

LEASE
BETWEEN
HESTER, INC. a/k/a ELDRIDGE, INC.
AND
MONTGOMERY COUNTY, MARYLAND

DATED: June 30, 1998

LEASE AGREEMENT

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LEASE AGREEMENT

THIS LEASE, made and executed this 30 day of June, 1998 by and between HESTER, INC. a/k/a ELDRIDGE, INC., a Delaware corporation, having an office at 250 Hungerford Drive, Rockville, Maryland 20850, hereinafter referred to as "Landlord", and MONTGOMERY COUNTY, MARYLAND, a body corporate and politic, having an office at 110 North Washington Street, Rockville, Maryland, 20850, hereinafter referred to as "Tenant".

WITNESSETH:

That for and in consideration of rents herein reserved and the agreements and covenants herein contained, Landlord and Tenant agree as follows:

1. PREMISES: Landlord does hereby lease to the Tenant, and Tenant does hereby Lease from the Landlord, the premises described as approximately 10,652 square feet of rentable space on the lower level of the building located at 250 Hungerford Drive, Rockville, Maryland, which building is hereinafter referred to as the "Building", and which leased space within the Building is hereinafter referred to as the "Leased Premises" or "Premises". The Leased Premises is outlined in red on Exhibit A attached hereto and made a part hereof.

2. TERM: The term of this Lease shall be ten (10) "Lease Years" (as defined below). The term shall commence on the date that Landlord delivers possession of the Leased Premises to Tenant (the "Lease Commencement Date"), and unless sooner terminated, shall expire on the last day of the tenth (10th) Lease Year (the "Expiration Date").

The period beginning on the Lease Commencement Date and ending on the last day of the twelfth (12th) full calendar month next succeeding the Lease Commencement Date shall constitute the first Lease Year as used herein, and each successive period of twelve (12) months thereafter shall constitute a Lease Year.

3. RENT: Tenant covenants and agrees to pay annual rent during the term of this Lease, payable by Tenant in equal monthly installments, in advance, on or before the first day of each month, to and at the offices of Eldridge, Inc., 280 Madison Avenue, Suite 1204, New York, NY 10016, Attn: Mitchell B. Rutter, or at such other place designated by Landlord, without prior demand therefore, and without any deduction or set-off whatsoever, in the amounts that are specified in Paragraph 4 below. Landlord and Tenant agree that the parties will execute a letter setting forth the Lease Commencement Date. In the event that the Lease Commencement Date occurs on any day other than the first (1st) day of a calendar month, or the Expiration

Date occurs on other than the last day of a calendar month, then the monthly installment of annual rent for such month shall be appropriately adjusted based on the number of days in such calendar month.

Tenant shall pay as additional rent, five percent (5%) of any installment of rent (or any such charge as may be considered additional rent under any other provision of this Lease) when paid more than ten (10) days after the due date. Despite the foregoing, if any such installment of additional rent is not required to be paid by Tenant to Landlord on a regular basis (i.e. installments of monthly base rent and monthly estimates of passthroughs of increases in Operating Expenses and Real Estate Taxes are required to be paid by Tenant on a regular basis), then such five percent (5%) charge shall not be incurred unless such installment is paid more than thirty (30) days after Tenant receives notice that such amount was due and payable.

4. ANNUAL RENT. The annual rent and monthly installments thereof that are payable by Tenant under the Lease shall be as follows:

<u>Lease Year</u>	<u>Base Rent Per Rentable Square Foot</u>	<u>Annual Rent</u>	<u>Monthly Installment of Annual Rent</u>
2/44 ⁽¹⁾ 1.	\$24.50	\$260,974.00	\$21,747.83
2.	\$25.24	\$268,856.98	\$22,404.71
3.	\$25.99	\$276,952.00	\$23,079.33
4.	\$26.97	\$285,154.04	\$23,762.84
5.	\$27.59	\$293,675.64	\$24,472.97 -
6.	\$28.40	\$302,516.80	\$25,209.73 -
7.	\$29.25	\$311,571.00	\$25,964.25
8.	\$30.13	\$320,944.76	\$26,745.40
9.	\$31.04	\$330,638.08	\$27,553.17
10.	\$31.97	\$340,544.44	\$28,378.70

5. REAL ESTATE TAXES:

- (i). The Landlord shall forward to the Tenant a statement setting forth the amount of Real Estate Taxes (as hereinafter defined) levied or imposed against the land and improvements of which the Leased Premises are a part. The Tenant shall pay to the Landlord, on a monthly basis, in accordance with the following provisions, one-twelfth (1/12th) of the Tenant's pro-rata share (as hereinafter defined) of any increases in the said Real Estate Taxes over the Real Estate Taxes assessed against the land and improvements of which the Leased Premises are a part during the Base Year. The Base Year is hereby defined to be the period from July 1, 1997 through June 30, 1998. The Landlord's

statement shall contain copies of Real Estate Tax billings for the Base Year as well as the tax year for which the payment is required.

(ii). Tenant shall make estimated monthly payments to Landlord on account of the amount by which Real Estate Taxes that are expected to be incurred during each tax year would exceed the Real Estate Taxes for the Base Year. At the beginning of the Lease Term and at the beginning of each tax year thereafter, Landlord shall submit a statement setting forth Landlord's reasonable estimate of such amount and Tenant's pro-rata share thereof. Tenant shall pay to Landlord on the first day of each month following receipt of such statement, until Tenant's receipt of the succeeding annual statement, an amount equal to one-twelfth (1/12) of such share. Within approximately one hundred twenty (120) days after the end of each tax year, or as soon thereafter as is feasible, Landlord shall submit a statement showing (1) Tenant's pro-rata share of the amount by which Real Estate Taxes incurred during the preceding tax year exceeded the Real Estate Taxes for the Base Year, and (2) the aggregate amount of Tenant's estimated payments made during such year. If such statement indicates that the aggregate amount of such estimated payments exceeds Tenant's actual liability, then Landlord shall credit the net overpayment (the "Tax Credit") toward Tenant's next estimated payment(s) pursuant to this Section. Despite the foregoing, in the event that Tenant, after receiving any statement that reflects that Tenant is entitled to a Tax Credit, requests in writing that Landlord pay to Tenant the amount of the Tax Credit in lieu of providing Tenant with a rental credit, then, to the extent that Tenant has not already received a rent credit, Landlord shall pay to Tenant the Tax Credit within thirty (30) days after the date that Landlord receives such request. If such statement indicates that Tenant's actual liability exceeds the aggregate amount of such estimated payments, then Tenant shall pay the amount of such excess as additional rent.

(iii). For the purposes of this Section, Tenant's pro-rata share of increases in Real Estate Taxes over Real Estate Taxes for the Base Year shall be deemed to be Seven and one-half percent (7.5%) of any such increase, which pro-rata share has been calculated by dividing (x) the rentable area of the Leased Premises, by (y) the rentable area of the Building. Tenant's pro-rata share shall be modified during the term in the event that (a)

the rentable area of the Building is modified or (b) the rentable area of the Leased Premises is modified pursuant to the express terms of this Lease or pursuant to a written agreement that is signed by Landlord and Tenant.

- (iv). The term "Real Estate Taxes" shall be deemed to mean all property taxes and assessments, general and special, levied or imposed by appropriate taxing authorities with respect to the land, building and improvements of which the Leased Premises are a part, including all taxes, rates and assessments, general and specific, levied or imposed for schools, public betterment, general or location improvements and operations, and taxes imposed in connection with any special taxing district. If the system of real estate taxation shall be altered or varied or any new tax or levy shall be levied or imposed on said land, buildings and improvements by an appropriate taxing authority, the new tax or levy shall be included within the term "Real Estate Taxes". Should any governmental taxing authority acting under any regulations, levy, assess or impose a new tax against the rent expressly reserved hereunder, as a substitute or in addition to any existing real estate taxes on land and improvements or otherwise, such a tax or excise on rents shall be included within the term Real Estate Taxes. Real Estate Taxes shall also include all expenses (including, without limitation, reasonable attorneys' fees, reasonable consultants' fees and reasonable court costs) in protesting or seeking a reduction of Real Estate Taxes, whether or not such protest or reduction is ultimately successful. Real Estate Taxes shall not include any in-house costs that are incurred by Landlord in protesting or seeking a reduction of Real Estate Taxes. In the event that Landlord contests Real Estate Taxes with respect to any period during which Tenant has paid to Landlord increases in Real Estate Taxes over the Real Estate Taxes for the Base Year and in connection with such contest, Landlord receives a refund of any Real Estate Taxes that were previously paid by Landlord with respect to such period, then Landlord shall pay to Tenant, after deducting all costs and amounts incurred by Landlord in connection with such tax contest (other than any in-house costs that are incurred by Landlord in protesting or seeking a reduction of Real Estate Taxes), Tenant's share of such refund.

6. SERVICES:

- (i). Landlord, at Landlord's sole expense, shall provide all maintenance and repair of building and mechanical equipment including but not limited to building fixtures, roof, electrical systems, heating and air conditioning systems, plumbing systems and any other building element, whether it be located within or outside the Leased Premises, and whether it constitutes a structural or non-structural building feature, only excepting damage caused to the Leased Premises or the building of which they are a part solely as a result of Tenant's negligent acts or omissions. The Landlord, at the Landlord's sole expense, shall be responsible for full service maintenance and repair of the Leased Premises and the building of which they are a part, provided, however, subject to the provisions of Paragraph 10(iii) below, the costs incurred by Landlord in connection with such repair and maintenance shall be included as a part of "Operating Expenses" (as hereinafter defined).
- (ii). Landlord, at Landlord's sole expense, shall provide regular janitorial services within the Leased Premises, Monday thru Friday, exclusive of legal County, State or Federal holidays, in accordance with the schedule attached hereto and made a part hereof as Exhibit B, and shall provide lavatory supplies, fluorescent tube replacement, refuse removal, and pest control services as required.
- (iii). Landlord, at Landlord's sole expense, shall provide full service maintenance, cleaning and upkeep of all common areas within the Building, including, but not limited to, the removal or treatment of snow and ice from sidewalks, and other exterior common areas of the building of which the Leased Premises are a part.
- (iv). Landlord, at Landlord's sole expense, shall provide electrical current to the Leased Premises at all times, and shall provide heat and air conditioning to the Leased Premises during those seasons of the year when such services are required, from 7:00 A.M. until 6:00 P.M., Monday through Friday, exclusive of legal County or Federal holidays, and from 8:00 a.m. to 1:00 p.m. on Saturdays, exclusive of legal County or Federal holidays, in amounts sufficient to maintain the temperature within the Leased Premises in a balanced, comfortable manner. Should Tenant require heating and cooling services beyond the hours specified

in this clause (iv), Landlord shall furnish such services at the then hourly rate, as established by Landlord from time to time, provided that Tenant gives Landlord no less than twenty-four (24) business hours advance notice of the need therefor.

- (v). Landlord shall, no more often than once during each Lease Year, upon thirty (30) days prior notice from Tenant, clean the carpeting in the Leased Premises, without cost to Tenant.
- (vi). Landlord agrees to maintain the Building, including the Leased Premises, to the same standard that owners of other office buildings that are similar to the Building, and that are located in the vicinity of the Building are maintaining their buildings, which buildings shall include the buildings known as the "Executive Office Building" and the "Judicial Center" and the building having a street address of 401 Hungerford Drive, Rockville, Maryland.
- (vii). Landlord shall provide elevator service to the Leased Premises during the hours of the Building described in clause (iv) above. At all other times, at least one (1) elevator shall be subject to call in the Building.
- (viii). Landlord will furnish on the Building directory that is located in the lobby of the Building listings requested by Tenant, however, the total number of lines on the building directory devoted to Tenant's listings shall not exceed Tenant's proportionate share of the total number of lines on the building directory devoted to all tenants of the Building. Tenant's proportionate share shall be determined by multiplying the total number of lines on the Building directory devoted to all tenants of the Building by a fraction, the numerator of which shall be the rentable area of the Leased Premises, and the denominator of which shall be the rentable area of the Building. The initial listings will be made at Landlord's expense and any subsequent changes by Tenant shall be made at Tenant's expense. Landlord's acceptance of any name for listing on the directory will not be deemed, nor will it substitute for, Landlord's consent, as required by this Lease, to any sublease, assignment or other occupancy of the Leased Premises.
- (ix). In the event that (a) Landlord fails to provide any services or perform any repairs that Landlord is obligated to provide or perform under this Lease, (b) as a result of such failure, Tenant is unable to use and occupy the Leased Premises (or any part

thereof) for a period in excess of ten (10) consecutive days, and
(c) Tenant in fact does not use or occupy the Leased Premises
(or any part thereof) for a period in excess of ten (10) consecutive
days, then, commencing on the eleventh (11th) day and
continuing until the date on which such Leased Premises can be
used and occupied, the annual rent payable by Tenant hereunder
shall abate with respect to that part of the Leased Premises that
Tenant does not use and occupy.

7. USE:

- (i). Tenant shall use the Leased Premises for general office purposes, for the purpose of conducting the business of the Montgomery County Government. Tenant shall continuously conduct the business above stated in the Leased Premises. Tenant will not use or permit the use of the Leased Premises for any other business or purpose. Tenant, at its sole cost and expense, shall comply with all applicable laws, ordinances, regulations, statutes, codes and requirements of all Federal, State and local governmental agencies and authorities.
- (ii). The use and occupancy by the Tenant of the Leased Premises shall include the use in common with others entitled thereto of the common areas, parking areas, service roads, sidewalks, elevators, access walks and ramps, 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.
- (iii). Excluding normal and customary office supplies which are used, handled, stored and disposed of by Tenant in accordance with all applicable governmental rules, laws, orders, acts and statutes, Tenant and Tenant's employees, contractors and agents shall not dispose of or generate, manufacture, store, treat or use any oil, petroleum or chemical liquids or solids, liquid or gaseous products or any hazardous waste or hazardous substance including, without limitation, asbestos (hereinafter collectively referred to as "hazardous waste"), as those terms are used in the Comprehensive Environmental Response, Compensation, and Liability Act of 1980, or in any other federal, state or local law governing hazardous substances (hereinafter collectively referred to as the "Act"), as such laws may be amended from time to time

at, upon, under or within the Leased Premises or the Building or the land on which it is built, or into the plumbing or sewer or water system servicing the Leased Premises or the Building, nor shall Tenant, its employees, contractors or agents cause the discharge, spillage, uncontrolled loss, seepage or filtration of any hazardous waste at, upon, under or within the Leased Premises or the Building or the land or into the plumbing or sewer or water system servicing the same. Subject to the terms of this Lease, Tenant has the right to use the Premises for the purpose of testing chemicals. All hazardous waste that is contained in, or generated in connection with, such chemicals shall be handled, used, stored and disposed of by Tenant in strict accordance with the Act. Further, Tenant shall comply in all respects with the requirements of the Act and related regulations. Tenant shall notify Landlord immediately in the event of its discovery of any hazardous waste at, upon, under or within the Leased Premises or the Building or the land, or of any notice by a governmental authority or private party alleging that a disposal of hazardous waste on or near the Leased Premises may have occurred, provided, however, any failure by Tenant to notify Landlord of Tenant's discovery of hazardous waste that is located outside of the Leased Premises shall not be deemed a default or breach by Tenant hereunder. Tenant further agrees to provide Landlord full and complete access to any documents or information in Tenant's possession or control relevant to the question of the generation, treatment, storage or disposal of hazardous waste on or near the Leased Premises.

8. CONSTRUCTION OF LEASED PREMISES.

(a) Landlord agrees, at Landlord's sole cost and expense, to construct in a good and workman-like manner the "Landlord's Work" (as defined below) according to the space plans and working drawings approved by Landlord and Tenant. The term "Landlord's Work" shall mean all work set forth on the "Working Drawings" (as defined below) which are approved by Tenant and Landlord.

(b) Tenant shall meet with and cooperate, as necessary, with Landlord and/or Landlord's representatives, so that the following schedule for drawings, construction and moving can be met ("Critical Dates"):

(i) (x) On or before July 15, 1998, Tenant shall approve the preliminary space plan for the construction of the Leased Premises. Landlord shall thereafter submit to Tenant, for its approval, complete architectural and

engineering working drawings and specifications for the Leased Premises, as required for construction of Landlord's Work (the "Working Drawings"). Within seven (7) business days after Tenant's receipt of the Working Drawings, Tenant shall approve the Working Drawings.

(y) Upon Landlord's receipt of the approved Working Drawings, Landlord shall promptly make application for the building permit.

(z) Upon receipt of a signed copy of the approved Working Drawings and the required permits, construction will commence. Any changes or additions requested by Tenant shall require Landlord's prior written approval and written authorization executed by Tenant or Tenant's authorized representative, and to the extent applicable, approval of any municipality or other authority having jurisdiction.

(c) "Tenant Delay" shall mean the actual amount of delay caused by (i) Tenant's failure to perform any of its obligations with respect to the construction of the Leased Premises within the time frames for such performance set forth in the Lease, (ii) any modifications to the Working Drawings requested by Tenant (including change orders) following approval thereof, (iii) the work of Tenant, its employees, agents, employees, licensees or invitees or the work of Tenant's independent contractors during the improvement period, if such work continues following notice from Landlord that such work is actually delaying Substantial Completion, or (iv) the delivery or installation of long lead items that are identified to Tenant by Landlord prior to commencement of the Landlord's Work.

If the event of any Tenant Delay, then any delay in completing the Leased Premises shall not in any manner affect or delay the Lease Commencement Date of this Lease or Tenant's liability for the payment of rent and additional rent from such Lease Commencement Date, and Tenant shall commence to pay rent and additional rent on the date that the Leased Premises would have been "Substantially Completed" (as defined below) but for such Tenant Delay. Under such circumstances, Landlord agrees to make the Leased Premises ready for Tenant's occupancy not later than the Lease Commencement Date of this Lease plus the number of days delay resulting from the Tenant Delay.

The Leased Premises shall be deemed ready for occupancy if "Substantially Completed". As used in this Lease "Substantial Completion" and "Substantially Completed" shall mean the date that Landlord's Work is completed in accordance with the Working Drawings, except for long lead items and except for "punch list" items that will not materially affect the use of the Leased Premises for Tenant's intended purposes, or the date upon which the Demised Premises would have been ready for occupancy and Substantially Completed but for a Tenant Delay.

9. PARKING:

- (i). Subject to the provisions of 9(v) below, Landlord and Tenant agree that no designated parking spaces are included under this Lease. Tenant shall purchase twenty (20) monthly parking space contracts. Such parking space contracts shall permit the parking, on an unreserved basis, of one (1) standard, automobile for each contract so purchased. The monthly fee for each parking contract shall be as follows:

<u>Lease Year</u>	<u>Monthly Fee Per Parking Contract</u>	<u>Monthly Fee for 20 Parking Contracts</u>
1	\$62.40/month	\$1,248.00/month
2	\$64.90/month	\$1,298.00/month
3	\$67.49/month	\$1,349.80/month
4	\$70.19/month	\$1,403.80/month
5	\$72.30/month	\$1,446.00/month
6	\$74.47/month	\$1,489.40/month
7	\$76.67/month	\$1,533.40/month
8	\$79.00/month	\$1,580.00/month
9	\$81.37/month	\$1,627.40/month
10	\$83.81/month	\$1,676.20/month

In the event the Lease Commencement Date occurs on any day other than the first day of a month, or the Expiration Date occurs on other than the last day of a calendar month, then the monthly fee for such parking contracts for such month shall be appropriately adjusted based on the number of days in such calendar month. The hours of operation of the parking garage shall be from 7:00 a.m. until 6:00 p.m., Monday through Friday, exclusive of legal County, State or Federal holidays, and from 8:00 a.m. to 1:00 p.m. on Saturdays, exclusive of legal County, State or Federal holidays.

- (ii). All parking areas and facilities furnished by Landlord in the Building, including employee parking areas, pedestrian sidewalks and ramps, landscaped areas, exterior stairways, comfort stations and other areas and improvements which may be provided by Landlord for the use of tenants, their officers, agents, employees and customers, shall at all times be subject to the exclusive control and management of Landlord. Landlord shall have the right from time to time to establish, modify and enforce reasonable rules and regulations with respect to all facilities and areas mentioned in this paragraph, provided such rules and

regulations are not inconsistent with the terms of this Lease. Landlord shall not enforce any such rules and regulations against Tenant in a discriminatory manner.

- (iii). Landlord shall, at Landlord's expense, maintain all parking areas in a good state of repair throughout the term of this Lease and any extension hereof, and Landlord shall remove or treat snow and ice conditions in any parking areas and access roads or ramps, within a reasonable amount of time, and as it becomes necessary in order to keep the parking areas and access thereto free of snow and ice during the business hours as designated in Paragraph 6 (iv).
- (iv). Landlord agrees that during the term of this Lease Landlord shall cause there to be reasonably adequate parking available for use by visitors to the Building. It is expressly understood and agreed that (a) such visitor parking may be located in areas other than the parking garage of the Building, provided that such visitor parking is located within five hundred (500) lineal feet of the Building, and (b) the parking rates for such visitor parking spaces shall be the prevailing market rates that are then being charged by operators of similar parking facilities that are located in the vicinity of the Building.
- (v). Landlord shall also provide Tenant with three (3) additional parking spaces in the garage of the Building. Tenant shall not be charged any rent in connection with the three (3) parking spaces. Landlord shall erect signage which indicates that such parking spaces are for temporary parking only (i.e., fifteen (15) minutes or less). Landlord shall have no obligation to monitor or police such parking spaces.

10. OPERATING EXPENSES; COMMON AREAS: Tenant shall reimburse to Landlord, as additional rent, a monthly amount to reflect the Tenant's pro-rata share of any increases in the cost of Operating Expenses for the Building, over and above the said operating expenses for the "Initial Operating Expense Year" (as hereinafter defined). Beginning January 1, 2000, Tenant shall pay to Landlord, in equal monthly installments, Tenant's pro-rata share of any such increases in the cost of Operating Expenses. Annual adjustments shall occur each January during the Lease term.

- (i). The Initial Operating Expense Year shall be deemed to mean the period from January 1, 1999 to December 31, 1999.

- (ii). For purposes of this Section, Tenant's pro-rata share of increases in "Operating Expenses" (as hereinafter defined) over the Initial Operating Expense Year cost shall be eight and three tenths percent (8.3 %) of any such increase, which pro-rata share has been calculated by dividing (x) the rentable area of the Leased Premises by (y) the rentable area of the Building that is currently designated by Landlord for use as office space (the "Office Rentable Area"). Tenant's pro-rata share shall be modified during the term in the event that (a) the rentable area of the Building is modified, (b) the Office Rentable Area is modified by Landlord to reflect that (x) rentable area that was originally designated as part of the Office Rentable Area is then being used for retail purposes and the utility and other costs that are attributable to the retail use of such rentable area are not being included as part of Operating Expenses hereunder and/or (y) rentable area that was originally designated as being excluded from the Office Rentable Area is then being used for office purposes, or (c) the rentable area of the Leased Premises is modified pursuant to the express terms of this Lease or pursuant to a written agreement that is signed by Landlord and Tenant. In the event that Landlord provides any service, such as snow removal or landscaping, which directly benefits any tenant who leases space in that portion of the Building that is not a part of the Office Rentable Area, and the cost of such service would otherwise be included as part of Operating Expenses, then, for purposes of this Section, Tenant's pro-rata share of such cost shall be determined by dividing (x) the rentable area of the Leased Premises by (y) the rentable area of all space in the Building for which Landlord is providing such service. In the event that (x) Landlord provides special services to other tenants of the Building, (y) the cost of such special services would not otherwise be included as part of Operating Expenses, and (c) such special services are not being provided to Tenant, then the cost of such special services shall not be charged to Tenant as part of Operating Expenses.
- (iii). "Operating Expenses" shall be deemed to refer to any expenses incurred by Landlord in direct relationship to operating, maintaining, repairing, insuring and servicing the Building, including common areas and related exterior areas and appurtenances, and shall include utilities, management costs, insurance costs, general maintenance and repair, janitorial services, trash removal, pest control, and other expenses incurred by the Landlord in the operation of the Building. Operating

Expenses shall also include cost of any capital improvements or alterations made to the Building after the date of this Lease which are intended to reduce Operating Expenses, or which are required under any governmental law or regulation that was not applicable to the Building at the time the Lease was signed by the parties (such Operating Expenses shall hereinafter be referred to as the "Permitted Capital Expenditures"). [For purposes of illustration only and not of limitation, in the event that (a) Landlord were to install new light fixtures in the Building that were designed to reduce the amount of electricity that was used in connection with the operation of the Building, the cost of purchasing and installing such light fixtures would be deemed to be a Permitted Capital Expenditure, and (b) the roof of the Building leaked, and Landlord installed a new roof for the sole purpose of fixing such leak, the cost of purchasing and installing the new roof would not be deemed to be a Permitted Capital Expenditure.] It is expressly understood and agreed that the cost of any Permitted Capital Expenditures shall be amortized over the useful life of the capital improvement or alteration as reasonably estimated by Landlord. Despite the foregoing, prior to incurring any Permitted Capital Expenditures under this Lease, (a) Landlord and Tenant shall meet and discuss the merits of making the proposed Permitted Capital Expenditures, and (b) Landlord shall obtain Tenant's prior written approval of such Permitted Capital Expenditures, which approval shall not be unreasonably withheld, conditioned or delayed. It is expressly understood and agreed that if any Permitted Capital Expenditure is not required to be made by virtue of the fact that a change in law is not applicable to the Building because Tenant is a governmental entity, then Tenant shall be deemed to have been reasonable in withholding its approval of such Permitted Capital Expenditures. Operating Expenses shall also include a portion of costs and expenses that are incurred with respect to both the Building and with respect to other buildings or properties which may, from time to time, be operated as part of, or in conjunction with the Building, which portion shall be equitably allocated to the Building by Landlord in its reasonable discretion. Despite the foregoing, in no event shall Landlord allocate more than one hundred percent (100%) of any such expense among the Building and the applicable buildings and properties. Landlord shall, in good faith, endeavor to have its vendors separately allocate charges for services that are being provided by such vendors to the Building and to other properties, provided, however, Tenant understands

and agrees that providers of snow removal services and landscape maintenance do not customarily agree to provide such allocations. In the event that the cost of any item paid to any entity or person that is related to or affiliated with Landlord exceeds the amount payable for such services at then existing market rates to unrelated persons or entities, then, the excess costs shall be excluded from Operating Expenses.

Notwithstanding anything in this Lease to the contrary, except for the Permitted Capital Expenditures, Operating Expenses shall not include the cost of capital improvements. The preceding list is for definitional purposes only and shall not impose any obligation upon Landlord to incur such expenses or provide such services. In the event Landlord, though under no obligation to do so, elects, in the exercise of its sole and absolute discretion, to provide or cause to be provided security services, including, without limitation, a security patrol or security system for the Building and/or the garage which serves the Building, the cost of such security services shall be included in Operating Expenses. In the event Landlord so elects to provide any such security services, then, except in the case of Landlord's gross negligence, Landlord shall not be responsible for the quality of any such security services or for damage or injury to Tenant, its customers, invitees, employees or others because of the failure, action or inaction of such security services.

- (iv). If the average occupancy rate for the Office Rentable Area during any calendar year (including the Initial Operating Expense Year) is less than one hundred percent (100%), or if any tenant of the Office Rentable Area is separately paying for (or does not require) electricity or janitorial services furnished to its premises, then Operating Expenses for such year shall be deemed to include all additional expenses, as reasonably estimated by Landlord, which would have been incurred during such year if such average occupancy rate had been one hundred percent (100%) and if Landlord paid for electricity and janitorial services furnished to such premises.
- (v). Landlord shall submit to Tenant on an annual basis a statement in reasonable detail, setting forth the Operating Expenses for the Initial Operating Expense Year as well as the estimated Operating Expenses for the year for which payment is requested. Tenant shall pay to Landlord its share of the estimated increase in Operating Expenses over the Initial Operating Expense Year in

twelve (12) equal monthly installments. At the conclusion of each calendar year, if the estimated share of increases in Operating Expenses paid by Tenant is less than the actual share of the increase in cost for the previous calendar year, Tenant shall pay the additional sums to Landlord within thirty (30) days after receipt of Landlord's statement. If Tenant's payments during any calendar year exceed the calculated actual increase in Tenant's share of Operating Expenses, Landlord shall notify the Tenant of the amount of the overpayment, and credit any such overpayment against future Operating Expense costs to Tenant as such costs arise. If any overpayment remains upon the expiration or earlier termination of this Lease, then, provided Tenant is not in default under this Lease, such amount shall be promptly reimbursed by Landlord to Tenant.

- (vi). For a period of ninety (90) days after Tenant's receipt of any such annual statement, Tenant, or an independent, certified public accountant who is hired by Tenant on a noncontingent fee basis and who offers a full range of accounting services, shall have the right, during regular business hours and after giving at least ten (10) days' advance written notice to Landlord, to inspect and complete an audit of Landlord's books and records relating to Operating Expenses for the immediately preceding calendar year. To the extent that applicable law provides that the Tenant has a longer period to conduct an audit, then the foregoing ninety (90) day period shall be extended in accordance with applicable law. Except to the extent that Tenant is compelled to make such information publicly available in connection with a request made under the Public Information Act, Tenant shall (and shall cause its employees, agents and consultants to) keep the results of any such audit or audited statement strictly confidential. If such audit or audited statement shows that the amounts paid by Tenant to Landlord on account of increases in Operating Expenses exceed the amounts to which Landlord is entitled hereunder, Landlord shall credit the amount of such excess (the "Operating Expense Credit") toward the next monthly payments of Operating Expenses due hereunder. Despite the foregoing, in the event that Tenant, after receiving any statement that reflects that Tenant is entitled to an Operating Expense Credit, requests in writing that Landlord pay to Tenant the amount of the Operating Expense Credit in lieu of providing Tenant with a rental credit, then, to the extent that Tenant has not already received a rent credit, Landlord shall pay to Tenant the Operating Expense Credit

within thirty (30) days after Landlord receives such request. All costs and expenses of any such audit shall be paid by Tenant. Despite the foregoing, if any such audit discloses that Landlord has overstated the Operating Expenses for the Building during any calendar year by more than ten percent (10%) of the actual Operating Expenses for the Building during such calendar year, then Landlord shall reimburse Tenant for the reasonable, actual amount that Tenant paid to such certified public accountant to perform such audit for such calendar year. If Tenant does not notify Landlord in writing of any objection to any statement within ninety (90) days after receipt thereof (or within such longer period of time as may be expressly provided for under applicable law), then Tenant shall be deemed to have waived such objection.

(vii). Intentionally deleted.

(viii). In this Lease, "common areas" means all areas, facilities and improvements provided, from time to time, in the Building for the mutual convenience and use of tenants or other occupants of the Building, their respective agents, employees, and invitees and shall include, if provided, but shall not be limited to, the lobbies and hallways, the public restrooms, the parking areas and facilities, access roads, driveways, retaining walls, sidewalks, walkways, landscaped areas, and exterior lighting facilities.

(ix). Landlord shall, as between Landlord and Tenant, at all times during the term of the Lease have the sole and exclusive control, management and direction of the common areas, and may at any time and from time to time during the term exclude and restrain any person from use or occupancy thereof, excepting, however, Tenant and other tenants of Landlord and bona fide invitees of either who make use of said areas in accordance with the rules and regulations established by Landlord from time to time with respect thereto. The rights of Tenant in and to the common areas shall at all times be subject to the rights of others to use the same in common with Tenant. Landlord may at any time and from time to time close all or any portion of the common areas to make repairs or changes or to such extent as may, in the opinion of Landlord, be necessary to prevent a dedication thereof or the accrual of any rights to any person or to the public therein, to close temporarily any or all portions of the said areas to discourage non-customer parking, and to do and perform such other acts in and to said areas as, in the exercise of good

business judgment, Landlord shall determine to be advisable with a view to the improvement of the convenience and use thereof by tenants, their employees, agents, and invitees.

- (x). Landlord reserves the right at any time and from time to time, as often as Landlord deems desirable, without incurring any liability to Tenant or otherwise affecting Tenant's obligations under this Lease, to make changes, alterations, additions, improvements, repairs, relocations or replacements in or to the Building and the fixtures and equipment thereof, as well as in or to the street entrances, halls, passages, stairways and other common facilities thereof, and to change the Building's address. Landlord reserves the right from time to time to install, use, maintain, repair and replace pipes, ducts, conduits, wires and appurtenant meters and equipment for service to other parts of the Building, above the ceiling surfaces, below the floor surfaces, within the walls and in the central core areas, and to relocate any pipes, ducts, conduits, wires and appurtenant meters and equipment included in the Leased Premises which are located in the Leased Premises or located elsewhere outside the Leased Premises, and to expand and/or build additional stories on the Building, provided in no event shall any such action by Landlord materially and adversely interfere with the use of the Leased Premises for office purposes. Nothing contained herein shall be deemed to relieve Tenant of any duty, obligation or liability with respect to making any repair, replacement or improvement or complying with any law, order or requirement of any government or other authority and nothing contained herein shall be deemed or construed to impose upon Landlord any obligation, responsibility or liability whatsoever, for the care, supervision or repair of the Building, or any part thereof, other than as expressly provided in this Lease.

11. ALTERATIONS: Tenant shall not make any modifications, alterations, improvements or changes to the Leased Premises during the term of this Lease without prior written approval from the Landlord, which approval shall not be unreasonably withheld, conditioned or delayed. Any such approved alterations, improvements, modifications, or changes shall, at Landlord's sole discretion, be performed by Landlord's contractor or Tenant's contractor (with the approval of Landlord, which approval shall not be unreasonably withheld, conditioned or delayed), at the Tenant's sole cost and expense, in a good and workmanlike manner, in accordance with all applicable laws. If Landlord requires either architectural plans or a full set of construction drawings, Tenant shall provide said plans for Landlord's approval at Tenant's cost. Landlord reserves the right to stop any work in progress

which is not in compliance with the approved plan and/or all applicable building codes. If, upon completion of such work, Landlord's inspection of the Leased Premises reveals work not done in accordance with the approved plans and specifications and/or all applicable building codes, Tenant agrees to have the work corrected to comply with the approved plans and specifications and/or applicable building codes, at Tenant's expense. All alterations, installations, changes, replacements, additions to or improvements including "wall-to-wall" carpet, upon the Leased Premises (whether with or without Landlord's consent), shall, except as otherwise provided for herein, remain upon the Leased Premises and be surrendered with the Leased Premises at the expiration of this Lease without disturbance, molestation, or injury. At the time that Landlord approves, in writing, any proposed alteration to the Leased Premises, Landlord shall notify Tenant in writing whether Tenant will be required to remove such alteration upon the termination of this Lease. Notwithstanding anything herein to the contrary, (i) Tenant shall have no obligation to remove any alterations that are made by Landlord to the Leased Premises as part of the initial build-out of the Leased Premises, (ii) Landlord shall have the right, in the exercise of its sole and absolute discretion, to condition granting its approval to any proposed alteration upon Tenant's agreeing to remove such alteration upon the termination of this Lease, and (iii) in the event Landlord has conditioned its approval of any proposed alteration on Tenant's agreeing to remove the same at the termination of this Lease, then Tenant hereby agrees to cause same to be removed at the Tenant's sole cost and expense. Should Tenant fail to remove the same, then and in such event the Landlord may cause same to be removed at Tenant's expense and Tenant hereby agrees to reimburse Landlord as additional rental for the reasonable cost of such removal, together with any and all damages which Landlord may suffer and sustain by reason of the failure of Tenant to remove the same.

12. ASSIGNMENT AND SUBLEASING: Tenant will not sublet the Leased Premises or any part thereof or transfer possession or occupancy thereof to any person, firm, or corporation or transfer or assign this Lease without the prior written consent of the Landlord, which consent shall not be unreasonably withheld or delayed, nor shall any subletting or assignment hereof be effected by operation of law or otherwise without the prior written consent of Landlord, which consent shall not be unreasonably withheld or delayed. Despite the foregoing, in the event that Tenant desires to sublet the Leased Premises to another governmental entity, such subletting shall be subject to Landlord's prior consent, which consent shall not be unreasonably withheld, conditioned or delayed. In the event Tenant desires to sublet all or a part of the Leased Premises, Tenant shall give to Landlord thirty (30) days' written notice of Tenant's intention so to do. Any assignment or subletting consented to by Landlord shall not relieve Tenant from any of its obligations under this Lease, and such consent by Landlord shall not be effective unless and until (i) Tenant gives written notice thereof to the Landlord, (ii) such assignee or subtenant shall deliver to Landlord a written agreement in form and substance satisfactory to Landlord pursuant

to which such assignee or subtenant assumes all of the obligations and liabilities of the Tenant hereunder, and (iii) such assignee or subtenant shall deliver to Landlord a certified copy of the assignment agreement or sublease. Landlord hereby waives its right to assess Tenant for Landlord's customary administrative fee for processing any proposed assignment of this Lease or subletting of the Leased Premises.

13. LIABILITY:

- (i). Tenant 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 Two Hundred Thousand Dollars (\$200,000.00) for injury (or death) to one person, Five Hundred Thousand Dollars (\$500,000.00) per occurrence, and property damage insurance with a limit of One Hundred Thousand Dollars (\$100,000.00). For so long as Montgomery County, Maryland remains the "Tenant" under this Lease, or for so long as any entity to whom this Lease has been assigned to in accordance with the express terms of this Lease is insured under the "County Self-Insurance Program" (as defined below), Tenant shall have the right to self-insure in accordance with the provisions of the "Montgomery County self-insurance program" (the "County Self- Insurance Program") that are set forth in Section 20-37 of the Montgomery County Code 1994, as amended.

Tenant shall deliver to Landlord a certificate of insurance evidencing the coverage hereinabove described within thirty (30) days from execution of this agreement. Tenant agrees that any insurance policies obtained by Tenant toward the fulfillment of its insurance requirements as set forth hereinabove shall contain a provisions that the insurer shall not cancel the insurance policy without first providing Landlord ten (10) days prior written notice of any such cancellation.

Neither the issuance of any insurance policy required under this Lease nor the minimum limits specified herein shall be deemed to limit or restrict in any way Tenant's liability arising under or out of this Lease.

- (ii). Prohibited Activities & Storage on Premises: Tenant will not do or permit anything to be done in the Leased Premises or the Building of which they form a part or bring or keep anything therein which shall in any way increase the rate of fire or other

insurance that is maintained by Landlord on said building, or on the property kept therein, or conflict with the fire laws or regulations, or with any insurance policy upon said building or any part thereof that is maintained by Landlord, or with any statutes, rules or regulations enacted or established by the appropriate governmental authorities. In the event that Tenant fails to comply with the provisions of the immediately preceding sentence, Landlord shall provide to Tenant written information which reasonably evidences such failure, and Tenant shall have a period of fifteen (15) days from its receipt of such information to cure such failure. Tenant will not use or permit the Leased Premises or any part thereof to be used for any disorderly, unlawful or extra hazardous purpose nor for any purpose other than hereinbefore specified; and will not manufacture any commodity therein, without the prior written consent of the Landlord. Tenant will conduct no noxious, unhealthy or offensive trades, services or activities in the Leased Premises, nor shall anything be done therein which may be or become an annoyance or nuisance to the general public or any other lessee of the building by reason of unsightliness or the emission of fumes, odors, gases, dust, waste, smoke or noise. The Tenant shall notify the Landlord in writing of all toxic and hazardous materials and controlled substances to be stored or handled in the Leased Premises. In addition, the Tenant shall abide by proper procedures and protocol for the proper handling, storage, use and disposal of the foregoing materials in accordance with Federal, State and County requirements.

If, in Landlord's reasonable judgment, chemical testing performed by Tenant in the Leased Premises has become a nuisance to other lessees of the Building, Landlord reserves the right, upon thirty (30) days written notice to Tenant, to require Tenant to remedy the nuisance. If, in Landlord's reasonable judgment, Tenant is unable to effect a remedy, Landlord reserves the right, upon sixty (60) days written notice to Tenant, to cause Tenant to stop using any portion of the Leased Premises for chemical testing.

- (iii). Personal Property: All personal property of the Tenant in the Leased Premises or in the building of which the Leased Premises are a part shall be and remain at the sole risk of Tenant. Landlord shall not be liable for any loss of or damage to property of Tenant resulting from the use or operation of elevators, the heating,

cooling, electrical or plumbing apparatus, or from water, steam, theft or other causes, other than damages resulting from Landlord's willful or negligent acts or omissions.

- (iv). Liability: Landlord assumes no liability or responsibility whatsoever with respect to the conduct and operation of the business to be conducted in the Leased Premises by Tenant. Landlord shall not be liable for any accident to or injury to any person or persons or damage to property in or about the Leased Premises which may result from the conduct or operation of Tenant's business or which involve equipment or property of Tenant in said premises, other than damages resulting from Landlord's willful or negligent acts or omissions. Tenant agrees to hold Landlord harmless against all such claims.
- (v). Tenant's Indemnification. Tenant will indemnify Landlord 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 Tenant of the Leased Premises or any part thereof, or occasioned wholly or in part by any act or omission of Tenant, its agents, contractors, or employees, excepting claims arising out of the acts or omissions of Landlord, Landlord's agents, Landlord's employees, Landlord's prospective tenants, and Landlord's invitees. Tenant shall indemnify Landlord against any penalty, damage or charge incurred or imposed by reason of Tenant's violation of any law or ordinance. In case Landlord shall, without fault on its part, be made a party to any litigation commenced by or against Tenant, then Tenant shall hold Landlord harmless.
- (vi). Landlord's Insurance. Landlord shall obtain and maintain, during the full term of this Lease and any extension thereof, a policy of general liability insurance with a limit of liability of One Million Dollars (\$1,000,000.00), combined single limit, for bodily injury and property damage. To the extent required by applicable law, Landlord shall also obtain and maintain during the full term of this Lease and any extension thereof, a policy of workers' compensation insurance meeting statutory requirements.
- (vii). Landlord's Indemnification. Landlord will indemnify Tenant 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 common areas of the Building or occasioned wholly or in part by any act or omission of Landlord, its agents, contractors, or employees, or arising from any act or omission of any invitee of Landlord or prospective tenant of Landlord who enters the Leased Premises, excepting claims arising out of the acts or omissions of the Tenant, the Tenant's agents, and employees. Landlord shall indemnify Tenant against any penalty, damage or charge incurred or imposed by reason of Landlord's violation of any law or ordinance. In case Tenant shall, without fault on its part, be made a party to any litigation commenced by or against Landlord, then Landlord shall hold Tenant harmless.

- (viii). Personal Property. Tenant further agrees that all personal property in the Leased Premises shall be and remain at Tenant's sole risk, and Landlord shall not be liable for any damage to or loss of such personal property arising out of the acts or omissions of the Tenant, and Tenant's employees, excepting damage arising out of the acts or omissions of the Landlord, Landlord's agents, Landlord's employees, Landlord's invitees and Landlord's prospective tenants.
- (ix). Notice and Cooperation: In the event either party to this Lease is, in accordance with the terms of this Lease, required to indemnify the other party, then the indemnifying party shall give the indemnified party prompt notice of the occurrence of the act which gives rise to such indemnification obligation, and the parties shall cooperate with one another in attempting to get the claim dismissed.
- (x). Local Government Tort Claims Act. Subtitle 4 of Section of the Courts and Judicial Proceedings Article of the Annotated Code of Maryland (Local Government Tort Claims Act) shall be applicable to the provisions of this Paragraph 13.

14. GOOD ORDER AND REPAIR: Subject to the provisions of Paragraph 11 hereto, Tenant covenants and agrees to maintain the Leased Premises in good order and condition, and surrender the Leased Premises at the expiration or other termination hereof in the same order and condition in which Landlord delivered possession of the Leased Premises to Tenant, usual wear and tear and damage by fire, storm, public enemies and any other risks with respect to which Tenant is not

herein made expressly liable excepted. Maintenance and repair of equipment, such as kitchen fixtures, auxiliary air-conditioning equipment, private bathroom fixtures and any other type of special equipment, whether installed by Tenant or by Landlord on behalf of Tenant, shall be the sole responsibility of Tenant, and Landlord shall have no obligation in connection therewith.

15. FURNITURE AND FIXTURES: Tenant shall have the right to install in the Leased Premises any furniture (including modular furniture) and fixtures necessary in the conduct of Tenant's business, and the same shall remain the property of Tenant provided they are removed by Tenant before the expiration of this agreement or any renewal or extension hereof. In the event any damage is done to the Leased Premises in the installation or removal of said furniture and fixtures, Tenant will immediately make such repairs as are necessary to restore the Leased Premises to the condition required by Paragraph 14 above, or promptly reimburse the Landlord for the reasonable cost of such repairs. In the event that the Tenant fails to remove any personal property from the Leased Premises at the termination or other expiration of the term hereof, any such property shall become property of the Landlord, and it will be disposed of as the Landlord sees fit. Any expense Landlord shall incur in removing such property shall be borne by Tenant.

16. LIENS: Tenant 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 or upon said premises or any portion thereof by reason of any act or omission on the part of Tenant, 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 Leased Premises, which may be occasioned by any act or omission of the Tenant, and shall not be thus released within thirty (30) 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 Leased Premises from any such lien, and Tenant 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 reimbursement shall include the maximum legal interest rate per annum from the date such lien is paid by Landlord until the date Landlord is reimbursed by Tenant, or, the Landlord, at the Landlord's election, may insist that the Tenant remove any such lien at the Tenant's expense, and if any such lien is not removed within a reasonable period of time, the Landlord may terminate this Lease in accordance with the provisions of Paragraph 18 hereof. Payment or measures taken to release any such lien shall not act as an admission of liability by Tenant for such lien.

17. LANDLORD'S INSPECTION RIGHTS: Landlord shall have the right, at all reasonable times, to enter upon the Leased Premises for the purpose of

inspecting same or making necessary repairs. In making any such entry, Landlord shall provide Tenant with such notice as the exigencies of the circumstances may reasonably permit. In the event of an emergency, Landlord may enter the Leased Premises without the necessity of giving Tenant any prior notice. Landlord shall have the further right during the last six (6) months of the Lease Term to bring prospective tenants into the Leased Premises at reasonable times for the purpose of showing same upon such terms as provided herein above. In entering upon the Leased Premises, Landlord shall use reasonable efforts to minimize any interference with Tenant's use of the Leased Premises. Except in the event of an emergency, Tenant shall have the right to have a duly authorized representative of Tenant accompany Landlord in connection with any inspection of the Leased Premises to ensure that such inspection will not jeopardize confidential material.

18. DEFAULT:

- (i). By Tenant: In the event that the rent, additional rent, or any other obligation involving the payment of money, or any installment thereof, shall remain unpaid after it becomes due and payable, within ten (10) days after written notice to the Tenant for same, or if Tenant or Tenant's assigns shall fail or neglect to keep and perform each and every one of the remainder of the terms of this Lease, and such failure or neglect continues for more than thirty (30) days (or such shorter or longer period as may reasonably be required to correct the default in an emergency or other situation with exercise of due diligence), after written notice from the Landlord specifying the default, or if Tenant shall vacate or abandon the Leased Premises, then at the option of the Landlord (and provided that such default has not been fully cured by Tenant), the Tenant's right of possession shall thereupon end and the Landlord or Landlord's assigns may, at Landlord's option, terminate this Lease and/or reenter and remove all persons and property, and 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 Lease and/or under the laws of the State of Maryland. In the event of such re-entry by process of law or otherwise, the Tenant nevertheless agrees to remain answerable for any and all damage, deficiency or loss of rent which the Landlord may sustain by such re-entry, including reasonable attorney's fees, costs of litigation and court costs; and in such case, the Landlord reserves full power, which is hereby acceded to by the Tenant, to relet the said premises for the benefit of the Tenant, in liquidation and discharge, in whole or in part, as the case may be, of the liability of the Tenant under the

terms and provisions of this Lease. No payment by Tenant or receipt by Landlord of a lesser amount than the monthly rent herein stipulated shall be deemed to be other than on account of the earliest stipulated rent nor shall any endorsement or statement on any check or any letter accompanying any check or payment as rent be deemed an accord and satisfaction, and Landlord may accept such check or payment without prejudice to Landlord's right to recover the balance of such rent or pursue any other remedy in this Lease. Notwithstanding the foregoing, failure by the County Council to appropriate any funds due under this Lease shall not constitute a default of this Lease. Landlord's remedy in the event the County Council fails to appropriate any funds due hereunder is to terminate this Lease, which termination shall be effective as of the date that the currently appropriated funds have expired.

- (ii). 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 Tenant 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.
- (iii). 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 longer period as may reasonably be required to correct the default with the exercise of due diligence) after written notice from the Tenant or Tenant's assigns specifying the default, then the Tenant or Tenant's assigns, at Tenant's option, may terminate this Lease and/or pursue any legal remedies available to Tenant under the laws of the State of Maryland. In the event Landlord receives a notice from Tenant which specifies a default by Landlord, Landlord shall, in good faith, diligently pursue the remedies necessary to cure such default. In the event of Landlord's default, Landlord agrees to pay Tenant's reasonable attorney's fees, costs of litigation and court costs in enforcing this Lease.
- (iv). Tenant agrees to give any mortgagee(s) and/or trust deed holder(s), by certified or registered mail, postage prepaid, return

receipt requested, a copy of any notice of any failure by Landlord to fulfill any of its obligations under this Lease, provided that prior to such notice Tenant has been notified in writing (by way of notice of assignment of rents and leases, or otherwise) of the addresses of such mortgagee(s) and/or trust deed holder(s). Tenant further agrees that the mortgagee(s) and/or trust deed holder(s) shall have such time as reasonably may be necessary to cure such failure as long as any mortgagee(s) and/or trust deed holder(s) has commenced, within sixty (60) days after the date such mortgagee or trust deed holder(s) received such notice of default, and is thereafter diligently pursuing the remedies necessary to cure such failure (including, but not limited to, time to take possession and/or commence foreclosure proceedings, if necessary, to effect such cure). Notwithstanding anything herein to the contrary, so long as any mortgagee(s) and/or trust deed holder(s) has timely commenced and is diligently pursuing the remedies necessary to cure such failure (including, but not limited to, taking possession and/or commencing foreclosure proceedings, if necessary, to effect such cure), Tenant shall have no right to terminate this Lease as a result of any such failure by Landlord.

19. EMINENT DOMAIN:

- (i). If at any time after the Lease Commencement Date, as the aggregate result of one or more takings by eminent domain, the net useable area of the Leased Premises shall be reduced by an amount that makes it impracticable for Tenant to use the remaining portion of the Leased Premises for the conduct of its business, or if the parking areas or common areas are reduced to an extent that materially interferes with Tenant's enjoyment of the Leased Premises, Tenant may, at the Tenant's option, terminate this Lease by written notice to Landlord given not more than thirty (30) days from the date possession rests with the condemning authority.
- (ii). Should Tenant elect to remain in possession of the Leased Premises after any takings by eminent domain, the monthly rent shall be reduced to reflect that proportion of the Leased Premises to which Tenant is denied normal occupancy as a result of the taking, and Tenant's pro-rata share shall be appropriately adjusted.

- (iii). Subject to the provisions of Paragraph 19(iv) below, Landlord reserves, and Tenant 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 leased fee hereby created.
- (iv). 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 building or the fee of the Leased Premises, Tenant shall have the right to claim and recover from the condemning authority, but not from Landlord, such compensation as may be separately awarded or recoverable by Tenant in Tenant's own right on account of any and all damage to Tenant's business or leasehold interest by reason of the condemnation and for or on account of any cost or loss which Tenant may incur as a result of the taking by eminent domain, provided in no event shall any such claim, award or compensation result in the reduction of the award or compensation made by the condemning authority to Landlord.

20. DAMAGE TO PREMISES:

- (i). In the event of damage to or destruction of the Leased Premises or any part thereof by fire, storm, flood or other casualty, then, except as provided in Sections 20(iii) and (iv) below, Landlord shall, as soon as practicable after said damage or destruction, repair and restore the Leased Premises to the condition they were in immediately prior to said damage or destruction, and in this event, the fixed annual minimum rent and Tenant's pro-rata share of Operating Expenses shall be abated proportionately as to the portion of the Leased Premises rendered untenable, during the period in which the Leased Premises remain untenable. Should such damage or destruction of said premises or any part thereof render the Leased Premises wholly untenable, then, except as provided in Sections 20(iii) and (iv) below, Landlord will promptly begin and diligently pursue the repairing, restoration and rebuilding of the Leased Premises as nearly as possible to the condition they were in immediately prior to such damage or destruction or with such changes or alterations as Landlord, with Tenant's approval, may determine. Notwithstanding anything herein to the contrary, in the event the "Tenant Insurance Payment" (as defined in Paragraph 20(iv) below) is insufficient to fully restore all improvements, fixtures,

equipment and furnishings (collectively, the "Tenant Improvements"), (a) Landlord and Tenant shall mutually agree upon the scope of the restoration work to be performed with respect to the Leasehold Improvements, and (b) in no event shall Landlord be obligated to expend any sum in excess of the Tenant Insurance Payment in connection with the restoration of the Tenant Improvements. If repair, restoration or rebuilding requires more than two hundred seventy (270) days to complete, then Landlord or Tenant, at their election, may terminate this Lease and the tenancy hereby created by giving the other, within sixty (60) days following the date of such occurrence, written notice of their election to terminate, and in the event of such termination, rent shall be adjusted as of such date.

- (ii). In the event the Leased Premises is damaged by fire or other casualty, and such damage is not repaired within three hundred thirty (330) days after the date of the damage, then Tenant shall have the right, exercisable upon written notice to Landlord within ten (10) days after the expiration of such three hundred thirty (330) day period, to terminate this Lease. In the event that Tenant timely delivers such notice of termination to Landlord, then, unless Landlord, within thirty (30) days after its receipt of such termination notice, delivers the Leased Premises to Tenant in substantially the same condition that existed immediately prior to such damage, then this Lease shall terminate as of the thirtieth (30th) day after the date that Landlord receives such notice of termination and the parties shall be relieved of all further liability hereunder. In the event Tenant fails to timely exercise such termination right, Tenant shall be deemed to have irrevocably waived its right to terminate this Lease on account of such damage.
- (iii). If more than fifty percent (50%) of the rentable area of the Building is rendered untenable (even if the Leased Premises is undamaged), then Landlord may, within ninety (90) days after such fire or other casualty, terminate this Lease by giving Tenant a notice in writing of such decision, and thereupon the term of this Lease shall expire by lapse of time upon the sixtieth (60th) day after such notice is given, and Tenant shall vacate the Leased Premises and surrender the same to Landlord. Upon the termination of this Lease under the conditions hereinbefore provided, Tenant's liability for Rent and additional rent shall cease as of the day following the casualty, and all prepaid rent for the

period that occurs after the date of such casualty shall be promptly refunded to Tenant. Despite the foregoing, Landlord shall not exercise its right of termination under this Paragraph 20(iii) as a pretext for the purpose of leasing the Leased Premises to another person or entity.

- (iv). The proceeds payable under all casualty insurance policies maintained by Landlord on the Leased Premises shall belong to and be the property of Landlord, and Tenant shall not have any interest in such proceeds. Tenant agrees to look to Tenant's casualty insurance policies for the restoration and replacement of all of the improvements installed in the Leased Premises by Tenant or at Tenant's request and Tenant's fixtures, equipment and furnishings in the Leased Premises. In the event that Landlord, in accordance with the terms of this Lease, elects to rebuild the Leased Premises, Tenant shall pay to Landlord, upon Landlord's request, in accordance with customary construction draw practices, the proceeds of said insurance (the "Tenant Insurance Payment"), subject to the provisions of Paragraph 20(iii) above. Notwithstanding anything to the contrary in this Paragraph 20 or in any other provision of this Lease, any obligation (under this Lease or otherwise) of Landlord to restore all or any portion of the Leased Premises shall be subject to Landlord's receipt of approval of such restoration by the mortgagee(s) of Landlord (and any other approvals required by applicable laws), as well as receipt from any such mortgagee(s) of such fire and other hazard insurance policy proceeds as may have been assigned to any such mortgagee; it being agreed that if Landlord has not received such approval(s) and other proceeds within one hundred and eighty (180) days after any such casualty, then Landlord shall have the option to terminate this Lease, at any time thereafter, upon sixty (60) days prior notice to Tenant. Landlord agrees to use commercially reasonable efforts to obtain such approvals and proceeds.

21. SUBORDINATION:

- (i). Tenant hereby agrees that this Lease and the terms and provisions thereof shall be subject and subordinate to the lien, terms, and provisions of any mortgage or deed of trust (including a mortgage or deed of trust by virtue of this or other subordination) heretofore or hereafter placed upon or affecting the real property of which the Leased Premises form a part, to all

renewals, modifications, consolidations, replacements, and extensions thereof, and to any supplementary security documents involving mortgage or deed of trust loan proceeds. This clause shall be self-operative and no further instrument of subordination shall be required. In confirmation of such subordination, Tenant shall execute promptly any certificate that Landlord may request. In the event of any foreclosure sale or sales under or to enforce any mortgage or deed of trust, Tenant shall not be evicted from the Leased Premises, nor shall Tenant's leasehold estate under this Lease be terminated or disturbed, nor shall any of Tenant's rights under this Lease be affected in any way, by reason of any default under such mortgage or deed of trust, provided that at the time of any such foreclosure sale or sales, Tenant is not then in default hereunder beyond the expiration of any applicable notice and grace period.

- (ii). In the event that the landlord under any ground or underlying leases, the holder of any mortgage or the beneficiary of any deed of trust now or hereafter affecting such leases or the real property of which the Leased Premises form a part, or any foreclosure purchaser pursuant to such mortgage or deed of trust or any of their respective successors or assigns shall succeed to the right of Landlord under this Lease, whether through possession, delivery of a new lease or foreclosure action or sale, Tenant shall recognize such successor as Landlord under this Lease and shall promptly execute and deliver any instrument that may be necessary to evidence such a recognition, and this Lease shall continue in full force and effect as a direct lease between such successor Landlord and Tenant, upon and subject to all terms, covenants and conditions of this Lease.
- (iii). Landlord agrees to obtain for Tenant's benefit a non-disturbance agreement from the holder of any mortgage or deed of trust which currently or in the future encumbers the Building.

22. STATUS OF PERFORMANCE:

- (i). Recognizing that both parties may find it necessary to establish to third parties, such as accountants, banks, mortgagees or the like, the then current status of performance hereunder, either party, on the reasonable written request of one to the other made from time to time, will promptly furnish a written statement on the status of any matter pertaining to this Lease.

(ii). At any time within ten (10) business days after such request is made, the Tenant shall execute, acknowledge and deliver to Landlord a certificate evidencing whether or not:

1. This Lease is in full force and effect;
2. This Lease has been amended in any way;
3. There are any existing defaults hereunder to the knowledge of Tenant and specifying the nature of such defaults, if any;
4. The date to which rent has been paid;
5. Tenant has any right to set off against Rent; and
6. Such other matters as may reasonably be requested.

In the event that Tenant cannot reasonably obtain information that is so requested by Landlord prior to the expiration of any such ten (10) business day period, then Tenant shall (i) prior to the expiration of such ten (10) business day period, provide Landlord with a certificate which contains such information that Tenant can obtain during said ten (10) business day period, and (ii) diligently obtain all information that it was not able to so obtain during said ten (10) business day period and promptly thereafter provide Landlord with a supplemental certification which contains such information.

23. SURRENDER AND HOLDING OVER:

(i). At the termination of the tenancy hereby created, Tenant shall surrender the Leased Premises in the same condition that Landlord delivered possession of the Leased Premises to Tenant, reasonable wear and tear excepted, and damage by unavoidable casualty excepted, and shall surrender all keys for the Leased Premises to Landlord at the place then fixed for the payment of rent and shall inform Landlord of all combinations on locks, safes and vaults, if any, in the Leased Premises. Tenant shall remove all its trade fixtures, equipment, decorations and any unapproved alterations, improvements, decorations or additions which Landlord requests Tenant to remove (in accordance with Paragraph 11). Before surrendering the Leased Premises as aforesaid, Tenant shall repair any damage to the Leased Premises caused by the removal of any alterations, improvements, trade fixtures, equipment, decorations or additions. Tenant's obligation to observe or perform this covenant shall survive the expiration or other termination of this Lease. In the

event Landlord requests Tenant to remove trade fixtures or other such items left by Tenant at the expiration of this Lease, or should Tenant fail to make necessary repairs to restore the Leased Premises to substantially the same condition as the Leased Premises was in on the date that Landlord delivered possession of the Leased Premises, reasonable wear and tear excepted, and damage by unavoidable casualty excepted, said trade fixtures, alterations, improvements, decorations and additions or other items shall become the property of Landlord who may remove said fixtures and/or make necessary repairs, the reasonable cost of which shall be borne by Tenant. Despite the foregoing, (a) Tenant shall have the right to remove its trade fixtures, modular furniture and systems furniture from the Leased Premises, provided that Tenant repairs any damage to the Leased Premises caused by such removal, and (b) in the event of any conflict between the provisions of Paragraph 11 of this Lease and Paragraph 23(i) of this Lease with respect to Tenant's obligations to remove any alterations that have been made to the Leased Premises, the provisions of Paragraph 11 of this Lease shall govern and control.

- (ii). In the event that, after obtaining Landlord's written consent, Tenant shall hold over after the expiration of this Lease, the tenancy thus created shall be deemed to be on a month-to-month basis, and shall be governed by the terms of this Lease, provided, however, that each party shall have the right to terminate the month-to-month tenancy by providing to the other thirty (30) days' written notice of the election to so terminate.
- (iii). In the event that Tenant, without the consent of Landlord, shall hold over the expiration of the term hereby created, then Tenant shall become a tenant of sufferance only, at a monthly rent which is equal to one hundred five percent (105%) of the monthly rent in effect during the last month of the initial term of this Lease. Acceptance of rent by Landlord subsequent to the expiration of the Lease term shall not constitute consent to any holding over. Landlord shall have the right to apply all payment received after the expiration date of this Lease toward payment for use and occupancy of the Leased Premises subsequent to the expiration of the Lease Term and toward any other sums owed by Tenant to Landlord.

24. STATUTORY PROVISIONS: It is understood, agreed and covenanted by and between the parties hereto that Landlord and Tenant, as their interests may appear and at their respective expense, shall promptly comply with, observe and perform all of the requirements of all applicable 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.

25. NOTICE OF DEFECTS: Tenant agrees to give Landlord prompt notice of any defects or breakage which Tenant is aware of in the structure of the Leased Premises or the Building systems which serve the Leased Premises.

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

27. 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, subject to the terms and conditions of this Lease, it shall continue to provide Tenant with complete and exclusive possession of the Leased Premises. Landlord further covenants that Tenant, 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 without any encumbrance or hindrance by or from anyone lawfully claiming through Landlord, during the full term of this Lease, and any extension or renewals hereof.

28. RULES & REGULATIONS: The Rules and Regulations appended to this Lease as Exhibit C are hereby made a part of this Lease, and Tenant agrees to comply with and observe the same. Tenant's failure to keep and observe said Rules and Regulations shall constitute a breach of the terms of this Lease in the manner as if the same were contained herein as covenants. Landlord reserves the right from time to time to reasonably amend or supplement said Rules and Regulations and to adopt and promulgate additional reasonable rules and regulations applicable to the Leased Premises and the Building. Written notice of such additional rules and regulations and amendments and supplements, if any, shall be given to Tenant, and Tenant agrees thereupon to comply with and observe all such additional rules and regulations. Provided, however, that in the case of any conflict between the provisions of this Lease and any such rules and regulations, the provisions of this Lease shall control. Further, Landlord shall not enforce any such rule or regulation against Tenant in a discriminatory manner.

29. 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.

30. GENERAL PROVISIONS:

- (i). 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 another 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.
- (ii). 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.
- (iii). In addition to any and all rights and remedies specifically mentioned in this Lease, Landlord and Tenant shall have all rights and remedies granted by law or in equity. Resort to one remedy shall not be construed as a waiver of any other remedy. Failure by either party to resort to any or all of its rights or remedies shall not be considered to be a waiver of such rights or remedies, nor to be acquiescence of either party in any action or default of the other.
- (iv). All headings preceding the text of the several paragraphs and subparagraphs of this Lease are inserted solely for convenience of reference, and none of them shall constitute a part of this Lease or affect its meaning, construction or effect.
- (v). If any term of this Lease or any application thereof shall be found invalid or unenforceable, the remainder of this Lease and any other application of such term shall not be thereby affected.

- (vi). The submission of this Lease for examination or consideration by Landlord or Tenant or discussion between Landlord and Tenant does not constitute a reservation of or option for the Leased Premises or any other space in the Building, nor a commitment by Tenant to lease space in the Building, and this Lease shall be and become effective as a lease agreement only upon legal execution, acknowledgment and delivery hereof by Tenant and Landlord.
- (vii). Landlord reserves the absolute right to enter into such other leases and tenancies in the Building as Landlord shall determine in the exercise of its sole discretion. Tenant does not rely on the fact nor does Landlord represent that any specific tenant or occupants or number of tenants or occupants shall, during the Lease term, occupy any space in the Building.
- (viii). This Lease shall be construed and enforced in accordance with the laws of the State of Maryland.
- (ix). Tenant covenants, warrants, and represents that:
 - (a) Tenant has full right and power to execute and, subject to the provisions of Paragraph 34 of this Lease, perform this Lease; and
 - (b) Tenant, its officers (if any) and employees, know of no pending or contemplated proceeding against Tenant at law or in equity, or before any administrative body, the effect of which proceeding might be to prevent Tenant from performing its obligations under this Lease.
- (x). Landlord covenants, warrants, and represents that:
 - (a) Landlord has full right and power to execute and perform this Lease; and
 - (b) Landlord, its officers (if any) and employees, know of no pending or contemplated proceeding against Landlord at law or in equity, or before any administrative body, the effect of which proceeding might be to prevent Landlord from performing its obligations under this Lease.

- (xi). Upon either party's request, the parties hereto shall enter into a memorandum of lease (the "Memorandum"), the form and content of which shall be reasonably acceptable to the parties hereto. In the event any party records the Memorandum among the appropriate Land Records, the recording party shall bear all costs, fees and taxes in connection with such recordation.

31. 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. Landlord assures Tenant 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, sex, ancestry, marital status, national origin, race, religious belief, sexual orientation or handicap.

32. 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.

33. PUBLIC EMPLOYMENT: Landlord understands that unless authorized under Section 11B-53 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.

34. APPROPRIATION: The annual rent to be paid hereunder by Tenant is subject to annual appropriation by the Montgomery County Council. Tenant agrees that it shall cause the County Executive of Montgomery County, Maryland to request on an annual basis each such appropriation. In the event that the Montgomery County Council fails to make an appropriation of funds to pay the annual rent herein stated, this Lease shall automatically terminate as of the date that the currently appropriated funds have expired. Tenant shall provide Landlord at least thirty (30) days prior written notice of the lack of appropriations. In the event of such a termination, neither the Tenant nor the Landlord shall make or be entitled to any claim for reimbursement of any kind, either for improvements or prepaid items.

35. 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,

return receipt requested. Notices to the respective parties shall be addressed as follows:

LANDLORD:

HESTER, INC. a/k/a ELDRIDGE, INC.
c/o Rockville Center, Inc.
280 Madison Avenue, Suite 1204
New York, New York 10016
Attn: Mitchell B. Rutter

TENANT:

MONTGOMERY COUNTY GOVERNMENT
Department of Public Works and
Transportation
Division of Facilities & Services
110 North Washington Street, Room 318
Rockville, Maryland 20850
Attn: Rey Junquera

with a copy to:

HESTER, INC. a/k/a ELDRIDGE, INC.
c/o Rockville Center, Inc.
250 Hungerford Drive
Rockville, Maryland 20850
Attn: Cliff Grimes

with a copy to:

MONTGOMERY COUNTY GOVERNMENT
Office of the County Attorney
Executive Office Building
101 Monroe Street, 3rd Floor
Rockville, Maryland 20850-2589

with a copy to:

Shulman, Rogers, Gandal,
Pordy & Ecker, P.A.
11921 Rockville Pike, Third Floor
Rockville, Maryland 20852-2743
Attn: Lawrence A. Shulman, Esquire

Notices shall be deemed effective three (3) days after mailing. Either party shall have the right to change its notice address by giving the other party a notice in accordance with the foregoing provisions.

36. SUCCESSORS AND ASSIGNS: Subject to the provisions hereof, this Lease shall bind and inure to the benefit of the parties hereto and their respective legal representatives, successors and assigns.

37. ASSIGNABILITY BY LANDLORD: It is expressly understood and agreed that this Lease and all rights of Landlord hereunder shall be fully and freely assignable by Landlord, without notice to, or the consent of, Tenant.

38. TRANSFER OF LANDLORD'S INTEREST; LIMITATION OF LIABILITY:
The term "Landlord" as used in this Lease is hereby defined to be only the then

current owner or mortgagee in possession of the Building. Any sale or sales by the then current Landlord of the Building or the Leased Premises, or in the event the Building is leased by the then current Landlord hereunder to any party, such sale or lease shall be subject to this Lease. From and after the closing of such sale or lease transaction, the Landlord whose interest is thus sold or leased shall be and hereby is completely released and forever discharged from any and all covenants, obligations, and liabilities of Landlord hereunder, except for any breach, act or omission which occurred prior to conveyance of the Landlord's interest. Tenant agrees that in the event of any breach or default hereunder by Landlord, the source of recovery shall be limited to Landlord's interest in the Building, and that neither Landlord, nor any owner, partner, member, employee or agent of Landlord shall be personally liable with respect to any claim arising out of or related to the Lease. Landlord and Tenant agree that owners, partners, members, employees and agents of Landlord and Tenant respectively, shall not be personally liable for the acts of the Landlord or Tenant, as the case may be, except where such persons are acting independently and outside of the scope of their duties.

39. MITIGATION OF DAMAGES.

- (i). Both Landlord and Tenant shall each use commercially reasonable efforts to mitigate any damages resulting from a default of the other party under this Lease.
- (ii). Landlord's obligation to mitigate damages after a default by Tenant under this Lease shall be satisfied in full if Landlord undertakes to lease the Leased Premises to another tenant (a "Substitute Tenant") in accordance with the following criteria: (a) Landlord shall not be obligated to offer the Leased Premises to a prospective tenant when other Leased Premises in the Building suitable for that prospective tenant's use are available; (b) Landlord shall not be obligated to lease the Leased Premises to a Substitute Tenant for a rental less than the current fair market rental then prevailing in comparable office buildings in the same market area as the Building, nor shall Landlord be obligated to enter into a new lease under other terms and conditions that are unacceptable to Landlord under Landlord's then current leasing policies for comparable space in the Building, provided that Landlord's then current leasing policies are commercially reasonable; and (c) Landlord shall not be obligated to enter into a lease with any proposed tenant whose use would: (1) disrupt the tenant mix of the Building; (2) violate any restriction, covenant or requirement contained in the lease of another tenant of the Building; or (3) adversely affect the reputation of the Building.

- (iii). Tenant shall take all reasonable actions under the circumstances to minimize any loss or damage to Tenant's property or business, or to any of Tenant's officers, employees, agents that may be caused by any such default of Landlord.

40. EARLY TERMINATION. In the event that (a) Landlord intends to file for a permit to demolish the Building, (b) such demolition is scheduled to occur subsequent to the expiration of the Lease Term, then, at any time subsequent to January 1, 2006, Landlord shall have the right, exercisable upon eighteen (18) months prior notice to Tenant, to terminate this Lease. In the event that Landlord exercises such right, this Lease shall terminate upon the date which occurs eighteen (18) months after the date that Landlord delivers such termination notice to Tenant, provided in no event shall this Lease terminate pursuant to the provisions of this Paragraph 40 prior to July 1, 2007. Upon such termination, the parties shall have no further rights or obligations hereunder, except for such rights or obligations which expressly survive the termination or sooner expiration of the term of this Lease.

41. EQUITY IN THE BUILDING. Landlord agrees that during the term of this Lease, Landlord shall not enter into a loan which, at the time that Landlord enters into such loan, would cause there to be less than One Million Five Hundred Thousand Dollars (\$1,500,000) of Landlord's equity in the Building and the land upon which the Building is situated.

42. COVENANT OF GOOD FAITH AND FAIR DEALING. Landlord and Tenant covenant and agree to act in good faith and deal with each other in a fair manner under, and in connection with, this Lease.

43. SIGNS.

- (i). Provided that Tenant has obtained Landlord's prior written consent with respect to the design, size, color, method of installation and location of "Tenant's Sign" (as hereinafter defined), which consent shall not be unreasonably withheld, and provided that Tenant's Sign complies with all applicable laws, codes, statutes, orders and regulations, including, without limitation, any sign package/program that is imposed or implemented by the City of Rockville, Tenant shall have the right, at its sole cost and expense, to place a sign which states "Montgomery County Government" or "Montgomery County Treasury" (the "Tenant Sign") on the exterior face of the Building that faces Monroe Street.

- (ii). Landlord and Tenant shall explore the possibility of installing Building identification signage or a Building identification canopy on the exterior of the Building which faces Monroe Street. In the event that such Building identification signage or canopy is so installed, Tenant shall participate in the cost of such signage or canopy.

[SIGNATURE PAGE FOLLOWS]

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

WITNESS/ATTEST:

By: Rhonda Hensley

[SEAL]

WITNESS:

By: Cindy Sullivan

LANDLORD:

HESTER, INC. a/k/a ELDRIDGE, INC.

By: [Signature]

Date: 6/30/98

TENANT:

MONTGOMERY COUNTY, MARYLAND

By: [Signature]

Date: 6-30-98

APPROVED AS TO FORM & LEGAL SUFFICIENCY:

OFFICE OF THE COUNTY ATTORNEY

Recommended by:

By: [Signature]

Ray J. Juncuera ^{cc}

EXHIBIT A

[11]

Leased Premises

EXHIBIT B

[¶6(ii)]

Char and Janitorial Specifications

I. LEASED PREMISES: (includes office areas, kitchen, stock rooms, xerox rooms and conference rooms)

Daily:

1. Collect trash.
2. Dust furniture, desks, machines, phones, file cabinets, window ledges, etc. (Papers left on desks will not be disturbed.)
3. Vacuum carpet, dry sweep resilient tile and wood floors, spot clean.
4. Mop tile floors.
5. Spot clean walls, doors and partitions.

Monthly:

1. Dust picture frames, charts and graphs.
2. Vacuum air vents.

Quarterly:

1. Clean partitions.
2. Dust vertical surfaces, walls, etc.

WINDOWS:

1. Interior cleaning once per year.

As Needed:

1. Dust and clean venetian blinds.

DOORS AND LIGHTS:

Daily:

1. Turn off lights and check doors on completion of work.

TRASH:

Daily:

1. Deposit all trash in the designated area.
NOTE: Only trash placed in waste containers, or clearly marked "TRASH" will be removed.

KITCHENS:

Daily:

1. Remove all trash, garbage and refuse.

II. PUBLIC AREAS:

(A) Lavatories:

Daily:

1. Clean and disinfect as necessary all toilet bowls, wash bowls and urinals.
2. Resupply all dispensers.

As Needed:

1. Wash or wipe all surfaces in rest rooms.

(B) Corridors:

Daily:

1. Collect trash.
2. Empty ash trays; damp wipe clean.

3. Vacuum carpet, dry sweep resilient tile and wood floors, spot clean.
4. Spot clean walls and doors.
5. Spot clean carpet. Where possible, spots and spills that are soluble and respond to standard spotting procedures will be removed.
6. Clean and scrub drinking fountains.

Quarterly:

1. Shampoo carpet.

Excluded Items:

1. Tenant shall be responsible for loading and unloading dishes, silverware and all other items from any dishwashers that are located in the Leased Premises.
2. Tenant shall be responsible for emptying and cleaning any refrigerators that are located in the Leased Premises.
3. Tenant shall be responsible for cleaning and maintaining all copy machines, fax machines, personal computers and computers that are located in the Leased Premises.
4. Tenant shall be responsible for cleaning locked offices that are located in the Leased Premises unless other arrangements that are acceptable to Landlord and Tenant are agreed upon in writing.

Should Tenant install specialty items, other than Building standard items, which will increase in any way the rate being charged by the cleaning contractor for the Leased Premises, Tenant shall be liable for such increases and will reimburse Landlord for any additional costs.

Landlord reserves the right to change these specifications as needed in order to maintain the Building in a manner consistent with how other buildings which are located in the vicinity of the Building and which are similar to the Building are being maintained.

EXHIBIT C

[¶28]

Rules and Regulations

1. Sidewalks, doorways, vestibules, halls, stairways and similar areas shall not be obstructed by tenants or their officers, agents, servants, and employees, or used for any purpose other than ingress and egress to and from the Leased Premises and for going from one part of the Building to another part of the Building.

2. Plumbing fixtures and appliances shall be used only for the purpose for which constructed, and no sweepings, rubbish, rags, or other unsuitable material shall be thrown or placed therein. The cost of repairing any stoppage or damage resulting to any such fixtures or appliances from misuse on the part of a tenant or such tenant's officers, agents, servants, and employees shall be paid by such tenant.

3. No signs, posters, advertisements, or notices shall be painted or affixed on any of the windows or doors, or other part of the Building, except of such color, size, and style and in such places as shall be first approved in writing by the Building manager. No nails, hooks, or screws shall be driven into or inserted in any part of the Building, except by Building maintenance personnel.

4. Directories will be placed by Landlord, at Landlord's own expense, in conspicuous places in the Building. Landlord shall consult with, and take Tenant's comments under consideration with respect to, the location of any such directory. No other directories shall be permitted without Landlord's prior consent, which consent may be withheld by Landlord in the exercise of its sole discretion.

5. The Leased Premises shall not be used for conducting any barter, trade, or exchange of goods or sale through promotional give-away gimmicks or any business involving the sale of second-hand goods, insurance salvage stock, or fire sale stock, and shall not be used for any auction or pawn shop business, any fire sale, bankruptcy sale, going-out-of-business sale, moving sale, bulk sale, or any other business which, because of merchandising methods or otherwise, would tend to lower the character of the Building.

6. Tenant shall not do anything, or permit anything to be done, in or about the Building, or bring or keep anything therein, that will in any way increase the possibility of fire or other casualty or obstruct or interfere with the rights of, or otherwise injure or annoy, other tenants, or do anything in conflict with the valid pertinent laws, rules, or regulations of any governmental authority.

7. Tenant shall not place a load upon any floor of the Leased Premises which exceeds the floor load per square foot which such floor was designed to carry or which is allowed by applicable building code. Landlord shall have the authority to prescribe the weight and position of safes or other heavy equipment which may over stress any portion of the floor. All damage done to the Building by the improper placing of heavy items which over stress the floor will be repaired at the sole expense of Tenant.

8. Tenant shall notify the building manager when safes or other heavy equipment are to be taken into or out of the Building. Moving of such items shall be done under the supervision of the building manager, after receiving written permission from him.

9. Corridor doors, when not in use, shall be kept closed.

10. All deliveries must be made via the service entrance and service elevators during normal business hours or as otherwise directed or scheduled by Landlord. Prior approval must be obtained from Landlord for any deliveries that must be received after normal business hours.

11. Tenant shall cooperate with Building employees in keeping the Leased Premises neat and clean.

12. Nothing shall be swept or thrown into the corridors, halls, elevator shafts, or stairways. No birds, animals, or reptiles, or any other creatures, shall be brought into or kept in or about the Building.

13. Should Tenant require telegraphic, telephonic, annunciator, or any other communication service, Landlord will direct the electricians and installers where and how the wires are to be introduced and placed, and none shall be introduced or placed except as Landlord shall direct.

14. Tenant shall not make or permit any improper noises in the Building, or otherwise interfere in any way with other tenants or persons having business with them.

15. No equipment of any kind shall be operated on the Leased Premises that could in any way annoy any other tenant in the Building without written consent of Landlord.

16. Business machines and mechanical equipment belonging to Tenant which cause noise and/or vibration that may be transmitted to the structure of the Building or to any leased space so as to be objectionable to Landlord or any tenants

in the Building shall be placed and maintained by Tenant, at Tenant's expense, in setting of cork, rubber, or spring type noise and/or vibration eliminators sufficient to eliminate noise and/or vibration.

17. Tenant shall not use or keep in the Building any inflammable or explosive fluid or substance, or any illuminating material, unless it is battery powered, UL approved.

18. Tenant's employees or agents, or anyone else who desires to enter the Building after normal business hours, may be required to provide appropriate identification and sign in upon entry, and sign out upon leaving, giving the location during such person's stay and such person's time of arrival and departure, and shall otherwise comply with any reasonable access control procedures as Landlord may from time to time institute.

19. Landlord has the right to evacuate the Building in event of emergency or catastrophe or for the purpose of holding a reasonable number of fire drills.

20. Excluding any license that Landlord is required to obtain under the Lease, if any governmental license or permit shall be required for the proper and lawful conduct of Tenant's business, Tenant, before occupying the Leased Premises, shall procure and maintain such license or permit and submit it for Landlord's inspection. Tenant shall at all times comply with the terms of any such license or permit.

21. Each tenant shall be responsible for all persons for whom such tenant authorizes entry into the Building and shall be liable to Landlord for all acts of such persons.

22. Landlord may, upon request by any tenant, waive compliance by such tenant with any of the Rules and Regulations, provided that (i) no waiver shall be effective unless signed by Landlord or Landlord's authorized agent; (ii) any such waiver shall not relieve such tenant from the obligation to comply with such rule or regulation in the future unless expressly consented to by Landlord; and (iii) no waiver granted to any tenant shall relieve any other tenant from the obligation of complying with the foregoing Rules and Regulations, unless such other tenant has received a similar waiver in writing from Landlord.

23. No drapes, blinds, shades or screens shall be attached to or hung in, or used in connection with, any exterior window or door of the Leased Premises so as to be seen from the outside of the Leased Premises without the prior written consent of Landlord.

24. No bicycles or vehicles of any kind shall be brought into or kept in or about the Leased Premises.

25. No additional locks or bolts of any kind shall be placed upon any of the entrances to the Leased Premises, nor shall any changes be made in existing locks or the mechanisms thereof. Tenant shall, upon the termination of its tenancy, return to Landlord all keys either furnished to, or otherwise procured by, Tenant and in the event of the loss of any such keys, Tenant shall pay to Landlord the cost of replacing the locks.

26. Tenant shall not pay any employees of Landlord or Landlord's agents to perform any work or services in the Leased Premises or the Building.

27. Canvassing, soliciting and peddling in the Building is prohibited and Tenant shall cooperate to prevent the same.

28. There should not be used in the public or common areas of the Building, either by any tenant or by others, in the delivery or receipt of merchandise, any hand trucks except those equipped with rubber tires and side guards.

29. Except while loading and unloading vehicles, there shall be no parking of vehicles or other obstructions placed in the loading dock area.

30. Only Building standard cool white lamps may be used in any fixture that may be visible from outside the Building, or from the Building's central atrium, if any.

31. Tenant shall keep all portions of the Leased Premises which are visible from the Building's central atrium, if any, in a tasteful, neat and orderly condition characteristic of first-class professional offices, so as not to be offensive to other tenants of the Building. No desks, book cases, file cabinets or other furniture shall be placed against any glass surrounding the Building's central atrium, if any.

32. Tenant shall not install or maintain any blinds, curtains or any other window covering on those windows of the Leased Premises which are visible from the Building's central atrium, if any.

33. Landlord reserves the right to rescind any of these Rules and Regulations and make such other and further rules and regulations not inconsistent with the express terms of the Lease as in the judgment of Landlord shall from time to time be needed for the safety, protection, care and cleanliness of the Building, the operation thereof, the preservation of good order therein, and the protection and comfort of its tenants, their agents, employees, and invitees, which Rules and

Regulations when made and notice thereof given to Tenant shall be binding upon it in like manner as if originally herein prescribed.