

SECOND AMENDMENT TO AGREEMENT OF LEASE

This Second Amendment to Agreement of Lease ("Amendment") is effective as of November 1, 2009, by and between DFH Property Holdings LLC, a Virginia limited liability company ("Landlord"), successor in interest to 720 Associates ("original landlord"), and the City of Alexandria, a municipal corporation of Virginia ("Tenant").

WHEREAS, the original landlord and Tenant entered into the Agreement of Lease dated March 23, 1999, as amended by First Amendment dated December 18, 2000 (collectively, the "Lease"), whereby Tenant leases from Landlord the premises situated at 720 North St. Asaph Street, Alexandria, VA ("Premises"), as more particularly described in the Lease; and

WHEREAS, Landlord and Tenant desire to further extend the term of the Lease for a period of ten years (10) years, beginning November 1, 2009 and expiring at 11:59 p.m. on October 31, 2019; and

WHEREAS, Landlord and Tenant desire to amend certain provisions of the Lease to reflect such extension and other changes to the Lease.

NOW THEREFORE, in consideration of the foregoing premises, the mutual covenants herein contained and each act performed hereunder by the parties, Landlord and Tenant hereby enter into this Amendment.

1. Recitals. The foregoing recitals are hereby incorporated herein.
2. Extension Term. The term of the Lease is hereby extended for a single period of ten years ("Extension Term"), which extension period shall commence on November 1, 2009 ("Extension Commencement Date") and shall expire at 11:59 p.m. on ~~June 30, 2019~~, unless *Oct 31, 2019* earlier terminated pursuant to the provisions of the Lease or pursuant to law.
3. Extension Term Rent. Base rent for the Extension Term shall be payable in advance in equal monthly installments on the first day of each month, commencing November 1, 2009, without setoff, deduction or demand, in accordance with the following schedule:

Lease Year	Period	Monthly Base Rent
1 & 2	November 1, 2009-October 31, 2011	\$42,173.23
3	November 1, 2011-October 31, 2012	\$42,594.96
4	November 1, 2012-October 31, 2013	\$43,446.86
5	November 1, 2013-October 31, 2014	\$44,315.80
6	November 1, 2014-October 31, 2015	\$45,645.27
7	November 1, 2015-October 31, 2016	\$47,014.63
8	November 1, 2016-October 31, 2017	\$48,895.22
9	November 1, 2017-October 31, 2018	\$50,851.02
10	November 1, 2018-October 31, 2019	\$53,393.57

4. Address for Notices. Paragraph 27 of the Lease is amended by changing the designated address of the Landlord to:

DFH Property Holdings LLC
8 Wolfe St.
Alexandria VA 22314
Attn: Windsor W. Demaine, III

with a copy to:

Watt, Tieder, Hoffar & Fitzgerald, LLP
8405 Greensboro Dr., Suite 100
McLean VA 22102
Attn: Colin J. Smith, Esq.

and by adding the following addresses for notices to Lender:

Burke and Herbert Bank and Trust Company
300 N. Lee St., Suite 450
Alexandria VA 22314
Attn: Chris Collier

with a copy to:

Blankingship & Keith, PC
4020 University Dr., Suite 300
Fairfax VA 22030
Attn: William H. Casterline, Jr., Esq.

5. Ratification. Except as expressly modified by the terms of this Amendment, the Lease shall remain unchanged and continue in full force and effect. All terms, covenants and conditions of the Lease not expressly modified herein are hereby confirmed and ratified and remain in full force and effect, and constitute valid and binding obligations of Tenant enforceable in accordance with the terms thereof.


6. Binding Effect. All of the covenants in this Amendment, including, but not limited to, all covenants of the Lease as modified hereby, shall be binding upon and shall inure to the benefit of the parties hereto and their respective heirs, legal representatives and permitted successors and assigns.

7. Effectiveness. The submission of this Amendment shall not constitute an offer, and this Amendment shall not be effective and binding unless and until fully executed and delivered by each of the parties hereto.

[Signatures on following page.]

IN WITNESS WHEREOF, the parties have signed this Second Amendment to Agreement of Lease.

TENANT: CITY OF ALEXANDRIA, a municipal corporation
of the Commonwealth of Virginia

APPROVED AS TO FORM:

ASSISTANT CITY ATTORNEY
DEPUTY

By: 
James K. Hartman, City Manager

LANDLORD: DFH PROPERTY HOLDINGS LLC, a Virginia
limited liability company

By: 
Windsor W. Demaine, III

FIRST AMENDMENT TO AGREEMENT OF LEASE

This First Amendment to Agreement of Lease ("Amendment") dated as of December 18, of 2000 amends the agreement of lease ("Lease") by and between 720 Associates, a Virginia partnership, and its assigns ("Landlord") and the City of Alexandria, a municipal corporation of Virginia ("Tenant"), dated March 23, 1999.

WHEREAS, Landlord and Tenant hereby acknowledge that, as of the date of execution of this Addendum, the leasehold improvements that are referenced in Section 5 ("Condition of Premises") of the lease, and described more completely in Paragraph 1 of Exhibit A of the Lease (the "HVAC Improvements"), were not completed by Landlord on or before November 1, 2000, as required by the Lease;

WHEREAS, Landlord and Tenant desire to amend the Lease in order to accommodate the delay in Landlord's completion of said leasehold improvements;

NOW, THEREFORE, Landlord and Tenant hereby agree to amend the terms of the March 23, 1999, Lease as follows:

1. Except for the November 1, 2000 completion requirement, the parties agree that Landlord shall promptly and diligently complete construction of the HVAC Improvements in accordance with the terms of the Lease.
2. The parties agree that Tenant shall continue to pay \$29,348.17, the Monthly Base Rent in effect for Year 1, until Landlord has substantially completed the HVAC Improvements in accordance with the terms of the Lease. On the first day of the month following substantial completion of said leasehold improvements, Tenant shall resume payment of the Monthly Base Rent owed for that month as set out in subsection 3(B) of the Lease. Landlord has engaged the


independent engineering firm of Bansal Associates Engineers ("Bansal") as the design engineers for the HVAC Improvements project. The HVAC Improvements shall be deemed to be "substantially completed" hereunder upon the issuance in writing by Bansal of a certification to that effect.

3. The parties agree that all terms and conditions of the Lease, other than those amended by the foregoing paragraphs of this Amendment, shall remain the same and in full force and effect.

DATE: 3/21/01

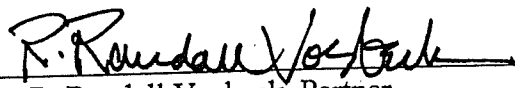
APPROVED AS TO FORM
George M. Andrews
ASSISTANT CITY ATTORNEY

CITY OF ALEXANDRIA, a municipal
corporation of Virginia


BY: 
Philip Sunderland, City Manager

720 ASSOCIATES, a Virginia partnership


DATE: 12/28/00

BY: 
R. Randall Vosbeck, Partner

DATE: 01/03/01

BY: 
Carl C. Redinger, Partner

DATE: 1/3/01

BY: 
William Vosbeck, Partner

LEASE

PROPERTY: BUILDING AT 720 NO. ST. ASAPH STREET,
ALEXANDRIA, VIRGINIA 22314

LANDLORD: 720 ASSOCIATES, A VIRGINIA PARTNERSHIP

TENANT: CITY OF ALEXANDRIA

LEASE
720 ASSOCIATES, A VIRGINIA PARTNERSHIP
AND
CITY OF ALEXANDRIA

TABLE OF CONTENTS

	<u>Page</u>
1. PREMISES	1
2. TERM	1
3. RENT	1
4. UTILITIES	3
5. CONDITION OF PREMISES	3
6. USE OF PREMISES	3
7. ASSIGNMENT AND SUBLETTING	3
8. MAINTENANCE	4
9. SERVICES	5
10. TENANT ALTERATIONS; INSTALLATION OF FIXTURES	5
11. SIGNS	7
12. INSPECTIONS; ENTRY	7
13. INSURANCE	7
14. LIABILITY OF PARTIES	9
15. CASUALTY	10
16. CONDEMNATION	12
17. DEFAULT	12

18.	SUBORDINATION	17
19.	JURY TRIAL WAIVER	18
20.	HOLDOVER	18
21.	SUCCESSOR'S OBLIGATION	18
22.	RULES AND REGULATIONS	19
23.	QUIET ENJOYMENT	19
24.	RESERVATION OF RIGHTS OF LANDLORD	19
25.	PARKING	19
26.	GENDER	20
27.	NOTICES	20
28.	ESTOPPEL CERTIFICATES	21
29.	GOVERNING LAW	21
30.	COMMISSIONS	21
31.	WAIVER OF BREACH	21
32.	SEVERABILITY OF CLAUSES	22
33.	CAPTIONS FOR CONVENIENCE	22
34.	DUPLICATE COUNTERPART ORIGINALS	22
35.	RECORDATION	22
36.	EFFECTIVENESS	22
37.	NO PARTNERSHIP	22
38.	TIME OF ESSENCE	22

39.	FORCE MAJEURE	22
40.	LANDLORD'S CONSENT	23
41.	TERMINATION DUE TO APPROPRIATIONS.	23
42.	ENTIRE AGREEMENT.....	23

THIS AGREEMENT OF LEASE (the "Lease") is made this 23rd day of March 1999, by and between 720 ASSOCIATES, a Virginia partnership or assigns ("Landlord") and CITY OF ALEXANDRIA, a Municipal Corporation of Virginia ("Tenant").

WITNESSETH, that for and in consideration of the rent specified below and of the mutual covenants and agreements hereinafter set forth, Landlord and Tenant agree as follows:

1. **PREMISES.** Landlord leases to Tenant, and Tenant leases from Landlord, for the term and upon the covenants and conditions set forth below, the property described as follows: Approximately 15,688 square feet of land situated at 720 North St. Asaph Street, Alexandria, Virginia, (the "Land"), together with the improvements thereon consisting of a four-story office building containing approximately 24,552 square feet of space (the "Building") which are collectively referred to as the "Premises".

2. **TERM.**

A. **Duration.** The term of this Lease (the "Term") shall be ten (10) years in duration commencing on the "Lease Commencement Date" and expiring at 12:00 Midnight on the "Lease Expiration Date" or on such earlier date upon which said Term may be terminated pursuant to any of the conditions or covenants of this Lease or pursuant to law.

B. **Partial Month Occupancy.** In the event that the Lease Commencement Date is any date other than the first day of a calendar month, rent shall be pro-rated for such fractional period of any partial month Tenant occupies the Premises.

C. **Lease Commencement and Expiration Dates.** The "Lease Commencement Date" shall be November 1, 1999 and the "Lease Expiration Date" shall be 12:00 Midnight on October 31, 2009.

D. **Lease Year.** As used herein, the term "Lease Year" means the period commencing on the Lease Commencement Date and ending on the last day of the twelfth (12th) full calendar month thereafter, and each successive period of twelve (12) calendar months thereafter during the Term.

3. **RENT.**

A. **Base Rent.** During and for the Term, commencing on the Lease Commencement Date, Tenant covenants and agrees to pay Landlord for the Premises, without notice or demand and without deduction, setoff or abatement, a minimum guaranteed base rent

("Base Rent"), which for the first year of the Term shall be the amount of Three Hundred Fifty-Two Thousand One Hundred Seventy-Eight and 11/100 Dollars (\$352,178.11) per year payable in monthly installments, in advance, ("Monthly Base Rent"). The initial Monthly Base Rent shall be Twenty-Nine Thousand Three Hundred Forty-Eight and 17/100 Dollars (\$29,348.17) until adjusted as set forth in subsection (B) of this Section 3. Tenant shall pay all rent to Landlord at the office of Landlord, or to such other party or at such other address as Landlord may designate from time to time by written notice to Tenant. Rent shall be paid on the first day of each and every calendar month during the Term.

B. Rental Increase. The Monthly Base Rent shall be increased by four percent (4%) on the anniversary of the Lease Commencement Date of each year during the Term, except Lease Year 4, in which the increase shall be five percent (5%). Such increase shall be cumulative and effective annually regardless of any rental abatement or waiver and shall be due and payable without notice from Landlord. The following is a schedule of Monthly Base Rent:

Period		Monthly Base Rent
Lease Year	1	\$29,348.17
Lease Year	2	\$30,522.09
Lease Year	3	\$31,742.98
Lease Year	4	\$33,330.13
Lease Year	5	\$34,663.33
Lease Year	6	\$36,049.86
Lease Year	7	\$37,491.86
Lease Year	8	\$38,991.53
Lease Year	9	\$40,551.19
Lease Year	10	\$42,173.23

C. Late Payment. If any payment due to Landlord hereunder, including, but not limited to, rent and additional rent, is not received by Landlord within ten (10) days following the date such payment is due, such delinquent payment shall bear interest at the rate of ten percent (10%) per annum from the date such payment became due to the date of payment thereof; provided, however, that nothing herein contained shall be construed or implemented in such a manner as to allow Landlord to charge or receive interest in excess of the maximum rate then allowed by law. All such interest charges shall be payable immediately upon accrual of such charge.

D. Additional Rent. All amounts which Tenant is required to pay pursuant to this Lease, including, but not limited to, late fees, interest charges, attorneys' fees, parking space rentals, and any amounts expended by Landlord on behalf of Tenant as provided in this Lease, shall be deemed "Additional Rent" and shall be payable to Landlord without deduction, setoff or counterclaim. Tenant's obligation to pay Additional Rent shall survive any expiration or termination of this Lease by lapse of time or otherwise.

4. UTILITIES. During and for the Term, commencing on the Lease Commencement Date, Tenant shall pay for the cost of all electricity, water, sewer, gas and other utilities and trash removal provided to the Premises; Tenant shall contract directly with the providers of such utilities and services and shall promptly pay all bills received in connection therewith.

5. CONDITION OF PREMISES

Tenant agrees that the Premises will be leased in an "AS IS" condition. Notwithstanding the foregoing, Landlord shall, at its expenses, complete the leasehold improvements enumerated on Exhibit A attached hereto and a part hereof. Landlord shall promptly and diligently furnish all of the materials and complete the leasehold improvements in a good and workmanlike manner, using new materials, (a) in accordance with such plans as are referenced in Exhibit A and customary trade practices, (b) in compliance with all applicable laws, ordinances and regulations, and (c) to the reasonable satisfaction of Tenant. The leasehold improvements shall be completed on or before the Lease Commencement Date, with the exception of improvements described in paragraph 1 of Exhibit A, which shall be completed on or before November 1, 2000, all subject to Section 39 of this Lease. Landlord shall contract for such leasehold improvements so as to minimize any disruption to Tenant's use and occupancy of the Premises. It is acknowledged however that some disruption may occur. Tenant agrees that so long as any disruption is not unreasonable, the existing lease dated June 29, 1989, or this Lease (as applicable) shall not be considered to be in default. The cost of any improvements not enumerated on Exhibit A shall be the responsibility of Tenant.

6. USE OF PREMISES. Tenant shall continuously throughout the Term use and occupy the Premises solely for general office purposes, and the conduct of the programs of the Department of Mental Health, Mental Retardation and Substance Abuse, and other uses consistent with the character of a first-class office building in the Washington, D.C.-Metropolitan area, provided a) that any such use does not increase the cost of Landlord's insurance premiums above the premium charged for general office use; b) that any such use shall be acceptable to Landlord's lender having a security interest in the Building; and c) that there will be employees working in the Building. Without the prior written consent of Landlord, the Premises shall not be used for any other purpose, including, but not limited to, any purpose for which a special use permit or a variance from a permit or certificate shall be required. Tenant shall not use the Premises or any other portion of the property for any unlawful purpose, and shall comply with all present and future laws, ordinances, regulations, and orders of the United States of America, Commonwealth of Virginia, City of Alexandria, and any other public or quasi-public authority having jurisdiction over the Premises, provided, however, Tenant shall have no obligation to comply with such laws ordinances, regulations and orders, in the event of a violation caused by the act of omission of Landlord, its prior tenants, or its predecessors in title. In such event, Landlord shall comply with such laws, ordinances, regulations and orders. Notwithstanding the foregoing, Tenant agrees that it shall be responsible for obtaining a special use permit for its use and occupancy of the Premises, if such a permit is required.

7. ASSIGNMENT AND SUBLETTING.

A. Restrictions on Assignment and Subletting. Tenant agrees for itself and for its successors and assigns that it shall not assign, transfer, mortgage, or otherwise encumber this Lease, or sublet, rent, or permit occupancy or use of the Premises (each of which is referred to for purposes of this Section as a "Transfer"), or any part thereof, without obtaining the prior written consent of Landlord, which consent shall not be unreasonably withheld or delayed. Any consent granted shall not be construed to relieve Tenant from the obligation to obtain Landlord's prior written consent to any further Transfer. In the event Landlord consents to a Transfer and accepts the payment of rent or the performance and observance of any of the terms and conditions of this Lease from any transferee such shall not be construed as a waiver or release of Tenant from liability hereunder for the payment of rent or the performance and observance of any of the terms and conditions of this Lease. Any person to whom any Transfer is attempted without the consent of Landlord shall have no claim, right or remedy whatsoever against the Landlord, and Landlord shall have no duty to recognize any person or entity claiming under or through the same.

B. Notice Requirements. In the event that Tenant desires to transfer all or part of its interest in the Lease or right to occupy the Premises, Tenant shall give to Landlord not less than sixty (60) days prior written notice of Tenant's intention to do same, the name, address and the most current financial statement (from a certified public accountant, if the same shall be available) of the proposed transferee, and a copy of the proposed Agreement of Transfer, specifying the proposed use, the term, the rent, and all other material provisions.

C. Copy Payments. In the event that Landlord shall approve a proposed Transfer, Tenant shall deliver to Landlord a fully executed copy of the document effecting such Transfer within ten (10) days following execution thereof. In addition, in the event that such Transfer shall be a sublease or assignment of Lease, Tenant shall pay to Landlord as additional rent, within five (5) days after the due dates of such sums, fifty percent (50%) of the amount by which the rent and/or other payments payable by such assignee or sublessee exceeds the rent payable by Tenant to Landlord under this Lease.

D. Tenant Default. In the event that Tenant defaults hereunder, Tenant hereby assigns to Landlord the rent due from any Transferee of Tenant and hereby authorizes each such Transferee to pay said rent directly to Landlord.

E. Termination of Rights. Any sublease shall be terminated automatically upon termination of this Lease.

8. MAINTENANCE.

A. By Tenant. Tenant shall keep the interior of the Premises and fixtures and equipment (except to the extent Landlord shall be obligated to repair and maintain any equipment

pursuant to subsection (B) below therein in safe and sanitary condition and good order and repair), cause no waste or injury thereto, and at the expiration or other termination of this Lease, surrender the same, broom clean, in the same order and condition which existed on the Lease Commencement Date, ordinary wear and tear and damage by casualty excepted. Tenant shall maintain and repair all kitchen and bathroom fixtures and appliances, any heating or air conditioning equipment installed by Tenant, and the existing Building security system should Tenant elect to retain said security system, and shall be responsible for lawn and landscape maintenance, parking lot and sidewalk cleaning and snow removal, window cleaning, replacement of light bulbs, compliance with all fire code requirements, remedying any blocked drains, and cleaning and janitorial service.

B. By Landlord. Landlord shall be responsible for maintenance and repair of the plumbing, heating, ventilating, air conditioning and electrical equipment and systems, and the elevator and related electrical equipment, and repair and maintenance of the exterior and structural parts of the Building. Landlord shall have no obligation in connection with the repair and maintenance of any other equipment, system, or portion of the Building.

9. SERVICES. Tenant shall be entitled to access the Building 24 hours per day, 365 days per year. Landlord shall furnish heat, ventilation and air conditioning as may, in the reasonable judgment of Landlord, be required for the comfortable use and occupancy of the Premises for the intended use. Tenant shall be responsible for the cost of utilities associated with the operation of these services. Landlord shall furnish automatically operated elevator service. Landlord shall use reasonable efforts to cause any necessary repairs or maintenance to be made within a reasonable time, however, Landlord shall not be liable for failure to furnish or for suspension or delay in furnishing any such service, whether caused by breakdown, removal from service for maintenance or repair work, strike, riot, civil commotion, or any other cause beyond the reasonable control of Landlord. Any such failure or inability to furnish the utilities or services required hereunder shall not be construed as an eviction, actual or constructive, of the Tenant from the Premises and shall not entitle Tenant to terminate this Lease or to an abatement of any rent payable hereunder unless the same results from the negligence or willful misconduct of Landlord.

10. TENANT ALTERATIONS; INSTALLATION OF FIXTURES.

A. Restrictions on Alterations. Tenant shall not make or permit anyone to make any alterations (excluding items of a decorative nature, such as paint, wall covering or carpeting), additions, or improvements, structural or otherwise, or install any fixtures (hereinafter collectively referred to as "Alterations"), in or to the Premises or the Building without the prior written consent of Landlord, which consent shall not be unreasonably withheld or delayed. Prior to the commencement of work on any Alterations, the Landlord's written approval must be obtained as to (i) the contractors and subcontractors selected to perform such work, and (ii) comprehensive plans and specifications showing all the proposed Alterations, including detailed descriptions of the effect, if any, of the proposed Alterations on the mechanical and electrical

systems of the Building, and Tenant must provide to Landlord a copy of a building permit, if required by the City of Alexandria for such Alterations. In addition, following receipt of Landlord's written approval of the foregoing, if requested by Landlord, Tenant shall provide to Landlord a copy of a Builder's Risk insurance policy naming Landlord as an additional insured issued by an insurer and having policy limits reasonably satisfactory to Landlord, and a copy of a performance and payment bond reasonably satisfactory to Landlord.

Landlord shall have the right to stop any Alterations in progress, and/or to require remedy, removal or replacement of completed Alterations if Landlord or its designated agent determines that such work is not being done in a workmanlike manner or in accordance with the plans and specifications provided to Landlord. In such event, Tenant shall promptly correct the deficiencies identified by Landlord to the reasonable satisfaction of Landlord. If Tenant fails to do so within a time period determined by Landlord to be reasonable, then Landlord may, at its sole option, correct such deficiencies, and complete, remove or replace the Alterations, and Tenant shall be liable for the costs of such action as Additional Rent. Tenant agrees to allow inspection by Landlord or its agent from time to time during the period of construction of all Alterations. In addition, Tenant agrees to furnish "as built" plans and specifications for all Alterations within a reasonable period of time after completion of the Alterations.

B. Liens. If any mechanic's or materialman's lien is filed against the Premises for work claimed to have been done for, or materials claimed to have been furnished to Tenant, such lien shall be discharged by Tenant within twenty (20) days thereafter, at Tenant's sole cost and expense, by the payment thereof or by the filing of any bond required by law. If Tenant shall fail to discharge any such mechanic's or materialman's lien, Landlord may, at its option, discharge the same without investigating or determining the validity of such lien, and treat the cost thereof and any legal expenses incurred in connection therewith, as Additional Rent payable within ten (10) days following notice to Tenant of Landlord's costs and expenses incurred in connection with the discharge of such lien. It is hereby expressly covenanted and agreed that such discharge by Landlord shall not be deemed to waive or release the default of Tenant in not discharging the same. The parties acknowledge and agree that any such Alterations shall be constructed on behalf of Tenant and at Tenant's sole cost and expense, and Landlord's consent to such Alterations shall not be deemed to be an agreement by Landlord to subject Landlord's interest in the Premises to any mechanic's or materialman's liens which may be filed in respect of any such Alterations.

C. Tenant's Indemnification. To the extent permitted by law, Tenant shall indemnify, defend, and hold Landlord harmless from and against any and all expenses, liens, claims, losses, or damages to any person or property which may or might arise directly or indirectly by reason of making of, or in connection with, any such Alterations.

D. Ownership of Alterations. Any and all Alterations to, and all other property (including telephone and/or computer wires, conduits and cables, wall-to-wall carpet and wall covering, but excluding the telephone system control box and modular furniture) affixed

to the Premises shall, unless Landlord elects otherwise, become the property of Landlord without payment therefor by Landlord and shall remain upon the Premises and be surrendered with the Premises at the expiration or termination of this Lease (including any renewal or extension period). Should Landlord elect that Alterations made by Tenant and/or any other property described hereinabove be removed upon the expiration or termination of this Lease, Landlord shall so notify Tenant within sixty (60) days prior to the Lease Expiration Date, and Tenant hereby agrees to cause the same to be removed at the Tenant's sole cost and expense, and to restore the Premises to the condition which existed on the Lease Commencement Date, ordinary wear and tear excepted, on or before the expiration or termination of this Lease. Should Tenant fail to remove the same or restore the Premises, Landlord may cause the same to be removed and/or the Premises to be restored at Tenant's expense, and Tenant hereby agrees to pay to Landlord the cost of such removal and/or restoration together with any and all damages which Landlord may suffer and sustain by reason of the failure of Tenant to remove the same and/or restore the Premises as herein provided, including, but not limited to, reasonable attorney's fees incurred in connection therewith.

E. Ownership of Non-Fixtures. If Tenant is not in default in the performance of any of its obligations under this Lease, Tenant shall have the right to remove, prior to the expiration or termination of the Term of this Lease, all movable equipment, furniture or furnishings which are not affixed to the Premises or the Building and which were installed in the Premises at the expense of Tenant. If such property is not removed by Tenant prior to the expiration or termination of this Lease, unless the parties reach prior agreement to the contrary, the same shall become the property of Landlord and shall be surrendered with the Premises as a part thereof, or, at Landlord's option, Landlord may cause the same to be removed and the Premises to be restored to their original improved condition, ordinary wear and tear excepted, and Tenant hereby agrees to pay to Landlord the cost of such removal and restoration together with any and all reasonable expenses and damages which Landlord may incur or suffer and sustain by reason of the failure of Tenant to comply with such obligation, including, but not limited to, attorney's fees incurred in connection therewith.

11. SIGNS. Tenant may install, at its own expense, not more than three (3) signs on the exterior of the Building, the location, size, style, material and method of application of such signs to be subject to the prior written approval of Landlord and any appropriate governmental authority. Except as otherwise herein provided, Tenant agrees that no sign, display or notice shall be inscribed, painted or affixed on any part of the Premises, except inside the Building in a location which is not visible from outside of the Building. In the event that Tenant violates the terms of this section, Landlord may remove any sign, advertisement, display or notice and may charge the Tenant for any costs incurred by Landlord in connection with such removal.

12. INSPECTIONS; ENTRY. Tenant agrees to allow Landlord, its agents or employees, to enter the Premises at all reasonable times to (a) examine, inspect or protect the same; (b) to prevent damage to the same; (c) to make such alterations, additions, improvements and repairs to the Premises as Landlord may deem necessary or desirable, or as may be required

by any governmental agency; or (d) to exhibit the same to prospective tenants or prospective purchasers of the Premises, or any portion thereof. None of the above shall be construed as an actual or constructive eviction of the Tenant, or give rise to any liability on the part of Landlord. The rent reserved shall not abate while such alterations, additions, improvements or repairs are being made, or because of such entries or inspections. Landlord agrees to use reasonable efforts to minimize disruption to Tenant's business by reason of such activities, and shall give Tenant prior notice of its intention to enter the Premises, except in the event of emergency.

13. INSURANCE.

A. Increase in Risk. Tenant shall not conduct or permit to be conducted any activity nor shall Tenant place any equipment in or about the Premises which shall, in any way, increase the rate of, or cause the cancellation of, any policy of insurance of any kind covering any or all of the Premises, or covering any liability of Landlord in connection therewith. If any increase in the rate of insurance is stated by any insurance company or by the applicable Insurance Rating Bureau to be due to any activity, equipment or property of Tenant in or about the Premises, such statements shall be conclusive evidence that the increase in such rate is due to such activity, equipment, or property and, as a result thereof, Tenant shall be liable for such increase and shall reimburse Landlord therefor upon demand. Any such sum due Landlord shall be considered Additional Rent payable hereunder. If any activity, equipment or property, or improvement done, installed or constructed by Tenant in or to the Premises shall violate any requirements of Landlord's insurer(s), Tenant shall take prompt action to comply with such regulation at Tenant's sole cost and expense.

B. Insurance To Be Maintained By Tenant. Tenant shall maintain at its sole cost and expense throughout the Term the following policies of insurance:

(1) Public liability and property damage insurance against loss or liability in connection with bodily injury, death, personal injury, property damage or destruction, occurring within the Premises or arising out of the use thereof by the Tenant or its agents, employees, officers or invitees, visitors and guests; and

(2) Standard fire with broad-form perils coverage property insurance for the full replacement value of all of Tenant's business personal property located in, on or about the Premises.

C. Insurance Requirements. Tenant's insurance shall be underwritten by a company or companies licensed to do business in the Commonwealth of Virginia and rated not lower than "A Class XIV, as rated in the most recent edition of "Best's Key Rating Guide" for insurance companies, and shall be in minimum amounts as set forth in the rules and regulations as reasonably established by Landlord from time to time. Such insurance policy shall name Landlord and Landlord's designated management agent (and, at the Landlord's request, any holder of a Deed of Trust or Mortgage) as additional named insureds, as their interests may

appear, and shall state that said insurance shall remain in full force and effect notwithstanding that the insured has waived its right of action against any party prior to the occurrence of a loss. A current Certificate of Insurance from each such insurer shall be delivered to Landlord's agent not less than thirty (30) days prior to the Lease Commencement Date and renewals thereof shall be delivered to Landlord's agent not less than thirty (30) days prior to the expiration of any such policy. Each policy shall contain an endorsement prohibiting its cancellation prior to the expiration of thirty (30) days after written notice to Landlord of such proposed cancellation.

D. Insurance To Be Maintained By Landlord. Throughout the Term of the Lease, Landlord shall insure the Building against loss due to fire and other casualties included in comprehensive extended coverage insurance policies with replacement cost endorsements in an amount equal to at least the replacement cost thereof, exclusive of architectural and engineering fees, excavation, footings and foundations. Such insurance shall also cover all building standard leasehold improvements. Landlord's insurance policy shall contain an endorsement that said insurance policy shall remain in full force and effect notwithstanding that the insured has waived its right of action against Tenant prior to the occurrence of a loss.

E. Waiver of Subrogation. Each party hereby releases the other party, to and only to the extent of the amount of insurance proceeds actually received in connection with such claim, from any and all liability for any loss, damage or liability, notwithstanding that such loss, damage or liability may arise out of the negligent or intentionally tortious act or omission of the other party, its agents or employees. Included in each Certificate of Insurance provided pursuant to subsection (C) above shall be the endorsement stating that the insurance shall remain in full force and effect notwithstanding that the insured has waived its rights of subrogation.

F. Notwithstanding anything to the contrary in Section 14, Tenant hereby represents that it is self-insured with a single public liability and property damage limit of Two Million Dollars (\$2,000,000.00), insuring against all liability of Tenant and its authorized representatives arising out of and in connection with Tenant's use of occupancy of the Premises. Tenant further agrees and represents that this insurance shall insure performance by Tenant of the indemnity provisions of Section 14. Landlord hereby accepts Tenant's representations herein as performance by Tenant of its obligation under Section 13, subject to the following conditions: (a) that Tenant shall provide to Landlord upon request periodic evidence of the reserves set aside for the purpose of said self-insurance with Tenant's agreement that, should said reserves fall below the stated limits of coverage, Tenant will promptly set aside other reserves to satisfy this deficiency and provide Landlord with evidence of this action, and (b) that Landlord is waiving the insurance obligations with respect to this Section 13 only for so long as the City of Alexandria is the Tenant herein and not for its assigns.

14. LIABILITY OF PARTIES.

A. Personal Property. All property of Tenant contained in the Premises shall be and remain there at the sole risk of Tenant. Landlord, its agents and employees shall not be

liable under any circumstances for any accident or damage to the property of Tenant. Unless such damage is due to the negligence or wilful misconduct of Landlord, its agents or employees, Landlord shall not be obligated to repair, restore, or replace such personal property or recompense Tenant therefor.

B. Criminal Acts of Third Parties. Landlord shall not be liable in any manner to Tenant, its agents, employees, invitees or visitors, or their property caused by the criminal or intentional misconduct of third parties or of Tenant, Tenant's employees, agents, invitees or visitors. All claims against Landlord for any such damage or injury are hereby expressly waived by Tenant, and, to the extent permitted by law, Tenant hereby agrees to hold harmless and indemnify Landlord from all such damages and the expense of defending all claims made by Tenant's employees, agents, invitees, or visitors arising out of such acts.

C. Landlord's Liability. Except as otherwise provided in, and to the extent that Landlord is released from liability pursuant to, subsection (D) of Section 15, or subsection (A) of this Section 14, Landlord shall be responsible for, and shall indemnify and hold Tenant harmless against and from any and all liability arising out of any injury to or death of any person or damage to any property, occurring on the Premises, if, and only if, and to the extent that, such injury, death or damage is directly caused by the negligence or willful misconduct of Landlord, its agents or employees; however, Landlord shall not be responsible for or be obligated to indemnify or hold Tenant harmless against or from any liability for any such injury, death or damage occurring on the Premises by reason of (i) Tenant's use and occupancy of the Premises, (ii) the negligence or willful misconduct of Tenant, its agents, employees, contractors and/or invitees, or (iii) fire, windstorm, act of God, water in or, to the extent permitted by law, on the Premises, steam, bursting pipes, or other casualty.

D. Tenant's Liability. Except as otherwise provided in, and to the extent that Tenant is released from liability pursuant to this Lease, Tenant, to the extent permitted by law, shall be responsible for and shall defend, indemnify and hold Landlord, its agents and employees harmless against and from any and all liability, including legal fees, arising out of any injury or death to any person or damage to any property, occurring on the Premises, if such injury, death or damage is in any way caused by the operation or conduct of Tenant's business or by the negligence or willful misconduct of Tenant, its agents, employees, licensees, contractors, visitors, and/or invitees. In the event that Landlord, its agents and/or employees, shall be made a party to any litigation commenced by or against Tenant, Tenant, to the extent permitted by law, shall protect and hold Landlord, its agents and/or employees, harmless and shall pay all costs, expenses and reasonable attorneys' fees incurred or paid in connection with such litigation, and Tenant shall pay, satisfy and discharge any and all judgments, orders, and decrees which may be recovered against Landlord in connection with the foregoing.

E. Non-Recourse Liability. Tenant agrees that in the event Tenant is awarded a money judgment against Landlord, Tenant's sole recourse for satisfaction of such judgment shall be limited to execution against the estate and interest of Landlord in the Premises; in no

event shall any other assets of Landlord, or of any partner of Landlord or any other person or entity be available to satisfy or subject to such judgment, nor shall any partner of Landlord or any other person or entity be held to have any personal liability for satisfaction of any claims or judgments that Tenant may have against Landlord and/or any partner of Landlord in such partner's capacity as partner of Landlord.

15. CASUALTY.

A. Partial Destruction. In the event of partial destruction to the Premises due to fire or other casualty during the Term of this Lease, Landlord shall diligently proceed to repair and restore the Premises substantially to their condition prior to such casualty, taking into account the time required by Landlord to effect a settlement with, and to procure any insurance proceeds from, any insurer against such casualty. However, Landlord shall not be obligated to repair, restore or replace any fixtures, improvements, alterations, furniture, or other property owned or installed by or at the expense of Tenant. If the restoration of the Premises is not substantially completed within one hundred and fifty (150) days of the date of the casualty, either party may terminate this Lease by giving to the other party thirty (30) days written notice thereof. During the period that Tenant is deprived of the use of the damaged portion of the Premises, the rent for the remainder of the Premises shall be that portion of the total rent which the area remaining that can be occupied bears to the total area of the Premises. Except as set forth above, no compensation or claim or abatement of rent shall be allowed or paid by Landlord, by reason of inconvenience, annoyance or injury to Tenant's business, arising from the repair of the Premises. Except as set forth in subsection (C) of this Section 15, and subsection (A) of Section 14 above, Landlord shall bear the cost and expense of repairing and restoring the Premises.

B. Substantial Destruction. If during the Term of this Lease the Premises are so damaged by fire or other casualty that it is rendered substantially unfit for occupancy, as reasonably determined by Landlord, then Landlord may elect to terminate this Lease effective on the date of such casualty, by giving written notice thereof to Tenant within sixty (60) days after such date, in which case the Base Rent shall be apportioned and paid to the date of said casualty. If there is damage to or destruction of the Building that exceeds twenty-five percent (25%) of the replacement value of the Premises from any cause, Landlord shall have the right to terminate this Lease by giving written notice to Tenant as set forth above.

C. Liability of Tenant. Notwithstanding any other provision of this Lease to the contrary, if any damage to any part of the Premises or the Building is caused by or results from the willful misconduct or negligence of Tenant, its agents, employees, licensees, contractors, visitors, and/or invitees, then: (i) the rent shall not be abated or apportioned as set forth above, unless Landlord elects to terminate the Lease; (ii) Tenant shall have no rights of termination as set forth above; and (iii) except if and to the extent Tenant is released from liability pursuant to this Lease, the Tenant shall pay to Landlord upon demand, as Additional Rent, the cost of any repairs or restoration required due to such damage or, if Landlord elects not

to restore the damaged portion of the Building, any damage or loss incurred by Landlord as a result of such damage.

D. Limitation on Obligation to Repair or Restore. Notwithstanding the foregoing language, Landlord shall not have any obligation to repair or restore the Premises and/or the Building or any portion thereof in the event that the casualty occurs during the last twenty-four (24) months of the Term or any renewal or extension thereof, or in the event that the casualty was one that was not required to be insured against and was not insured against. In either such event, Landlord may terminate this Lease effective on the date of such casualty by giving written notice thereof to Tenant within sixty (60) days after the date of such casualty.

16. CONDEMNATION.

A. Condemnation of Premises. If the entire or a substantial part of the Premises, or the use or occupancy thereof, shall be taken or condemned for public or quasi-public use or purpose by any competent authority, or sold under the threat of condemnation to any competent authority, this Lease shall terminate as of the date of any such taking and all rent payable hereunder shall be apportioned as of that date. If less than a substantial part of the Premises is taken or condemned, the rent for the remainder of the Premises shall be that portion of the total rent which the area remaining that can be occupied bears to the total area of the Premises, effective on the date when title vests in such governmental authority. The Lease shall otherwise remain in full force and effect. For purposes hereof, a substantial part of the Premises shall be considered to have been taken if more than one-third ($1/3$) of the rentable area of the Premises is rendered unusable as a result of such condemnation. Landlord shall have no obligation to contest any taking or condemnation, and, if there is a taking or condemnation, Landlord shall have no liability to the Tenant because of any (1) interruption of Tenant's business upon the Premises, (2) diminution in the Tenant's ability to use the Premises or (3) other injury or damage sustained by Tenant as a result of such condemnation, and Landlord shall be free to conduct any condemnation proceeding settlement free of interference from Tenant.

B. Condemnation Award. Tenant shall have no claim against Landlord and shall have no claim or right to any portion of any award, damages or other compensation which may be made to Landlord as a result of any such taking or condemnation, or sale under the threat of such a taking; all rights of Tenant to such award, damages and compensation therefor, if any, are hereby assigned by Tenant to Landlord. Upon such condemnation or taking, the Term of this Lease shall cease and terminate from the date of such taking or condemnation, and Tenant shall have no claim against Landlord for the value of any unexpired term of this Lease, leasehold improvements, the loss of profits or good will, or severance damages. Notwithstanding the foregoing, Tenant shall be free to pursue a separate claim against the condemning authority for the depreciated value of its above-standard improvements, the value of the unexpired Term of the Lease, and for relocation expenses, provided that any award to Tenant shall not result in a diminution of any award to Landlord.

17. DEFAULT.

A. Events of Default. The occurrence of any of the following shall constitute a default and breach of this Lease by Tenant:

(1) Any failure by Tenant to pay the Monthly Base Rent, Additional Rent or any other monetary sums required to be paid hereunder on the date such payment shall be due, and such non-payment shall not be cured within ten (10) days after receipt of written notice from Landlord; or

(2) The abandonment or vacation of the Premises by Tenant or Tenant's failure to take possession of the Premises within thirty (30) days following the date Landlord tenders possession of the Premises to Tenant; or

(3) A failure by Tenant to observe and perform any other provision of this Lease to be observed or performed by Tenant, where such failure continues for twenty (20) days after written notice thereof by Landlord to Tenant; provided, however, that if such default is non-monetary and cannot reasonably be cured within twenty (20) days, then the default shall not be deemed to be uncured if Tenant commences to cure within twenty (20) days from Landlord's notice and continues to prosecute diligently the completion of cure thereof within a reasonable time; or

(4) The making by Tenant of any general assignment or general arrangement for the benefit of creditors; the filing by or against Tenant of a petition to have Tenant adjudged a bankrupt or of a petition for reorganization or arrangement under any law relating to bankruptcy (unless, in the case of a petition filed against Tenant, the same is dismissed within sixty (60) days); the appointment of a trustee or receiver to take possession of all or substantially all of Tenant's assets located at the Premises or of Tenant's interest in this Lease; the attachment, execution or other judicial seizure of all or substantially all of Tenant's assets located at the Premises or of Tenant's interest in this Lease, where such seizure is not discharged within sixty (60) days; or if Tenant is generally not paying its debts as they become due. In no event shall this Lease be assigned or assignable by operation of law or by voluntary or involuntary bankruptcy proceedings or otherwise, and in no event shall this Lease or any rights or privileges hereunder be an asset of Tenant under any bankruptcy, insolvency, reorganization or other debtor relief proceedings; or

(5) This Lease or the interest of Tenant hereunder or possession of all or part of the Premises shall be transferred to or shall pass to or devolve upon any other person or entity in violation of any provision contained in this Lease.

B. Landlord's Rights in Event of Default. In the event of any such default or breach by Tenant, Landlord may at any time thereafter, in its sole discretion, without limiting

Landlord in the exercise of any other right or remedy which Landlord may have under this Lease, at law or in equity, by reason of such default or breach, exercise the following rights:

(1) Terminate this Lease upon written notice to Tenant, effective on the date specified in such notice, whereupon on the specified date, Tenant's right to further possession shall cease and all obligations of Landlord set forth in this Lease shall cease, without prejudice to Landlord's right to recover from Tenant all rent and other sums accrued up to the time of termination or recovery of possession by Landlord, whichever is later, and the provisions of this Section 17 shall operate as a notice to quit, and any other notice to quit or notice of Landlord's intention to re-enter the Premises being hereby expressly waived; or

(2) Without terminating this Lease and without entering into possession of the Premises, continue this Lease in effect and to enforce all rights of Landlord and obligations of Tenant hereunder, including the filing of suit for the collection of Monthly Base Rent, Additional Rent, and all other sums due hereunder as they accrue (including attorneys' fees and other damages). Acts of maintenance or preservation, efforts to relet the Premises, or the appointment of a receiver upon Landlord's initiative to protect its interest under this Lease shall not constitute a termination of this Lease or Tenant's right to possession hereunder; or

(3) Without terminating this Lease, re-enter and retake possession of the Premises and any and all leasehold improvements from Tenant by summary proceedings or otherwise, and to remove, or cause to be removed, Tenant or any other occupants from the Premises in such a manner as Landlord shall deem appropriate, with or without legal process and using self-help if necessary. The commencement and prosecution of any action by Landlord in unlawful detainer, ejectment or otherwise, or any execution of any judgment or decree obtained in any action to recover possession of the Premises, or any other re-entry and removal, shall not be construed as an election to terminate this Lease, and shall not be deemed to have absolved or discharged Tenant from any of its obligations or liabilities for the remainder of the Term, nor shall Landlord be liable for the prosecution therefor, or be deemed guilty of any trespass. Tenant shall, notwithstanding any such entry or re-entry, continue to be liable for the payment of rent and the performance of the other covenants, conditions and agreements by Tenant to be performed as set forth in this Lease. Thereafter, Landlord shall have the right, but not the duty, to relet the Premises for Tenant's account, in whole or in part, or together with other space, for such term or terms (which may be greater or less than or equal to the unexpired portion of the Term) upon such provisions (including concessions) and for such rental as the Landlord in its sole discretion may determine, and to collect and receive said rental. Landlord shall not be liable for, nor shall Tenant's obligations hereunder be diminished by reason of, any failure of Landlord to relet the Premises or any failure of Landlord to collect all rent due upon such reletting. Nothing herein contained shall be construed as obligating the Landlord to relet the whole or any part of the Premises whatsoever. No such re-entry or taking possession of the Premises by Landlord shall be construed as an election on Landlord's part to terminate this Lease unless a written notice of such intention be given to Tenant. No notice from Landlord hereunder or under a forcible entry and detainer statute or similar law shall constitute an election by Landlord to

terminate this Lease unless such notice specifically so states. Landlord reserves the right following any such re-entry and/or reletting to exercise its right to terminate this Lease by giving Tenant such written notice, in which event this Lease will terminate as specified in said notice; or

(4) The right, but not the obligation, to remove from the Premises all or any part of any personal property located therein and to sell such property and apply the proceeds to any damages incurred by Landlord, or to place the same in storage at a public warehouse at the expense and risk of the owner or owners thereof, without liability therefor; or

(5) To cure such event of default in any other manner, in which event the Tenant shall reimburse the Landlord for all expenses incurred by the Landlord in doing so, plus interest thereon at rate of ten percent (10%) per annum, which expenses and interest shall be Additional Rent payable by Tenant immediately upon demand by Landlord; or

(6) Pursue any individual remedy or any combination of the remedies set forth in this subsection (B) .

C. Landlord's Damages in the Event of Default.

(1) In the event that Landlord elects to take possession without terminating this Lease, as provided in subsection (B)(3) above, Tenant shall pay to Landlord: (a) the rent and other sums as herein provided, which would be payable hereunder if such repossession had not occurred, less (b) the net proceeds, if any, of any reletting of the Premises after deducting all Landlord's expenses in connection with such reletting, including, but not limited to, all repossession costs, brokerage commissions, legal expenses, attorneys' fees, expenses of employees, alteration and repair costs and other expenses of preparation for such reletting. Tenant shall have no right to any excess rental received by Landlord on account of such reletting. If, in connection with any reletting, the new lease term extends beyond the existing term, or the space covered thereby includes other space not part of the Premises, a fair apportionment of the rent received from such reletting and the expenses incurred in connection therewith as provided aforesaid will be made in determining the net proceeds from such reletting. Payments due to Landlord hereunder shall be calculated and payable monthly.

(2) In the event this Lease is terminated, Landlord shall be entitled to recover forthwith from Tenant as damages for loss of the bargain and not as a penalty, an aggregate sum which, at the time of such termination of this Lease, represents the excess, if any, of the aggregate of the rent and all other sums payable by Tenant hereunder that would have accrued for the balance of the Term over the aggregate rental value of the Premises (such rental value to be computed on the basis of a tenant paying not only a rent to Landlord for the use and occupation of the Premises, but also such other charges as are required to be paid by Tenant under the terms of this Lease) for the balance of such Term, both discounted to present worth at the rate of eight percent (8%) per annum.

(3) In addition to the other damages expressly set forth herein or provided from time to time by applicable law, Landlord may recover from Tenant as damages any other amount necessary to compensate Landlord for all the detriment proximately caused by Tenant's failure to perform its obligations under this Lease or which in the ordinary course of events would be likely to result therefrom, including without limitation, commissions, advertising costs, the cost of any leasehold improvements made by Landlord, the cost of making any alterations or repairs in the Premises and reasonable attorneys' fees.

D. Legal Action. Suit(s) for the recovery of the amounts and damages set forth above may be brought by Landlord, from time to time, at Landlord's election and nothing herein shall be deemed to require Landlord to await the date on which this Lease or the Term hereof would have expired had there been no such default by Tenant or no such termination, as the case may be. If Landlord does not commence legal action until the expiration or other termination of the Lease, the parties agree that the Landlord's cause of action shall not be deemed to accrue until such time. Each right and remedy provided for in this Lease shall be cumulative and shall be in addition to every other right or remedy provided for in this Lease or now or hereafter existing at law or in equity or by statute or otherwise, including, but not limited to, suits for injunctive relief and specific performance. The exercise or beginning of the exercise by Landlord of any one or more of the rights or remedies provided for in this Lease or now or hereafter existing at law or in equity or by statute or otherwise shall not preclude the simultaneous or later exercise by Landlord of any and all other rights or remedies provided for in this Lease or now or hereafter existing at law or in equity or by statute or otherwise. All costs incurred by Landlord in connection with collecting any amounts and damages owing by Tenant pursuant to the provisions of this Lease, including reasonable attorneys' fees from the date any such matter is turned over to an attorney, shall also be recoverable by Landlord from Tenant.

E. Injunctive Relief. In the event of a breach or threatened breach by Tenant of any of the covenants or provisions of this Lease, Landlord shall have the right of injunctive relief and the right to invoke any remedy allowed at law or in equity; and in such event, Landlord shall be entitled to recover from Tenant, as Additional Rent, any and all reasonable expenses as Landlord may incur in connection with its efforts to secure such injunctive relief or other remedy at law or in equity, such as court costs and attorneys' fees.

F. Independent Obligation. Except as expressly permitted in this Lease, if Landlord shall commence any proceeding for non-payment of rent or any other payment of any kind to which Landlord may be entitled or which it may claim hereunder, Tenant shall not interpose any counterclaim or set-off of whatever nature or description in any such proceeding, the parties hereto specifically agreeing that Tenant's covenants to pay rent or any other payments required of it hereunder are independent of all other covenants and agreements herein contained; provided, however, that this shall not be construed as a waiver of Tenant's right to assert such a claim in any separate action brought by Tenant. Tenant further waives any right of defense which it may have to claim a merger, and neither the commencement of any action or proceeding, nor the settlement thereof, nor entering of judgment therein, shall bar Landlord from bringing

subsequent actions or proceedings from time to time. Tenant hereby expressly waives any and all rights of redemption granted by or pursuant to any present or future laws in the event the Tenant shall be evicted or dispossessed for any cause, or in the event that Landlord shall obtain possession of the Premises by reason of the violation by Tenant of any of the provisions of this Lease.

G. Compromise or Settlement. If legal proceedings are instituted hereunder, and a compromise or settlement thereof shall be made, it shall not be constituted as a waiver of any other or subsequent breach of any covenant, condition or agreement herein contained which was not the subject of such legal proceedings.

H. Acceptance of Payment. No payment by Tenant or receipt by Landlord of a lesser amount than the Monthly Base Rent or other sum owed by Tenant to Landlord hereunder shall be deemed to be other than on account of the earliest amount then due, nor shall any endorsement or statement on any check or any letter accompanying any check or payment of any sum hereunder 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 sum or to pursue any other remedy.

I. Repudiation. If, prior to the commencement of the Term of this Lease, Tenant notifies Landlord of, or otherwise unequivocally demonstrates an intention to, repudiate this Lease, Landlord may, at its option, consider such anticipatory repudiation a breach of this Lease. In addition to any other remedies available to it hereunder or at law or in equity, Landlord may retain all prepaid rent, the security deposit, and any payment for above-standard improvements, to be applied to damages incurred by Landlord as a result of such repudiation, including, without limitation, attorneys' fees, brokerage fees, costs of reletting and loss of rent; such damages shall not be limited to any amounts so retained.

J. Landlord's Lien. Landlord shall have a lien upon the property of Tenant in the Premises during the Term in the amount of any unpaid rent or other sum due from Tenant hereunder. In the event of default by Tenant, Landlord shall have the right and privilege at its sole option and discretion, to take possession of all property of Tenant in the Premises, to store the same in said Premises, or to remove it therefrom and store it in such place as may be selected by Landlord, at Tenant's risk and expense, in accordance with such lien and of any rights of distraint it may possess against Tenant's said property.

K. Default by Landlord. In the event Landlord defaults in its obligations hereunder, Tenant may avail itself of any legal and equitable remedies available to it.

18. SUBORDINATION.

A. Subordination and Attornment. This Lease is subject and subordinate to the lien, operation and effect of all ground leases, deeds of trust, mortgages, and/or other similar

instruments of encumbrance (hereinafter collectively referred to as "Mortgages") which may now or hereafter affect this Lease or the Premises, to all funds and all indebtedness intended to be secured by such Mortgages, and to all renewals, modifications, consolidations, replacements and extensions thereof, provided that any such mortgagee enters into a non-disturbance agreement consenting to and recognizing Tenant's right to continue to occupy the Premises under the terms of this Lease so long as Tenant is not in default hereunder. This clause shall be self-operative and no further instrument of subordination shall be necessary to effect the subordination of this Lease to the lien of any such Mortgage. In confirmation of such subordination, Tenant shall, within five (5) days of the written request of Landlord or the holder of any Mortgage, execute promptly any further instruments requested. In the event of any proceeding to terminate or to foreclose upon any Mortgage to which this Lease is subordinate, Tenant shall attorn to the purchaser at the foreclosure sale and shall recognize such purchaser as the landlord pursuant to this Lease. Within ten (10) days of the written request by such purchaser, Tenant shall execute and deliver an instrument or instruments confirming its attornment.

B. Modifications Required By Lender. In the event that any lender providing any financing for the Building requires, as a condition of such financing, that modifications to the Lease be obtained, and provided that such modifications do not increase the rent and other sums to be paid by Tenant hereunder nor materially affect Tenant's use of the Premises, Landlord may submit to Tenant a written amendment to the Lease incorporating such required changes, and Tenant hereby covenants and agrees to execute, acknowledge and deliver such amendment to Landlord within ten (10) days of Tenant's receipt thereof.

C. Subordination of Mortgage to Lease. Anything contained in the provisions of this Section 18 to the contrary notwithstanding, the holder of any Mortgage may at any time subordinate the lien of its Mortgage to the operation and effect of this Lease without obtaining the Tenant's consent thereto, by giving the Tenant written notice thereof, in which event this Lease shall be deemed to be senior to such Mortgage without regard to their respective dates of execution, delivery and/or recordation, and thereafter such Mortgagee shall have the same rights, as to this Lease as it would have had, were this Lease executed and delivered and/or recorded before the execution of such Mortgage.

19. **JURY TRIAL WAIVER.** THE PARTIES HEREBY WAIVE THE RIGHT TO TRIAL BY JURY IN ANY ACTION, PROCEEDING OR COUNTERCLAIM BROUGHT BY EITHER OF THE PARTIES HERETO AGAINST THE OTHER ON ANY MATTERS WHATSOEVER ARISING OUT OF OR IN ANY WAY CONNECTED WITH THIS LEASE, THE RELATIONSHIP OF LANDLORD AND TENANT, TENANT'S USE OR OCCUPANCY OF THE PREMISES AND/OR ANY CLAIM OF INJURY OR DAMAGE.

20. **HOLDOVER.** In the event that Tenant shall remain in the Premises after the expiration of the Term or any earlier termination of this Lease, without obtaining the Landlord's written consent thereto, Tenant shall become a Tenant from month to month at double the Monthly Base Rent in effect during the last month of the Term; as a monthly Tenant, Tenant

shall be bound by all other provisions set forth in this Lease. Tenant hereby waives any right to notice of expiration of the Term hereof. Provided however, at any time after the expiration of the Term or earlier termination of the Lease, but prior to Landlord's acceptance of rent from Tenant as a monthly Tenant hereunder, Landlord, at its option, may re-enter and take possession of the Premises without process, or by any legal process permitted under the provisions of this Lease or applicable law on account of the Tenant's occupancy of the Premises without the consent of Landlord. If Tenant holds over following notice from Landlord that it desires to regain possession of the Premises, Tenant shall be liable for all consequential damages suffered by Landlord, including, but not limited to, loss of profits.

21. **SUCCESSOR'S OBLIGATION.** It is agreed that all rights, remedies and liabilities hereunder given to or imposed upon either of the parties hereto shall extend to their respective heirs, successors, executors, administrators and assigns subject to the provisions of this Lease restricting assignment or subletting by Tenant. Tenant acknowledges Landlord might not be, now or in the future, the owner of the fee interest in the Building and/or Land. 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. In the event of any sale or sales by the then current Landlord hereunder to any party then, from and after the closing of such sale transaction, the Landlord whose interest is thus sold or leased shall be and hereby is completely released and forever discharged from and of all covenants, obligations and liabilities of Landlord hereunder thereafter accruing.

22. **RULES AND REGULATIONS.** Landlord shall have the right to prescribe, at its sole discretion, such reasonable rules and regulations as which in Landlord's sole but reasonable judgment are necessary or appropriate for the general well-being, safety, care and cleanliness of the Premises. Any future rules and regulations shall not materially interfere with the Tenant's use and enjoyment of the Premises for the purposes enumerated in Section 6 above. Tenant agrees that the rules and regulations, as the same may be modified and/or supplemented, shall be faithfully kept, observed and performed by Tenant, and by Tenant's agents, servants, employees, invitees, visitors, and guests. Any failure by Landlord to enforce any rule or regulation against any party shall not be deemed a waiver of such rule or regulation or of Landlord's further right to enforce the same. In the event of any inconsistency between the Lease and the rules and regulations, the Lease shall govern.

23. **QUIET ENJOYMENT.** So long as Tenant shall observe and perform the covenants and agreements binding on it hereunder, Tenant shall at all times during the term herein granted, peacefully and quietly have and enjoy possession of the Premises without any encumbrance or hindrance by, from or through Landlord, or anyone else through or under Landlord, except as provided for elsewhere under this Lease.

24. **RESERVATION OF RIGHTS OF LANDLORD.** Landlord hereby reserves to itself and its successors and assigns the following rights, provided that the exercise of such rights shall not materially diminish Tenant's ability to use the Premises for its intended use, (all of

which are hereby consented to by Tenant): (i) upon prior written notice to Tenant, to change the street address and/or name of the Building and/or the arrangement and/or location of entrances, passageways, doors, doorways, corridors, elevators, stairs, toilets, or other public parts of the Building and to make improvements, alterations, additions, installations, eliminations and changes to the Building, Land, parking facilities, or any part thereof; (ii) to erect, use, and maintain pipes, wires and conduits in and through the Premises; (iii) to install and maintain signs indicating that the Building is for sale or lease on the Building and/or Land; and (iv) to have pass-keys to the Premises. Landlord may exercise any or all of the foregoing rights without being deemed to be guilty of an eviction, actual, or constructive, or a disturbance or interruption of the business of Tenant or Tenant's use or occupancy of the Premises.

25. PARKING. Tenant shall have the right to use thirty-four (34) parking spaces in the parking lot adjacent to the Building.

26. GENDER. Feminine or neuter pronouns shall be substituted for the masculine form, and the plural shall be substituted for the singular number, in any place or places herein in which the context may require such substitution or substitutions. Landlord and Tenant, as a matter of convenience, have been referred to in neuter form.

27. NOTICES. All notices or other communications required or desired to be given hereunder by either party to the other shall be in writing and shall be deemed duly given if delivered in person (with receipt therefor), or if sent by certified or registered mail, first-class postage prepaid, return receipt requested. Notices to the respective parties shall be addressed as follows:

To Landlord: 720 ASSOCIATES
c/o Vosbeck Associates
211 North Union Street, Suite 100
Alexandria, Virginia 22314
Attention: Mr. William Vosbeck

Copy to: Michael T. Bradshaw, Esquire
McGuire, Woods, Battle & Boothe
8280 Greensboro Drive, Suite 900
McLean, Virginia 22102

To Tenant: City of Alexandria
General Services Department
P.O. Box 178
Alexandria, Virginia 22313
Attention: Director, Department of General Services

Copy to: City of Alexandria

Office of the City Attorney
P. O. Box 178
Alexandria, Virginia 22313
Attention: City Attorney

City of Alexandria
Department of MH/MR/SA
720 North St. Asaph Street
Alexandria, Virginia 22314
Attention: Fiscal Officer

Either party may, by like written notice, designate a new address to which such notices shall be directed.

28. ESTOPPEL CERTIFICATES. Tenant agrees, at any time and from time to time, upon not less than ten (10) days prior written notice by Landlord, to execute, acknowledge before a Notary Public, and deliver to Landlord (or, at the Landlord's request, to any existing or prospective purchaser, transferee, assignee or holder of a deed of trust or mortgage secured by any or all of the Premises, any interest therein or any of the Landlord's rights under this Lease) an instrument in recordable form: (i) certifying that this Lease is unmodified and in full force and effect (or if there have been modifications, that the Lease is in full force and effect as modified and stating the modifications); (ii) stating the dates to which the rent and any other charges due hereunder have been paid by Tenant; (iii) stating whether or not, to the best knowledge of Tenant, Landlord is in default in the performance of any covenant or condition contained in this Lease, and if so, detailing the nature of such default; (iv) stating the address to which notices to Tenant should be sent; (v) stating that Tenant has accepted the Premises and that all work required has been completed by Landlord; and (vi) any other information as may be reasonably required by Landlord. Any such statement delivered by Tenant pursuant hereto may be relied upon by any owner of the Premises, any prospective purchaser of the Premises, any holder of a deed of trust or mortgage or prospective holder of a deed of trust or mortgage on the Premises or on Landlord's interest therein, or any prospective assignee of any such deed of trust or mortgage. Tenant acknowledges that time is of the essence for the delivery of such statements and that Tenant's failure to comply within the time period specified may result in substantial damages to Landlord and that Tenant shall be liable for all such damages suffered by Landlord.

29. GOVERNING LAW. The parties agree that the laws of the Commonwealth of Virginia shall govern the validity, performance and enforcement of this Lease and that any action or proceeding arising hereunder shall be brought in the courts of the Commonwealth of Virginia.

30. COMMISSIONS. Landlord and Tenant each represent and warrant that except as specifically set forth in this Lease, neither of them has employed any real estate broker, agent or finder, and there is no commission charge or other compensation due on account thereof.

Landlord shall indemnify and hold Tenant harmless, and, to the extent permitted by law, Tenant shall indemnify and hold Landlord harmless, from and against any claim for brokerage or other commission arising from or out of any breach of the foregoing representation and warranty.

31. **WAIVER OF BREACH.** No delay in exercising or failure to exercise any right or power hereunder by either party shall impair any such right or shall be construed as a waiver of any breach or default, or as acquiescence thereto. One or more waivers of any covenants, terms or conditions of this Lease by either party shall not be construed by the other party as a waiver of a continuing or subsequent breach of the same covenant, term or condition. The consent or approval by Landlord to or of any act by Tenant of a nature requiring consent or approval shall not be deemed to waive or render unnecessary consent to or approval of any subsequent similar act. No provision of this Lease shall be deemed to have been waived by either party, unless such waiver be in writing signed by such party.

32. **SEVERABILITY OF CLAUSES.** If any term or provision of this Lease or the application thereof to any person or circumstance shall to any extent be invalid or unenforceable, the remainder of this Lease, or the application of such term or provision to persons or circumstances other than to those as to which it is held invalid or unenforceable, shall not be affected thereby, and each term and provision of this Lease shall be valid and be enforced to the fullest extent permitted by law.

33. **CAPTIONS FOR CONVENIENCE.** The titles of the sections, subsections and paragraphs throughout this Lease are for convenience and reference only, and the words contained therein shall in no way be held to explain, modify, amplify or aid in the interpretation, construction or meaning of the provisions of this Lease.

34. **DUPLICATE COUNTERPART ORIGINALS.** This Lease may be executed in one or more counterparts, each of which shall be deemed an original, and all of which together shall constitute one and the same instrument.

35. **RECORDATION.** This Lease may not be recorded without the Landlord's prior written consent. If this Lease is recorded by either party hereto, such party shall bear the full expense of any transfer, documentary stamp or other tax, and any recording fee, assessed in connection with such recordation; provided, that if under applicable law of the state in which the Land is located the recordation of this Lease hereafter becomes necessary in order for this Lease to remain effective, the Tenant shall bear the full expense of any and all such taxes and fees incurred in connection therewith.

36. **EFFECTIVENESS.** The submission of an unsigned copy of this document to Tenant for Tenant's consideration does not constitute an offer to lease the Premises. This Lease shall become effective upon and only upon its execution and delivery by each party hereto.

37. NO PARTNERSHIP. Nothing contained in this Lease shall be construed as creating a partnership or joint venture of or between Landlord and Tenant, or to create any other relationship between the parties hereto other than that of landlord and tenant.

38. TIME OF ESSENCE. Time is of the essence as to each provision of this Lease.

39. FORCE MAJEURE. In the event either party is in any way delayed, interrupted or prevented from performing any of its obligations under this Lease, and such delay, interruption or prevention is due to fire, act of God, governmental act, strike, labor dispute, inability to procure materials, or any other cause beyond such party's reasonable control, then the time for performance of the affected obligations shall be excused for the period of the delay or interruption, or prevention, and extended for a period equivalent to the period of such delay, interruption or prevention. This paragraph shall not apply to the payment of rent.

40. LANDLORD'S CONSENT. Whenever Landlord's prior consent is required, such consent will not be unreasonably withheld or delayed.

41. TERMINATION DUE TO APPROPRIATIONS.

A. Appropriation by City. It is acknowledged by the parties hereto that there is a governmental policy which requires a termination clause based on yearly appropriation for the Tenant's budget. Therefore, the Tenant's continued occupancy of the Premises for the full Term is dependent upon the appropriation of funds for the leasing of the Premises at the beginning of each fiscal year of the City of Alexandria. In the event that funds are not appropriated for the leasing of the Premises, Tenant shall furnish Landlord with a written notice from Tenant's Budget Office that funds were not appropriated by the City of Alexandria. This notice shall be given to Landlord not less than fifteen (15) days prior to the beginning of the fiscal year involved. In the event that funds are not appropriated for the leasing of the Premises, then, upon payment of the Liquidated Damages described below, this Lease shall become null and void and this Lease shall terminate at the end of the then current fiscal year. In such event, Tenant shall vacate the Premises prior to the beginning of the next City of Alexandria fiscal year.

B. Liquidated Damages. In the event that Tenant shall give Landlord such notice of failure by the City to appropriate funds for the leasing of the Premises, and intention to terminate the Lease, then, on or before the effective date of such termination, Tenant shall pay to Landlord, as liquidated damages and not as a penalty (the "Liquidated Damages") an amount equal to the sum of (i) the unamortized portion of the cost of the initial leasehold improvements made by Landlord (which amount has been determined to be \$200,000.00, amortized over the Term of ten (10) years, plus (ii) Base Rent for six (6) months following the effective date of such termination. For example, if this Lease is terminated pursuant to this Section 41, effective on a date which would be four (4) years and six (6) months prior to the Expiration Date, the amount of Liquidated Damages would be $\$306,299.16 (\$20,000 \times 4-1/2) + (\$36,049.86 \times 6)$

42. ENTIRE AGREEMENT. This Lease and any Exhibits, Addenda, or Riders attached hereto and made a part hereof constitute the entire agreement between the parties and no prior agreements, negotiation, discussions, oral representations, or written matter shall have any force or effect. Tenant is not relying on any written and/or oral representations or agreements other than those contained in this Lease. This Lease shall not be modified, canceled, extended or renewed except by written instrument executed and delivered by both parties.

WITNESSETH the following signatures and seals:

LANDLORD:

720 ASSOCIATES, A VIRGINIA PARTNERSHIP

Date: 3/23/99

By: R. Randall Vosbeck (SEAL)
R. Randall Vosbeck, Partner

Date: 3/23/99

By: Carl C. Redinger (SEAL)
Carl C. Redinger, Partner

Date: 3/23/99

By: William Vosbeck (SEAL)
William Vosbeck, Partner

TENANT:

Date: _____

CITY OF ALEXANDRIA, A MUNICIPAL
CORPORATION OF VIRGINIA

Date: 4/23/99

By: Vola Lawson
Vola Lawson, City Manager

[Corporate Seal]

APPROVED AS TO FORM

Ann D. [Signature]
Asst. CITY ATTORNEY

EXHIBIT

A

1. The Existing Heating, Ventilation, Air Conditioning, System shall be modified as follows: on each office floor the existing packaged units shall be removed and replaced with air to air heat pumps. The newer existing smaller split system units shall be utilized as part of the new overall system. The new heat-pump units will be installed in the ceiling space and each will be a separate zone of several offices or spaces depending on the location to the exterior. Each unit will be on a separate programmable thermostat. The air from these units will be supplied to each space by diffusers. The above ceiling plenum will be used to return air to the heat pump units. The capacity of the new split system units will vary from 1 ½ to 3 tons depending on the zone the individual unit is to serve. The existing supply duct will be used to supply the required fresh air to each unit, and the existing corridor return-air fan will be eliminated. The condensing units for the 4th floor will be installed on the roof and for the 2nd and 3rd floors the units will be installed on the exterior rear or side overhangs, so not to be visible from the exterior ground level. The existing fin-tube on the exterior walls will remain, supplying heat from the existing boiler when the outside temperature drops below 40 degrees F. This system shall be as designed by Bansal and Associates, Mechanical Engineers.
2. Painting of interior office partitions with one coat to match existing color
3. Installation of automatic operator for handicapped on front entrance lobby exterior door
4. Revising 4th floor men's toilet to be uni-sex handicapped toilet - with automatic entrance door
5. Cosmetically up-grading all other men's and women's toilets with new mirrors, lavatories, painting.
6. Installation of new water coolers on floors 2, 3 and 4 providing for handicapped requirements