

LEASE AGREEMENT
BETWEEN
MONTGOMERY COUNTY, MARYLAND
AND
CENTERS FOR THE HANDICAPPED, INC.
DATED: 11/20/2009
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LEASE AGREEMENT

THIS LEASE AGREEMENT (the "Lease"), dated this 20th day of JANUARY, 2008⁹, 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 CENTERS FOR THE HANDICAPPED, INC., a Maryland 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 Hillandale Elementary School in Silver Spring, 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 9360 at Folio 621 (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 Centers for the Handicapped, Inc. ("CHI") which offer educational services and related activities for adults with developmental disabilities; and
3. The County and the Tenant are parties to a Lease Agreement (hereinafter referred to as the "Original Lease") dated August 17, 1998, under which Original Lease the Tenant occupies the premises known as the Hillandale Elementary School in Silver Spring, Maryland, a copy of which is attached hereto as Exhibit E; and
4. The Original Lease expires at midnight on February 29, 2028; and
5. The County and Tenant wish to enter into a new lease agreement for a term of thirty years in order to allow the Tenant to access State grant funds for renovation of the former Hillandale Elementary School; and

6. The Tenant has received a \$1,600,000.00 grant from the State of Maryland and a \$446,000 grant from Montgomery County which funds will be used with an additional \$200,000 in Tenant's funds to renovate the former Hillandale Elementary School property; and

7. As a condition of funding the \$1,600,000 grant, the State of Maryland requires that the unexpired term of the lease equal not less than 30 years; and

8. Upon entering into this Lease, the Tenant will conform to rules and regulations pertaining to use and occupancy of closed school properties as set forth in Executive Regulation 4-99AM, Code of Montgomery County Regulations (COMCOR) Section 11B.45.02 (the "Closed School Regulations");

NOW THEREFORE, in consideration of the terms of this Lease, and for the construction of certain 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:

- 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, pursuant to the terms set forth in this Lease. The "Building" shall mean the Hillandale Elementary School, 10501 New Hampshire Avenue, Silver Spring, Maryland that is located on the Leased Premises. The Leased Premises, of which the Building is a part, and the land upon which the same is located, are hereinafter collectively referred to as

the "Property". The Leased Premises 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 thirty (30) years unless extended by mutual written agreement between the Parties. The Commencement Date of this Lease is February 1, 2009. 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 educational services and related activities for adults with developmental disabilities (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 the Closed School Regulations. As required by Paragraph 6.12 of the Closed School Regulations, Tenant agrees that all uses of the Leased Premises shall comply with the Montgomery County Department of Health and Human Services Private Educational Institution License ("Montgomery County License") issued under the authority of Chapter 44, of the Montgomery County Code, 1994, as amended, License Number 15, 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 also agrees that all uses of the Leased Premises shall comply with the State of Maryland Department of Health and Mental Hygiene Developmental Disabilities Administration License ("State of Maryland License") issued pursuant to the provisions of the Health General Article, Section 7-101 through 7-1201, Provider No. 0072 and Registration No 22022, a

copy of which is attached hereto and incorporated herein by reference as Exhibit H-3, as such license may be revised and amended from time to time. Tenant agrees to comply with the occupancy levels as specified by the State of Maryland License which at the time of signing of the Lease shall not exceed two hundred fifty (250) clients. In addition, a nominal number of daily visitors, and not more than sixty five (65) staff may occupy the building. Special events organized by Tenant or its subtenants which bring large numbers of visitors to the facility shall be organized through the community coordination as 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 Forty Thousand Two Hundred Sixty Four and 87/100 Dollars (\$40,264.87) payable in twelve (12) equal monthly installments of Three Thousand Three Hundred Fifty Five and 41/100 Dollars (\$3,355.41) (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, Department of General Services, Office of Real Estate, P.O. Box 9464, Gaithersburg, Maryland 20898-9464.
- 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 Paragraph 6.7 of the Closed School Regulations, 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 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 Paragraph 6.2 of the Closed School Regulations, 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 two Lease Years 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, 2010,

a Termination for Reuse notice shall be given to the Tenant on or before September 1, 2008.

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, 2010, notice of such withdrawal must be given no later than June 30, 2009.

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 Paragraph 6.14 of the Closed School Regulations, 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 (2004), 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 of each new Lease Term year. 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:

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, CUPF, the County's Department of Recreation, or the Maryland National Capital Park and Planning Commission (whichever agency is responsible for scheduling) 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.

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 Paragraph 6.13 of the Closed School Regulations, 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-Selective 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-Selective 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 Paragraph 6.4 of the Closed School Regulations, 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 Montgomery County Code (2004) as amended, 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 Paragraph 6.8 of the Closed School Regulations, 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. Tenant must provide the scope

of work and paid invoices as proof of expenditures prior to any credits being issued. IF the BOE reclaims the Property under Article 5 of this Lease, such invoices will be instrumental in recovering any remaining rent credits from the BOE.

5. As required by Paragraph 6.4(c) of the Closed School Regulations, 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 the Closed School Regulations, (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 straight line over the number of full months remaining under the Lease at the time the Capital Improvement is installed by the Tenant and approved by the County. This provision is further subject to the fifty percent (50%) limitations provided in Articles 9.C and 9.C.1.

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 Paragraph 6.9 of the Closed School Regulations, 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 Paragraph 6.4(c) of the Closed School Regulations, 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 \$2,300,000.00 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 \$2,300,000.00, the County shall credit Tenant the actual costs in excess of \$2,300,000.00 pursuant to Article 9.C above.

10. OPERATING EXPENSES:

A. Maintenance, Repair and Upkeep of the Leased Premises: As required by Paragraphs 6.3(a) and 6.3(c) of the Closed School Regulations, 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 Paragraph 6.3(b) of the Closed School Regulations, 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.

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 Paragraph 6.3(a) of the Closed School Regulations, 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 August 17, 1998, 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. (2006 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. 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 General Services, 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, 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, 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 (2005 Repl. Vol.); and Md. Code Ann., Cts. & Jud. Proc. Sec. 5-509 (2006 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.
- 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 which shall increase the rate of fire insurance on the Leased Premises 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 shall be borne by Tenant. Tenant 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 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 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 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 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 may 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 on time and shall not permit any disruption of any service, including, but not limited to, utilities, to any portion of the Leased Premises.
- 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 I.
- 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.

- 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:

- 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 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 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) of the Leased Premises unfit for the purposes for which such areas were leased, and the Leased Premises 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. 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, if it decides, in its reasonable discretion, repair of the Leased Premises 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 Paragraph 6.10 of the Closed School Regulations, 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 Paragraph 6.11 of the Closed School Regulations, 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 Paragraph 6.0 of the Closed School Regulations, 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, 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 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: Alan C. Lovell, 10501 New Hampshire Avenue, Silver Spring, Maryland 20903.

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 General Services
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:

CENTERS FOR THE HANDICAPPED, INC.
10501 New Hampshire Avenue
Silver Spring, Maryland 20903

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: Any obligation or liability of the County arising in any way from this Lease is subject to, limited by, and contingent upon the appropriation and availability of funds, as well as the damage caps and notice requirements stated in the Local Government Tort Claims Act, Md. Code Ann., Cts. & Jud. Proc. §§ 5-301, et seq. (2006 Repl. Vol.) (the "LGTC"); Md. Code Ann., Art. 25A, § 1A (2005 Repl. Vol.); and Md. Code Ann., Cts. & Jud. Proc. § 5-509 (2006

Repl. Vol.), (together the "County Indemnification Statutes"), all as amended from time to time. Any indemnification given by the County in this Lease is not intended to create any rights or causes of action in any third parties or to increase the County's liability above the caps provided in the County Indemnification Statutes, as applicable.

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 Paragraph 6.16 of the Closed School Regulations, the Tenant shall establish a process that shall effectively respond to concerns of residents of the surrounding neighborhood that result from Tenant's operation at the Hillandale Elementary School. The purpose of community coordination is to discuss the impact of the Tenant's operation with residents of the surrounding neighborhood and resolve conflicts that may arise. The Tenant shall meet with members of the surrounding community groups and/or disseminate information from time to time for the purpose of establishing a neighborly relationship. The Tenant shall take action to remedy complaints or concerns raised by the community in connection with Tenants operation at Hillandale Elementary School. 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. If requested by the County, 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 must participate in a traffic management plan (the "Plan") if the County, during the term of the Lease, decides that such a plan is in the best interest of the County and the surrounding community. The Parties agree that a Plan will later be attached to this Lease as Exhibit H-1 and will be incorporated herein in its entirety.
- B. Requirements: Any traffic management plan must accomplish the following:
 - 1. Operating Plan: Establish an operating plan for both routine 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 Pick-up:** Identify means by which vehicular traffic associated with Property drop-off and pick-up activities shall be contained on site.
 3. **Monitoring:** Establish regular monitoring activities to facilitate identification and implementation of operational access and circulation improvements.
- C. **Continuing Review:** A traffic management plan is subject to review and modification from time-to-time as deemed necessary by the County.

{signature page to follow}

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

WITNESS:

TENANT:
CENTERS FOR THE HANDICAPPED, INC.
a corporation organized under the laws of the
State of Maryland

By: Shirley L. Selover

By: Paul L. Well

Title: President

Date: January 8, 2008

THE COUNTY:
MONTGOMERY COUNTY, MARYLAND

By: Diane R. Schwartz Jones
DIANE SCHWARTZ JONES

Title: _____
ASSISTANT CHIEF ADMINISTRATIVE OFFICER

Date: 1/20/09

APPROVED AS TO FORM & LEGALITY
OFFICE OF THE COUNTY ATTORNEY

RECOMMENDED

By: Sileen D. Brennan

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

Date: 12/5/2008

Date: 12/2/08

Exhibit A - Deed
[Background 1]

Exhibit A

LIBER 36 D FOLIO 621

Parcel ID No. 05-001-251813

DEED

THIS DEED is made this 4th day of June, 1990, by and between THE BOARD OF EDUCATION OF MONTGOMERY COUNTY, MARYLAND, 850 Hungerford Drive, Rockville, Maryland 20850, title holder of record, hereinafter called "GRANTOR," and MONTGOMERY COUNTY, MARYLAND, 101 Monroe Street, Rockville, Maryland 20850, hereinafter called the "COUNTY."

WITNESSETH:

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 the 5th Election District of Montgomery County, Maryland, and more particularly described as follows:

BEING all that parcel of land conveyed to the Board of Education by The Maryland-National Capital Park and Planning Commission, by deed dated August 16, 1951, recorded among the Land Records of Montgomery County, Maryland, at Liber 1573, Folio 548, and containing 6.984 acres, LESS THE FOLLOWING OUT-CONVEYANCE:

Conveyance to the Maryland State Highway Administration of 0.17 of an acre, by deed dated November 21, 1966, and recorded in the Land Records of Montgomery County, Maryland, at Liber 3579, Folio 066.

The total area conveyed by this Deed is 6.814 acres, more or less.

BEING that property known as Hillandale Elementary School.

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

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

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

REC-17-D-011-10000164
State Department of
Assessment & Taxation
for Montgomery County

AGRICULTURE TRANSFER TAX IN THE
AMOUNT OF \$ N/A
SIGNATURE [Signature]

HE 08893
By Date

1990 JUN 15 PM 2:46

RECORDED
INDEXED
MONTGOMERY COUNTY
1990 JUN 15 11:45 AM
66/15/90

ATTACHED TO AND MADE A PART OF THAT CERTAIN INSTRUMENT DATED THE

4th DAY OF June, 1990

CLERK'S INDEX SHEET
(For the purpose of proper indexing only)

Pursuant to the provisions and requirements of Section 3-501 of Subtitle 5, Real Property Article, *Annotated Code of Maryland* (1981) Repl. Vol.), the following additional information is declared by the parties hereto to be contained within this instrument:

Document submitted for record
in a condition not permitting
reliable photographic
reproduction.

- 1. TYPE OF INSTRUMENT: Deed
- 2. GRANTOR'S NAME AND ADDRESS: The Board of Education of
Montgomery County, Maryland
850 Hungerford Dr.
Rockville, MD 20850
- 3. GRANTEE'S NAME AND ADDRESS: Montgomery County, Maryland
101 Monroe Street
Rockville, MD 20850
- 4. CONSIDERATION (APPLIES ONLY TO DEEDS): \$10.00
- 5. PARCEL ID/TAX ACCOUNT NO(S): 05-001-251813
- 6. PROPERTY DESCRIPTION: 6.814 acres along New Hampshire Ave., known
as Hillandale Elementary School
- 7. STREET ADDRESS OF THE LAND AND PREMISES DESCRIBED IN THIS INSTRUMENT:
10501 New Hampshire Ave.
Silver Spring, MD 20903
- 8. NAME OF TITLE INSURANCE COMPANY: N/A

Mr. Clerk: After recording please see that the original of the foregoing instrument is:

Mailed (additional \$0.50 cost) (interoffice envelope provided)
OR
 Held at Clerk's Office Sharon M. Gemperle
Office of the County Attorney
R0B - 3rd floor

For: _____
(name)

(address)

DO NOT WRITE BELOW THIS LINE
TO BE COMPLETED BY CLERK OF THE COURT

Verified by: _____
(Clerk's Office)

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

Tax Account: District 5, Account Number 00251813.

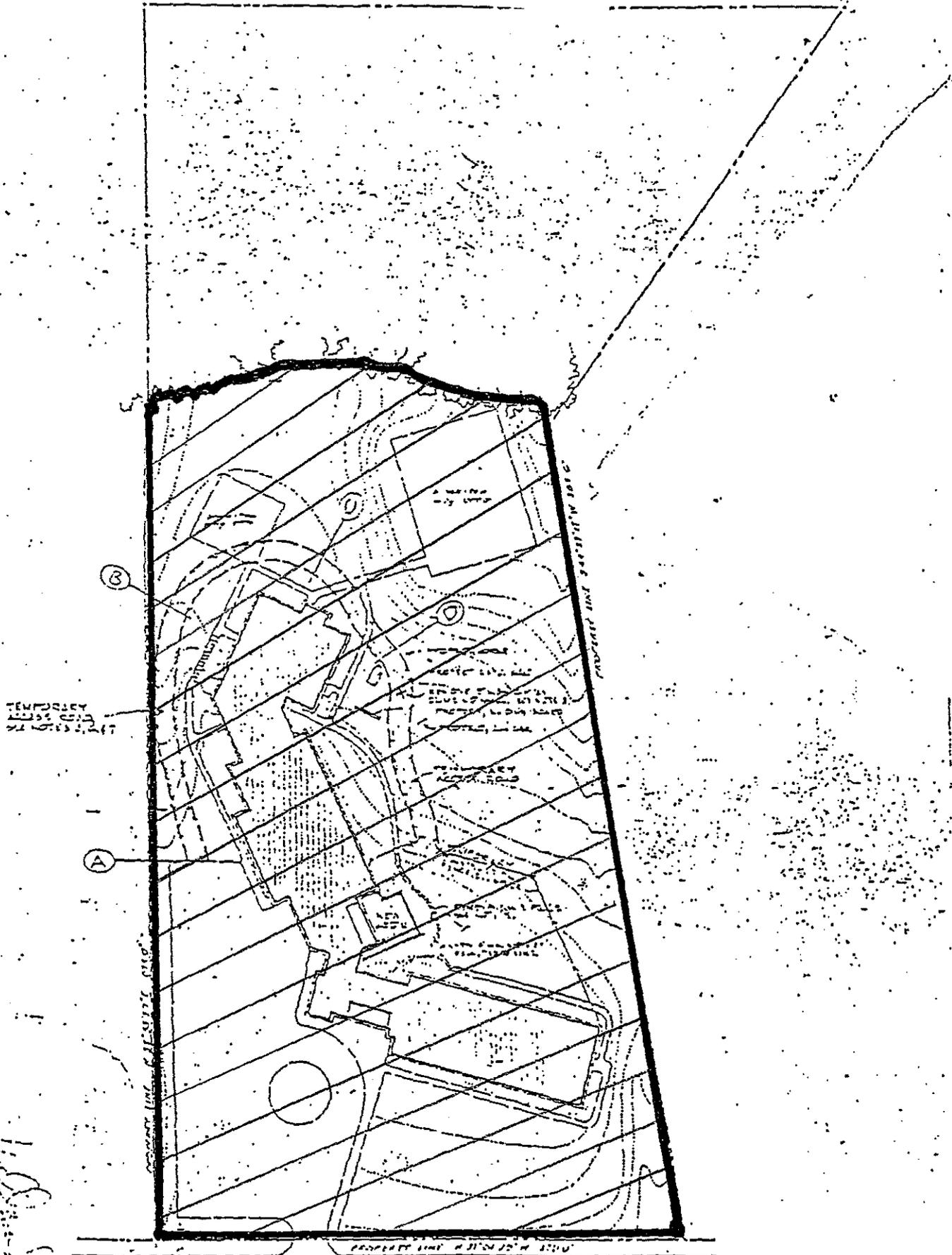
Deed: Dated June 4, 1990 and recorded at Liber 9360, Folio 621 among the Land Records of Montgomery County.

Description: Property consists of part of parcel containing 6.81 acres of land known as Parcel P400 on Tax Map KP13.

Property Address: 10501 New Hampshire Avenue
Silver Spring, Maryland 20903

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

Exhibit B-2



TEMPORARY

A

B

PROPERTY LINE AS SHOWN IN 1910

NEW HAMPSHIRE AVENUE

Handwritten notes and signatures:
11/10/50
[Signature]
[Signature]

Exhibit C – Intentionally Left Blank

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

School Name: Hillandale Elementary School

Tenant Name: Centers for the Handicapped, Inc.

Inspection Date: _____

Action Required	Status (*see codes)	Comments
County Received Tenant Notice of Completion of Capital Improvements		
County and Tenant Conduct Inspection Meeting		
Capital Improvements in Compliance with Plans and Specifications		
Material Deficiencies from Plans and Specifications		
Tenant Obtained Required Construction Permits		
Tenant Obtained Use and Occupancy Permit		
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: _____
BY

Date: _____

County: _____
BY

Date: _____

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

School Name: Hillandale Elementary School

Tenant Name: Centers for the Handicapped, Inc.

The following renovations are being made to the former Hillandale Elementary School with a \$2.3 million dollar renovation contract:

- . New roof
- . Removal of boiler
- . Installation of roof top units for air conditioning and heating
- . Canopy for front and side to allow program participants to enter and exit vehicles during inclement weather
- . New plumbing including pipes, fixtures, sprinkler system throughout building, upgraded exterior water main on site for increased water pressure, added a new fire hydrant on site.
- . New fire alarm system throughout building
- . Removal of all asbestos in building
- . Complete electrical system upgrade, new power lines from New Hampshire Avenue, new lighting fixtures throughout building, new exterior security lighting
- . New floor tiles, ceiling tiles and painting of interior
- . Adaptations to meet ADA requirements with hand rails and modified ramps
- . Parking lot improvements
- . Energy upgrades with new insulation

Exhibit E – Prior Lease Agreement
[Article 12]

Exhibit E

LEASE AGREEMENT

BETWEEN

MONTGOMERY COUNTY, MARYLAND

AND

CENTERS FOR THE HANDICAPPED, Inc.

DATED 8/17/98

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Exhibit A - Original Lease

Exhibit B - Leased Premises

LEASE AGREEMENT

THIS LEASE AGREEMENT (hereinafter referred to as "Lease"), entered into this 17th day of August, 1998 by and between MONTGOMERY COUNTY, MARYLAND, a body corporate and politic (hereinafter referred to as "Lessor") and CENTERS FOR THE HANDICAPPED, INC. (hereinafter referred to as "Lessee").

WITNESSETH:

WHEREAS, Lessor and Lessee are parties to a Sublease Agreement dated October 5, 1979, which was modified by the First Amendment to Lease Agreement dated May 17, 1985 (hereinafter referred to as the "Original Lease"), which is attached hereto and made a part hereof as Exhibit "A", under which Lease the Lessee occupies the premises known as the Hillandale Elementary School, Silver Spring, Maryland; and

WHEREAS, the Original Lease expires at midnight, September 30, 2002; and

WHEREAS, Lessor and Lessee wish to enter into a lease agreement for a term of thirty years in order to allow the Lessee to access State bond funds for renovations ; and

WHEREAS, the Lessor and Lessee have agreed that the Original Lease will expire upon the commencement of the new lease; and

WHEREAS, the Montgomery County Administrative Procedure for the Leasing of Closed Schools sets forth as its primary objectives that such leases will:

- a. Be in the best interest of the County, while recognizing the contribution of the Lessee to the County;
- b. Preserve the availability of the Closed School building for future public use;

- c. Treat all Lessees or potential Lessees in a fair and equitable manner that is open to public scrutiny; and
- d. If entered into by the private sector, be in conformance with the Administrative Procedure.

WHEREAS, the said Administrative Procedure recognizes the important role that closed schools play in a community; the need to assure these closed schools continue to be positive influences in the community; the need to reduce the County's cost of maintenance for closed schools; the public interest in earning revenue to the County based upon the value of closed schools and the benefit of facilities services provided by closed school Lessees to the County;

NOW THEREFORE, in consideration of the terms and conditions of this Lease, 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 Hillandale Elementary School, 10501 New Hampshire Avenue, Silver Spring, Maryland, (hereinafter referred to as "Leased Premises"). The Leased Premises shall include the building, walkways, play areas, parking lot, driveway and land contiguous to the building, as outlined in red on Exhibit B, attached hereto and made a part hereof. The Leased Premises is leased and accepted in its "as is" condition.

2. TERM: The term hereby created shall be thirty (30) years. The Commencement date shall be March 1, 1998. The Lease shall expire at midnight on February 29, 2028.

3. 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 Articles 8 and 9, hereof. Lessee agrees that its use of the Leased Premises, including any use of the premises by sublessees, shall conform fully with all applicable zoning ordinances,

and will 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.

4. RENT: RENTAL ADJUSTMENTS

- A. The annual rental rate shall be TWENTY NINE THOUSAND FIVE HUNDRED THIRTY-THREE AND 15/100 (\$29,533.15) DOLLARS, payable in twelve equal installments, during each lease year, of TWO THOUSAND FOUR HUNDRED SIXTY-ONE AND 09/100 (\$2,461.09) DOLLARS. This rental rate has been determined by continuing the current rental paid pursuant to the Original Lease. This rate is subject to an annual CPI adjustment as set forth in 4D 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 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. In any event, and notwithstanding the results obtained through the above calculation, the Lessee's adjusted annual rent will not be less than 103%, nor more than 105% of the rent paid by Lessee the previous year.

5. TERMINATION FOR CONVENIENCE OF GOVERNMENT: This Lease and all obligations hereunder may be terminated by Lessor at any time upon five (5) years written notice to the Lessee. An approved project involving the Leased Premises must be included in the County's Adopted Capital Improvement Program in order for the Lessor to terminate the Lease under this provision. The notice period will commence upon the final approval by the County Council of the CIP project as evidenced by mailing of such written notice of termination in accordance with Article 36 herein. In the event the Lessee is a private school, the Lessor agrees that under no circumstances will the Lessee 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: 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.

7. USE OF PLAY AREAS AND FIELDS: All outdoor recreation and athletic fields will remain available, on a continuing basis, for use by the community after 5:00 P.M., Monday through Friday, and all day Saturday and Sunday, subject to variance by the Parks and Planning Commission and/or Community Use of Schools. Lessee will work jointly with the Maryland National Capital Park and Planning Commission, the County Department of Recreation, and Community Use of Schools with regards to Lessee's use and scheduling of the outdoor recreation areas. Lessee will have the exclusive use of outdoor recreation and athletic fields until 5:00 P.M. Monday through Friday. In consideration therefore, Lessee agrees at all times to keep such areas mowed, trees and shrubs pruned as necessary, equipment in good repair 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.

8. PARKING: Lessee shall be entitled to full use of the parking facilities which are a part of the Leased Premises. Parking for Lessee and any other occupants of the building, their staff, clients and guests will be confined to the existing surfaced parking areas. The above notwithstanding, Lessee may add parking facilities subject to approval as a capital improvement. 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 6 and 7 hereinabove. Lessee agrees to make repairs as necessary to maintain the parking area 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. 1210], et. seq.

9. 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-Selective 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-Selective 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-Selective 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.

10. OPERATING EXPENSES:

- A. The Lessee will be fully responsible, at the Lessee's sole risk and expense, to perform all maintenance, repair, and/or replacement which the Lessor will determine in its sole discretion and reasonable judgement is required to protect the Leased Premises from damage or deterioration.
- B. The Lessee assumes, at the Lessee's exclusive risk and expense, full responsibility for the maintenance, repair, and/or replacement of, including, but not limited to, the building and equipment, fixtures, roof, windows, floors, walls, electrical systems, heating and air conditioning systems, and plumbing systems.
- C. The Lessee is fully responsible at the Lessee's sole 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, repair or replacement of playground equipment.

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 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 of Lessee remaining within the Leased Premises after expiration or other termination of this Lease shall become property of the Lessor. The Lessor shall dispose of any such property in the manner it deems appropriate.

12. CONDITION OF PREMISES: Lessee accepts the Leased Premises in "as is" condition, and 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, play areas and other 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. Lessee agrees to make repairs as necessary for the safe use of the Leased Premises, including changes necessary to comply with law, including, but not limited to changes, if required, to comply with the Americans With Disabilities Act [42 U.S.C. 1210], et. seq.

13. 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, Maryland, Department of Public Works and Transportation, Division of Facilities and Services, 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, guests or employees, excepting claims arising out of the acts, omissions or negligence of Lessor, the Lessors agents contractors 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.

14. HOLD HARMLESS: Lessee agrees to hold harmless and pay for the defense of the Lessor 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 Lessee's use or possession of the premises, including play fields and play areas, breach of this Lease and 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 pay for the defense of Lessor 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.

15. 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 3 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, guests 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. Notice of any rules and regulations regarding the use of the Leased Premises will be given to Lessee and will become a part of this Lease Agreement, as an attachment, as promulgated.

16. 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 date 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, including reimbursement for any capital or non-capital improvements made by Lessee to the Leased Premises.

17. DEFAULT:

- A. Lessee shall be considered in default of this Lease upon the occurrence of any of the following:
1. 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, or such lesser time as the exigencies of the situation may require.
 2. 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.
 3. The making of any assignment for the benefit of Lessee's creditors.
 4. 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), or such lesser time as the exigencies of the situation may require, which period shall run

simultaneous with the curative period as provided in Article 17A(1) 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.

18. EMINENT DOMAIN:

- A. In the event that the Leased Premises, or any improvements thereto, shall be taken by any governmental or quasi-governmental authority pursuant to its power of eminent domain, Lessee shall be entitled to claim 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. The Lessor shall receive any award for the fair market value of the land upon which the improvements are located and for the improvements except as otherwise provided herein.
- C. 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.

- D. Lessor, or Lessee, at its option, 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. ASSIGNMENT AND SUBLEASING:

- A. Lessee will not assign or sublease any part of the Leased Premises without Lessor's expressed written consent. Lessor's written consent shall be obtained in the following manner:
1. Lessee will submit to Lessor copies of the proposed sublease, a description of the activities and uses of the proposed sublessee, and any other information pertinent to the proposed sublessee's use and occupancy.
 2. Lessor will respond in writing not later than thirty (30) days after receipt of all required information, as cited in Article 19A(1) hereinabove or otherwise requested by Lessor. If written response is not received by Lessee within thirty (30) days, Lessor's consent will be assumed.
- B. Subleasing or assignment by Lessee shall be permitted only under the following terms and conditions:
1. Lessee will not be permitted to sublease more than Fifty per cent (50%) of the net useable square footage of the building.
 2. Subleasing or assignment of any portion of the premises by Lessee will have as its primary goal the recovery of reasonable operating and rent expenses incurred by Lessee in the operation, maintenance and administration of the Leased Premises. Lessee

does hereby agree that any rental amounts charged to subtenants or assignees will be limited to the subtenants' or assignees' prorated share of actual operating, maintenance and administrative expenses incurred by Lessee, plus an amount equal to the same square foot rate of rent paid by Lessee to Lessor.

3. Lessor will not approve any assignment, sublease or transfer of any right or interest in any portion of the Leased Premises if such an assignment, sublease or transfer results in any profit or financial gain in excess of the permitted costs and expenses. Lessor will require written evidence of compliance hereunder.
4. In the event Lessor approves a sublease, Lessee remains responsible for the payment of all monies due to Lessor and the performance of all obligations required of the Lessee.
5. All subtenants or assignees must conform to the existing zoning, and to the Use Provision contained in the Lease between Lessor and Lessee.
6. In the event Lessor determines that Lessee is receiving rental payments from subtenants in excess of the costs permitted herein, Lessee shall provide all of the rents received, over and above the allowable costs, to Lessor as additional rent.

20. 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 Article 19 herein.

21. 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, at any time 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.

22. 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 (provided that insurance proceeds from fire or other casualty or damage, if not used to restore the Leased Premises, have been paid to the Lessor).

23. 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.

24. NOTICE OF DEFECTS: Lessee shall give to Lessor prompt written notice of accidents in or damages to the Leased Premises.

25. 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).

26. 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 26 pending the outcome of the Lessee's efforts.

27. 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.

28. 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 28 does not preclude consideration of questions of law by a court of competent jurisdiction in connection with the aforesaid decisions.

29. 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.

30. NON-DISCRIMINATION: Lessee agrees to comply with the non-discrimination in employment policies in County contracts as required by 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 disability.

31. 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.

32. PUBLIC EMPLOYMENT: Lessee understands that unless authorized under Sections IIB-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.

33. 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 upsurged power, sabotage, inability to obtain any material or service, through Act of God or other cause beyond the control of either party; 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.

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

Alan C. Lovell

and Lessee's address for receipt of notices and service of process is:

10501 New Hampshire Avenue
Silver Spring, MD 20903-1197

35. PROHIBITION OF HAZARDOUS SUBSTANCES: The Lessee agrees to not store or bring hazardous substances onto the Leased 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.

36. 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:
CENTERS FOR THE HANDICAPPED
10501 New Hampshire Avenue
Silver Spring, Maryland 20903

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

37. INDEMNITY BOND: Lessee shall, simultaneously with the execution of this lease, deliver to Lessor, and maintain in full force and effect throughout the term of this Lease or any renewals or extensions thereof, an executed Miscellaneous Indemnity Bond in the amount of TWENTY-FIVE THOUSAND (\$25,000) DOLLARS as security for the faithful performance of the terms and conditions of this Lease.

38. 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.

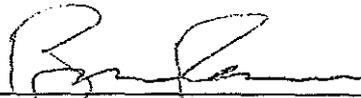
39. EMERGENCY REPAIR FUND: Lessee shall create and maintain an emergency repair fund in the amount of THIRTY-FIVE THOUSAND (\$35,000) DOLLARS. This fund shall be replenished by Lessee as needed to ensure that the Lessee's program may continue without interruption.

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

WITNESS:

LESSOR:
MONTGOMERY COUNTY, MARYLAND

By: Cindy Adkins

By: 
~~GORDON AOYAGI, SENIOR ASSISTANT~~
CHIEF ADMINISTRATIVE OFFICER

Date: 8-17-98

WITNESS:

LESSEE:
CENTERS FOR THE HANDICAPPED, INC.

By: Cynthia Brennerman

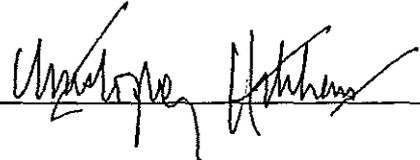
By: 
Donald Praisner

Title: President

Date: June 18, 1998

APPROVED AS TO FORM & LEGALITY
OFFICE OF THE COUNTY ATTORNEY

RECOMMENDED

By: 

By: Cynthia Brennerman for
REY JUNQUERA, LEASING MANAGER
DIVISION OF FACILITIES AND SERVICES

Date: 8.12.98

Date: 8.13.98

DISK6CHIBILL.LSE

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. County shall be named as loss payee.
- 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]

At this time, the County has no existing Traffic Management Plan, but the Tenant agrees that it shall commit to participate in a Traffic Management Plan if the County, during the term and in accordance with Article 42 of the Lease, decides that such a plan is in the best interest of the County and the surrounding community.

Exhibit H-2 – Montgomery County, Department of Human Resources,
License
[Article 3]

Exhibit H-2



HEALTH AND HUMAN SERVICES
LICENSURE AND REGULATORY SERVICES
255 Rockville Pike, 1st Floor, Suite 100
Rockville, Maryland 20850
240-777-3986 • FAX 240-777-3088

PRIVATE EDUCATIONAL INSTITUTION LICENSE

This Certifies That

CHI Centers Inc./Diane Wright
10921 INWOOD AVENUE
SILVER SPRING, MD 20902

is licensed to operate a Private Educational Institution at:

CHI CENTERS
10501 NEW HAMPSHIRE AVENUE
SILVER SPRING, MD 20903

This license is issued under the authority of Chapter 44, of the
Montgomery County Code, 1994, as amended.

Conditions:

Uma S. Ahluwalia

Uma S. Ahluwalia, Director

Expiration Date: 10/15/2009 License No: 15

*This license is not transferable, must be conspicuously posted on the premises, and renewed prior to the
expiration date.*

Exhibit H-3 – State of Maryland, Department of Health and Mental
Hygiene Developmental Disabilities Administration
License

Exhibit H-3



MARYLAND DEPARTMENT OF HEALTH AND MENTAL HYGIENE DEVELOPMENTAL DISABILITIES ADMINISTRATION

Pursuant to the provisions of the Health General Article, Section 7-101 through 7-120, this license issued to:

Provider No. 0072

Registration No. 22022

CHI CENTERS, INC
10501 NEW HAMPSHIRE AVENUE
SILVER SPRING, MD 20903

to operate and maintain:

Community Residential Services
Alternative Living Unit (ALU)
Group Home (GH)
Community Supported Living Arrangement (CSLA)

Day and Vocational Services
Day Habilitation (DH)
Vocational (Voc)

License shall be in force for a period of one calendar year from date of issue, subject to revocation of the provision of the statutes under which it is issued or for the violation of any of the regulations adopted thereunder for the license. License is subject to all the restrictions, limitations, considerations and requirements set forth by the Department pursuant to statutes and regulation. This license is not assignable or transferable.

Date Issued: **February 1, 2008**

Expiration Date: **January 31, 2009**

In Witness Whereof, we have hereunto set our seal this **October 24, 2008**

Maryland State Department of Health and Mental Hygiene

Mitchell Schenker, Director

Developmental Disabilities Administration

Falsification of a license shall subject the perpetrator to criminal prosecution and the imposition of civil fines.

**Exhibit I - Certificate of Good Standing
[Article 15.F]**

 **Maryland Department of Assessments and Taxation**
Taxpayer Services Division
 301 West Preston Street W Baltimore, MD 21201 (2007 vw2.3)

[Main Menu](#) | [Security Interest Filings \(UCC\)](#) | [Business Entity Information \(Charter/Personal Property\)](#) | [New Search](#) | [Rate Stabilization Notices](#) | [Get Forms](#) | [Certificate of Status](#) | [SDAT Home](#)

Taxpayer Services Division

Entity Name: CENTERS FOR THE HANDICAPPED, INC.
Dept ID #: D00057281

General Information | [Amendments](#) | [Personal Property](#) | [Certificate of Status](#)

Principal Office (Current): ALAN C. LOVELL
 10501 NEW HAMPSHIRE AVE.
 SILVER SPRING, MD 00000

Resident Agent (Current): ALAN C. LOVELL
 10501 NEW HAMPSHIRE AVE.
 SILVER SPRING, MD 00000

Status: REVIVED

Good Standing: Yes

Business Code: Ordinary Business - Non-stock

Date of Formation or Registration: 03/29/1950

State of Formation: MD

Stock/Nonstock: Non-Stock

Close/Not Close: Unknown

Link Definition

- General Information** General Information about this entity
- Amendments** Original and subsequent documents filed
- Personal Property** Personal Property Return Filing Information and Property Assessments
- Certificate of Status** Get a Certificate of Good Standing for this entity