

SECOND LEASE EXTENSION AGREEMENT

THIS SECOND LEASE EXTENSION AGREEMENT (the "Second Extension") made this 21st day of MAY, 2014, by and between VNO ROCKVILLE, LLC, a Delaware limited liability company (hereinafter "Landlord"), and MONTGOMERY COUNTY, MARYLAND, a body corporate and politic and a political subdivision of the State of Maryland (hereinafter "Tenant").

WITNESSETH:

WHEREAS, Landlord (by its predecessor-in-interest) and Tenant entered into that certain lease agreement dated April 15, 2003 (the "Original Lease"); as amended by a Certificate of Commencement dated September 30, 2008; and as amended and extended by a First Lease Modification and Extension Agreement dated April 6, 2009 (collectively referred to hereinafter as the "Lease"), which provide for the leasing of Suite 202, as shown on Exhibit A attached hereto, consisting of approximately 6,246 square feet of floor area (the "Leased Premises"), in the building known as The Rockville Town Center (the "Building"), located at 199 E. Montgomery Avenue, Rockville, Maryland 20850, for a Term which expires on September 30, 2013; and

WHEREAS, Landlord and Tenant desire to further extend the Term of the Lease.

NOW, THEREFORE, based on the mutual promises and covenants between the parties hereto, and other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the parties hereto agree as follows:

1. **Recitals.** The above recitals are incorporated by reference as if fully set forth herein.
2. **Term of Extension.** The Lease is hereby extended for a further period of Five (5) years, commencing on October 1, 2013 (the "Second Extended Term Effective Date"), and expiring at 11:59 PM on September 30, 2018 (the "Second Extended Term").
3. **BOMA Method of Measurement.** The parties agree that effective on the Second Extended Term Effective Date, the rentable square footage of the Leased Premises shall be deemed to be 6,554 rentable square feet based upon the "Standard Method for Measuring Floor Areas in Office Buildings", ANSI/BOMA Z65.1-1996 published by the Building Owners and Managers Association International ("BOMA").

4. Base Annual Rent.

(a) Tenant shall pay Base Annual Rent for the Leased Premises for the Second Extended Term in the amount of One Hundred Sixty-Seven Thousand One Hundred Twenty-Seven and 00/100 Dollars (\$167,127.00), payable in equal monthly installments of Thirteen Thousand Nine Hundred Twenty-Seven and 25/100 Dollars (\$13,927.25), commencing on the Second Extended Term Effective Date.

(b) On the first (1st) anniversary of the Second Extended Term Effective Date, and each subsequent anniversary thereof, the Base Annual Rent for the Leased Premises shall increase by Three Percent (3%) of the Base Annual Rent for the Leased Premises for the Second Extended Term in effect for the year immediately prior thereto. The escalated Base Annual Rent for the Leased Premises for the Second Extended Term so determined shall be the "Base Annual Rent" for the Leased Premises for the Second Extended Term for all purposes of the Lease, as hereby extended, including, but not limited to, the calculation of the increases in Base Annual Rent for the Leased Premises for the Second Extended Term in subsequent years. The increase in Base Annual Rent for the Leased Premises for the Second Extended Term shall be calculated without regard to any waiver of rent or rent credit provided to Tenant.

(c) The following table outlines the Base Annual Rent payable by Tenant over the Second Extended Term for the Leased Premises calculated as set forth in Paragraphs 4(a) and 4(b) above, provided, however that in the event of any conflict between the provisions of this Paragraph 4(c)) and the provisions of Paragraphs 4(a) and 4(b), the provisions of Sections 4(a) and 4(b) shall control:

Period	Base Annual Rent	Base Monthly Rent
10/1/13 – 9/30/14	\$167,127.00 *	\$13,927.25
10/1/14 – 9/30/15	\$172,140.81 **	\$14,345.07
10/1/15 – 9/30/16	\$177,305.03	\$14,775.42
10/1/16 – 9/30/17	\$182,624.19	\$15,218.68
10/1/17 – 9/30/18	\$188,102.91	\$15,675.24

* See Paragraph 4(d) below for rent abatement provision.

** See Paragraph 8(a) for possible contingent use of part of Landlord's Contribution for additional rent abatement

(d) Rent Abatement for the Leased Premises. Provided Tenant is not then in default of any of the terms or conditions of the Lease, as hereby extended, then notwithstanding anything to the contrary in Paragraphs 4(a) and 4(c) above, Landlord agrees to abate Twenty-Thousand Eight Hundred Ninety and 88/100 Dollars (\$20,890.88) of Base Annual Rent due for the Leased Premises for the period commencing at 12:01 A.M. on October 1, 2013 and expiring at 11:59 P.M. on November 14, 2013. Notwithstanding anything to the contrary, in the event the Second Extended Term contains any partial calendar month(s), the amount of rent waived for such partial calendar month(s) shall be prorated by multiplying the aforesaid monthly rent abatement amount by a fraction using as the numerator the number of days in such calendar month that are within the Second Extended Term and using as the denominator the total days in such month. Notwithstanding the foregoing, said rent abatement provided herein shall not affect or delay the timing, calculation and Tenant's payment obligation of Base Annual Rent escalations as set forth in Paragraph 4(b) and 4(c) above for the Second Extended Term.

5. Additional Rent. For purposes of calculating Additional Rent for the Leased Premises for the Second Extended Term, the Tenant's pro rata shares of increases in Operating Expenses and Real Estate Taxes shall be as follows:

- (i) **Increases in Real Estate Taxes:** Tenant's pro rata share, equal to Six and Seventy-Three Hundredths Percent (6.73%), of the amount of Real Estate Taxes in excess of the Base Year Real Estate Taxes;
- (ii) **Increases in Operating Expenses:** Tenant's pro rata share, equal to Thirty-Two Percent excess of the Base Year Operating Expenses;

and the Base Year shall be Landlord's Fiscal Year ending on December 31, 2014. Tenant's obligation to pay such Additional Rent for the Second Extended Term shall accrue and commence on January 1, 2015. Tenant shall pay all Additional Rent for the Leased Premises which may have accrued prior to the Second

Extended Term Effective Date (including any year end reconciliations) based on the terms stipulated in the Lease prior to this Second Extension. Tenant's pro-rata shares are based upon the following denominators: rentable area of Building -- 97,417 BOMA rentable square feet; rentable area of Second (2nd) Floor (containing the total designated office area of the Building) -- 20,479 BOMA rentable square feet.

6. **Acceptance of Space.** Subject to Landlord's obligations pursuant to Paragraph 7 of this Second Extension, Tenant accepts the Leased Premises in its existing "as is" condition and shall be obligated for the payment of rent hereunder, regardless of any time required to construct, alter or redecorate the Leased Premises to Tenant's requirements.

7. **Landlord's Work.** Landlord, at its sole cost and expense, shall perform the following work ("Landlord's Work") during the first year of the Second Extended Term:

(a) Solar film will be applied by Landlord from the roof of the Building onto a total of twenty-four (24) panes of glass on the East, South and West facing sides of the Building tower of which a portion of the Leased Premises is a part.

(b) Landlord shall have a MEP survey of the existing HVAC system serving the Leased Premises performed. The survey shall be performed and Landlord shall provide the County with a remedial measure plan, based upon the results of that survey within sixty (60) days following full execution of this Second Extension.

(c) Landlord shall flush the floor drain traps in the second floor common area bathrooms on a monthly basis. If this methodology does not alleviate the odor issue currently in the bathrooms within sixty (60) days following full execution of this Second Extension, Landlord at its sole cost shall retain a MEP engineer and professional plumber and make good faith commercially reasonable efforts to alleviate this odor issue.

8. **Remodeling of the Leased Premises.**

(a) Provided Tenant is not then in default (after notice and expiration of the applicable cure period, if any) of any of the terms or conditions of the Lease, the Leased Premises shall be remodeled substantially in accordance with plans to be approved by both Tenant and Landlord, and Landlord shall contribute to the cost of such remodeling, including the cost of all architectural and mechanical construction drawings (including space planning), the sum of One Hundred Thirty-One Thousand Eighty and 00/100 Dollars (\$131,080.00) ("**Landlord's Contribution**"). Any costs in excess thereof shall be paid by Tenant. Provided Tenant is not then in default of any of the terms or conditions of this Lease, at Tenant's option any unused portion of the aforesaid Landlord's Contribution may be applied by Tenant toward Tenant's rent obligations hereunder. Notwithstanding the foregoing, Tenant must use the entire Landlord's Contribution, or designate it to be applied toward Tenant's rental obligations by the first anniversary of the Second Extended Term Effective Date or the unused monies shall be forfeited and Tenant shall have no further claim to the unexpended portion of the Landlord's Contribution. **LANDLORD AGREES TO SEND NOTICE TO TENANT AT LEAST THIRTY (30) DAYS PRIOR TO THE FIRST ANNIVERSARY OF THE SECOND EXTENDED TERM EFFECTIVE DATE ADVISING TENANT OF ANY UNEXPENDED BALANCE OF THE LANDLORD'S CONTRIBUTION, IF ANY, AND OF TENANT'S RIGHT TO DESIGNATE THOSE MONIES FOR USE AS ADDITIONAL RENT ABATEMENT.**

(b) Tenant shall select its own contractors to remodel the Leased Premises, subject to Landlord's approval of said contractors and the working drawings, not to be unreasonably withheld. Tenant shall submit to Landlord for Landlord's approval the qualifications of Tenant's intended contractors, the working drawings and the construction drawings. Tenant's contractors' work shall be performed in accordance with the Lease and the Landlord's Construction Work Rules and Regulations for the Building, and shall be under the reasonable

supervision and control of Landlord or its designated agent with respect to access to the Leased Premises, permitted use of elevators, approval of plans, inspection by governmental authorities, and work that will or may affect the Building Structure and Systems. Tenant shall provide Landlord with Tenant-approved invoices for such remodeling work from Tenant's contractors or vendors and all required building inspection approvals and certificates of occupancy. Provided Tenant is not then in default (after notice and expiration of the applicable cure period, if any) of any of the terms or conditions of this Lease, and provided that executed waiver of lien forms have been received by Landlord from all of Tenant's contractors and their subcontractors for all work to be paid for, Landlord shall then pay directly Tenant's contractors every thirty (30) days for such expenses, up to the amount of Landlord's Contribution. Tenant shall commence paying rent on the Second Extended Term Effective Date (subject to Paragraph 4(d)), regardless of any time required to construct, alter or redecorate the Leased Premises to Tenant's requirements.

(c) Tenant shall be responsible for obtaining at Tenant's sole cost and expense the construction and occupancy permits for the Leased Premises. Tenant shall be responsible for obtaining any other permits or licenses necessary for its lawful occupancy of the Leased Premises. Tenant shall provide Landlord with a copy of all such permits and licenses. Landlord shall reasonably cooperate with Tenant to procure all necessary permits from government authorities.

(d) Landlord shall have ten (10) calendar days to review and approve or disapprove Tenant's construction drawings and four (4) business days to review and approve or disapprove Tenant's change orders.

(e) Landlord shall have the right to approve any architect and/or engineer selected by Tenant, which approval shall not be unreasonably withheld or delayed, and each of Tenant's architects and engineers shall be licensed in the jurisdiction in which the Leased Premises are located and shall maintain (and provide Landlord with evidence of the existence of) professional liability insurance adequate in Landlord's reasonable judgment. Tenant's preliminary plan, whether prepared by an architect or engineer selected by Landlord or by Tenant's architect or engineer, shall provide sufficient information to permit working drawings and cost estimate to be prepared. Upon completion of Tenant's remodeling work, Tenant shall provide Landlord, at Tenant's expense, with "as-built" plans of the Leased Premises. If the Leased Premises as reflected on Tenant's plans are not in compliance with applicable building and fire codes, or do not comply with all requirements of the ADA, then Tenant's plans shall not be, nor shall they be deemed to be, acceptable to Landlord. Landlord's approval of Tenant's plans or work does not constitute certification by Landlord that said plans or work meet the applicable requirements of any building or fire codes, laws or regulations, or the ADA, nor shall it impose any liability whatsoever upon Landlord.

(f) Tenant hereby designates Geoffrey Parr, Facilities and Security Manager, Montgomery County Sheriff's Office ("**Tenant's Construction Representative**"), whose address is Montgomery County Sheriff's Office, 50 Maryland Avenue, 4th Floor, Rockville, Maryland, 20850, and whose telephone number is 240-762-0656 (cell) and 240-777-7008 (office), who may act as its agent for purposes of authorizing and executing any and all documents, work orders or other writings and changes thereto needed to effectuate construction of the Alterations, and any and all changes, additions or deletions to the work contemplated herein. Tenant may designate a substitute or additional Tenant's Construction Representative by written notice thereof to Landlord, however, in the event that more than one person is designated as Tenant's Construction Representative, the act of any one of such persons, acting alone, shall be sufficient to bind Tenant. Tenant's Construction Representative shall have full power and authority to bind Tenant to all actions taken with regard to the Alterations and Landlord shall have the right to rely on any documents executed by such authorized party.

(g) Landlord hereby designates Michael Kelley ("Landlord's Construction Representative"), whose address is c/o Vornado/Charles E. Smith L.P., 2345 Crystal Drive, Suite 1100, Arlington, Virginia 22202, and whose telephone number is (703) 769-8200, who may act as its agent for purposes of granting any approvals requested by Tenant, including approval of Tenant's plans and any change orders. Landlord may designate a substitute or additional Landlord's Construction Representative by written notice thereof to Tenant, however, in the event that more than one person is designated as Landlord's Construction Representative, the act of any one of such persons, acting alone, shall be sufficient to bind Landlord. Landlord's Construction Representative shall have full power and authority to bind Landlord to all actions taken with regard to the Alterations and Tenant shall have the right to rely on any documents executed by such authorized party.

(h) Landlord shall comply with all final orders of any federal government agency to conform the common areas of the Building with the requirements of the Americans with Disabilities Act (ADA). Tenant shall be responsible, at Tenant's expense, for compliance of the Leased Premises with the ADA.

9. Parking

(a) Parking Permits. Notwithstanding anything in the Lease prior to this Second Extension to the contrary, Tenant acknowledges that the parking areas currently available for use by tenants in the Building are not owned or controlled by Landlord and that Tenant will need to negotiate directly with the parking operator (currently the Duball LLC) for any parking permits. Landlord makes no representations regarding the availability of parking.

(b) Parking Charge. Parking charges are set by the parking operator and not by Landlord

(c) Parking Area. Parking is currently available for Tenant use in the parking garage adjacent to the Building and/or in the surface lot immediately across East Montgomery Avenue from the Building (the "Parking Area"); provided, however that as stated in Paragraph 8(a), Landlord does not control the Parking Area and makes no representations regarding the availability of parking.

10. Notices. Paragraph 13 of the First Lease Modification and Extension Agreement and Section 34 of the Original Lease shall be of no further force or effect regarding notice to Landlord, and Section 22 of the Addendum to the Original Lease is hereby deleted in its entirety and the following is hereby substituted in lieu thereof:

"(a) Address for Notices to Landlord:
(for notices required by this Lease)

VNO Rockville, LLC
c/o Vornado/Charles E. Smith L.P.
2345 Crystal Drive
Suite 1100
Arlington, Virginia 22202
Attention: President

and to:

VNO Rockville, LLC
c/o Vornado Realty Trust
210 Route 4 East
Paramus, New Jersey 07652
Attention: Chief Financial Officer

With a copy to:

VNO Rockville, LLC
c/o Vornado/Charles E. Smith L.P.
2345 Crystal Drive
Suite 1100
Arlington, Virginia 22202
Attention: Chief Operating Officer

(b) **Address for Payment of Rent:**

VNO Rockville, LLC
c/o Vornado/Charles E. Smith L.P.
P.O. Box 416422
Boston, Massachusetts 02241-6422”.

10. **Brokers and Commissions.** Landlord and Tenant each hereby represent and warrant that, in connection herewith, each did not retain, consult or deal with any broker or real estate agent, salesperson or finder (Vornado/Charles E. Smith L.P.), and there is no commission, charge, or other compensation due on account thereof in regard thereto, excepting only Vornado/Charles E. Smith L.P., whose commissions are the responsibility of Landlord. The rights, obligations, warranties and representations herein shall survive the expiration or sooner termination hereof.

11. **Non-Appropriation:**

(a) **Obligations Subject to Appropriation.** Landlord acknowledges that the County (defined below) has appropriated funds only for payment of rent and other sums due Landlord for the first year of the Second Extended Term. Landlord further acknowledges and agrees that, except for the Transaction Costs (as hereinafter defined) the County’s obligations under the Lease to pay Base Annual Rent and Additional Rent (“Rent”) and other sums due Landlord hereunder in future years is subject to the appropriation of funding for such purpose in future years by the County. The term County, as used herein, includes the Tenant, the County Executive, the County Council, and all County employees and agents of the County. The County makes no warranty, guarantee, or representation and undertakes no obligation to request or obtain an appropriation of funds in future years for payment of Rent and other sums due Landlord (except for the Transaction Costs). Landlord acknowledges and agrees that the County’s budget constitutes an executive and legislative function that cannot be contracted away. Except for payment of the Transaction Costs, Landlord irrevocably waives any claim against the County for unpaid Rent and other sums due Landlord after the date of non-appropriation (i.e., the last day for which funding is appropriated), if funds are not appropriated in future years for payment of Rent and other sums due Landlord, including any claim that the failure to appropriate such funds constitutes a breach of any express or implied covenant of good faith and fair dealing or any other implied obligation on the part of the County to appropriate funds. Notwithstanding anything set forth in this Lease to the contrary, Landlord does not waive any claims relating to the payment of the Transaction Costs which arise from the County’s performance of its obligations under the Lease prior to the date the County properly vacates the Leased Premises as required hereunder.

(b) **Timing of Non-Appropriation.** If the County, in its sole discretion, elects not to appropriate funds for payment of Rent and other sums due Landlord in future years of this Lease, then this Lease shall automatically terminate at 11:59 p.m. on the last day for which funding is appropriated. The County’s fiscal year begins July 1 and ends June 30. It is anticipated that the final action on the County’s budget for the upcoming fiscal year will take place each May, between the 15th and 31st of the month. The County shall give the Landlord notice, in writing, no more than seven (7) business days after the County makes a final decision not to appropriate funds sufficient for the County to pay Rent and other sums due Landlord for a full fiscal year under this Lease. Such notice will clearly state the number of months, if any, in the upcoming fiscal year for which the County has appropriated funds sufficient to pay Rent and other sums due Landlord and will state the date relating thereto by which the County will vacate the Leased Premises.

(c) **Effect of Termination.** If this Lease is terminated under this section due to non-appropriation, the County shall immediately pay Landlord a Termination Fee equivalent to Landlord’s unamortized transaction

costs ("Transaction Costs") (such amount being in addition to any Rent due under this Lease). The Transaction Costs shall include (i) Landlord's contribution to the Tenant Improvements (including, if applicable, the Excess Costs) and (ii) the rent abatement for the first Lease Year. These Transaction Costs shall be amortized on a straight-line basis over the Renewal Term


12. **REIT Limitations.** Notwithstanding any other provision of the Lease, as hereby extended, neither Tenant nor any direct or indirect assignee or subtenant of Tenant may enter into any lease, sublease, license, concession or other agreement for use, occupancy or utilization of space in the Leased Premises which provides for a rental or other payment for such use, occupancy or utilization based in whole or in part on the net income or profits derived by any person from the property leased, occupied or utilized, or which would require the payment of any consideration which would not fall within the definition of "rents from real property", as that term is defined in Section 856(d) of the Internal Revenue Code of 1986, as amended.

13. **Lease.** Section 33 of the Original Lease, and Sections 20(i) and 29 of the Addendum to the Original Lease are hereby deleted. Except as amended, modified or revised by this Second Extension, all other terms and conditions of the Lease shall remain in full force and effect.

14. **Defined Terms.** Terms that are defined in the Lease shall have the same meanings when such terms are used in this Second Extension unless stated herein to the contrary.


IN WITNESS WHEREOF, the parties hereto have caused this Second Extension to be duly executed as of the day and year hereinbefore first written.

WITNESS FOR LANDLORD:

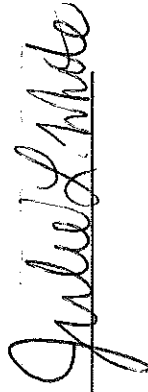

Name: _____
Title: _____
Date: _____

LANDLORD:

VNO ROCKVILLE LLC


By:  (SEAL)
Name: Mitchell N. Schear
Title: Authorized Signatory
Date: 4/21/14

WITNESS/ATTEST FOR TENANT:




TENANT:

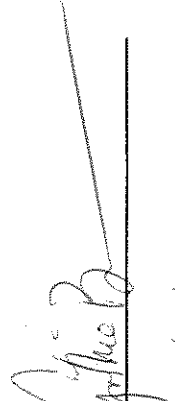
MONTGOMERY COUNTY, MARYLAND

By:  (SEAL)
Name: Ramona Bell-Pearson
Title: Assistant Chief Administrative Officer
Date: January 29, 2014

APPROVED AS TO FORM AND LEGALITY OFFICE OF THE COUNTY ATTORNEY:

By: 

RECOMMENDED:

By: 

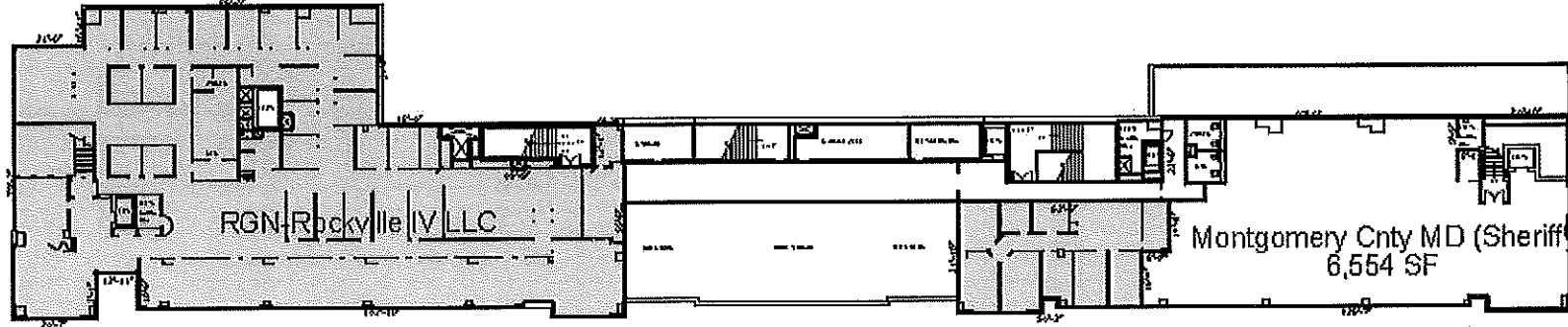
Date: 1/29/2014

Date: 4/23/13

EXHIBIT A
LEASED PREMISES FLOOR PLAN

ROCKVILLE MD (RRKM)
Level 2
Occupancy as of 12/16/2013

MONROE STREET



EAST MONTGOMERY AVENUE

MARYLAND AVENUE