

LEASE AGREEMENT
BETWEEN
HALCYON ASSOCIATES, LTD.
AND
MONTGOMERY COUNTY, MARYLAND

DATED: 8/22/00

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LEASE AGREEMENT

This Lease made and executed this 22nd day of August 2000, by and between Halcyon Associates, Ltd. a Maryland Limited Partnership, having an address of c/o Standard Properties, Inc., 5500 MacArthur Boulevard, N.W., Washington, D.C 20016 hereinafter referred to as "Landlord", and MONTGOMERY COUNTY, MARYLAND, a body corporate and politic, (hereinafter referred to as "The County"). (The Landlord and County together are the "Parties").

WITNESSETH:

That for and in consideration of the rents hereinafter reserved and the agreements and covenants herein contained, the Parties mutually agree as follows:

1. PREMISES: Landlord does hereby lease and demise unto the County, and the County hereby leases from Landlord, the warehouse space at 8663 Grovemont Circle, Gaithersburg, Maryland (Premises). The Premises is deemed to contain 7,162 square feet (SF) of Gross Rentable Area (GRA) and is part of building "D" (Building) of the Shady Grove Industrial Park (Park).

2. TERM: The Lease "Term" is Five years. The "Starting Date" is October 1, 2000 and the "Ending Date" is September 30, 2005. The County may extend the Term only by Lease Addendum # 1 – Tenant's Option to Extend Term.

Landlord shall not be liable for any late delivery of the Premises caused by any events or persons not under Landlord's direct control, including but not limited to: any permit, utility, or fire department official; material shortage; labor unrest; utility stoppage; holdover by existing tenant; or act of God. Rent shall not be due until Landlord delivers the substantially complete Premises to The County.

If Tenant takes possession early, then the Lease shall be in force, but rent shall not start until the Starting Date, which, along with the Ending Date, shall not change.

3. RENT:

A. Payment: The County shall pay to Landlord all rent in United States currency, without any deduction, set-off, notice, demand, and unless stated otherwise, billing. The County shall pay all Base Rent Installments in advance by the first day of each calendar month.

All money shall be paid to:

Halcyon Associates, Ltd.
P. O. Box 79880
Baltimore, MD 21279-0880

or any other address or party as Landlord may direct in writing.

B. The County shall pay total "Base Rent" over the 5 year term, of \$571,704.00 (exclusive of Section 3D."Additional Rent") in "Monthly Base Rent Installments" according to the following "Initial Term Base Rent Schedule".

Period	Period Starting Date	No. of Months	Monthly Base Rent Installment \$	Period Base Rent \$
Lease Year 1	10/1/00	12	\$8,928.00	\$107,148.00
Lease Year 2	10/1/01	12	\$9,219.00	\$110,628.00
Lease Year 3	10/1/02	12	\$9,519.00	\$114,228.00
Lease Year 4	10/1/03	12	\$9,828.00	\$117,936.00
Lease Year 5	10/1/04	12	\$10,147.00	\$121,764.00
Total Base Rent Only				\$571,704.00

C. Additional Rent: All money due Landlord other than Base Rent is "Additional Rent". Unless stated otherwise, the County shall pay Additional Rent within 10 business days of receipt and acceptance of invoice. Landlord's remedies for the non-payment of Additional Rent are the same as for Base Rent.

D. Late Payment and Returned Checks. The Landlord shall send the County monthly invoices during the last week of the preceding month for any payment due the next month. If (a)

Landlord does not receive any Monthly Base Rent Installments by 5:00 PM on (1) the TENTH day of the month it is due or (2) if the tenth falls on a weekend or national holiday, the next business day, or (b) Landlord does not receive any Additional Rent by the tenth day after it is due, then Tenant shall pay (a) an additional 6% of the amount due for the first full or partial calendar month it remains not received and (b) then, starting on the first day of the following calendar month, interest assessed daily at the annual rate of the lesser of (a) 18% or (b) the highest legal rate. The County shall also pay an additional 10% of the check amount each time a check is returned unpaid. These additional payments shall not extend any due date, waive any of Landlord's rights, nor cure any default.

E. Survival. Regardless of the Ending Date or earlier end of the Term (collectively, "Term End"), the County shall promptly and fully perform all its Lease obligations.

F. Deposit. The County shall NOT pay a deposit.

4. UTILITIES: The County shall pay directly to the provider for all its utilities, services, recycling services and associated equipment, including but not limited to, electricity, gas, telephone, trash removal, recycling services and dumpster, water and sewer. All utilities are separately metered. The County shall transfer all accounts to itself on the County's possession of the Premises, which shall be upon County's receipt of keys to the Premises and a signed letter of acceptance of the demised premises by the County. In no event shall Landlord be liable for any interruption or failure in supply of utilities to the Leased Premises, unless Landlord's specific actions or omissions prevents the County from receiving the utilities. The County may have more than one meter for electricity.

5. MAINTENANCE OF LEASED PREMISES:

A. Landlord's Maintenance and Replacements. Within a reasonable time after notification, Landlord shall make all necessary maintenance, repairs, and replacements only to the following Landlord's Replacements items: (1) all roof water protection, including the roof, flashing, gutters, downspouts, and roof drains; (2) all exterior masonry walls, interior columns, roof, interior concrete slabs, and all foundations; (3) all utility services outside the Premises, up to the point where the services pass through, under, or above the exterior walls of the Premises; and (4) all site

improvements, including the exterior walkway cover, paving, sidewalks, curbs, gutters and storm water drainage, parking lot lighting, and landscaping.

B. County's Replacements. The County shall promptly perform all maintenance, repairs, and replacements to the County's Replacements items, which include but are not limited to (1) storefronts, including but not limited to metal frames, glass, and sealants; (2) all doors, including but not limited to doors, door frames, door hardware, closers, door weather stripping, and glass; (3) all finishes and interior improvements, including but not limited to partitions, doors, paint, floor coverings, ceiling tiles and ceiling grids; (4) all utilities inside the Premises, from the point where the services pass through, under, or above the exterior walls of the Premises; (5) all plumbing, sprinkler, and electrical systems and equipment within the interior of the Premises. The County shall keep the County's Replacements in a good and workman-like manner and with materials as good as or better than the existing.

C. HVAC. The County shall maintain the HVAC system by a service contract with a licensed HVAC contractor. This contract shall provide for at least quarterly filter replacement, cleaning and inspection by qualified service technicians. If the County fails to maintain this service contract and any component of the HVAC system fails before the end of its reasonably expected useful life, then the County shall be responsible for the pro rata cost of early replacement of the component. If the Tenant is Montgomery County, then the HVAC system shall be maintained by a County contractor without Landlord's consent. If the tenant is other than Montgomery County, then the HVAC System shall be maintained by a contractor reasonably approved by Landlord. The County shall maintain a minimum temperature of 60 degrees F, to prevent freezing of the plumbing systems.

D. HVAC Replacement: The Landlord shall deliver the premises with each component of the HVAC system either new or in good working order. If a component is delivered in good working order, then the Landlord shall replace the component one time, at the end of its useful life, and Tenant shall make all subsequent replacements. If a new component is delivered, then Tenant shall make all replacements. For all new components installed by Landlord, Landlord shall assign all new component warranties to County and shall assist the County in enforcing warranties.

E. Damage. Notwithstanding anything in this Lease to the contrary, the County shall perform all maintenance, repair, or replacement of any improvements caused by (a) County's negligence, abuse, misuse, or neglect or (b) the moving of anything in or out of the Premises.

6. USE:

A. The County warrants and agrees that the leased premises shall be used as a general office and a facility for the Montgomery County Fire and Rescue Department. The County shall have the right to occupy and use the space twenty-four (24) hours a day, seven (7) days a week.

The use and occupation by the County of the leased premises shall include the use in common with others entitled thereto of the common areas, parking areas, service roads, loading facilities, sidewalks, and other facilities as may be designated from time to time by the Landlord, subject however to the terms and conditions of this agreement and to reasonable rules and regulations for the use thereof as prescribed from time to time by the Landlord.

Restrictions. The County and the County's employees, agents, invitees, licensees, customers, clients, family members, and guests shall not do anything that (a) would reasonably be deemed to interfere with Landlord's or any other tenant's use and enjoyment of the Premises (b) annoys other tenants, visitors, or Landlord; or (c) is hazardous to others, disorderly, obscene, or pornographic.

Animals are prohibited on the Premises, except for (a) service dogs for the handicapped with their user and (b) working active duty dogs with their handlers.

Parking. Landlord, at its sole discretion, may repair, re-pave, relocate, reconfigure, diminish, and eliminate parking spaces or areas provided this does not unreasonably interfere with the County's use of the Premises. The County has reasonable and non-exclusive use of the undesignated parking spaces and driveways at the Park; however, the County shall ensure that nothing is parked or placed at the Park which the Landlord, in Landlord's sole discretion, deems to detract from the Park's appearance, including but not limited to, trucks, junked vehicles, vehicles under repair, and vehicle parts. The County shall prevent all non-County vehicles from remaining on the parking lot overnight, but the County may park a total of not more than eight County vehicles overnight. County vehicles include only vehicles in active use by the County during the day and

vehicles owned by County employees. The County shall prevent the use of more than nineteen (19) outside-vehicle spaces for both County and non-County vehicles, including the loading space.

Trash. The County shall (a) keep the Premises clean, (b) store trash in appropriate containers at a location approved in advance by Landlord, (c) hire trash removal and recycling contractors, and (d) promptly clean the Premises and Park of any debris and trash related to County's use and occupancy of the Premises.

Outside. The County shall not (a) store anything outside the Premises, and (b) change the Building or Premises' appearance in any way.

Improvements. Except for low-voltage electric wiring, including but not limited to phone and security systems, and minor interior decorating such as painting, the County shall not alter the Premises in any way without the prior written consent of the Landlord, which, provided the County is not in default, Landlord shall not unreasonably withhold, condition, or delay. The County shall not install any wallpaper.

7. Tenant's Pro Rata Share: For Sections 7 and 8, Tenant's Share is determined *pro rata* by gross rentable area (GRA). The Building contains 42,000 square feet of GRA; Tenant's Share is deemed to be 17% of that GRA. Landlord may reasonably and fairly modify Tenant's Share, *pro rata*, to reflect any reasonable change in billing by third parties or the GRA of the Building, including but not limited to (a) increases or reductions caused by construction or demolition (b) transfers to third parties, and (c) loss of rentable space by permanent casualty or condemnation. The County shall pay, annually, in advance by November 1 of each year, Tenant's share of any increases (during the Term) in the cost for all risk of physical loss and liability insurance for the Building that exceed the November 1999 through October 2000 insurance year. If insurance costs increase, then County's first payment shall be the November 2000 payment. The Premises is part of the entire Shady Grove Industrial Park, which is deemed to contain 150,000 SF GRA; Tenants Share is deemed to be 4.7% of this GRA. If Tenant's payment of any Tenant's Share accrues during a partial billing period, than Landlord shall adjust Tenant's payment pro rata by month.

8. REAL ESTATE TAXES:

- A. The County agrees to pay, as additional rent hereunder in equal monthly payments, a sum equal to Tenant's proportionate share of all real estate taxes which may be levied or assessed by lawful taxing authorities against the land, buildings and all improvements appurtenant to the building.
- B. "Real Estate Taxes" shall be deemed to mean all city, county, town and village taxes, special or general, ordinary or extraordinary, assessments, excises, levies, and other governmental charges which shall be imposed upon or become due and payable or become a lien upon the premises or any part thereof, during the period of time covering this Lease Agreement between the Parties, by any Federal, state municipal, or other governmental or public authority under existing law, or practice or under any future law or practice, and costs and expenses incurred in contesting or negotiating an adjustment thereof. The real estate taxes for any calendar year shall mean the real estate taxes actually paid or due to be paid during such calendar year, whether or not such real estate taxes related to such calendar year or a fiscal year.
- C. The County's proportionate share of real estate taxes shall be determined for each calendar year by multiplying the Building's real estate taxes for such calendar year by a fraction, the numerator of which shall be the floor area of the premises rented to the Tenant, and the denominator of which shall be the floor area of all rentable space in the Building. The County's liability for the County's proportionate share or real estate taxes and assessments for the calendar years during which this lease commences and terminates shall in all events be subject to a pro rata adjustment based on the number of days of said calendar year during which the term of this lease is in effect. Landlord and the County agree the County's pro rata share of said real estate taxes for the Building is currently 17%.
- D. If the operation of any foregoing provisions results in payment of the County's proportionate share of real estate taxes for calendar years extending beyond the term of this Lease, Landlord, within thirty (30) days following the expiration of the term of this Lease, shall reimburse the County any such amount, less amounts then due

Landlord from the County.

- E. A copy of a tax bill or assessment bill from the taxing or assessing authority that is then submitted by Landlord to the County shall at all times be sufficient evidence of the amount of taxes and/or assessments assessed or levied against the property to which such bill relates. Landlord's and the County's obligations under this paragraph shall survive the expiration of the term of this Lease for any obligations which accrued during the term of this lease.

- F. In the event that any present or future enactment of any state or political subdivision thereof or any governmental authority having jurisdiction thereover: (a) imposes a tax and/or assessment of any kind or nature upon, against or with respect to the rents payable by tenants in the Building to Landlord derived from the Building or with respect to the Landlord's (or lessor's) ownership of the land and improvements comprising the Building, either by way of substitution for all or any part of the taxes and assessments levied or assessed against such land and such improvements, or in addition thereto; and/or (b) imposes a tax or surcharge of any kind or nature, upon, against or with respect to the parking areas or the number of parking spaces in or around the building, such tax, assessment and/or surcharge shall be deemed to constitute real estate taxes for the purpose of this Section 8 and the County shall be obligated to pay its proportionate share.

9. ASSIGNMENT: This Lease and Premises, in part or whole, shall not be alienated, by operation of law or otherwise, by being transferred, assigned, mortgaged, encumbered, sublet, or used (collectively, Alienations) to or by any other party (Alienee) without Landlord's prior written consent, which, if the County is not in default, then Landlord shall not unreasonably withhold, condition, or delay. If the County is in default of this Lease, or the Premises have been alienated once,

and the County seeks again to alienate the Premises, then Landlord may, at its sole discretion, withhold, condition, or delay its consent. Landlord's consent shall not waive Landlord's rights, be acceptance of the Alienee as the County, nor release the County from this Lease and any liability by this Lease. If Landlord's prior written consent is not obtained, then Landlord, at its sole discretion, and in addition to any other rights and remedies, may (a) void any Alienation and (b) collect rent from the Alienee and apply the net amount collected to the County's rent. Any Alienation agreement shall be in writing and The County shall promptly deliver copies of both the proposed agreement and the signed agreement to Landlord. The County shall promptly pay Landlord one-half of any rent due from any Alienation that exceeds the County's rent under this Lease in the aggregate, or proportionally by area.

10. PROPERTY DAMAGE AND LIABILITY INSURANCE:

- A. Coverage. 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 \$10,000 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 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 shall deliver to Landlord a certificate of insurance evidencing the coverage above described within fifteen (15) days after execution of this contract.

- B. As long as the Tenant is Montgomery County or any member of the Montgomery County Self-Insurance Plan (MCSIP), then the County or MCSIP member may self-insure. If the County assigns the lease to any entity which is not a member of the

Montgomery County Self Insurance Program, then the assignee shall comply with the following wording: the assignee shall maintain commercial general liability insurance with a combined single limit of not less than \$2,000,000.00 per occurrence and not less than \$2,000,000.00 in the aggregate. The assignee's insurance shall (a) be with a Best Co. A: Class X or higher rated company reasonably acceptable to Landlord, (b) name Landlord as an additional insured, (c) contain any reasonable deductible amounts, (d) give Landlord 30 days advance notice in writing before cancellation or modification, (e) insure for replacement cost, and (f) insure against any liability, including but not limited to liability under the following paragraph "C". The assignee shall give Landlord certificates of all policies before possession and before any policy expires.

- C. To the maximum extent this agreement may be made effective according to law, the County agrees to indemnify and save Landlord harmless from and against all claims of whatever nature arising from any act, omission or negligence of the County, or the County's contractors, licensees, agents, servants or employees, or arising from any person, occurring within the leased premises after the commencement date hereof, and until the end of the term of this lease, so long as the County has not assigned occupancy of any part of the premises of this Lease as provided in Section 9 hereof, excepting claims that may be filed by virtue of the negligence of the Landlord, the Landlord's employees, contractors, agents or servants.

- D. Landlord shall indemnify, defend and hold the County harmless from and against all liabilities, obligations and all claims of whatever nature arising from any intentional wrongful act or omission, or negligence, of Landlord or Landlord's contractors, licensees, agents, servants or employees, or arising from any accident, injury or damage whatsoever caused to any person, or to the property of any person, occurring within the leased premises after the commencement date hereof, and until

the end of the term of this lease.

- E. The County further agrees that all equipment, trade fixtures or personal property in the leased premises shall be properly insured and/or remain at County's sole risk, and Landlord shall not be liable for any damage to or loss of such equipment, trade fixtures or personal property arising out of the acts or omissions of the County, the County's agents, servants and employees. Landlord shall be liable for any property damage caused by or through the negligence of the Landlord, the Landlord's agents, servants and employees. The County shall be required to give Landlord written notice of repairs that are to be required to be made by Landlord as stipulated in this paragraph, and Landlord shall be given reasonable opportunity to make the said repairs.

11. GOOD ORDER AND REPAIR: The County covenants and agrees to maintain the Leased premises in good order and condition, and surrender the same at the expiration or other termination hereof in good order and condition, usual wear and tear and damage by fire, storm, public enemies and any other act of God.

12. FURNITURE AND FIXTURES: The County shall have the privilege of installing any furniture and trade fixtures necessary in the conduct of the County's business, and the same shall remain the property of the County. The County shall remove all such fixtures and equipment at the expiration of the lease. In the event any damage is done to said premises in the installation or removal of said furniture and trade fixtures, the County will immediately make such repairs as are necessary to restore said premises to their original condition, or promptly reimburse the Landlord for the cost of such repairs.

13. LIENS: The County expressly covenants and agrees that it will, during the term hereof, promptly remove or release, by the posting of a bond or otherwise, as required or permitted

by law, any lien attached to premises by reason of any act or omission on the part of the County, and hereby expressly agrees to save and hold harmless the Landlord from and against any such lien or claim of lien. In the event any such lien does attach, or any claim of lien is made against said premises, by reason of any act or omission upon the part of the County, and the said lien is not released within sixty (60) days after notice thereof, Landlord, in its sole discretion (but nothing herein contained shall be construed as requiring it so to do), may pay and discharge the said lien and relieve the said premises from any such lien, and the County agrees to pay and reimburse Landlord upon demand for or on account of any expense which may be incurred by Landlord in discharging such lien or claim, which sum shall include the lesser of 18% or the maximum legal interest rate per annum from the date such lien is paid by Landlord until the date Landlord is reimbursed by the County. Payment of such lien shall not be construed as an admission of liability or responsibility to any third party.

14. SIGNAGE: The County shall place no signs, awnings or curtains on any part of the exterior of said premises, nor paint any brick or stone work, cornice work, mill work or iron work on the front of said premise without the written consent of Landlord or his Agent first had and obtained.

15. SIDEWALKS: The County shall maintain the sidewalks immediately abutting the Leased premises properly swept and free from trash. Landlord shall maintain all sidewalks and other walkways on the property of the Leased Premises which are considered common areas.

16. LANDLORD'S INSPECTION RIGHTS: Landlord shall have the right at all reasonable times, after contacting the County, to enter upon the premises for the purpose of inspecting same, making necessary repairs, or showing same to potential purchasers. Prior contact by Landlord with the County is not required in an emergency. Landlord shall have the further right during the last four (4) months of the Lease Term to bring prospective tenants into the premises for the purpose of showing same. The County acknowledges the Premises is located on the first floor of a two (2) story multi-tenanted building; therefore, Landlord shall have reasonable

access to (a) the ceiling space either above the suspended ceiling or between the steel floor joists and (b) any Building utilities that may be in the Premises for the purpose of constructing improvements for other tenants. Landlord shall make reasonable efforts to minimize interference or disruption to the County.

17. GLASS PANE REPLACEMENT: The County, at The County's sole cost and expense, agrees to promptly replace any window or door glass pane that is broken, chipped or cracked, not as a result of structural failure or Landlord's negligence. Should the County fail to effect a replacement within a reasonable period of time, the Landlord may perform this work and the County shall reimburse Landlord for the cost thereof, as additional rent.

18. DEFAULT:

A. By The County: Any one of the following events shall constitute an event of default by the County under this Lease: (i) if the County fails to pay any Rent (or any installment thereof or additional rent) within ten (10) days after the same shall be due and payable and again fails to pay within 10 days after written notice having been made to the County for same, (ii) if the County shall breach or substantially fail in the observance or performance of any of the terms, conditions or covenants of the Lease to be observed or performed by the County, other than those involving the payment of Rent and such breach or failure is not cured within thirty (30) days (or such period as may reasonably be required to correct the default with the exercise of due diligence) after the County's receipt of written notice.

1. Upon the occurrence of any event of Default described in this section, Landlord shall have all rights and remedies provided in this Section, in addition to all rights and remedies available under this Lease and the laws of the State of Maryland. Except that Landlord shall have

no right to terminate or take other action against the County based on the Default if the County cures the Default before such action is taken.

2. In the event of default by the County under this Lease, then Landlord may, by successive suits, recover the rent due hereunder or, at its option, may re-rent from time to time said premises for the account of the County, and such re-renting may be for a term or terms equal to, less, or greater than the remaining term hereunder, provided the County 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, and Landlord shall be entitled to collect the rent accruing under such re-renting and to apply the same first to all costs and expenses, including commissions and attorney's fees incurred in connection with such re-renting and collection of rentals, and apply the balance of the deficiency in accrued rent under this Lease, and by successive suits recover any remaining deficiency from the County. All remedies granted in this section or otherwise provided by law shall be cumulative and, unless inconsistent, may be exercised separately or concurrently, or successively. A tenant other than the County, shall be liable to the Landlord for the payment of reasonable attorney's fees and court costs.

- B. By Landlord: If the Landlord or Landlord's assigns shall fail or neglect to keep and perform each and every one of Landlord's covenants, conditions, and agreements as contained herein, and such failure or neglect is not remedied within thirty (30) days (or such period as may reasonably be required to correct the default with

exercise of due diligence) after written notice from the County or the County's assigns specifying the default, then the County or the County's assigns, at the County's option, may pursue any legal remedies available to the County. Landlord shall not be liable for damages or injury to person or property of the County or of any other person or business unless notice is given in writing of any defect (a) which Landlord has under the terms of this Lease the duty to correct, and, (b) which has caused such damage or injury and Landlord has reasonably been given notice of the defect and sufficient time to correct such defect and even then, only if such damage or injury is due to Landlord's negligence.

- C. 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 County shall be permitted to retain possession of said premises, then such proceedings shall not constitute a waiver of any condition or agreement contained herein or of any subsequent breach thereof or of this agreement.

19. TERMINATION BY INSOLVENCY: In the event of:

- A. The filing of a petition by or against the County for adjudication of Tenant as a bankrupt under the Federal Bankruptcy Act as now or hereafter amended or supplemented, or for reorganization of Tenant within the meaning of Chapter X of the Bankruptcy Act, or for an arrangement within the meaning of Chapter XI of the Bankruptcy Act, or the filing of any petition by or against Tenant under any future bankruptcy act for the same or similar relief;
or

- B. The dissolution, or liquidation of Tenant, or the appointing of a receiver or trustee for a substantial portion of the property of Tenant, whether instituted by or against Tenant; or
- C. The taking possession of the property of Tenant by any governmental office or agency pursuant to statutory authority for the dissolution or liquidation of Tenant; or
- D. The making by Tenant of an assignment for the benefit of its creditors.

In the event of any of the above, then at the option of the Landlord, the Tenant's right of possession shall thereupon end and the Landlord may proceed to recover possession under the laws of the State of Maryland and seek any other remedy to which Landlord may be entitled under this Agreement and under the laws of the State of Maryland.

20. EMINENT DOMAIN:

- A. In the event that (at any time after the date of this lease) as the aggregate result of one or more takings by eminent domain, the capacity of the parking areas of the Building shall be reduced by twenty five percent (25%) or more, and if, within sixty (60) days after the occurrence of the most recent of such takings, Landlord at its option shall not have furnished substitute adjacent parking areas which shall meet with the County's approval (the County agreeing that such approval shall not unreasonably be withheld), the County may terminate this Lease by written notice to Landlord sent at any time after the expiration of said sixty (60) day period. If (at any time after the commencement date of this Lease) as the aggregate result of one or more takings by eminent domain, the square footage of the leased premises shall

be reduced by more than 10%, the County may terminate this Lease by written notice to Landlord given not more than sixty (60) days from the date title rests in the condemning authority.

- B. Should the County elect to remain in possession of the leased premises after any takings by eminent domain, the base rent and additional rents shall be reduced to reflect that proportion of the premises to which the County is denied normal occupancy as a result of the taking.
- C. Landlord reserves, and the County hereby assigns to Landlord, all rights to damages accruing on account of any taking by eminent domain of the leased premises, or the Building of which they are a part, or the leasehold hereby created.
- D. Although all damages in the event of any condemnation are to belong to the Landlord whether such damages are awarded as compensation for diminution in value of the leasehold or to the fee of the leased premises, the County shall have the right to claim and recover from the condemning authority, but not from Landlord, such compensation as may be separately awarded or is recoverable by the County in the County's own right on account of any and all damage to the County's business by reason of the condemnation and for or on account of any cost or loss to which the County might be put in removing the County's merchandise, furniture, fixtures, leasehold improvements and equipment.

21. DAMAGE TO PREMISES: If the leased premises shall be damaged by fire or other insured casualty, not due to the County's negligence, but are not thereby rendered untenable in whole or in part, Landlord shall promptly at its own expense cause such damage to be repaired, and

the base and additional rents shall not be abated. If by reason of any such occurrence, the leased premises shall be rendered untenable only in part, Landlord shall promptly at its own expense cause the damage to be repaired, and the base and additional rents meanwhile shall be abated proportionately as to the portion of the leased premises rendered untenable. If the leased premises shall be rendered wholly untenable by reason of such occurrence, the Landlord shall promptly at its own expense cause such damage to be repaired and the base and additional rent meanwhile shall be abated in whole, provided however, that Landlord and the County shall each have the right, to be exercised by notice in writing delivered to the other within sixty (60) days from and after said occurrence, to terminate this Lease Agreement, and in such event this Lease and the tenancy hereby created shall cease as of the date of the said occurrence, the rent to be adjusted as of such date. If fifty 50% or more of the Building is destroyed, Lease can be terminated by the Landlord or the County.

22. SUBORDINATION: The County agrees that this Lease shall be subordinate to any mortgages or deeds of trust that may hereafter be placed upon the leased premises and to any and all advances to be made thereunder, and to the interest thereon, and all renewals, replacement and extensions thereof, provided the mortgagee or trustee named in said mortgages or deeds of trust shall agree to recognize this Lease and the rights of the County hereunder. In the event of any mortgagee or trustee electing to have the lease a prior lien to its mortgage or deed of trust, then and in such event, upon such mortgagee or trustee notifying the County to that effect, this Lease shall be deemed prior in lien to the said mortgage or deed of trust, whether or not this Lease is dated prior to or subsequent to the date of said mortgage or deed of trust.

If any person shall succeed to all or part of Landlord's interest in the Leased Premises, whether by purchase, foreclosure, deed in lieu of foreclosure, power of sale, termination of Lease or otherwise, the County shall, without charge, attorn to such successor-in-interest upon written request from Landlord.

23. ESTOPPEL CERTIFICATES:

- A. The County agrees, at anytime and from time to time, upon not less than twenty (20) days prior written notice by Landlord, to execute, acknowledge and deliver to Landlord a statement in writing: (i) certifying that this Lease is unmodified and in full force and effect (or if there have been modifications the nature of same); (ii) stating the dates to which the rent and additional rent have been paid by the County; (iii) stating whether or not to the best knowledge of the County, Landlord is in default in the performance of any covenant, agreement or condition contained in this Lease, and, if so, specifying each such default of which the County may have knowledge, and (iv) stating the address to which notice to the County should be sent. Any such statement delivered pursuant hereto may be relied upon by an owner of the Building, any prospective purchaser of the Building, any mortgagee or prospective mortgagee of the building, or of Landlord's interest therein, or any prospective assignee of any such mortgage.
- B. Landlord and the County agree that this Lease shall not be recorded but that, upon request by either party, a short form lease of even date herewith, shall be executed and recorded in accordance with the laws governing and regulating recording of such documents in the state in which the leased premises are located, at the expense of the requesting party.

24. SURRENDER AND HOLDING OVER: The County, upon expiration or termination of this Lease, either by lapse of time or otherwise, shall peaceably render to Landlord the premises in broom clean condition and in good repair. In the event that the County shall hold over after the expiration of this lease, and any renewals thereof without the consent of Landlord, the tenancy created by such holding over shall be month - to- month tenancy only, but in all other respects shall be governed by the terms of this Lease, provided, however, that in all cases a thirty (30) day notice

shall be required to terminate the tenancy created by such holdover. If the County shall hold over after the expiration of this Lease, and any renewals thereof, it shall, in the absence of any agreement to the contrary, be month- to-month tenancy at one and one-half the monthly rate in effect during the last month of the expiring Lease term. In addition thereto, the County shall be liable for all other escalations and payments for reimbursement required under the Lease. Should the County hold over after the expiration of this Lease, and any renewals thereof, after first obtaining Landlord's written consent, the County's tenancy shall be deemed to be upon a month-to-month basis at one hundred and three percent (103.00%) of the base monthly rent paid during the last lease year of the term.

25. STATUTORY PROVISIONS: It is understood, agreed and covenanted by and between the parties hereto that Landlord and the County, as their interests may appear and at their respective expense, shall promptly comply with, observe and perform all of the requirements of all 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 or any local government and whether required of the Landlord or the County. The County shall be required to comply with all laws, rules, orders and regulations in regard to the premises and Landlord shall be required to comply with all laws, rules, orders and regulations in regard to the common areas and its activities as Landlord.

26. DEFINITION OF "LANDLORD": The term "Landlord" as used in this Lease means only the owner or the mortgagee in possession as owner for the time being of the land and building or the owner of the Lease of the building or of the land and building of which the premises form a part so that in the event of any sale or sales of said land and building or of said Lease, or in the event of a Lease of said building, or of the land and building, the Landlord hereunder shall be and hereby is entirely freed and relieved of all covenants and obligations of Landlord hereunder, and it shall be deemed and construed without further agreement between the parties or their successors in interest or between the parties and the purchaser at any such sale or the leasing of the building or of the land and building, that the purchaser or the lessee of the building has assumed and agreed to carry out any

and all covenants and obligations of Landlord hereunder.

27. LANDLORD NOT A PARTNER: It is expressly understood that the Landlord shall not be construed or held to be a partner or associate of the County in the conduct of the County's business; it being expressly understood that the relationship between the parties hereto is and shall remain at all times that of Landlord and the County.

28. FIRE EXTINGUISHERS: The County shall be obligated to supply and maintain at its own cost and expense any fire extinguishers or other fire prevention equipment required by law, rules, orders, ordinances, regulations and/or recommendations of the City, County, State, Rating Bureau or Underwriters Association having jurisdiction in the area in which the leased premises are located.

29. LANDLORD'S TITLE AND COVENANT OF QUIET ENJOYMENT: Landlord covenants that it has full right and power to execute and perform this Lease, and that it will put the County into complete and exclusive possession of the leased premises. Landlord further covenants that the County, on paying the rents reserved herein and performing the covenants and agreements hereof, shall peaceably and quietly have, hold and enjoy the leased premises and all rights, easements, appurtenances and privileges thereunto belonging or in any way appertaining, during the full term of this lease, and any extension or renewals hereof.

30. FORCE MAJEURE: Anything in this agreement to the contrary notwithstanding, providing such cause is not due to the willful act or negligence of either party, 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, warlike operation, invasion, rebellion, hostilities, military or upsurged power, sabotage, governmental regulations or controls, inability to obtain any material, service through Act of God or other cause beyond the control of either party. For purposes of this provision, lack of funds shall not be considered a cause beyond the

control of a party.

31. GENERAL PROVISIONS: It is further understood and agreed, that this instrument contains the entire agreement between the parties hereto and shall not be modified in any manner except by an instrument in writing executed by the parties hereto, and that the conditions and agreements herein are binding on, and may be legally enforced by the parties hereto, their executors, administrators, successors and assigns, respectively, and that no waiver of any breach of any condition or agreement contained herein shall be construed to be a waiver of that condition or agreement or of any subsequent breach thereof, or of this agreement. Feminine or neuter pronouns shall be substituted for those of the masculine form, and the plural shall be substituted for the singular number in any place herein in which the context may require such a substitution.

Accord and Satisfaction. No payment shall be deemed an accord and satisfaction.

Successors. Unless stated otherwise, all rights and obligations of the parties shall extend to their respective heirs, successors, and assigns.

Assignment by Landlord. Landlord may assign its rights without notice to or consent of the County. Landlord may also delegate its obligations under this Lease to a bona fide third-party purchaser for value without notice to or consent of Tenant and Landlord shall have no further obligations under this Lease after Tenant has notice of the delegation.

Brokers. With regard to the Premises, the County warrants that it has not dealt with any finders, real estate agents, or brokers.

Legal Fees. Nothing in this lease shall require Montgomery County to pay any attorney's fees, but if the Tenant is any party other than Montgomery County then the preponderantly defaulting party shall pay the preponderantly prevailing party's reasonable expenses, court costs, and attorney's fees in any (a) reasonable collection effort, or (b) proceeding to enforce the Lease.

Invalidity. All Lease provisions shall be enforced to full extent allowed by law. No provision shall be invalid because the provision, if enforced to its fullest, would be invalid. All of the Lease not declared invalid by a court shall remain in force.

Summary Proceedings. If Landlord commences any summary proceeding for failure to pay any money, the County shall not counterclaim.

Captions. Unless used otherwise, captions and numbers do not affect the Lease.

Covenants. Every provision that obligates Landlord/ the County is a covenant by Landlord/ the County.

Jurisdiction. This Lease shall be construed without regard to the author and only under the laws of Maryland. Any cause of action between the parties shall be tried only in Maryland state courts under both the substantive and procedural law of Maryland only.

No Option. The submission of this document is not an offer, option or reservation; this Lease becomes binding only on execution and delivery by both Landlord and the County.

32. NON-DISCRIMINATION: Landlord 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 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 age, color, creed, ancestry, national origin, marital status, race, religious belief, sexual preference or disability.

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

34. PUBLIC EMPLOYMENT: Landlord understands that unless authorized under

Chapter 19A and 11B-52 of the Montgomery County Code 1994, as amended, it is unlawful for any person transacting business with Montgomery County, Maryland, to employ a public employee for employment contemporaneous with his or her public employment.

35. NON-APPROPRIATION: This Lease is subject to the appropriation of funds. If funds are not appropriated, for any reason whatsoever, the Lease will automatically terminate on July 1 of such year. The County shall provide Landlord with no less than forty-five (45) days' written notice of termination. The Landlord shall not make or be entitled to any claim for reimbursement of any kind, whether for improvements or prepaid items.

36. WAIVER OF JURY TRIAL: Should any controversy arise by and between the parties concerning any of the terms and conditions contained in this Lease, or the payment of any monies due hereunder, each of the parties hereby knowingly, voluntarily and intentionally waives its right to a jury trial and freely elects to be tried by a court of competent jurisdiction without a jury in the State where the Leased Premises is located.

37. RULES AND REGULATIONS: The County will comply with all rules and regulations now in effect, or that may hereafter be enacted by the County, State or Federal Government, insofar as the same pertains to the conduct of the County's business in the demised premises. Landlord shall not be liable for any violation of the Rules and Regulations; there are no Rules and Regulations as of lease signing.

38. MAILING NOTICES: All notices required or desired to be given hereunder by either party to the other shall be given by hand delivery or certified or registered mail. Notice deemed given five (5) days after mailing or upon receipt or refusal to accept if hand delivered. Notices to the respective parties shall be addressed as follows:

LANDLORD:

Halcyon Associates, LTD.
c/o Standard Properties, Inc.
5500 MacArthur Boulevard, N.W.
Washington, D.C. 20016-2594
Tel.202-244-5800
Fax.202-244-5825

THE COUNTY:

MONTGOMERY COUNTY
Leasing Management
Division of Facilities and Services
110 North Washington Street, Suite 318
Rockville, Maryland 20850
Tel.240-777-608/fax. 240-777-6109 fax

39. ENVIRONMENTAL:

- A. Prohibitions. The County shall prevent any section 39(A-C) Hazardous Materials and Emanations from being used, generated, stored, or disposed on, under, or about, or transported to or from the Premises or Building, other than small quantities of retail, household, or office chemicals that are (a) customarily sold over-the-counter to the public and (b) directly related to the Section 6 Permitted Use.
- B. Corrective Action. If any violation of this section of Prohibitions occurs, the County shall promptly (a) notify Landlord by telephone and in writing and (b) remove, clean-up, dispose of, remedy, or stop any Hazardous Materials or Emanations.
- C. Hazardous Materials and Emanations. "Hazardous Materials or Emanations" include but are not limited to any pollutant, contaminant, toxic or hazardous waste, dangerous material, potentially dangerous material, noxious material, toxic material, flammable, explosive or radioactive material, including but not limited to biological or medical waste, mercury, lead, urea formaldehyde, asbestos, PCB's, X-rays, micro-waves, electromagnetic field or any other material or emanation, whose use or mere ownership is restricted, prohibited, regulated, or penalized by any and all federal, state, county, district, commission or municipal statute, laws, or regulations now or at any time hereafter in effect, including but not limited to the Comprehensive Environmental

Response, Compensation, and Liability Act (42 U. S. C. §§ 9601 *et seq.*), the Hazardous Materials Transportation Act (49 U. S. C. §§ 1801 *et seq.*), the Federal Water Pollution Control Act (33 U. S. C. §§ 1251 *et seq.*), the Clean Air Act (42 U. S. C. §§ 7401 *et seq.*), the Toxic Substances Control Act, as amended (15 U. S. C. §§ 2601 *et seq.*), and the Occupational Safety and Health Act (29 U. S. C. §§ 651 *et seq.*), as these laws have been amended or supplemented.

- D. Cooperation. At Landlord's request, the County shall truthfully complete any questionnaires and fully cooperate with any inspections or testing, including but not limited to removal of samples. All questionnaires, testing, and samples shall relate to the use or presence of Hazardous Materials or Emanations. If requested, the County shall provide Landlord with copies of the County's Material Safety Data Sheets.

40. LANDLORD'S RIGHT TO PERFORM: Even if the County is not in default, if the County fails to perform fully and promptly, then Landlord may, at Landlord's sole discretion after making reasonable efforts to contact the County, cure the County's failure, and the County shall pay the cure's reasonable costs.

LEASE ADDENDUM #1 - OPTION TO EXTEND TERM

LA # 1(a) Extension Term: In accordance with this LA # 1. The County may extend the term once for ONE FIVE – year Extension term only. If the conditions in LA #1 (b) Requirements to Extend are not met, then the County's option to extend shall be automatically void.

LA # 1 (b) Requirements to Extend. If (a) the County is not in default, (b) the Lease is in force, (c) the Lease has not been assigned and the Premises has not been sublet, and (d) at least THREE months but not more than SIX months before the end of the initial Term, the County gives Landlord notice that the County will extend, then the Term shall be extended. **TIME IS OF THE ESSENCE FOR THE COUNTY'S NOTICE TO LANDLORD.**

LA# 1 (C) First Extension Term Base Rent – Lease Year # 6. The Base Rent of the First Extension Term (Lease Year # 6) will be a greater of (a) or (b):

(a) An annual Base Rent of \$125,724.00, paid in equal monthly installments of \$10,477.00, or;

(b) The "CPI-Adjusted Annual Rent," paid in equal monthly installments and as calculated by:

CPI-U, January 2005 X \$107,148.00 = CPI – Adjusted Annual Rent
CPI-U, January 2000

CPI-U IS THE U.S. Bureau of Labor Statistics' Consumer Price Index for all Urban Wage Earners. (CPI-U) U.S. City Average, All items 1982-84=100 or the appropriate replacement index.

LA # 1 (d) Extension Term Base Rent – Lease Years # 7 – 10. By the same method as the Initial Term Base Rent Schedule, the Base Rent for each or the subsequent Extension Term Lease Years after Lease Year # 6 shall be increased by 3 ¼ % of the Base Rent of the previous Lease Year.

LA # 1 (e) Other Provisions: Unless noted otherwise, all other Lease terms and conditions, including but not limited to the payment of Additional Rent, shall remain the same during the Extension Term. If, at the start of any Extension Term, the customary insurance coverage for this type of lease and the County has increased, then the County will increase its coverage.

Landlord: DANIEL, DANIEL, AND DANIEL _____

Tenant: MONTGOMERY COUNTY, MARYLAND _____

August 16, 2000

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LEASE ADDENDUM #2 X IMPROVEMENTS

LA # 2 (a) Landlord's Work: Landlord shall perform only the following "Landlord's Work" as per attached Exhibit "A". Some Landlord's Work may be existing. Unless noted otherwise, all work shall be building standard. Landlord shall provide and install only:

1. General. Place existing improvements in good working order.
2. Operations Area Floor. As per Exhibit "A".
3. Operations Area Overhead Door. Remove existing overhead door and replace with insulated metal minimum 10' wide by 9' high overhead door with eye-level vision inserts.
4. Operation Area Toilet Room. As per Exhibit "A".
5. Fire Extinguishers and Fire Alarm System: Remove
6. New Tenant Separation Partition: Install as required.

LA # 2 (b) The County's Work in General: Other than Landlord's Work, the County shall provide and install any necessary additional improvements for the County's business, including but not limited to additional partitions, lighting, HVAC, modular office furniture, electrical distribution, special equipment, systems furniture, telephone wiring and systems, computer systems, alarm systems, etc., and any associated plans, permits, and code items, including but not limited to, fire suppression systems for specific equipment and low voltage wiring permits.

Warranty- Landlord warrants the existing improvements and Landlord's Work for one (1) year from the starting date.

County shall install, at its sole expense, an antenna to be placed on the roof of the building. County shall submit plans and specifications to Landlord for review and approval.

County shall replace all exterior locks.

LEASE EXHIBIT "A" FY 2000 CONSOLIDATED TAX BILL



REAL PROPERTY CONSOLIDATED TAX BILL
TAX PERIOD 07/01/1999 - 06/30/2000
FULL YEAR BILL
LEVY YEAR 1999

Department of Finance
 Division of Treasury
 265 Rockville Pike, L-15
 (Monroe Street Entrance)
 Rockville, MD 20850

Hours: 8:00 a.m. - 4:30 p.m.
 Mon. - Fri.

HALCYON ASSOCIATES
 5500 MCARTHUR BLVD NW
 WASHINGTON DC 20016-2536

STATUS: NOT A PRINCIPAL RESIDENCE

LOT	BLOCK	DISTRICT	SUB	TAX CLASS	BILL NUMBER	ACCOUNT NUMBER
		DC	001	R042	99264751	03023304
MORTGAGE INFORMATION		PROPERTY ADDRESS			REFUSE AREA	REFUSE UNITS
		OAKMONT AVE			R35	21

TAX DESCRIPTION	ASSESSMENT	RATE	TAX/CHARGE
COUNTY PROPERTY TAX	1,157,120	1.863*	21,557.15
STATE PROPERTY TAX	1,157,120	.210*	2,429.95
WSSC FRONT FOOT BENEFIT CHG			1,201.80
SPECIAL AREA PROPERTY TAX		.688	7,960.97
SOLID WASTE CHARGE		244.29	5,130.09
	TOTAL		38,279.96

*PER \$100 OF ASSESSMENT

CURRENT YEAR TAXABLE ASSESSMENT
1,157,120

PROPERTY DESCRIPTION
PLAT 19010 PAR J BAUER TRACT

CONSTANT YIELD RATE INFORMATION
COUNTY RATE OF 1.863 IS LESS THAN CONSTANT YIELD RATE OF 1.900 BY .037

*S6I D
OKR*

5-514

TO MIDLAND 8-1-99

PAYMENT OPTIONS

TOTAL ANNUAL AMOUNT DUE	38,279.96
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PLEASE RETAIN THE TOP PORTION FOR YOUR RECORDS

SEMI ANNUAL PAYMENT OPTION:	
AMOUNT DUE BY SEPT 30, 1999	N/A
REMAINING AMOUNT	
SERVICE CHARGE	
AMOUNT DUE BY JAN 31, 2000	

REMAINING WSSC BALANCE AFTER PAYMENT IS 17877.19

Landlord: DANIEL, DANIEL, AND DANIEL _____
 Tenant: MONTGOMERY COUNTY, MARYLAND _____

August 16, 2000
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IN WITNESS WHEREOF, the parties hereto have caused this agreement to be properly executed.

WITNESS:

LANDLORD:
HALCYON ASSOCIATES,LTD

By: Daniel Paltis

By: John Daniel
Typed: JOHN DANIEL
Title: General Partner

Date: 8/17/00

Date: 8/17/00

WITNESS:

TENANT:
MONTGOMERY COUNTY,
MARYLAND

By: Rebecca L. Domaruk

By: William M. Mooney
WILLIAM MOONEY, ASSISTANT
CHIEF ADMINISTRATIVE OFFICER

Date: 8-22-00

Date: 8/22/00

APPROVED AS TO FORM AND LEGALITY
OFFICE OF THE COUNTY ATTORNEY

RECOMMENDED

By: Richard H. McQuist
Associate County Attorney

By: J. Ronald Smith
J. Ronald Smith, Chief
DIVISION OF FACILITIES AND SERVICES

Date: 8-16-00

Date: 8/16/00

Landlord: DANIEL, DANIEL, AND DANIEL _____

August 16, 2000

Tenant: MONTGOMERY COUNTY, MARYLAND _____

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