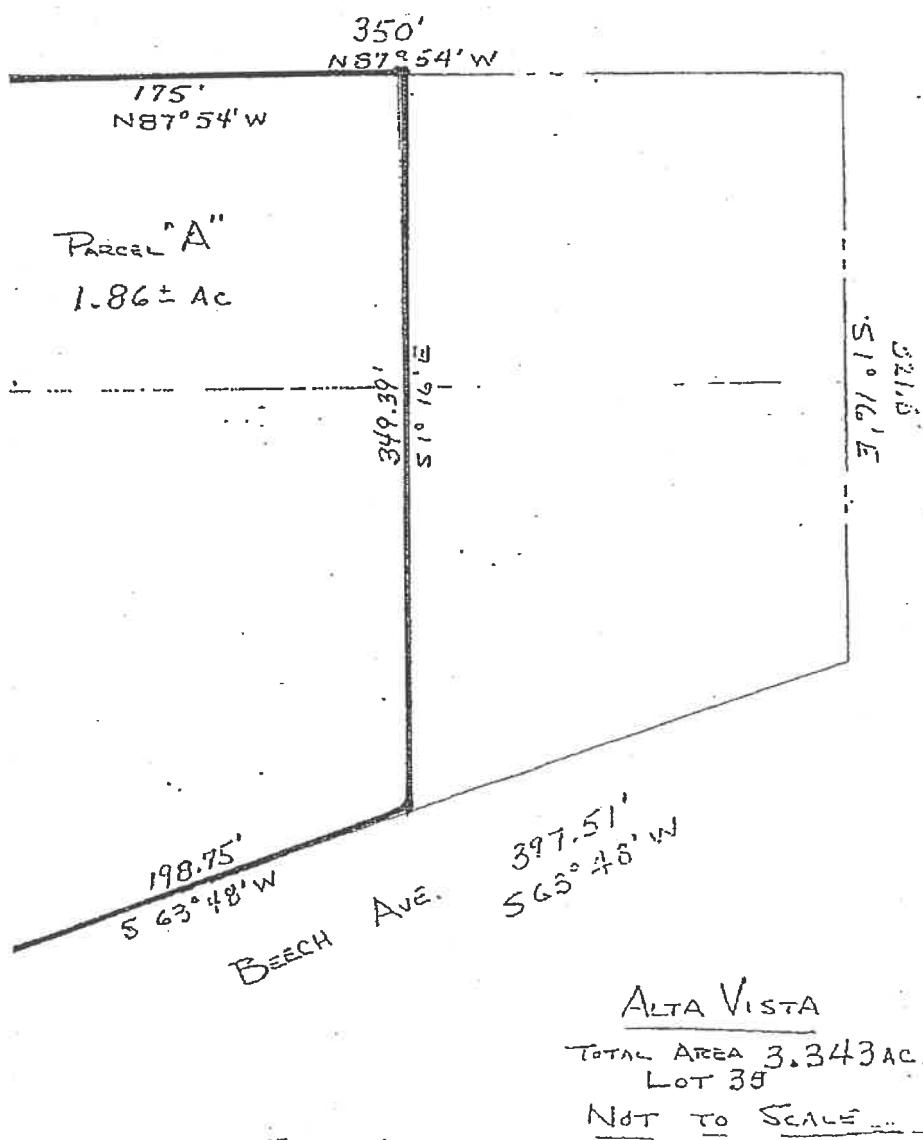


Exhibit F – Insurance Requirements
[Article 13.A]

LIABILITY, PROPERTY DAMAGE AND FIRE INSURANCE

- A. Tenant agrees to obtain and maintain, during the full term of this Lease, and any extension thereof, a policy of general liability and/or excess liability insurance with a minimum limit of liability of \$5,000,000 (five million dollars) for bodily injury and property damage including Contractual Liability, Premises and Operations, Independent Contractors, Personal Injury and fire liability issued by an insurance company licensed in the State of Maryland and acceptable to the County.
- B. Tenant agrees to obtain and maintain, during the full term of this Lease, and any extension thereof, a policy of Automobile Liability Coverage with a minimum limit of liability of one million dollars (\$1,000,000), combined single limit, for bodily injury and property damage coverage per occurrence including owned automobiles, hired automobiles and non-owned automobiles.
- C. Tenant agrees to obtain and maintain, (an All-Risks) a "Special" form Property Policy during the lease term and any renewal terms to protect the full replacement value of all contents of the leased premises and all interests of the Tenant, the County and the Property of Others against any loss. Any deductibles under this policy shall be funded by Tenant.
- D. The General Liability, Automobile and any excess liability policies or floaters must name Montgomery County as an additional insured. All policies must provide the County with forty-five days advance notice of material amendment or cancellation.
- E. The Tenant shall, within (10) days following execution of this Lease deliver to the County a certificate(s) of insurance and copies of the policies evidencing the coverage(s) required above. The Certificate(s) must be issued to Montgomery County, Maryland, Department of Public Works and Transportation, Office of Real Estate, 101 Monroe Street, 10th Floor, Rockville, Maryland 20850. Tenant has the obligation to assure that the County always has a valid Certificate of Insurance and complete copies of the policies.
- F. County shall have the right to self-insure. The County is a member of the

Montgomery County Self-Insurance Program; Article 20-37 of the Montgomery County Code restricts the legal defense fund to members of the Fund and does not allow for outside entities. The certificate of insurance evidences limits of insurability for general liability coverage in the amounts of \$500,000 aggregate and \$200,000 each occurrence and \$20,000 per person, \$40,000 per accident for bodily injury and \$15,000 for property damage for automobile liability and State of Maryland statutory limits for worker's compensation. These are the maximum limits of liability for which the Montgomery County Self-Insurance Program is responsible, as determined by the Local Government Tort Claims Act, 1986. This insurance policy must be maintained continuously by the County during the full term of this contract and during any extension of the contract term. County and the Landlord hereby waive any right of subrogation against the other to the extent that the liability arises from a cause covered by the insurance and only to the extent of the insurance proceeds recovered, and provided that the Parties' insurance policies permit such a waiver.

Exhibit G – Rules and Regulations
[Article 40]

At this time, the County has no existing Rules and Regulations, but reserves the right to promulgate such Rules and Regulation at a later date provided such Rules and Regulations are reasonable and enforced to all similarly situated properties in a uniform and consistent manner.

**Exhibit H-1 – Traffic Management Plan
[Article 42]**

BETHESDA COUNTRY DAY SCHOOL TRAFFIC MANAGEMENT PLAN

Bethesda Country Day School (BCDS) has developed the following "Traffic Management Plan" that is intended to reduce the traffic volume and increase the flow of cars in and around the school. BCDS is committed to joining in the community's efforts in responding to traffic related concerns and participating as a good neighbor in the community.

The heaviest traffic flow to BCDS occurs in the morning between 8:40 a.m. and 9:00 a.m. This Traffic Management Plan addresses that high volume time as well as other parking concerns. This Traffic Management Plan may be amended from time to time to accommodate any changes in traffic patterns which may occur.

Access and Circulation

1. There are a total of thirty-three (33) parking spaces in the BCDS parking area. BCDS is permitted to have the number of student occupants as set forth in the State of Maryland Department of Human Resources Child Care Administration License, as such License may be revised and amended from time to time. In addition to (i) the student occupancy numbers as set forth in such License, (ii) a nominal number of daily visitors, and (iii) parents who are visiting or dropping off and picking up their students, it is anticipated that, on a routine day, BCDS will generate a total occupancy of teachers, other staff and vendors not to exceed thirty-two (32) persons.
2. When dropping children off at BCDS parents have two options: park in the rear parking lot of the school off Forest Road or use the drop off service provided by BCDS. The drop off of children at the one-way drive at the front entrance of the school is very helpful in reducing the number of parents who would otherwise park and take their child inside. Accordingly, parents who use the one-way drive for drop off shall not be permitted to park in the three (3) marked off center parking spaces located in the one-way drive and exit their cars after 8:40 a.m.
3. The busiest and heaviest traffic flow occurs between 8:40 a.m. and 9:00 a.m. ("Peak Period"). Parents are encouraged to park in the back parking lot to bring their child into school. Parking will be allowed up until 8:40 a.m. in the one-way drive. After that time, drop off service will begin, and all cars parked in the three (3) marked off center parking spaces located in the one-way drive must be removed. Student pick up will occur on a scattered basis between the hours of 12:00 p.m. and 6:00 p.m. After the Peak Period, parking will be allowed in the entire one-way drive.
4. Parents who do park in our parking lot at any time are required to enter from Forest Road, at the entrance nearest the front of the school and then exit at the second drive, in accordance with directional signage which BCDS will post. During certain hours, cars are required to turn right only on Forest Road, circle

the block to return to Beech Avenue, in accordance with the directional signage referenced in the preceding sentence.

5. BCDS will promote carpooling by (i) distributing a sign-up sheet to parents asking for information, including telephone numbers and neighborhoods, of those who are interested in carpooling and posting a notice in the school to convey such information to other parents, and (ii) encouraging carpooling in the BCDS monthly newsletter.

Drop Off Coordination

1. The Assistant Principal is responsible for coordinating the traffic flow at the drop off area in the mornings.
2. A schedule is determined each week assigning teachers and staff to be outside daily for am drop off. The area for drop off is identified by orange cones, parents pull up to that area; children disembark and are escorted to their classrooms.
3. Drop off service is available from 8:40 a.m. to 9:00 a.m.

Enforcement and Coordination

1. Quarterly, BCDS will distribute information to parents in regards to drop off service, parking policies and local traffic/parking restrictions. These policies will also be posted on the parent boards for each classroom as well as in the BCDS monthly newsletter.
2. The Assistant Principal will be the primary point of contact for all traffic and parking related issues and will be the responsible for enforcing this Traffic Management Plan. The Assistant Principal will maintain a log of calls and correspondence regarding all traffic and parking related community issues. The Assistant Principal's current contact information is as follows:

Ms. Liliana Winestone
Bethesda Country Day School
5615 Beech Avenue
Bethesda, Maryland 20814
Phone: (301) 530-6999

3. BCDS will give advance written notice to (i) the residents of Forest Place, Forest Road, Edgeley Road and Montgomery Drive, (ii) the Maplewood Citizens Association, and (iii) the Maplewood Park Homeowners Association, of any unusually large school events scheduled at BCDS.

Parking Policies and Enforcement

1. There is no parking allowed on Forest Road or in the residential parking permit area on either side of Montgomery Drive. Teachers and families will be reminded of this in writing on a semi-annual basis.
2. Faculty and staff will be encouraged to avoid arriving during the Peak Period and will be encouraged to carpool.
3. BCDS parents who disregard the parking policies and ordinances will be noted and reprimanded by the BCDS staff.
 - a. The Assistant Principal, drop off staff, custodian and other staff members of BCDS will monitor the one-way drive, the parking area and the adjacent streets to BCDS and will maintain a list of parent violators of the parking policies of BCDS and the Montgomery County parking ordinances.
 - b. BCDS will request parents in the area of BCDS to report to the Assistant Principal any infractions they may observe of the aforesaid policies and ordinances by BCDS parents.
 - c. BCDS may request parents who live in the surrounding communities to communicate with parents who are not consistently respectful of the aforesaid policies and ordinances regarding such violation.
 - d. Parents who are repeat violators will be sanctioned by BCDS.

Delivery and Service Vehicles

1. All deliveries shall be scheduled to occur outside the school's Peak Period.
2. Refuse collection shall be scheduled to occur outside the school's Peak Period.
3. Large item delivery will be directed to the parking lot off of Forest Road.
4. Left turns shall not be permitted onto Forest Road from the rear parking lot from 8:00 a.m. to 6:00 p.m.

Overall Safety Considerations

1. There are already installed school crossing signs, no parking signs on Forest Road, a crosswalk between BCDS and the YMCA and a speed bump at the crosswalk.
2. BCDS shall post appropriate directional signs in the parking area directing traffic to flow in a single direction.
3. All pick-up and drop-offs will occur on-site at the one-way drive in front of BCDS.
4. BCDS provides staff on-site in the designated area to manage the AM drop-off area.

Initial Assessment and Continued Community Cooperation

1. During the first 30 days of the school year, BCDS will fully assess on-site peak vehicular operations in order to ensure full compliance with this Traffic Management Plan. BCDS will report its assessment to the coordinating group established pursuant to Article 41 of the lease agreement between BCDS and Montgomery County, Maryland, as landlord ("Lease"). If Montgomery County, Maryland, as landlord under the Lease, determines in its reasonable judgment that it is necessary to undertake additional management and operational steps to ensure reasonably prompt compliance with this Traffic Management Plan, BCDS will use reasonable efforts to undertake such additional steps.
2. BCDS will participate in a joint effort along with the other schools, institutions and groups within the community, including, without limitation, the YMCA, the French International School-Lycee Rochambeau and the nearby churches and church schools, with such joint effort being organized by Montgomery County, Maryland, to assist in the creation of an overall parking and traffic management plan for the community. BCDS will use reasonable efforts to cooperate with Montgomery County, Maryland and to implement the recommendations resulting from this joint effort in its overall parking and traffic management plan, as such plan is consistently and equitably applied.

Exhibit H-2 – State of Maryland Department of Human Resources
Child Care Administration License
[Article 3]



State of Maryland Region: 4 County: MONTGOMERY
 Department of Human Resources License Number: 15-13594

Child Care Administration Revised Date: _____

BETHESDA COUNTRY DAY SCHOOL
 (Name of Facility)

3615 BEECH AVE., BETHESDA, MARYLAND 20814

Operated by NOBEL LEARNING COMMUNITIES, INC.
 (Name of Operator)

The Child Care Administration issues this license according to Family Law Article, Sections 5-570 through 5-585, and COMAR 07.04.02.					
(License)					
This License: MARATHA, 2005					
Issued on: APRIL 5, 2005					
Renewed on: APRIL 5, 2006					
Expires on: APRIL 5, 2006					
Approved To Operate: MARATHA, AUGUST-JUNE					
Months: MONDAY-FRIDAY					
Days:					
Hours: 7:00AM-4:00PM					
Rooms Approved and Capacity					
Cr.	Cr.	Cr.	MSDE Approved Program	Approved For Age:	
12	12	12	YES Nursey School	4 & up through 17 mos	
13	ROOM 1	13	YES Kindergarten	18 mos through 3 yrs	
14	ROOM 2	14	YES Preschool	3 yrs through 5 yrs	
15	ROOM 3	15	YES Preschool	5 yrs through 13 yrs	
16	ROOM 4	16	YES School Age	16 yrs through 20 yrs	
17	ROOM 5	17	NO Infant/Toddler	Total Capacity: 124	
18	ROOM 6	18			
19	ROOM 7	19			
20	ROOM 8	20			
21	ROOM 9	21			

The Department of Human Resources issues this license on the condition that the licensee agrees to permit inspections by the Child Care Administration for the purpose of determining licensee's compliance with Family Law Article, Title 5, Subtitle 5, Part V/A, Sections 5-570 through 5-585, and COMAR 07.04.02, and for the purpose of evaluating any complaints relating to the facility. Parents must always have access to their children during operating hours and have the right to see the area of the facility used for child care. Failure to meet regulatory requirements may result in suspension or revocation of this license or denial of a new license. This license is not transferable to another person, location or address. The licensee must surrender this license to the Child Care Administration upon suspension, revocation, voluntary closure, or denial of a new license, or change of ownership. The licensee must notify the Child Care Administration of changes in ownership prior to its effective date.

RESTRICTIONS/COMMENTS: MSDE PROGRAM PROBABLY NOT-KINDERGARTEN (ROOM 10) IS EXEMPT FROM COMAR 07.04.02.

PRINCIPAL/OWNER: MARATHA L. MCCABE
 TUESDAYS AND THURSDAYS, DURING NON-APPROVED HOURS ALL ROOM CAPACITIES MUST COMPLY WITH 31 GROUP SIZE 6
 STAFFING REQUIREMENTS UNDER COMAR 07.04.02. ROOM 8 AND LIBRARY FOR AUXILIARY USE ONLY

Christopher L. McCabe

Secretary Acting Executive Director

Department of Human Resources Child Care Administration

DURICA 15 (Revised 2001)



NO. 8851 P. 02

2 JUN. 6. 2005 10:22AM 3015649378

BETHESDA COUNTRY DAY

State of Maryland		Region: <input type="checkbox"/> <input checked="" type="checkbox"/> <input type="checkbox"/>	County: <input type="checkbox"/> MONTGOMERY <input type="checkbox"/>																																								
Department of Human Resources		License Number: 15-15998																																									
Child Care Administration		Revised Date: APRIL 4, 2005																																									
<p>Operated by BETHESDA COUNTRY DAY SCHOOL <i>(Name & Address)</i></p> <p>WORRY LEARNING COMMUNITIES, INC. <i>(Name of Owner)</i></p>																																											
<p>The Child Care Administration issues this license according to Family Law Article, Sections 5-570 through 5-585, and COMAR 07.04.02.</p> <p><i>(License)</i></p>																																											
<table border="1"> <thead> <tr> <th colspan="3">Rooms Approved and Capacity</th> <th>MSDE Approved Programs:</th> </tr> <tr> <th>Cr.</th> <th>Ch.</th> <th>Cap.</th> <th>YES Non-My School YES Kindergarten</th> </tr> </thead> <tbody> <tr> <td>13</td> <td>ROOM 1</td> <td>12</td> <td>ROOM</td> </tr> <tr> <td>12</td> <td>ROOM 2</td> <td>23</td> <td>ROOM</td> </tr> <tr> <td>11</td> <td>ROOM 3</td> <td>12</td> <td>ROOM</td> </tr> <tr> <td>12</td> <td>ROOM 4</td> <td>23</td> <td>ROOM</td> </tr> <tr> <td>19</td> <td>ROOM 5</td> <td>23</td> <td>ROOM</td> </tr> <tr> <td>20</td> <td>ROOM 6</td> <td>12</td> <td>ROOM</td> </tr> <tr> <td>21</td> <td>ROOM 7</td> <td>20</td> <td>ROOM</td> </tr> <tr> <td colspan="3"></td> <td>Total Capacity: 192</td> </tr> </tbody> </table>				Rooms Approved and Capacity			MSDE Approved Programs:	Cr.	Ch.	Cap.	YES Non-My School YES Kindergarten	13	ROOM 1	12	ROOM	12	ROOM 2	23	ROOM	11	ROOM 3	12	ROOM	12	ROOM 4	23	ROOM	19	ROOM 5	23	ROOM	20	ROOM 6	12	ROOM	21	ROOM 7	20	ROOM				Total Capacity: 192
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<p>Christopher J. McCabe <i>Christopher J. McCabe</i> Secretary Judith L. Rose-Battle <i>Judith L. Rose-Battle</i> Department of Human Resources Executive Director <i>Judith L. Rose-Battle</i> Child Care Administration Regional Manager <i>Judith L. Rose-Battle</i> Child Care Administration</p>																																											
<p><small>MSDE FORM 176 (Revised 5/21)</small></p>																																											

POST IN CONSPICUOUS PLACE - This license is not transferable to another person, location, or address.



Maryland State Department of Education
Office of Child Care
CHILD CARE CENTER LICENSE

Region: V County: Montgomery
License Number: 15-35998
Licensed Center since: March 23, 1995

BETHESDA COUNTRY DAY SCHOOL

(Name of Center)

5615 BEECH AVENUE, BETHESDA, MARYLAND 20814

(Address/Location)

MODEL LEARNING COMMUNITIES, INC

(Licensee)

The Office of Child Care issues this license pursuant to Family Law Article, Sections 5-570 through 5-585, and COMAR 07.04.02.

This Licensee is Approved for Ages: 6 wks through 17 mos Room Approved and Capacity:

Issued on:	November 7, 2005	Approved for Ages:	6 wks through 17 mos	Room	Cap.	Room	Cap.	Room	Cap.
Revised on:	January 7, 2006	Expires on:	18 mos through 23	ROOM #1	19	ROOM #9&#G	23		
<input type="checkbox"/> Initial		<input type="checkbox"/> Provisional	2 yrs through 5 yrs	X ROOM #2	12	ROOM #10	13		
<input type="checkbox"/> Continuing (Non-Expiring)		<input checked="" type="checkbox"/> Provisional	5 yrs through 15 yrs	X ROOM #3	18	ROOM #11	23		
<input type="checkbox"/> Conditional	Expires on:		16 yrs through 20 yrs	ROOM #4	12	ROOM #12	23		
			Approved to Operate:	ROOM #5	19	MULTI-PURP	20		
Months:	Aug-June	Days:	Mon-Fri	ROOM #7	21				
Hours:	7:30a-6:00p								
									Total Capacity: 182

This Child Care Center License is issued to the licensee named above on condition that the licensee agrees to comply with all applicable child care center licensing laws and regulations. Failure to comply with applicable laws and regulations may result in an enforcement action against this License, including but not limited to suspension or revocation of the License or denial of a new License. The licensee must surrender this License to the Office of Child Care upon suspension, revocation, voluntary closure, or denial of a new License. The licensee must notify the Office of Child Care of a change in ownership of the child care center prior to its effective date.

RESTRICTIONS/COMMENTS:

MSDE PROGRAM 9:00AM-3:00PM, KINDERGARTEN (ROOM 9) EXEMPT FROM COMAR 13A.14.02. FROM 9:00AM-3:00PM, DURING NON MSDE APPROVED HOURS ALL ROOM CAPACITIES MUST COMPLY WITH 31 GROUP SIZE & STAFFING REQUIREMENTS UNDER COMAR 13A.14.02. LIBRARY FOR AUXILIARY USE ONLY.

Nancy S. Grusnick

State Superintendent of Schools

Maryland State Department of Education

Judith L. Rose-Battle

Director

Office of Child Care

Frank J. Johnson
Regional Manager
Office of Child Care

**Exhibit I - Maintenance Standards
[Article 7]**

EXHIBIT I

Closed Schools Grounds Maintenance Standards

<u>Activity</u>	<u>Conditions</u>	<u>Frequency Target</u>
Trash Removal: Empty all trash cans and pick up ground litter within 10 feet of cans and as otherwise seen.	In Season:	5 x week
	Out of Season:	2 x Week
Litter Removal: Pick up and disposal of all ground litter.	Year Round	1 x week
Mowing: Mow all active and passive use turf areas. (Before beginning operation, all ground litter should be removed).	Season: 3/15 – 11/30	7 – 10 Days
Trimming: Perform trimming operations around exterior amenities, buildings and areas that cannot be mowed by large equipment. (Before beginning operation all ground litter should be removed. After operation all appropriate areas should be blown clean of clippings).	Season: 3/15 – 11/30	10 Days
Landscape Maintenance: trimming, pruning and mulching, and replacement of plant material. Scouting for disease and insect damage. Tree planting. Tree removal. Pesticide application as necessary.	Year Round	Monthly
Turf Maintenance: Fertilizing, over seeding and aeration: using mechanical means, aerate, fertilize and over seed (as needed) all turf areas.	Year Round	Annually
Courts Inspection and Maintenance: to include tennis, basketball, volleyball and multi-use courts. Inspect court surface for hazards, proper lining. Inspect hardware, including nets, standards, backboards, cranks, etc. for hazards, wear and tear, vandalism and over-all functionality. Inspect fencing for hazards, wear and tear, vandalism. Make appropriate repairs or replacements as dictated by the result of the inspection.	Year Round	Semi-monthly
Playgrounds Inspection and Maintenance: Inspect playground facilities to insure compliance with Consumer Product Safety Council guidelines, to include but not limited to inspection for head entrapment potential, checking of wood or protrusion of bolts or other sharp objects, proper depth of surfacing and overall condition of equipment. Make repairs or replace as appropriate based on results of inspection.	Year Round	Monthly
Graffiti Removal: to include stripping, scraping or painting to eliminate graffiti.	Routine	Within 48 hours or report

Exhibit J – Certificate of Good Standing
[Article 15.F]

STATE OF MARYLAND
Department of Assessments and Taxation

I, PAUL B. ANDERSON OF THE STATE DEPARTMENT OF ASSESSMENTS AND TAXATION OF THE STATE OF MARYLAND, DO HEREBY CERTIFY THAT THE DEPARTMENT, BY LAWS OF THE STATE, IS THE CUSTODIAN OF THE RECORDS OF THIS STATE RELATING TO THE FORFEITURE OR SUSPENSION OF CORPORATE CHARTERS, OR OF CORPORATIONS TO TRANSACT BUSINESS IN THIS STATE, AND THAT I AM THE PROPER OFFICER TO EXECUTE THIS CERTIFICATE.

I FURTHER CERTIFY THAT NOBEL LEARNING COMMUNITIES, INC. IS A CORPORATION DULY INCORPORATED AND EXISTING UNDER, AND BY VIRTUE OF THE LAWS OF THE STATE OF DELAWARE AND THE CORPORATION HAS FILED ALL ANNUAL REPORTS REQUIRED, HAS NO OUTSTANDING LATE FILING PENALTIES ON THOSE REPORTS, AND HAS A RESIDENT AGENT. THEREFORE, THE CORPORATION IS AT THE TIME OF THIS CERTIFICATE IN GOOD STANDING WITH THIS DEPARTMENT AND DULY AUTHORIZED TO EXERCISE ALL THE POWERS RECITED IN ITS CHARTER OR CERTIFICATE OF INCORPORATION, AND TO TRANSACT INTERSTATE, INTRASTATE AND FOREIGN BUSINESS IN MARYLAND.

IN WITNESS WHEREOF, I HAVE HEREUNTO SUBSCRIBED MY SIGNATURE AND AFFIXED THE SEAL OF THE STATE DEPARTMENT OF ASSESSMENTS AND TAXATION OF MARYLAND AT BALTIMORE ON THIS NOVEMBER 02, 2005.



Paul B. Anderson
Charter Division



301 West Preston Street, Baltimore, Maryland 21201
Telephone Balto. Metro (410) 767-1340 / Outside Balto. Metro (888) 246-5941
MRS (Maryland Relay Service) (800) 735-2258 TT/Voice
Fax (410) 333-7097



DEPARTMENT OF PUBLIC WORKS
AND TRANSPORTATION

Douglas M. Duncan
County Executive

Arthur Holmes, Jr.
Director

April 11, 2006

VIA CERTIFIED MAIL

Nobel Learning Communities, Inc.
c/o Shulman, Rogers, Gandal, Pordy & Ecker, P.A.
Attn: Lawrence A. Shulman, Esq.
11921 Rockville Pike, 3rd floor
Rockville, MD 20852

RE: Lease Agreement ("Lease") dated March 10, 2006 by and between Nobel Learning Communities, Inc. ("Tenant") and Montgomery County, Maryland ("County") for lease of premises located at 5615 Beech Avenue, Bethesda, Maryland, known as the former Alta Vista Elementary School ("Leased Premises")

Dear Mr. Shulman:

This is to confirm that the Elective Capital Improvements and the Non-Elective Capital Improvements as shown on Exhibit D-2 of the Lease are approved as Qualified Capital Improvements pursuant to Section 9. E. of the above-referenced Lease.

Please feel free to contact me at 240-777-7151 should have any questions.

Sincerely,

A handwritten signature in black ink, appearing to read "Bernard A. Fitzgerald, Jr." followed by a stylized surname.

Bernard A. Fitzgerald, Jr.
Real Estate Analyst



Office of Real Estate

101 Monroe Street, 10th Floor • Rockville, Maryland 20850-4168 • 240/777-7252, FAX 240/777-7259

Exhibit F – Insurance Requirements
[See Article 13]

Exhibit G – Rules and Regulations
[Article 40]

At this time, the County has no existing Rules and Regulations, but reserves the right to promulgate such Rules and Regulation at a later date provided such Rules and Regulations are reasonable and enforced to all similarly situated properties in a uniform and consistent manner.

**Exhibit H-1 – Traffic Management Plan
[Article 42]**

Exhibit H-2 – State of Maryland Department of Human Resources
Child Care Administration License
[Article 3]

PUST IN CONSPICUOUS PLACE



NO. 8851 P. 3 02

BETHESDA COUNTRY DAY

EJUN. 6. 2005 10:22AM 3015549178

State of Maryland
Department of Human Resources
Child Care Administration
BETHESDA COUNTRY DAY SCHOOL

(Name of Center)

5615 BEECH AVENUE, BETHESDA, MARYLAND 20814

(Address/Location)

Operated by
KOREL LEARNING COMMUNITIES, INC

(Name)

The Child Care Administration issues this license according to Family Law Article, Section 5-570 through 5-585 and COMAR 07.04.02.

Title Licensee:		Rooms Approved and Capacity		MDAC Approved Programs:		Approved For Ages:	
Issued on:	MARCH 24, 1995	Cap.	Cap.	YES	Montessori School	6 yrs through 17 yrs	
Renewed on:	APRIL 5, 2004	19	ROOM 1	12	ROOM 8	YES	Kindergarten 18 mos through 23 mos.
Expires on:	APRIL 5, 2005	12	ROOM 2	23	ROOM 9	X	2 yrs through 5 yrs
Approved To Operate:		Type of Program:		X		5 yrs through 15 yrs	
Month:	AUGUST - JUNE	18	ROOM 3	12	ROOM 10	YES	Preschool 16 yrs through 20 yrs
Days:	MONDAY - FRIDAY	19	ROOM 4	13	ROOM 11	YES	School Age
Hours:	7:45AM - 6:00PM	20	ROOM 5	11	ROOM 12	NO	Infant/Toddler
		21	ROOM 6	12	ROOM 13		
		21	ROOM 7	10	ROUTINEROOMS		

The Department of Human Resources issues this license on the condition that the licensee complies to permit inspection by the Child Care Administration for the purpose of determining licensee's compliance with Family Law Article, Title 5, Subtitle 5, Part VII, Section 5-570 through 5-585, and COMAR 07.04.02, and for the purpose of evaluating any complaints relating to the facility. Parents/guardians have access to their children during operating hours and have the right to see the types of facilities used for child care. Failure to meet regulatory requirements may result in suspension or revocation of this license or denial of a new license. This license is not transferable to another person, location or address. The licensee must surrender this license to the Child Care Administration upon suspension, revocation, voluntary closure, or denial of a new license, or change of ownership. The licensee must notify the Child Care Administration of changes in ownership prior to its effective date.

RESTRICTIONS/COMMENTS: **MDAC PROGRAMS** ROOM 1, 2, 3, 4, 5, 6, 7, 8, 9, 10, 11, 12, 13, 14, 15, 16, 17, 18, 19, 20, 21, 22, 23, 24, 25, 26, 27, 28, 29, 30, 31, 32, 33, 34, 35, 36, 37, 38, 39, 40, 41, 42, 43, 44, 45, 46, 47, 48, 49, 50, 51, 52, 53, 54, 55, 56, 57, 58, 59, 60, 61, 62, 63, 64, 65, 66, 67, 68, 69, 70, 71, 72, 73, 74, 75, 76, 77, 78, 79, 80, 81, 82, 83, 84, 85, 86, 87, 88, 89, 90, 91, 92, 93, 94, 95, 96, 97, 98, 99, 100, 101, 102, 103, 104, 105, 106, 107, 108, 109, 110, 111, 112, 113, 114, 115, 116, 117, 118, 119, 120, 121, 122, 123, 124, 125, 126, 127, 128, 129, 130, 131, 132, 133, 134, 135, 136, 137, 138, 139, 140, 141, 142, 143, 144, 145, 146, 147, 148, 149, 150, 151, 152, 153, 154, 155, 156, 157, 158, 159, 160, 161, 162, 163, 164, 165, 166, 167, 168, 169, 170, 171, 172, 173, 174, 175, 176, 177, 178, 179, 180, 181, 182, 183, 184, 185, 186, 187, 188, 189, 190, 191, 192, 193, 194, 195, 196, 197, 198, 199, 200, 201, 202, 203, 204, 205, 206, 207, 208, 209, 210, 211, 212, 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413, 414, 415, 416, 417, 418, 419, 420, 421, 422, 423, 424, 425, 426, 427, 428, 429, 430, 431, 432, 433, 434, 435, 436, 437, 438, 439, 440, 441, 442, 443, 444, 445, 446, 447, 448, 449, 450, 451, 452, 453, 454, 455, 456, 457, 458, 459, 460, 461, 462, 463, 464, 465, 466, 467, 468, 469, 470, 471, 472, 473, 474, 475, 476, 477, 478, 479, 480, 481, 482, 483, 484, 485, 486, 487, 488, 489, 490, 491, 492, 493, 494, 495, 496, 497, 498, 499, 500, 501, 502, 503, 504, 505, 506, 507, 508, 509, 510, 511, 512, 513, 514, 515, 516, 517, 518, 519, 520, 521, 522, 523, 524, 525, 526, 527, 528, 529, 530, 531, 532, 533, 534, 535, 536, 537, 538, 539, 540, 541, 542, 543, 544, 545, 546, 547, 548, 549, 550, 551, 552, 553, 554, 555, 556, 557, 558, 559, 550, 551, 552, 553, 554, 555, 556, 557, 558, 559, 560, 561, 562, 563, 564, 565, 566, 567, 568, 569, 570, 571, 572, 573, 574, 575, 576, 577, 578, 579, 580, 581, 582, 583, 584, 585, 586, 587, 588, 589, 580, 581, 582, 583, 584, 585, 586, 587, 588, 589, 590, 591, 592, 593, 594, 595, 596, 597, 598, 599, 590, 591, 592, 593, 594, 595, 596, 597, 598, 599, 600, 601, 602, 603, 604, 605, 606, 607, 608, 609, 600, 601, 602, 603, 604, 605, 606, 607, 608, 609, 610, 611, 612, 613, 614, 615, 616, 617, 618, 619, 610, 611, 612, 613, 614, 615, 616, 617, 618, 619, 620, 621, 622, 623, 624, 625, 626, 627, 628, 629, 620, 621, 622, 623, 624, 625, 626, 627, 628, 629, 630, 631, 632, 633, 634, 635, 636, 637, 638, 639, 630, 631, 632, 633, 634, 635, 636, 637, 638, 639, 640, 641, 642, 643, 644, 645, 646, 647, 648, 649, 640, 641, 642, 643, 644, 645, 646, 647, 648, 649, 650, 651, 652, 653, 654, 655, 656, 657, 658, 659, 650, 651, 652, 653, 654, 655, 656, 657, 658, 659, 660, 661, 662, 663, 664, 665, 666, 667, 668, 669, 660, 661, 662, 663, 664, 665, 666, 667, 668, 669, 670, 671, 672, 673, 674, 675, 676, 677, 678, 679, 670, 671, 672, 673, 674, 675, 676, 677, 678, 679, 680, 681, 682, 683, 684, 685, 686, 687, 688, 689, 680, 681, 682, 683, 684, 685, 686, 687, 688, 689, 690, 691, 692, 693, 694, 695, 696, 697, 698, 699, 690, 691, 692, 693, 694, 695, 696, 697, 698, 699, 700, 701, 702, 703, 704, 705, 706, 707, 708, 709, 700, 701, 702, 703, 704, 705, 706, 707, 708, 709, 710, 711, 712, 713, 714, 715, 716, 717, 718, 719, 710, 711, 712, 713, 714, 715, 716, 717, 718, 719, 720, 721, 722, 723, 724, 725, 726, 727, 728, 729, 720, 721, 722, 723, 724, 725, 726, 727, 728, 729, 730, 731, 732, 733, 734, 735, 736, 737, 738, 739, 730, 731, 732, 733, 734, 735, 736, 737, 738, 739, 740, 741, 742, 743, 744, 745, 746, 747, 748, 749, 740, 741, 742, 743, 744, 745, 746, 747, 748, 749, 750, 751, 752, 753, 754, 755, 756, 757, 758, 759, 750, 751, 752, 753, 754, 755, 756, 757, 758, 759, 760, 761, 762, 763, 764, 765, 766, 767, 768, 769, 760, 761, 762, 763, 764, 765, 766, 767, 768, 769, 770, 771, 772, 773, 774, 775, 776, 777, 778, 779, 770, 771, 772, 773, 774, 775, 776, 777, 778, 779, 780, 781, 782, 783, 784, 785, 786, 787, 788, 789, 780, 781, 782, 783, 784, 785, 786, 787, 788, 789, 790, 791, 792, 793, 794, 795, 796, 797, 798, 799, 790, 791, 792, 793, 794, 795, 796, 797, 798, 799, 800, 801, 802, 803, 804, 805, 806, 807, 808, 809, 800, 801, 802, 803, 804, 805, 806, 807, 808, 809, 810, 811, 812, 813, 814, 815, 816, 817, 818, 819, 810, 811, 812, 813, 814, 815, 816, 817, 818, 819, 820, 821, 822, 823, 824, 825, 826, 827, 828, 829, 820, 821, 822, 823, 824, 825, 826, 827, 828, 829, 830, 831, 832, 833, 834, 835, 836, 837, 838, 839, 830, 831, 832, 833, 834, 835, 836, 837, 838, 839, 840, 841, 842, 843, 844, 845, 846, 847, 848, 849, 840, 841, 842, 843, 844, 845, 846, 847, 848, 849, 850, 851, 852, 853, 854, 855, 856, 857, 858, 859, 850, 851, 852, 853, 854, 855, 856, 857, 858, 859, 860, 861, 862, 863, 864, 865, 866, 867, 868, 869, 860, 861, 862, 863, 864, 865, 866, 867, 868, 869, 870, 871, 872, 873, 874, 875, 876, 877, 878, 879, 870, 871, 872, 873, 874, 875, 876, 877, 878, 879, 880, 881, 882, 883, 884, 885, 886, 887, 888, 889, 880, 881, 882, 883, 884, 885, 886, 887, 888, 889, 890, 891, 892, 893, 894, 895, 896, 897, 898, 899, 890, 891, 892, 893, 894, 895, 896, 897, 898, 899, 900, 901, 902, 903, 904, 905, 906, 907, 908, 909, 900, 901, 902, 903, 904, 905, 906, 907, 908, 909, 910, 911, 912, 913, 914, 915, 916, 917, 918, 919, 910, 911, 912, 913, 914, 915, 916, 917, 918, 919, 920, 921, 922, 923, 924, 925, 926, 927, 928, 929, 920, 921, 922, 923, 924, 925, 926, 927, 928, 929, 930, 931, 932, 933, 934, 935, 936, 937, 938, 939, 930, 931, 932, 933, 934, 935, 936, 937, 938, 939, 940, 941, 942, 943, 944, 945, 946, 947, 948, 949, 940, 941, 942, 943, 944, 945, 946, 947, 948, 949, 950, 951, 952, 953, 954, 955, 956, 957, 958, 959, 950, 951, 952, 953, 954, 955, 956, 957, 958, 959, 960, 961, 962, 963, 964, 965, 966, 967, 968, 969, 960, 961, 962, 963, 964, 965, 966, 967, 968, 969, 970, 971, 972, 973, 974, 975, 976, 977, 978, 979, 970, 971, 972, 973, 974, 975, 976, 977, 978, 979, 980, 981, 982, 983, 984, 985, 986, 987, 988, 989, 980, 981, 982, 983, 984, 985, 986, 987, 988, 989, 990, 991, 992, 993, 994, 995, 996, 997, 998, 999, 990, 991, 992, 993, 994, 995, 996, 997, 998, 999, 1000, 1001, 1002, 1003, 1004, 1005, 1006, 1007, 1008, 1009, 1000, 1001, 1002, 1003, 1004, 1005, 1006, 1007, 1008, 1009, 1010, 1011, 1012, 1013, 1014, 1015, 1016, 1017, 1018, 1019, 1010, 1011, 1012, 1013, 1014, 1015, 1016, 1017, 1018, 1019, 1020, 1021, 1022, 1023, 1024, 1025, 1026, 1027, 1028, 1029, 1020, 1021, 1022, 1023, 1024, 1025, 1026, 1027, 1028, 1029, 1030, 1031, 1032, 1033, 1034, 1035, 1036, 1037, 1038, 1039, 1030, 1031, 1032, 1033, 1034, 1035, 1036, 1037, 1038, 1039, 1040, 1041, 1042, 1043, 1044, 1045, 1046, 1047, 1048, 1049, 1040, 1041, 1042, 1043, 1044, 1045, 1046, 1047, 1048, 1049, 1050, 1051, 1052, 1053, 1054, 1055, 1056, 1057, 1058, 1059, 1050, 1051, 1052, 1053, 1054, 1055, 1056, 1057, 1058, 1059, 1060, 1061, 1062, 1063, 1064, 1065, 1066, 1067, 1068, 1069, 1060, 1061, 1062, 1063, 1064, 1065, 1066, 1067, 1068, 1069, 1070, 1071, 1072, 1073, 1074, 1075, 1076, 1077, 1078, 1079, 1070, 1071, 1072, 1073, 1074, 1075, 1076, 1077, 1078, 1079, 1080, 1081, 1082, 1083, 1084, 1085, 1086, 1087, 1088, 1089, 1080, 1081, 1082, 1083, 1084, 1085, 1086, 1087, 1088, 1089, 1090, 1091, 1092, 1093, 1094, 1095, 1096, 1097, 1098, 1099, 1090, 1091, 1092, 1093, 1094, 1095, 1096, 1097, 1098, 1099, 1100, 1101, 1102, 1103, 1104, 1105, 1106, 1107, 1108, 1109, 1100, 1101, 1102, 1103, 1104, 1105, 1106, 1107, 1108, 1109, 1110, 1111, 1112, 1113, 1114, 1115, 1116, 1117, 1118, 1119, 1110, 1111, 1112, 1113, 1114, 1115, 1116, 1117, 1118, 1119, 1120, 1121, 1122, 1123, 1124, 1125, 1126, 1127, 1128, 1129, 1120, 1121, 1122, 1123, 1124, 1125, 1126, 1127, 1128, 1129, 1130, 1131, 1132, 1133, 1134, 1135, 1136, 1137, 1138, 1139, 1130, 1131, 1132, 1133, 1134, 1135, 1136, 1137, 1138, 1139, 1140, 1141, 1142, 1143, 1144, 1145, 1146, 1147, 1148, 1149, 1140, 1141, 1142, 1143, 1144, 1145, 1146, 1147, 1148, 1149, 1150, 1151, 1152, 1153, 1154, 1155, 1156, 1157, 1158, 1159, 1150, 1151, 1152, 1153, 1154, 1155, 1156, 1157, 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POST IN CONSPICUOUS PLACE - This license is not transferable to another person, location, or address.



Maryland State Department of Education
Office of Child Care

Region: V County: Montgomery
License Number: 15-35998
Licensed Center since: March 23, 1995

5615 BEECH AVENUE, BETHESDA, MARYLAND 20814

Operated by NOREL LEARNING COMMUNITIES, INC
(Name of Center)
(Address/Location)

The Office of Child Care issues this license pursuant to Family Law Article, Sections 5-570 through 5-585, and COMAR 07.04.02.

This License:

Approved for Ages:

6 wks through 17 mos

Room

Cap.

Room

Cap.

Room

Cap.

Issued on: November 7, 2005

18 mos through 23

ROOM #1

19

ROOM #9/KG

23

Revised on: January 7, 2006

2 yrs through 5 yrs

ROOM #2

12

ROOM #10

23

Initial Expires on: 3/7/2006

5 yrs through 15 yrs

ROOM #3

18

ROOM #11

23

Provisional Expires on: 3/7/2006

16 yrs through 20 yrs

ROOM #4

12

ROOM #12

23

Continuing (Non-Expiring)

16 yrs through 20 yrs

ROOM #5

19

MULTI-PURP

20

Conditional Expires on:

Approved to Operate:

ROOM #7

21

ROOM #8

12

Total Capacity: 182

This Child Care Center License is issued to the licensee named above on condition that the licensee agrees to comply with all applicable child care center

licensing laws and regulations. Failure to comply with applicable laws and regulations may result in an enforcement action against this License, including but not limited to suspension or revocation of the License or denial of a new License. The licensee must surrender this License to the Office of Child Care upon suspension, revocation, voluntary closure, or denial of a new License. The licensee must notify the Office of Child Care of a change in ownership of the child care center prior to its effective date.

RESTRICTIONS/COMMENTS:

MSDE PROGRAM 9:00AM-3:00PM. KINDERGARTEN (ROOM #9) EXEMPT FROM COMAR 13A.14.02. DURING NON MSDE APPROVED HOURS ALL ROOM CAPACITIES MUST COMPLY WITH 31 GROUP SIZE & STAFFING REQUIREMENTS UNDER COMAR 13A.14.02. LIBRARY FOR AUXILIARY USE ONLY.

Nancy S. Grasmick

Judith L. Rose-Battle

Nancy S. Grasmick
State Superintendent of Schools
Maryland State Department of Education

Judith L. Rose-Battle
Director
Office of Child Care

Judith L. Rose-Battle
Regional Manager
Office of Child Care

Exhibit I - Maintenance Standards
[Article 7]

<u>Activity</u>	<u>Conditions</u>	<u>Frequency Target</u>
Trash Removal: Empty all trash cans and pick up ground litter within 10 feet of cans and as otherwise seen.	In Season: Out of Season:	5 x week 2 x Week
Litter Removal: Pick up and disposal of all ground litter.	Year Round	1 x week
Mowing: Mow all active and passive use turf areas. (Before beginning operation, all ground litter should be removed).	Season: 3/15 – 11/30	7 – 10 Days
Trimming: Perform trimming operations around exterior amenities, buildings and areas that cannot be mowed by large equipment. (Before beginning operation all ground litter should be removed. After operation all appropriate areas should be blown clean of clippings).	Season: 3/15 – 11/30	10 Days
Landscape Maintenance: trimming, pruning and mulching, and replacement of plant material. Scouting for disease and insect damage. Tree planting. Tree removal. Pesticide application as necessary.	Year Round	Monthly
Turf Maintenance: Fertilizing, over seeding and aeration: using mechanical means, aerate, fertilize and over seed (as needed) all turf areas.	Year Round	Annually
Courts Inspection and Maintenance: to include tennis, basketball, volleyball and multi-use courts. Inspect court surface for hazards, proper lining. Inspect hardware, including nets, standards, backboards, cranks, etc. for hazards, wear and tear, vandalism and over-all functionality. Inspect fencing for hazards, wear and tear, vandalism. Make appropriate repairs or replacements as dictated by the result of the inspection.	Year Round	Semi-monthly
Playgrounds Inspection and Maintenance: Inspect playground facilities to insure compliance with Consumer Product Safety Council guidelines, to include but not limited to inspection for head entrapment potential, checking of wood or protrusion of bolts or other sharp objects, proper depth of surfacing and overall condition of equipment. Make repairs or replace as appropriate based on results of inspection.	Year Round	Monthly
Graffiti Removal: to include stripping, scraping or painting to eliminate graffiti.	Routine	Within 48 hours or report

Exhibit J – Certificate of Good Standing
[Article 15.F]

STATE OF MARYLAND
Department of Assessments and Taxation

I, HEIDI DUDDERAR OF THE STATE DEPARTMENT OF ASSESSMENTS AND TAXATION OF THE STATE OF MARYLAND, DO HEREBY CERTIFY THAT THE DEPARTMENT, BY LAWS OF THE STATE, IS THE CUSTODIAN OF THE RECORDS OF THIS STATE RELATING TO THE FORFEITURE OR SUSPENSION OF CORPORATE CHARTERS, OR THE RIGHTS OF CORPORATIONS TO TRANSACT BUSINESS IN THIS STATE AND THAT I AM THE PROPER OFFICER TO EXECUTE THIS CERTIFICATE.

I FURTHER CERTIFY THAT NOBEL LEARNING COMMUNITIES, INC., QUALIFIED DECEMBER 24, 1997, IS A CORPORATION DULY INCORPORATED AND EXISTING UNDER AND BY VIRTUE OF THE LAWS OF THE STATE OF DELAWARE AND THE CORPORATION HAS FILED ALL ANNUAL REPORTS REQUIRED, HAS NO OUTSTANDING LATE FILING PENALTIES ON THOSE REPORTS, AND HAS A RESIDENT AGENT. THEREFORE, THE CORPORATION IS AT THE TIME OF THIS CERTIFICATE IN GOOD STANDING WITH THIS DEPARTMENT AND DULY AUTHORIZED TO EXERCISE ALL THE POWERS RECITED IN ITS CHARTER OR CERTIFICATE OF INCORPORATION, AND TO TRANSACT INTERSTATE, INTRASTATE AND FOREIGN BUSINESS IN MARYLAND.

IN WITNESS WHEREOF, I HAVE HEREUNTO SUBSCRIBED MY SIGNATURE AND AFFIXED THE SEAL OF THE STATE DEPARTMENT OF ASSESSMENTS AND TAXATION OF MARYLAND AT BALTIMORE ON THIS MARCH 08, 2016.



Heidi Dudderar
Associate Director



301 West Preston Street, Baltimore, Maryland 21201
Telephone Balto. Metro (410) 767-1340 / Outside Balto. Metro (888) 246-5941
MRS (Maryland Relay Service) (800) 735-2258 TT/Voice