

City of Alexandria, Virginia

MEMORANDUM

DATE: MAY 22, 2003

TO: THE HONORABLE MAYOR AND MEMBERS OF CITY COUNCIL

FROM: PHILIP SUNDERLAND, CITY MANAGER *ps*

SUBJECT: LEASE FOR SPACE FOR THE ALEXANDRIA POLICE ADMINISTRATION
AND CRIMINAL INVESTIGATION SECTIONS

ISSUE: Consideration of two five-year leases, each with two one-year renewal options, for property located at 2034 Eisenhower Avenue and 309 Hooffs Run Drive and owned by the Ioffman Family LLC. The space, which is behind the Public Safety Center, would be occupied by 114 employees in the Alexandria Police Department's Administration and Criminal Investigation (CIS) Sections.

RECOMMENDATION: That City Council authorize the City Manager to execute, on behalf of the City, and to deliver the leases (Attachments I and II), in substantially the form presented to the Council with such changes as are approved by the City Manager and the City Attorney. The execution of the leases by the City Manager shall constitute conclusive evidence of his approval, and that of the City Attorney, of any and all changes from the documents made available to the City Council.

BACKGROUND: A team of representatives from the City Manager's Office, Police Department, Sheriff's Office, Magistrate, and General Services Department began meeting in May, 2001 to conduct a comprehensive assessment of the Public Safety Center (PSC) facility space shortfalls and to develop both short term and long range options as solutions. The results of the analysis concluded that the current, let alone the long term, space needs for the Police, Sheriff, and Magistrate cannot be addressed within the confines of the PSC facility. Additional complications associated with continued short term (5-7 year) occupancy of the current space include the need to mitigate the first floor slab settlement condition and the anticipated construction of the Woodrow Wilson Bridge Mill Road ramps through the PSC property, and its impact on parking. These activities will have a significant impact on Police, Sheriff and Magistrate operations.

During the FY 2004 budget deliberations staff recommended approval of a capital project that would allow for construction of a new 108,500 square foot Police facility by about FY 2010 and a short term lease requirement (until the new facility is completed) of approximately 55,000 square feet of office space for defined Police programs. The Police Department would continue to house a portion of its operations in the PSC, but the current severe overcrowding would be

addressed by the leased space. These projects were approved and included in the FY 2004 budget and the FY 2004 - FY 2009 Capital Improvement Program (CIP).

We propose to lease 32,578 square feet of office space with 130 garage parking spaces at 2034 Eisenhower Avenue and 8,000 square feet of nearby warehouse space with 16 surface lot parking spaces at 309 Hooffs Run Drive until the completion of a new facility in about FY 2010. This will also enable us to address the need for additional parking once Woodrow Wilson Bridge ramp construction activity begins to disrupt access to and from the PSC and eliminates large areas of parking on short notice for extended periods over the next five to six years. The Police Department has identified the move of the Administrative Division and Criminal Investigation Section as their most urgent and immediate need. A future lease for about 15,000 square feet of additional nearby space for the Patrol, Parking Enforcement and Community Support Units is under discussion and is also funded in the FY 2004 budget.

Once police staff relocates to the leased space, the plan is to backfill the space that remains in the PSC to meet space needs of the sheriff and the police who remain at the PSC.

DISCUSSION: It has been challenging to find office space with sufficient parking for the police since some landlords were not interested in having police programs in office buildings with other tenants. Proximity to the current PSC was important since it was a priority to link the programs that will remain at the PSC to those recommended for relocation. While a number of properties were considered, the recommended 2034 Eisenhower Avenue and 309 Hooffs Run Drive properties best meet the overall requirements for parking and space, are near the Public Safety Center, and the landlord has accepted the police uses.

The proposed leases have five year terms with two one-year renewal options each for a total of seven years. The 2034 Eisenhower Avenue lease is proposed at \$20.50 per square foot net of electric and a common area maintenance fee (estimated at \$2.00 per square foot) plus \$65 per month per parking space. The 309 Hooffs Run Drive warehouse space is proposed at \$7.00 per square foot plus utility and common area maintenance fee (estimated at \$2.00 per square foot) plus \$35 per month per parking space.

Under the proposed agreement the landlord will make the necessary improvements according to the City's plans and specifications. The space will be ready to occupy in late September, 2003. Improvements completed by the landlord exclude the following tenant costs: telephone system installation and cabling; furniture; LAN network connection and IT equipment; and security system and the Police Radio System. Upon completion and occupancy the Police will have complete control and access to the space on a twenty-four (24) hour, seven-day-a-week basis.

FISCAL IMPACT: The estimated FY 2004 cost for the 32,578 square feet of office space on Eisenhower Avenue, assuming a September 30, 2003, occupancy date for the space and a lease commencement date of June 1, 2003, for the parking, is \$651,156 and is included in the Approved FY 2004 Police Department Operating budget. The total cost for the 8,000 square feet

of warehouse space on Hooffs Run Drive, again assuming a September 30, 2003, occupancy date and a June 1, 2003, parking lease commencement date, is \$60,711 and is also included as part of the Approved FY 2004 Police Department Operating budget.

The capital build-out costs for the leased space are estimated at \$2.8 million, including the furnishings, technology, security and communications costs, and are included as part of the Approved FY 2004 - FY 2009 CIP.

ATTACHMENT:

I. 2034 Eisenhower Avenue Lease

II. 309 Hooffs Run Drive Lease

STAFF:

Michele Evans, Assistant City Manager

Edward Mandley, Director, Department of General Services

Peter Geiling, Deputy Director, Department of General Services

LEASE AGREEMENT

THIS LEASE AGREEMENT (this "Lease"), effective this ____ day of May 2003 by and between Hoffman Family, L.L.C., a Virginia limited liability company, having a business address of 2461 Eisenhower Avenue, Alexandria, Virginia, 22331 ("Landlord") and the City of Alexandria, Virginia, a municipal corporation of the State of Virginia ("Tenant").

NOW, THEREFORE, for and in consideration of the covenants and rental herein set forth, and for other good and valuable considerations the parties hereto covenant and agree as follows:

1. DEMISED PREMISES.

(a) The Landlord does hereby demise unto the Tenant the hereinafter described premises and the Tenant hereby covenants and agrees to rent from the Landlord for the lease term, at the rental and upon the conditions, covenants and agreements hereinafter set forth, the premises shown on **Exhibit "A"** attached hereto and made a part hereof, constituting an initially agreed upon amount of Thirty Two Thousand Five Hundred Seventy-Eight (32,578) rentable square feet of space, based upon a measurement of Twenty-Nine Thousand Eight Hundred Eighty-Eight (29,888) rentable square feet of space, plus a stipulated core factor of nine percent (9%), located on the second floor of 2034 Eisenhower Avenue, Alexandria, Virginia 22314 (hereinafter the "Premises"), being part of a office/warehouse complex comprised of roughly 260,000 square feet of leasable office and warehouse floor area and a three-story parking garage, all situated on 13.29 acres of land referenced as Alexandria Tax Assessment Map No. 79.00-01-01 (hereinafter the "Facility").

(b) After the Tenant Improvements (defined in **Exhibit "B"**) are substantially completed, Landlord's architect shall again measure the rentable square footage of the Premises as shown in Exhibit A and certify such measurement to Landlord and Tenant. The amount of rentable square footage obtained from this re-measurement multiplied by a core factor of 1.09 shall be deemed to be the total rentable square footage of the Premises for all purposes under this Lease and all Rental, percentages or other amounts in this Lease based upon the rentable square footage of the Premises (including both Tenant's base rent and its proportionate share of percentage rent or any additional rent) shall be adjusted accordingly.

2. LEASE TERM.

(a) The Term of this Lease ("Term") shall be for a period of five (5) years commencing on the date Tenant commences business operations from within the Premises or the date the Premises are delivered to Tenant substantially ready for occupancy as defined herein, whichever occurs first, and fully ending sixty (60) months thereafter. If possession and delivery of the Premises, "substantially ready for occupancy," as defined herein, is not tendered to Tenant by Landlord on or before September 1, 2003, this lease shall not be impaired or affected thereby, except that in such event the term of this lease shall be extended by the same number of days that shall elapse from the first day of September 2003, to and including the last day of the month in which the Premises are completed and possession thereof is tendered to the Tenant, and Landlord shall not be subject to any liability for the failure to give possession on such date. In such event, Tenant shall have no obligation to pay rent or any other charges until the Premises are substantially ready for occupancy, unless such delay in completion is caused by Tenant's failure to comply with any provisions of this Lease.

(b) The Premises shall be deemed by the parties to be "substantially ready for occupancy" and the Tenant shall be required to occupy the Premises and commence rental payments as of the date the Landlord's architect certifies that the Tenant Improvements have been substantially completed. Within ten (10) days after Landlord notifies Tenant that the Premises have been substantially completed, Tenant shall deliver to Landlord a list of items (the "Punch List") that are reasonably necessary for Landlord to finish or correct in order for the Tenant Improvements to be completed. Landlord shall immediately commence to complete or correct such items on the Punch List, except those, if any, it reasonably contends are not reasonably justified. In the event the Premises are not substantially ready for occupancy by September 1, 2003, the Tenant and Landlord shall execute an addendum to the Lease in which the Lease Commencement Date is stated. The date which Landlord delivers possession of the Premises to the Tenant, substantially ready for occupancy, shall be the Lease Commencement Date and the same date each subsequent year shall be the Anniversary Date. The estimated Lease Commencement Date is September 1, 2003.

(c) Provided that no Event of Default (as defined herein) has occurred or is occurring, Tenant shall have three (3) separate one (1) year Extension Options to extend the Term of this Lease for a period of one year each, from the scheduled date upon which this Lease would have expired but for the exercise of such Extension Option. Any Extension Option, in order to be valid and effective, must be exercised in the following specified manner only: (i) not less than six (6) months before the date upon which the Term would otherwise expire but for Extension Option Tenant seeks to exercise, Tenant shall give Landlord written notice indicating its intent to exercise an Extension Option ("Extension Notice") and (ii) following Landlord's timely receipt of Tenant's said Extension Notice, the parties will execute, acknowledge and deliver to the other an addendum to the Lease setting forth the new expiration date of the Lease; **provided, however, that notwithstanding anything to the contrary contained herein or any Extension Option granted to Tenant herein above, in no event shall the Term of this Lease be extended or continue beyond August 31, 2011.**

(d) Provided that Landlord desires to continue leasing the Facility and the Office Building in which the Premises are contained (the "Office Building") beyond the Term, and further provided that no Event of Default by Tenant beyond any applicable cure period has previously occurred or is occurring, Tenant will have the right of "first offer" to lease contiguous space to the Demised Premises, in the following manner:

(i) If at any time during the Term, Landlord executes a letter of intent to lease office space contiguous to the Demised Premises, which proposed lease has a proposed expiration date or term ending prior to **August 31, 2011** ("LOI"), then Landlord shall

(ii) not less than two weeks after executing a LOI, will present to Tenant a copy of the LOI as the basis and terms upon which it is willing to lease such space to Tenant, subject to all other terms and provisions of this Lease not otherwise changed or contradicted by the terms of said LOI (the "Offer"),

(iii) thereafter, Tenant will have two weeks to consider such Offer and accept the same unconditionally, without any deviation whatsoever, by providing written notice to Landlord within such two week period. During that same time period Landlord will not accept or entertain any other offers to lease the Premises. If Tenant timely accepts the Offer, Landlord and Tenant will execute, acknowledge and deliver to the other, within ten days of Tenant's such acceptance, duplicate originals of an instrument in recordable form confirming that the Offer was accepted by the Tenant according to the terms proposed by Landlord, and a separate lease agreement consonant with the terms of the Offer shall be forthwith executed by the parties.

3. RENTAL.

(a) Base Rental. Base rent for the first year of the Term shall be Twenty and 50/100 Dollars (\$20.50) per square foot, net of electric, equaling Six Hundred Sixty-Seven Thousand Eight Hundred Forty-Nine Dollars (\$667,849.00) per annum. Base rent shall increase annually on each Anniversary Date by three percent (3.0%), resulting in an annual base rent equal to 1.03 (103%) multiplied by the sum of the previous lease years' adjusted base rent. Throughout each lease year of the Term, the annual base rent shall be paid by Tenant to Landlord in equal monthly installments, in advance, on the first day of each and every month, except that the first month's base rental shall be due coincident with the execution of this Lease by Tenant.

(b) Additional Rental. In addition to the base annual rental stipulated in Paragraph 3(a), the Tenant covenants to pay as additional rental to Landlord:

(i) Within fifteen (15) days of the issuance by Landlord of an Invoice - AIA G702 Certificate for Payment - certified by Landlord's architect and contractor, Tenant shall pay Landlord the amount set forth therein for all and/or any such part of the Tenant Improvements' work which has been substantially completed by Landlord, pursuant to an itemized, final, mutually-approved budget of up to One Million Seven Hundred Ninety-Seven Thousand Thirty-Two and 14/100 Dollars (1,797,032.14), dated May 6, 2003, which shall be appended to Exhibit B attached hereto with a full set of mutually approved construction drawings. This payment obligation for Tenant Improvements shall not be subject to any limitation or approval of funding or appropriation of funds, including, but not limited to, the contingencies and limitations set forth in Paragraph 18; and

(ii) In the same manner as base rent, throughout the Term, Tenant shall pay Landlord monthly parking fees of \$65.00 per month for each of the one hundred thirty (130) garage parking spaces allocated to Tenant hereunder as specified in Paragraph 10 and Exhibit D (\$8,450.00); and

(iii) Beginning at the start of the second lease year of the Term and continuing each lease year thereafter, Tenant shall pay Landlord its proportionate share of any increases in real estate taxes and operating expenses (as hereinafter defined) in excess of such taxes and expenses incurred during the base calendar year 2003; and

(iv) Tenant shall also pay as additional rent, its proportionate share of Common Area Maintenance Expenses for the Office Building and/or Facility as defined in subparagraph 3(c); and

(v) all costs and charges for electricity and other utilities used by, for and/or provided to the Tenant or Premises.

IN THE EVENT that Landlord and Tenant, for any reason, do not reach a final agreement on the scope and budget for the Tenant Improvements, following the provision of construction documents by Tenant for such work, within 60 days of the date of this Lease, this Lease shall be null and void ab initio, and of no further force or effect.

(c) Common Area Maintenance Expenses. Commencing upon the Lease Commencement Date and continuing each subsequent lease year thereafter, Tenant shall pay Landlord its pro-rata or proportionate share of common area maintenance expenses incurred during every calendar year and/or any portion thereof falling within the Term. On a quarterly basis each year, Landlord shall render to the Tenant a statement of the Tenant's proportionate or pro-rata share of common area maintenance expenses for the preceding quarter. Tenant agrees to pay as additional rent to Landlord, its proportionate share of such common area maintenance expenses as shown in such statements within ten days of the issuance of an invoice by the Landlord to the Tenant. Landlord shall cause its accountant to provide to Tenant an itemized accounting of its actual costs for common area maintenance expenses for each quarter along with each invoice for common area maintenance expenses. Tenant's proportionate share of common area maintenance expenses attributable to the entire Facility as a whole shall be equal to the product obtained by multiplying such common area maintenance expenses by a fraction, the numerator of which shall be the total rentable square footage of the Premises as defined in Paragraph 1(b) and the denominator of which shall be the number equal to the total average amount of leased and occupied rentable floor area of the Facility during the same full calendar year or portion thereof, as appropriate. Tenant's proportionate share of common area maintenance expenses attributable to solely the Office Building and/or Garage shall be equal to the product obtained by multiplying such common area maintenance expenses by a fraction, the numerator of which shall be the total rentable square footage of the Premises as defined in Paragraph 1(b) and the denominator of which shall be the number equal to the total average amount of leased and occupied rentable floor area of the Office Building during the same full calendar year or portion thereof, as appropriate.

(d) Operating Expenses. Commencing at the start of the second lease year of the Term and at the beginning of each subsequent lease year thereafter, Landlord shall render to the Tenant an estimated statement of the Tenant's proportionate share of any increase in operating expenses from the previous calendar year. Tenant agrees to pay as additional rent to Landlord, in equal monthly installments and in the same manner as base rent, its proportionate share of such increased operating expenses as shown in such statements. Operating Expenses shall be grossed up to reflect ninety-five percent (95%) occupancy, if necessary. Landlord shall provide to Tenant an accounting of its actual cost increases for operating expenses, certified by Landlord's accountant as true and correct, on an identical calendar year basis at the end of every lease year and any refund due Tenant or additional payment due Landlord shall be paid to the other within fifteen (15) days from the date of issuance of a Notice to the other specifying such refund or additional payment based upon the Landlord's aforesaid annual statement of actual expenses. Tenant's proportionate share of increases in operating expenses shall be equal to the product obtained by multiplying the aggregate increase in such operating expenses by a fraction, the numerator of which shall be the total rentable square footage of the Premises as defined in Paragraph 1(b) and the denominator of which shall be the number equal to the total average amount of leased and occupied rentable floor area of the Office Building during the same full calendar year or portion thereof, as appropriate.

(e) Real Estate Taxes. At the start of the second lease year and each year thereafter throughout the Term, the Landlord shall render to the Tenant a statement of the Tenant's proportionate share of increases in real estate taxes for the Facility, if any, from the base calendar tax year of 2003. Tenant agrees to pay as additional rent directly to Landlord, its proportionate share of increased real estate taxes as shown in such statements within ten days of the issuance of an invoice by the Landlord to the Tenant. Tenant's proportionate share of increases in real estate taxes shall be equal to the product obtained by multiplying such increase in real estate taxes by a fraction, the numerator of which shall be the total rentable square footage of the Premises as defined in Paragraph 1(b) and the denominator of which shall be the number equal to the total average amount of leased and occupied rentable floor area of the Facility during the same full calendar year of such real estate tax assessment.

(f) The term "common area maintenance expenses" as used herein shall be defined as

meaning all costs and expenses incurred by the Landlord in connection with the servicing, operation, protection, landscaping, garbage removal, security, and maintenance and repair of the Common Areas of the Office Building and/or Facility, including, but not limited to, parking areas, security, electronic key-card access systems, snow removal, accounting and legal fees, premiums for public liability insurance, and maintenance and service contracts.

(g) The term "operating expenses" as used herein is defined as meaning any and all expenses incurred by the Landlord in connection with the servicing, operation, protection, security, maintenance and repair of the non-Common Areas of the Office Building, including, but not limited to, costs of garbage removal, electricity, gas, water, maintenance and repairs, accounting and legal fees, premiums for property and liability insurance, sewer and maintenance contracts, maintenance and repair expenses which are deducted by Landlord in computing its federal income tax liability, depreciation for capital expenditures, maintaining such reserves as are reasonably necessary for future replacements, charges for janitorial services, any business professional and occupational license tax payable by Landlord with respect to the Facility, a pro-rata allowable portion of the salary and compensation of the Facility superintendent or manager, management costs and fees incurred by Landlord for the property management of the Office Building which do not exceed customary rates in the Northern Virginia market, reasonable reserves for replacements, repairs and contingencies and any other expense reasonably incurred by Landlord in maintaining, repairing or operating the Office Building.

(h) Tenant shall have the right to inspect Landlord's records of common area maintenance expenses, operating expenses and real estate taxes for years in which it has been assessed a pro-rata charge thereof, at Landlord's offices during normal business hours, but not more than once each year, provided that at least ten (10) business days prior written notice has been given to Landlord. Furthermore, Tenant shall only be allowed to examine and inspect such records but not to make any photocopies, xerox or in any other way reproduce Landlord's or Hoffman Management's records relating to the Facility or communicate the same to any third parties, as such information and records shall be considered proprietary, confidential, and trade secrets of the Landlord and/or Hoffman Management. Any overpayment by Tenant of Rental for any year discovered as a result of any such audit shall be promptly refunded by the Landlord and any underpayment by Tenant shall be promptly remitted to Landlord. If Landlord or Tenant shall fail to dispute the amount of Tenant's pro-rata share of operating and/or real estate taxes for any lease year within 12 months of Tenant's receipt of the statement therefor, the amount of such statement shall conclusively be deemed to be correct and shall not be subject to further dispute or adjustment by Landlord or Tenant. If an audit by Tenant reveals that in fact the Landlord has overstated either Tenant's pro-rata share of operating expenses or real estate taxes by five percent (5%) or more, Landlord shall pay Tenant's reasonable out-of-pocket expenses incurred in performing such audit.

(i) The term "real estate taxes" as used herein is defined as meaning all taxes, general and special, levied or assessed on the land and buildings which comprise the Facility and of which the Premises are a part. If such taxes are reduced by appeal or otherwise, the Tenant's share thereof shall be proportionately reduced after the deduction of the expenses incurred in obtaining any such reduction.

(j) The term "Rental" as used herein is defined as meaning all charges, payments, base rent, additional rent and/or other sums of money (including late fees) as may be due Landlord and/or payable by Tenant to Landlord under the terms and provisions of this Lease, including but not limited to Paragraphs 3(a)-(e) herein above. Tenant shall make all rental payments payable to the order of "Hoffman Family, LLC," and at its sole risk, discretion and option, either send the same to Hoffman Management's mailing address of "P.O. Box 4626, Alexandria, Virginia 22303-0626" via the U.S. Mail or hand-deliver the same at "2461 Eisenhower Avenue, Alexandria, Virginia 22331-0100," or send the same via Federal Express ® to Hoffman Management's business

offices at "2461 Eisenhower Avenue, Alexandria, Virginia 22331-0100 , Attn: Controller", or bank wire transfer, in order to ensure their timely receipt by Landlord. Upon Tenant's written request, Landlord will promptly advise Tenant of its ABA Routing Number and Account Number.

(k) If any monthly payment of Rental due hereunder pursuant to Paragraph 3(a) and 3(b) is received by Landlord after the fifth day of the month in which it is due or if any other payment of Rental (e.g. any lump sum assessment for real estate taxes or damages) is received by the Landlord after the fifth day on which it is due, Tenant shall pay Landlord a late charge equal to ten percent (10%) of such amount as originally due and owing, and in addition all unpaid Rental due hereunder shall bear interest at the judgment rate beginning on the due date and continuing until paid. The first month's rent is due upon Lease execution.

4. SECURITY DEPOSIT. Intentionally Deleted.

5. SUITABILITY.

Tenant acknowledges that neither Landlord nor any agent of Landlord has made any representations or warranties with respect to the Premises or the Facility or with respect to the suitability of the Premises or the Facility for the conduct of the Tenant's business operations, nor has the Landlord agreed to undertake any modification, alteration or improvement to the Premises, Office Building or Facility except as may be specifically set forth in "Exhibit B" attached hereto. The occupancy of the Premises by Tenant shall conclusively establish that the Premises and Facility were at such time in satisfactory condition for use by Tenant.

6. USE AND OPERATION.

(a) The Premises shall be used by the Tenant solely for the purpose of operating therein headquarters, administrative and office functions associated with the Alexandria Police Department, including, but not limited to Administration, Criminal Investigation Section, and Community Support Section; *provided, however, that no use of the Premises shall be made for the detention (other than investigative detention), housing or processing of suspects, prisoners or other persons, including magisterial activities such as the booking or release of prisoners.* No other use may be made of the Premises without the express written consent of the Landlord. In addition to the forgoing, Tenant shall not use the Premises in any manner or for any purpose which: (i) violates any fire insurance provisions of Landlord's insurance coverage and the requirements of all insurance underwriters and mortgagees or lessors of the Facility, or (ii) which gives rise to liability pursuant to any rule, regulation, law, ordinance, or requirement of any governmental agency now in force or enacted subsequent to the execution of this Lease, including, without limitation, federal, state and/or local environmental and other laws and regulations concerning the use and/or disposal of "Hazardous Materials," as defined herein. Tenant further agrees that it will not suffer or permit the Premises to be used for any unlawful or immoral purpose and that it will not suffer or permit any article to be brought on or any act to be done on the Premises which shall render the Premises or the Office Building of which they are a part uninsurable.

(b) Tenant agrees to observe all rules and regulations issued and/or modified by the Landlord from time to time for the Office Building, Facility and/or Common Areas, which in the Landlord's reasonable business judgment are deemed to be needed for the operation, the general well being, safety, care and cleanliness of the same. Such rules include, but shall not be limited to, those found in **Exhibit "C"** attached hereto and a made a part hereof.

7. UTILITIES.

(a) The Landlord is not an insurer and in no event shall the Landlord be liable to the Tenant for damages due to temporary lack of utilities, heat, or other services due to breakdown or other failure of the public utility lines, Facility or Office Building systems and/or machinery, it being agreed, however, that Landlord will use its best efforts to make any necessary repairs to said building systems and/or machinery. In the event of a failure of a public utility or line, the Landlord shall use its best efforts to seek to have the respective utility company restore said service without unreasonable delay. Tenant shall cooperate fully with Landlord to assure the effective operation of the Office Building's air conditioning and heating systems when the air conditioning or heating system is in use, Tenant shall not connect any apparatus, device or fixture to, with, or into the conduits, pipes, vents, ducts or other facilities by which such services are supplied, without the prior written consent of Landlord.

(b) Landlord shall, to the extent that electric power and other utilities are available from Virginia Power and other utility providers, make available electricity and other utilities to the Premises twenty four hours a day, 365 days a year. Electricity and other utilities furnished by Landlord shall be used exclusively by Tenant for consumption in association with typical office operations in the Premises for lighting, heating, ventilating, air conditioning and operating all office equipment.

(c) Starting upon the Lease Commencement Date and continuing throughout the Term of this Lease, Tenant shall pay, as and when the same become due and payable, all charges for electricity and/or electric power serving the Premises. Tenant shall pay any sub-metered charges for usage of electricity by Tenant or provision of electricity to the Premises by Landlord, directly to the Landlord within ten days of the issuance of an invoice by the Landlord to the Tenant itemizing such charges. If Tenant does not make any payment due Landlord for utility usage when due and Landlord is required to pay any portion of such payment, Tenant shall pay to Landlord, in addition to said utility payment, a late charge equal to ten percent of such payment.

(d) The Landlord shall provide water for drinking, lavatory and toilet purposes from the regular Office Building supply (at the prevailing temperature) through fixtures installed by Landlord, provided that Tenant shall reimburse Landlord, at rates established by Landlord, for water used by Tenant for supplementary air conditioning or refrigerating, properly or improperly installed, with or without the Landlord's permission, by or for Tenant and for any other water as may be used by Tenant other than for public drinking water and lavatory use.

8. REPAIRS, MAINTENANCE AND ALTERATIONS.

(a) Landlord or its designated contractor, Hoffman Construction Co., Inc., shall be the only authorized party or person for the performance of any improvements, alterations, additions, renovations, modifications and/or any other type of work whatsoever to the Facility and the Premises or any part thereof prior to the Lease Commencement Date. After the Lease Commencement Date, Landlord or Hoffman Construction Co., Inc., shall be the only authorized person for the performance of any improvements, alterations, additions, renovations, modifications and/or any other type of work whatsoever to the Premises which costs in excess of Two Thousand Dollars ("Modifications"); provided, however that the forgoing shall exclude any security system installed by or on behalf of the Tenant which may be intended and/or designed, in whole or in part, to restrict, monitor, control, manage, deter, and/or authorize entry to or exit from the Premises or to and from any part therein, including the locks or entry system of the suite entrance(s) to the Premises, which shall be the sole responsibility of the Tenant.

(b) In the event Tenant desires any Modifications to be performed for the Premises, it shall give a detailed scope of work therefor to the Landlord, who shall have Hoffman Construction prepare and deliver to Tenant an estimate for the completion of the Modifications. If, after good faith negotiations between Landlord, Hoffman Construction and Tenant, a contract for the Modifications is not agreed upon and executed between Hoffman Construction and Tenant, Tenant shall submit the same scope of work to another Class A licensed general contractor to obtain a second estimate upon the same terms and conditions (excepting price) as Hoffman Construction's estimate. Thereupon, Landlord shall have the option of: (i) accepting such second estimate and having the work completed upon the same terms or to cause Hoffman Construction to complete the work upon the same terms; or (ii) submit said scope of work to a third Class A licensed general contractor (chosen upon mutual agreement of the contractor providing the second estimate and Hoffman Construction) to provide a third estimate. Thereupon, the Landlord shall have the final option of: (i) accepting the second estimate and completing the work on the same terms or to cause Hoffman Construction to complete such upon the same terms or (ii) completing the work upon the same terms as the third estimate (excepting price) or to cause Hoffman Construction to complete said work upon the same terms (excepting price) for a fixed sum of money which is no greater than either the total price contained in the second estimate or 110% of the total price contained in the third estimate.

(c) Landlord shall provide Tenant, at Tenant's sole cost and expense, with a "turnkey" build out of the Tenant Improvements set forth in Exhibit "B." Landlord shall deliver the Premises to Tenant in clean condition with all systems, including electrical, mechanical and plumbing, in good working order on the Lease Commencement Date. Landlord shall also provide the following building standard items: demise the exterior walls of the Premises per Exhibit "A"; repaint the existing walls and doors; painting or adjust the ceiling grid and tile where necessary; and carpet the entire Premises. In the ordinary course of operating and maintaining the Facility and/or Office Building Landlord shall maintain the structural elements and Common Areas of the Office Building in good condition and shall repair the same with reasonable diligence when necessary. Landlord's obligations exclude any damage caused by any act, omission or negligence of Tenant, any subtenant or concessionaire of Tenant, or their respective employees, agents, invitees, licensees or contractors.

(d) Tenant may request Landlord's prior written approval, which approval shall not be unreasonably withheld, for the Tenant's own installation of certain security equipment and devices at its sole expense (which shall not be deemed Modifications hereunder regardless of cost), including, but not limited to: an electronic security alarm system, internal hallway security cameras, proximity card readers, City fibre intranet access, and clear security film on glass entrance doors ("Security Measures"). Tenant shall cooperate with Landlord to limit, minimize and/or eliminate the visibility, obtrusiveness and any other adverse impacts of Security Measures upon Landlord's and other tenant's business operations, not only in the design and selection of such measures, but as well their installation, appearance, location, operation and maintenance.

(e) The Tenant agrees that it will, at its cost, keep the Premises and the fixtures therein in good order, repair and in a safe and tenantable condition (including Tenant's emergency generator and Security Measures, if any), and will at the expiration of the Term hereof surrender and deliver up the same in like good order, repair and condition as the same now are or shall be at the Lease Commencement Date, ordinary wear and tear, and damage by the elements, fire and other unavoidable casualty excepted.

(f) Landlord reserves the right to correct, remove, and/or perform any maintenance and repairs which Tenant fails, in Landlord's reasonable judgment, to properly perform under this Lease within five (5) calendar days after written notice is given to Tenant by Landlord or, in the event of an emergency, such earlier period of time as the exigencies of the situation may require. Upon written notice to Tenant, Landlord reserves

the right to correct and/or remove any alterations or additions made by Tenant which do not conform to the requirements of this Lease. In any instance in which Landlord exercises its rights under this Paragraph, Landlord may, at its option, reenter the Premises and proceed forthwith to have such correction, removal, maintenance, repairs, or replacements made and to pay the cost thereof for Tenant's account. No such action by Landlord shall be deemed to waive or release any default by Tenant hereunder. If Landlord performs any correction, removal, maintenance, repairs or replacements pursuant to this Paragraph 8(f), then, and in any such event, Tenant shall pay Landlord, promptly on demand, as additional rent, any and all expenses incurred by Landlord in performing the same, such expenses to be Landlord's actual out-of-pocket expenses, plus fifteen percent (15%) thereof for Landlord's overhead.

(g) To the extent commercially practicable, any actions taken by or on behalf of Landlord by reason of the provisions contained in this Lease, including but not limited to repairs, alterations, improvements, additions or maintenance of the Office Building or the Common Areas, the Premises, or any fixture or element thereof, shall be performed at such times and in such manner so as to minimize interference with Tenant's business operations from within the Premises.

(h) Except in (i) the case of emergency; (ii) as the exigencies of the situation may require, or (iii) following an uncured Event of Default; the Landlord's right of entry to the Premises shall require at least forty-eight (48) hours prior advance notice to Tenant of such entry. Landlord may enter the Premises to make inspections, repairs, alterations or improvements, and to show the Premises to workers, contractors, mortgagees, and prospective purchasers or tenants.

(i) Landlord shall promptly make necessary repairs to the Premises and the Office Building, including, without limitation, exterior walls, structural elements, foundations, and roof of the Office Building, and shall maintain in good repair, all pipes, conduits, lines, sewage systems, gutters, down-spouts, and central HVAC systems which form a part of the Premises; however, in no event shall the Landlord be liable to the Tenant for damages due to temporary lack of utilities, heat, or other services due to breakdown or other failure of the public utility lines, Facility or Office Building systems and/or machinery. In the event of a failure of a public utility or line the Landlord shall use its best efforts to seek to have the respective utility company restore said service without unreasonable delay. The Landlord shall make all of its repairs with due diligence and care, in a good and workmanlike manner, and in compliance with all applicable local, state and federal regulations, ordinances and laws. In the making of any repairs the Landlord shall use, to the extent commercially practicable, reasonable efforts to prevent any interference with Tenant's use of the Premises.

9. COMMON AREAS.

(a) Landlord shall make available such "Common Areas" (as hereinafter defined) as Landlord shall, from time to time, deem to be appropriate for the Facility, and Landlord shall operate and maintain such Common Areas for their intended purposes. Subject to the provisions of this Lease, Tenant, its employees, agents, customers, and invitees shall have the nonexclusive right, during the Lease Term, to use the Common Areas for vehicular and pedestrian ingress, egress, and parking by assignment with Landlord and the other tenants of the Facility and their respective employees, agents, customers, invitees and licensees.

(b) Notwithstanding anything contained in this Lease to the contrary, Landlord shall have the right, at any time, to change the size, location, elevation and nature of the Common Areas, or any part thereof, including, without limitation, the right to locate and/or erect thereon kiosks, structures and other buildings and improvements of any type.

(c) Subject to any easements and restrictions of record granted or approved by Landlord from time to time, all Common Areas shall be subject to the exclusive control and management of Landlord, and Landlord shall have the right, at any time, to establish, modify, amend and enforce rules and regulations with respect to the Common Areas and the use thereof. Tenant agrees to abide by and conform with such rules and regulations, and to cause its permitted concessionaires, invitees and licensees and its and their employees to do the same.

(d) Landlord shall have the right: (i) to close all or any portion of the Common Areas to such extent as may, in the opinion of Landlord's counsel, be reasonably necessary to prevent a dedication thereof or the accrual of any rights of any person or of the public therein; (ii) to close temporarily all or any portion of the Common Areas or otherwise establish, amend and enforce rules and regulations to discourage non-tenant or non-customer use; (iii) to use portions of the Common Areas while engaged in making additional improvements or repairs or alterations to the Facility; (iv) to do and perform such other acts (whether similar or dissimilar to the foregoing) in, to and with respect to the Common Areas as Landlord shall determine to be appropriate for the Facility.

(e) The term "Common Areas" as used herein is defined as meaning those portions of the Facility, whether owned or leased by Landlord or made available for use by other tenants, which have, from time to time, been designated by Landlord for common use by or for the benefit of more than one (1) occupant of the Facility. To the extent aforesaid, the Common Areas shall include but not be limited to, the parking lots, garage, access and perimeter roads, landscaping, sidewalks and other public areas within the Facility or the Office Building. Any portions of the Facility so included within Common Areas shall be excluded therefrom when designated by Landlord for a non-common use, and any portion thereof not heretofore included within Common Areas shall be included when so designated by Landlord for common use. The exterior walls and those areas of the Facility which house mechanical, electrical, or other equipment or are otherwise determined by Landlord to be used in operating and maintaining the Facility shall be reserved for Landlord's exclusive use and shall not be Common Areas.

10. PARKING.

(a) Tenant agrees that it, and its employees, officers, agents, customers, licensees, business invitees and any concessionaires will park its or their respective automobiles, trucks and other vehicles only in the parking spaces specified in Exhibit "D" attached hereto ("Tenant's Parking Spaces"). Tenant covenants that it shall, at Tenant's own cost and expense, through such reasonable measures as it may implement with the prior written approval of Landlord, be responsible for ensuring that Tenant's employees, officers, agents, customers, licensees, business invitees and any concessionaires shall not utilize any other parking spaces at the Facility other than Tenant's Parking Spaces (the "Parking Protocol"). Approval by Landlord of Tenant's Parking Protocol will in no way relieve Tenant of its sole responsibility to ensure that Tenant's employees, officers, agents, customers, licensees, business invitees and any concessionaires shall not utilize any other parking spaces at the Facility other than Tenant's Parking Spaces or its corresponding liability for failing to so ensure.

(b) Notwithstanding anything to the contrary contained herein, Tenant acknowledges that Landlord also reserves the right, in addition to assessing against Tenant any damages incurred as a proximate result of the breach of its aforesaid covenant(s) in Paragraph 10(a), to tow any vehicles of Tenant, its employees, officers, agents, customers, licensees, business invitees and any concessionaires parking in any other spaces than those assigned to Tenant by Landlord as set out in Exhibit "D". Landlord shall in no way be liable to Tenant, its employees, officers, agents, customers, licensees, business invitees and/or any concessionaires for any damages or claims arising out of or related to: (i) the towing of any vehicles from the Facility or (ii) the use of the parking

areas or roadways of the Facility.

(c) Tenant, through establishment and maintenance of the Parking Protocol, shall be responsible for ensuring the availability of Tenant's Parking Spaces, including the towing by Tenant of any vehicles parked in Tenant's Parking Spaces (other than Landlord, its contractor's or employee's maintenance and repair vehicles) upon obtaining the prior advance approval of Landlord. While Tenant shall not be required to adhere or comply with any requirements to hang Landlord's parking permits in vehicles parked in Tenant's Parking Spaces otherwise provided or set forth in Exhibit D from time to time, Landlord reserves the right (as part of its Common Area maintenance), without assuming the obligation of Tenant or relieving the liability of Tenant for the establishment or maintenance of a Parking Protocol, to identify or mark Tenant's Parking Spaces through the use of pavement markings, free-standing movable signs or the like. No provision of this Lease shall be construed as a demise to Tenant of parking or other Common Areas.

11. SIGNS.

Tenant shall not display, inscribe, print, paint, maintain or affix on any place in or about the Office Building or Facility any sign, notice, legend, direction, figure or advertisement, except on the doors of the Premises, and then only such name(s) and matter(s), and in such color, size, place and materials, as shall first have been approved by Landlord in writing. Landlord reserves the right to install and maintain a sign or signs on the exterior or interior of the Office Building and the Facility, including, but not limited to, a building directory of tenants located in the main lobby of the Office Building. If Tenant desires, Landlord shall list Tenant and its affiliates on the Office Building directory board, at Landlord's sole cost and expense.

12. TENANT'S ACCESS.

The Landlord shall provide, after Normal Business Hours, an electronic card-reader access system for the front entrance of the Office Building. The suite entrances to the Premises shall be separately locked and keyed. Tenant shall have access to the Office Building twenty-four (24) hours a day, 365 days a year through the use of a reasonable number of electronic card-reader access cards provided by Landlord to designated supervisory employees of Tenant. It is understood and agreed by Tenant that the installation of such an electronic card-reader system shall not be considered a guarantee against fire, robbery, theft, vandalism, mysterious disappearance or any other casualty, nor shall Landlord, its employees or agents be liable for any loss or damage (whether to person or property) whether relating or due directly or indirectly to any act, event, occurrence and the consequences therefrom, which such an electronic card-reader system or other security system may be designed to prevent or avert.

13. BUILDING SERVICES.

Tenant shall provide janitor service to and for the Premises, at its cost and expense, without Landlord's prior written consent, provided that the scope of such services shall be at least those set forth in Exhibit E attached hereto and Landlord shall have the right to inspect the compliance by Tenant to such standards and the assess the cleanliness of the Premises, upon forty-eight (48) hours prior notification to Tenant. Landlord shall provide passenger elevator service 24 hours a day, 7 days a week and shall provide freight elevator service during Normal Business Hours.

14. COVENANT AGAINST LIENS.

If because of any act or omission (or alleged act or omission) of Tenant, any mechanic's or other lien, charge or order for the payment of money or any other encumbrance shall be filed against Landlord, any Mortgagee, the Premises, or any other portion of the Facility (whether or not such lien, charge, order or encumbrance is valid or enforceable as such), Tenant shall (at its own cost and expense) cause the same to be discharged of record or bonded within ten (10) days after notice to Tenant of the filing thereof. To the extent permitted by Law, Tenant shall indemnify and save harmless Landlord and all Mortgagees against and from all liabilities, suits, penalties, claims, demands, costs and expenses (including, but not limited to, reasonable attorney's fees) resulting therefrom. If Tenant fails to comply with the foregoing provisions, Landlord shall, in addition to all its other rights and remedies under this Lease, have the option of discharging or bonding any such lien, charge, order or encumbrance without inquiring into the validity thereof, and Tenant agrees to reimburse Landlord, promptly upon demand, for all sums so advanced by Landlord, all costs and expenses (including, but not limited to, reasonable attorney's fees) incurred by Landlord in connection therewith, and interest on all such amounts, as additional rent. All material men, contractors, artisans, mechanics, laborers and any other person(s) now or hereafter contracted with Tenant, or anyone acting by, through, or on behalf of, Tenant, for the furnishing of any labor, services, materials, supplies or equipment with respect to any portion of the Facility or Premises, at any time from the date hereof until the end of the Term, are hereby charged with notice that they must look exclusively to Tenant to obtain payment for same.

15. EMINENT DOMAIN.

If the Premises and/or the Office Building shall be taken or condemned by any competent authority for any public use or purpose, then the term of this Lease shall cease and terminate from the effective date of such taking. In such case, the current Rental amount shall be adjusted to the effective date of such taking, and the amount of any award made by a court of competent jurisdiction (the "Court") attributable to such taking or condemnation of the Landlord's Facility and/or land shall belong to the Landlord; and the portion or amount of any award made the Court as a result of the taking of Tenant's own tangible property, if any, and/or the taking of its leasehold estate shall belong to the Tenant. Each party shall have the right to make claim against the condemning authority for the amount of the actual provable damage sustained by each of them by such taking or condemnation as set forth in the preceding sentence.

16. FIRE AND OTHER CASUALTY.

(a) In the event that the Premises and/or the Facility shall be partially or totally damaged or destroyed by any risk covered by any of Landlord's insurance, Landlord shall, within thirty (30) days after such damage or destruction or as soon thereafter as is reasonably practicable (unless Landlord terminates this Lease pursuant to section (b) of this Paragraph), commence to repair, rebuild, reconstruct and restore or replace the Premises, and prosecute the same diligently to completion. Landlord's obligation to restore, as set forth in the preceding sentence, is subject to Landlord being able to obtain all necessary permits and approvals therefor, including, without limitation, permits and approvals required from any agency or body administering environmental laws, rules or regulations. It is understood and agreed that the building in which the Premises are located, if partially or totally damaged or destroyed, need not be restored to the same condition as existed prior to such damage or destruction, provided said building is restored to a condition architecturally harmonious and consistent with the Premises and the balance of the Facility. In any event, Landlord shall not be required to expend more for any repair, rebuilding, reconstruction, restoration, or replacement of the Premises and/or the Facility pursuant to this Paragraph than the amount of insurance proceeds paid to Landlord in connection

therewith.

(b) Landlord shall have the option to terminate this Lease upon giving written notice to Tenant of exercise thereof within sixty (60) days after the Premises or the Facility are damaged or destroyed if:

- (i) such damage is the result of any risk not covered by the insurance agreements retained by Landlord, such as flood, earthquake, act of war, etc.; or
- (ii) such damage or destruction occurs within the last twenty-four (24) months during the Term; or
- (iii) thirty-five percent (35%) or more of the gross leasable area in the Facility immediately prior to the damage or destruction is rendered untenable thereby.

(c) Whether or not this Lease is terminated by Landlord pursuant to section (b) of this Paragraph after damage or destruction, if the Premises are rendered wholly or partially untenable by such damage or destruction, then the rent and other charges payable by Tenant under this Lease during the period in which the Premises are so untenable shall be proportionately abated. Tenant shall give immediate notice to Landlord in case of fire or accident in the demised premises, fixtures, or equipment, or of any defect, damage or injury thereto or therein.

17. ASSIGNMENT, SUBLET & CONTINUING LIABILITY

The Tenant shall not have the right at any time during the Term of this Lease to sublet or assign all or any portion of the Premises.

18. TERMINATION DUE TO APPROPRIATIONS

(a) Except with respect to the payments and sums due Landlord under Paragraph 3(b)(i) relating to the Tenant Improvements and the Insurance and Indemnity obligations of Tenant set forth in Paragraph 20 herein, the obligation of Tenant to make any fixed or regularly scheduled rental payments under this Lease is contingent upon the appropriation for each fiscal year by the City Council of Alexandria of funds from which such payments can be made. The Tenant shall not be liable for any such fixed or regularly scheduled rental payments that may be payable pursuant to this Lease, unless and until such funds have been so appropriated for payment and then only to the extent thereof. It is understood and agreed by the parties hereto that nothing in this Lease shall be deemed to obligate the City Council of the City of Alexandria to appropriate any sums on account of any such fixed or regularly scheduled rental payments to be made by the Tenant hereunder. This Lease shall not constitute a pledge of the full faith and credit of the City of Alexandria or a bond or debt of the City of Alexandria in violation of the Constitution of the Commonwealth of Virginia or the Charter of the City of Alexandria.

(b) If the City Council of the City of Alexandria fails to appropriate sufficient funds from which such fixed or regularly scheduled rental payments can be made, the Term of this Lease, notwithstanding anything else to the contrary contained herein, shall effectively terminate upon depletion of the then currently appropriated funds and thereafter, provided that Tenant has promptly vacated the Premises in compliance with Paragraph 20, Tenant's only remaining liability under this Lease shall be for: (i) any damages due Landlord for any unpaid or un-reimbursed payments due Landlord from Tenant for the approved schedule of Tenant Improvements contemplated in Paragraph 3(b)(i) hereof and (ii) any Rental, liability and/or obligation (whether unliquidated or then undetermined) of Tenant, on account of Tenant's Insurance and Indemnity obligations, covenants and responsibilities set forth in Paragraph 20, arising out of or relating to any event, circumstance, action, casualty or activity occurring on or before any such early effective termination date of this Lease.

19. LANDLORD NOT AN INSURER.

(a) Landlord is not an insurer and shall not be responsible or liable to Tenant for any loss or damage to persons or property, or any interference or interruption of Tenant's use of the Premises, that may be occasioned by (i) the acts or omission of persons occupying any space adjacent to or adjoining the Premises or any other occupants of the Facility, their employees, agents, subtenants, licensees, concessionaires, visitors, or customers or (ii) water, gas, steam, wind, or the bursting, stoppage, or leaking of any pipes, sewer or water lines, or other conduits, fixtures, or equipment, or the interruption of any utility services to the Premises, nor (iii) any repairs, alterations, maintenance or additions to the Premises or any other portion of the Facility.

(b) All employees, officers, agents, customers, licensees, business invitees and/or any concessionaires of Tenant present in, on or around the Facility and any personal property belonging to the Tenant located in or about the Premises or Facility shall be there at the sole risk of the Tenant and neither the Landlord, its members, employees and/or agents shall be liable for (i) the theft, abduction, kidnaping or misappropriation thereof; (ii) any damage or injury thereto whether to person or property, including but not limited to, damage or injury caused by fire, explosion, water, gas, electricity, leaks from the roof or other portions of the Facility, the bursting or leaking of pipes, plumbing, electrical wiring and equipment or fixtures of any kind, and loss of life; and (iii) any acts or neglect of other tenants or occupants of the Facility or Office Building.

(c) No provision of this Lease shall be deemed to confer any rights unto any persons or entities other than the parties to this Lease, permitted successors and assigns and Mortgagees. Notwithstanding anything to the contrary provided in this Lease, it is specifically understood and agreed that there shall be absolutely no personal liability on the part of Landlord or any of its members, employees, agents, officers or assigns in the event of any breach by Landlord of any of the terms, covenants and conditions of this Lease to be performed by Landlord, such exculpation of personal liability to be absolute and without any exception whatsoever.

20. INSURANCE AND INDEMNITY.

(a) Tenant shall not conduct any activity or place any item in or about the Facility which would or may increase the rate of any insurance (whether property, casualty, liability or otherwise) on or for the Facility. If any increase in the rate of such insurance is due to any such activity or item, then (whether or not Landlord has consented to such activity or item) Tenant shall pay the amount of such increase. The statement of any insurance company or insurance rating organization that such an increase is due to any such activity or item shall be conclusive evidence thereof.

(b) Tenant shall maintain throughout the lease term with a company licensed to do business in the jurisdiction of the City of Alexandria, Virginia, and having an industry rating reasonably satisfactory to Landlord (i) broad form comprehensive general liability insurance (written on an occurrence basis and including contractual liability coverage insuring the obligations assumed by Tenant pursuant to Paragraph 20(d) and an endorsement for personal injury); (ii) all risk property insurance, and (iii) comprehensive automobile liability insurance covering automobiles owned by Tenant. Such liability insurance shall be in minimum amount typically carried by prudent tenants engaged in business and office operations similar to Tenant's, but in no event shall be in an amount less than Two Million Dollars (\$2,000,000.00) combined single limit per occurrence. Such property insurance shall be in an amount not less than that required to replace all fixtures, property and other contents located on the Premises. Such automobile liability insurance shall be in an amount not less than One Million Dollars (\$1,000,000.00) combined single limit per occurrence and Two Million Dollars (\$2,000,000.00) in the

aggregate. Tenant may satisfy the forgoing prescribed insurance policy limits through a combination of broad form liability and umbrella policy coverage.

(c) All such insurance shall name Landlord, Hoffman Management, Inc. (the Landlord's agent), and the holder of any Mortgage as additional named insured, contain an endorsement that such insurance shall remain in full force and effect notwithstanding that the insured may have waived its claim against any person prior to the occurrence of a loss, provide that the insurer waives all right of recovery by way of subrogation against Landlord, its members, agents and employees, and contain an endorsement prohibiting cancellation, failure to renew, reduction in amount of insurance or change of coverage: (i) as to the interests of Landlord and the holder of any Mortgage by reason of any act or omission of Tenant, and (ii) without the insurer's giving Landlord thirty (30) days prior written notice of such action. Tenant shall deliver a certificate of such insurance and receipts evidencing payment of the premium for such insurance (and, upon request, copies of all required insurance policies, including endorsements and declarations) to Landlord on or before the Lease Commencement Date and at least annually thereafter.

(d) Tenant shall reimburse Landlord for, and shall indemnify and hold Landlord, its employees and agents (including any affiliates, commonly controlled entities, or subsidiaries of the same) harmless from and against any and all claims, demands, costs and expenses (including, but not limited to, reasonable attorney's fees) for, or in connection with, any accident, injury (including death) or damage whatsoever to any person or property, based on or arising out of, directly or indirectly: (i) Tenant's use or occupation of the Premises or the business conducted therein, (ii) any act or omission of Tenant or any invitee, and (iii) any breach of Tenant's obligations under this Lease, including failure to surrender the Premises upon the expiration or earlier termination of the lease term or any entry by Tenant or any invitee upon the Facility prior to the Lease Commencement Date.

21. RIGHT TO CURE DEFAULTS.

If Tenant shall fail to comply fully with any of its obligations under this Lease, then, in addition to Landlord's other rights and remedies under this Lease and at law and in equity, Landlord shall have the right, but not the duty, to cure such breach at Tenant's expense. Tenant agrees to reimburse Landlord, within thirty (30) calendar days after Landlord submits a statement of the amount due, as additional rent, for all costs and expenses incurred by Landlord as a result of any efforts made by Landlord to cure any such breach, plus fifteen percent (15%) thereof for Landlord's overhead.

22. SURRENDER OF PREMISES.

On the last day or sooner of the expiration of the Term, Tenant shall quit and surrender the Premises broom-clean, in good condition and repair (reasonable wear and tear excepted), together with all alterations, additions, fixtures and improvements which may be in, on or to the Premises, except movable furniture or unattached movable trade fixtures put in at the sole expense of Tenant. If the Premises are not surrendered as and when aforesaid, Tenant shall indemnify Landlord against loss or liability resulting from the delay by Tenant in so surrendering the Premises, including, without limitation, any claims made by any succeeding occupant based on such delay. Tenant's obligations under this Paragraph shall survive the expiration or earlier termination of the Term.

23. HOLDING OVER.

(a) If Tenant shall hold possession of the Premises after the end of the Term or other termination of this Lease, Tenant shall be deemed to be occupying the Premises as a Tenant from month to month, at one and one-half (1.5) the Rental then in effect, and subject to all the other conditions, provisions and obligations of this Lease insofar as the same are applicable, or as the same shall be adjusted; provided, however, Tenant shall also be liable for any and all damages and expenses that Landlord may sustain by virtue of Tenant's holding over, including, but not limited to, any amount for which Landlord may be liable under, or as a result of, any other lease entered into by Landlord for a term beginning at or after the expiration of the Term of this Lease. Nothing contained in this Lease, other than the provision set forth in this Paragraph below, shall be construed as a consent by Landlord to the occupancy or possession of the Premises by Tenant after the expiration of the Term of this Lease. (However, in the event that Tenant and Landlord agree in a separate writing from this Lease, signed by both parties, to continue to negotiate an extension or renewal of this Lease Agreement beyond the expiration of this Lease Term, the provisions of this Paragraph shall not apply during the time period set forth in said writing.)

(b) Rather, at the end of the Term of this Lease, Landlord shall be entitled to the benefit of all public general or public local laws or ordinances relating to the recovery of the possession of lands and tenements held over by tenants that now may be in force or hereafter may be enacted, and Landlord may proceed under such laws or ordinances, without notice to Tenant, all statutory notice requirements being hereby expressly waived by Tenant.

24. RELATIONSHIP OF PARTIES.

Nothing contained in this Lease shall be construed to create the relationship of principal and agent, partnership, joint venture or any other relationship between the parties hereto other than the relationship of Landlord and Tenant. No party shall be deemed the drafter of this Lease Agreement, and this Lease Agreement shall not be construed against either party as the drafter of this Lease Agreement.

25. LANDLORD'S ACCESS TO PREMISES.

Except in the case of an emergency, Landlord shall provide forty-eight (48) hours prior written notice to the Tenant of Landlord's intent to enter the Demised Premises for any reason; provided that such entry shall not interfere with the operation of Tenant's use of the Demised Premises and the time and expected duration of such entry is also identified in advance. Only those individuals identified in advance shall be permitted to enter the Demised Premises. Such individuals shall, in any case, be accompanied by a representative of the Tenant.

26. NOTICES.

All notices required under this Lease shall be given in writing and shall be deemed to be properly served if sent by certified or registered United States mail, postage prepaid, as follows:

If to Landlord: Hoffman Management, Inc.
Post Office Box 4626

Alexandria, Va. 22303-0626
Attn. Michael J. Perine, Esq.

If to Tenant: Dept. of General Services
City of Alexandria, Virginia
City Hall, Room 2200
P.O. Box 178
Alexandria, Virginia 22313
Attn: Director

or to such other address as either may have been designated from time to time by written notice to the other. The date of service of such notices shall be the date such notices are deposited in any United States Post Office.

27. WAIVER OF TRIAL BY JURY AND COUNTERCLAIMS.

The parties hereto shall, and they hereby do, waive 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 for injury or damage. Tenant also agrees to waive any and all counterclaims Tenant may have in any suit for possession by Landlord; it being understood that the subject of any such counterclaim may be asserted by Tenant but only in a separate action brought by Tenant against Landlord.

28. NON-WAIVER OF LANDLORD.

(a) No failure by Landlord to insist upon the strict performance of any term, covenant, agreement, provision, condition or limitation (collectively, "term" and/or "provision") of this Lease to be kept, observed, or performed by Tenant; no failure by Landlord to exercise any right or remedy consequent upon a breach of any such term or provision of this Lease; and no acceptance by Landlord of full or partial Rental during the continuance of any such breach by Tenant, shall constitute a waiver of any such breach or of any such term or provision. No term or provision of this Lease shall be deemed altered or modified, and no breach shall be deemed waived, except by a written instrument executed by Landlord and Tenant. No waiver of any breach shall affect or alter this Lease, but each and every term and provision of this Lease shall continue in full force and effect with respect to any other then existing or subsequent breach thereof. No employee or agent of Landlord shall have any authority to accept keys to the Premises prior to the termination of this Lease, except as otherwise stipulated elsewhere in this Lease. The delivery of any keys to any employee or agent of Landlord shall not operate as a termination of this Lease or a surrender by Tenant of the Premises.

(b) No payment by Tenant, or receipt by Landlord, of a lesser amount than the total amount of Rental due under the terms of this Lease shall be deemed to be other than a payment of a portion of the full Rental due under this Lease. No endorsement or statement on any check or any letter or other instrument accompanying any check or payment for Rental shall 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 the Rental due or pursue any other right or remedy in this Lease.

29. DEFAULT.

(a) Tenant shall be deemed to be in default hereunder, if (i) Tenant shall fail to pay any

installment of Rental or other charge herein reserved or any other costs and expenses for which the Tenant shall be responsible for hereunder, within five (5) days after notice from Landlord specifying the item or items alleged to be due and unpaid; however, if Tenant shall in good faith dispute its liability for any amount other than base or additional rent, in such event, Tenant shall be deemed in default only if it fails to pay, within five (5) days after agreement or final adjudication, the amount which the Tenant is adjudged to owe on the disputed item, or the amount which Landlord and Tenant shall agree is owing thereon; (ii) Tenant shall fail or neglect to keep and perform each and every of the covenants, conditions and terms of this Lease herein contained within thirty (30) days after written notice from Landlord specifying the default, unless the curing of said default would take more than thirty (30) days, in which event, Tenant shall be deemed to be in default only if it does not commence the curing of said default within fifteen (15) days and carry it, in good faith, to prompt completion; (iii) Tenant is adjudicated a bankrupt, and neither the receiver, trustee, or debtor in possession in bankruptcy, or a then assignee of this Lease pays all rents currently to the Landlord and performs all the covenants of the Tenant hereunder; (iv) if the Premises shall be abandoned, deserted or vacated, or if this Lease shall be assigned or passed to or devolved upon one other than Tenant except as herein provided, or if a substantial portion of the Premises shall be abandoned or deserted or be occupied by someone other than Tenant; (v) if Tenant shall falsify any statement or representation that Tenant is required to make to Landlord under this Lease or (vi) if Tenant shall fail to move into or take possession of the Premises upon the Lease Commencement Date, then and in any such of the forgoing enumerated events ("Event of Default"), this Lease and the Term hereof shall, upon the date specified by Landlord in a notice to Tenant, which date shall be not less than three (3) days after the date of mailing of such notice by Landlord to Tenant, wholly cease and expire with the same force and effect as though the date so specified were the date herein above first set forth as the date of expiration of the Term.

(b) In the case of any such Event of Default, Tenant's right to possession shall immediately cease thereupon, and Landlord shall be entitled to the immediate possession of said Premises and to re-enter the same either by force or otherwise and have the possession of the same as of its former estate, and may, without demand for rent or possession, forthwith proceed to recover possession of said premises by process of law. Any notice to quit or reclaim possession required by law or statute from Landlord to Tenant or other notice is hereby expressly waived by Tenant. Furthermore, Landlord shall have an immediate claim against Tenant, and Tenant shall be obligated to pay Landlord (i) all costs incurred by Landlord in connection with the execution of this Lease, including, but not limited to, brokerage commissions, and (ii) all past and future Rental and other charges due under this Lease, less any sums obtained by the Landlord, exercising in its reasonable discretion, its right to re-let the Premises in whole or in part to others. Tenant shall pay all court costs and reasonable attorney's fees incurred by Landlord relating to such Event of Default or in the enforcement of any covenants contained herein, the collection of monies, Rental and charges owing hereunder, whether through the use of legal proceedings or otherwise, and whether or not such legal proceeding be prosecuted to a final judgment.

(c) In case of any such Event of Default, reentry, expiration and/or dispossession by summary proceedings or otherwise: (i) the Rental shall become due thereupon and payable by tenant up to the time of reentry, dispossession and/or expiration, together with such expenses as Landlord may incur for legal expenses, attorneys' fees, brokerage, storing Tenant's inventory and/or fixtures, putting the Premises in good order, or for preparing the same for re-Rental; (ii) Landlord may relet the Premises or any part or parts thereof, either in the name of the Landlord or otherwise, for a term or terms which may, at Landlord's option, be less than or exceed the period which would otherwise have constituted the balance of the Term and may grant concessions or free rent; and (iii) Tenant shall also pay Landlord, as damages for the failure of Tenant to observe and perform said Tenant's covenants herein contained, any deficiency between the Rental reserved and/or covenanted to be paid under the terms of this Lease, and the net amount, if any, of the rents collected on account of the lease or leases of the Premises for each month of the period which would otherwise have constituted the balance of the Term.

Any suit or action brought to collect the amount of the deficiency for any month shall not prejudice in any way the rights of the Landlord to collect the deficiency for any subsequent month by a similar proceeding. No re-leasing of the Premises by Landlord, whether or not the term of such re-leasing extends beyond the Term of this Lease, shall (i) be deemed an acceptance by Landlord of an offered surrender of the Premises, or (ii) release Tenant from any of its obligations under this Lease. Landlord shall also be entitled to recover such expenses as Landlord may have incurred in connection with re-taking possession of the Premises and re-leasing the Premises, such as legal expenses, attorneys' fees, brokerage, storing Tenant's equipment, furniture and/or fixtures, and the costs and expenses incurred in connection therewith, and in keeping the Premises in good order and in preparing the same for such re-leasing.

(d) In case of any Event of Default, reentry, expiration and/or dispossession by summary proceedings or otherwise pursuant to this Paragraph 28, Landlord shall (notwithstanding any other provisions of the Lease) be entitled, at its option, in addition and without prejudice to any other rights and remedies it may have hereunder or at law or in equity, but in lieu of further liability under Paragraph 28(c) above, to recover from Tenant as damages, in addition to any unpaid Rental accrued to the date of such reentry, expiration and/or dispossession, an aggregate amount equal to the Rental reserved hereunder for what would otherwise have been the unexpired portion of the Term (had such reentry, expiration and/or dispossession not occurred), discounted at the rate of four percent (4%) per annum to a present worth sum. Landlord shall be entitled to recover and receive the full amount of such damages at whatever time after such reentry, expiration and/or dispossession it seeks to recover the same. Landlord shall be entitled, in addition to the amount of such discounted, present value sum, to recover such expenses as Landlord may have incurred in connection with such reentry and/or dispossession and such re-leasing, such as legal expenses, attorneys' fees, brokerage, storing Tenant's equipment, furniture and/or fixtures, and the costs and expenses incurred in connection therewith, and in keeping the Premises in good order and in preparing the same for such re-leasing.

(e) Landlord, at Landlord's option, may make such alterations, repairs, replacements and/or decorations in the Premises as Landlord in Landlord's sole judgment, reasonably considers advisable and necessary for the purposes of re-leasing the Premises; and the making of such alterations and/or decorations shall not operate or be construed to release Tenant from liability hereunder as the result of any Event of Default. Landlord shall in no event be liable in any way whatever for failure to re-lease the Premises, or in the event that the Premises are re-leased, for failure to collect the rent thereof under such new lease. However, the foregoing sentence shall not operate to abrogate the Landlord's obligation under applicable law to mitigate any damages sustained by reason of any Event of Default.

(f) No receipt of Rental by Landlord from Tenant after the termination in any way of this Lease, or after giving notice, shall reinstate, continue or extend the Term, or affect any notice. No receipt of Rental after the commencement of suit, or after final judgment for possession of the Premises, shall reinstate, continue or extend the Term or affect said suit or judgment.

(g) If any payment of Rental due hereunder pursuant to Paragraph 3(a), 3(b)(i) or 3(b)(iii) is received by Landlord after the fifth day of the month on which it is due or if any other payment of Rental (e.g. pursuant to Paragraph 3(b)(ii) or otherwise) is received by the Landlord after the fifth day on which it is due, Tenant shall pay Landlord a late charge equal to ten percent (10%) of such amount as originally due and owing, and in addition all unpaid Rental due hereunder shall bear interest at the judgment rate beginning on the due date and continuing until paid. The first month's rent is due upon Lease execution.

(h) If, under the provisions of this Lease, any proceedings are taken by Landlord and a

compromise settlement should be made, either before or after judgment, whereby Tenant shall be allowed to retain possession of said Premises, this Lease shall not merge into such judgment, if any, and such proceedings or agreement shall not operate to terminate this Lease or be held to constitute a waiver of any of the covenants, conditions and agreements herein contained.

30. SUBORDINATION AND ATTORNMENT.

(a) This Lease is subject and subordinate to the lien, operation and effect of all Mortgages of the Premises, whether recorded or unrecorded and whether existing prior or subsequent to the execution of this Lease. The foregoing provision shall be self-operative and no further instrument of subordination shall be required to effectuate such subordination. In confirmation of such subordination, however, Tenant shall, at the request of Landlord or any Mortgagee, promptly execute any requested or appropriate certificate or other document for the benefit of Landlord or any Mortgagee or any other third party. In the event that Tenant does not execute and return such certificate or document to Landlord or the Mortgagee within ten (10) days after Landlord or the Mortgagee submits the same to Tenant, then such failure shall be deemed to be an Event of default.

(b) Tenant agrees that, in the event any proceedings are brought for the foreclosure of any Mortgage, Tenant shall, if requested to do so by the purchaser at such foreclosure sale, attorn to such purchaser and recognize such purchaser as the Landlord under this Lease. Tenant waives the provisions of any statute or rule of law, now or hereafter in effect, which may give or purport to give Tenant any right to terminate or otherwise adversely affect this Lease or to abrogate or otherwise alter the obligations of Tenant under this Lease in the event that any foreclosure proceeding is prosecuted or completed.

31. ESTOPPEL CERTIFICATES.

Tenant or Landlord shall, without charge, at any time and from time to time thereafter, within ten (10) days after written request of the other party, certify by a written instrument duly executed and acknowledged to any Mortgagee or purchaser, or proposed Mortgagee or purchaser, or any other third party specified in such request: (i) as to whether this Lease has been supplemented or amended and, if so, the substance and manner of such supplement or amendment; (ii) as to the validity and force and effect of this Lease, in accordance with its terms as then constituted; (iii) as to the existence of any Event of Default (Landlord's estoppel certificate shall not estop Landlord from thereafter asserting its rights and remedies regarding any default existing on or before the date on which Landlord executes such estoppel certificate of which Landlord did not have actual knowledge on the date of execution thereof); (iv) as to the existence of any offsets, counterclaims or defenses on the part of Tenant; (v) as to the Lease Commencement Date and the expiration date of the Term of this Lease; (vi) as to the completion of the Landlord's Work; (vii) as to the existence of any defects in the Premises; (viii) as to the Rental(s) payable hereunder during the Term of this Lease; and (ix) as to any other matters as may reasonably be so requested. Any such certificate may be relied upon by Landlord and any other third party to whom the same may be exhibited or delivered; and the contents of such certificate shall be binding on Tenant.

32. RESERVED EASEMENTS.

Landlord shall retain the right at all times during the Term of this Lease, and Tenant shall

permit Landlord or its designees at all times during the Term of this Lease, to install, use, maintain, repair, and replace pipes, cables, conduits, plumbing, vents, ducts, wires and other equipment or systems in, to, through, over and under the Premises, as and to the extent that Landlord may now or hereafter deem to be necessary or appropriate for the proper operation and maintenance of the Office Building in which the Premises are located or any other present or future portion of the Facility. All such work shall be done, so far as practicable, in such manner as to avoid interference with Tenant's use of the Premises.

33. HAZARDOUS MATERIALS.

(a) Tenant, its agents, employees, contractors or invitees shall not (i) cause or permit any Hazardous Materials (hereinafter defined) to be brought upon, stored, used or disposed on, in or about the Premises and/or Facility, or (ii) permit the release, discharge, spill or emission of any substance considered to be a Hazardous Material from the Premises.

(b) Any materials not prohibited by subparagraph (a), and all containers therefore, shall be used, kept, stored and disposed of by Tenant in a manner that shall in all respects comply with all applicable federal, state and local laws, ordinances, regulations and standards.

(c) Tenant hereby agrees that it is and shall be fully responsible for all costs, expenses, damages or liabilities (including, but not limited to those incurred by Landlord and/or its mortgagee) which may occur from the use, storage, disposal, release, spill, discharge or emissions of Hazardous Materials by Tenant whether or not the same may be permitted by this Lease. Tenant shall defend, indemnify and hold harmless Landlord, its mortgagee and its agents from and against any claims, demands, administrative orders, judicial orders, penalties, fines, liabilities, settlements, damages, costs or expenses (including, without limitation, reasonable attorneys' and/or consultants' fees, court costs and litigation expenses) of whatever kind or nature, known or unknown, contingent or otherwise, arising out of or in any way related to the use, storage, disposal, release, discharge, spill or emission of any Hazardous Material by Tenant, its agents, employees, contractors or invitees. The provisions of this Paragraph shall be in addition to any other obligations and liabilities Tenant may have to Landlord at law or in equity and shall survive the transactions contemplated herein or any termination of this Lease.

(d) As used in this Lease, the term "Hazardous Materials" shall be defined as meaning, without limitation: (i) those substances included within the definitions of "hazardous substances", "hazardous materials", "toxic substances", or "solid waste" in the Comprehensive Environmental Response Compensation and Liability Act of 1980 (42 U.S.C. §9601 et seq.) ("CERCLA"), as amended by Superfund Amendments and Reauthorization Act of 1986 ("SARA"), the Resource Conservation and Recovery Act of 1976 ("RCRA"), and the Hazardous Materials Transportation Act, and in the regulations promulgated pursuant to said laws, all as amended; (ii) those substances listed in the United States Department of Transportation Table (49 CFR 172.101 and amendments thereto) or by the Environmental Protection Agency (or any successor agency) as hazardous substances (40 CFR Part 302 and amendments thereto); (iii) any material, waste or substance which is (A) petroleum, (B) asbestos, (C) polychlorinated biphenyls, (D) designated as a "hazardous substance" pursuant to Section 311 of the Clean Water Act, 33 U.S.C. §1251 et seq. (33 U.S.C. §1321); (E) flammable explosives; or (F) radioactive materials; (iv) those substances regulated pursuant to or identified in the Virginia Pesticide Law; Air Pollution Control Board; Virginia Waste Management Act; Environmental Health Service; Transportation of Hazardous Radioactive Materials; Virginia Hazardous Materials Emergency Response Program; State Water Control Law; the Ground Act of 1973 and Miscellaneous Offenses; and the regulations promulgated pursuant to said laws, all as amended; and (v) such other substances, materials and wastes which are or become regulated as

hazardous or toxic under applicable local, state or federal law, or the United States government, or which are classified as hazardous or toxic under federal, state, or local laws or regulations.

(e) Landlord hereby represents to the best of its knowledge, that the Office Building in which the Premises are contained is in compliance with all federal, local and state hazardous material and environmental codes and regulations, and that no hazardous materials in prescribed amounts are in the Office Building.

34. CORPORATE AUTHORITY.

Tenant represents and warrants that it has full power and authority, as the case may be, to enter into this Lease and has taken all action, as the case may be, necessary to carry out the transaction contemplated herein, so that when executed, this Lease constitutes a valid and binding obligation enforceable in accordance with its terms.

35. QUIET ENJOYMENT.

Landlord agrees that if the Tenant shall pay the rent as aforesaid and perform the covenants and agreements herein contained on its part to be paid and performed, the Tenant shall peaceably hold and enjoy the said Premises without hindrance or interruption by the Landlord or by any other person or persons.

36. MISCELLANEOUS PROVISIONS.

(a) Entire Agreement. This Lease contains the final and entire agreement between the parties hereto, and they shall not be bound by any terms, statement, conditions or representations, oral or written, express or implied, not herein contained. Any agreement hereafter made shall not operate to change, modify, waive, terminate, discharge or effect an abandonment of this Lease in whole or in part unless such agreement is in writing and signed by all parties hereto. Tenant agrees that it is not relying on any representations or agreements other than those contained in this Lease. Without limiting the generality of the foregoing, Tenant agrees that Landlord has not made any representation, express or implied, with respect to any federal, state, or municipal laws, ordinances, or regulations applicable to the Premises, and/or Facility, and/or any use or proposed use to be conducted therein (including, without limitation, laws or ordinances relating to zoning or fire walls). In the event the Premises cannot be used by the Tenant in whole or in part for any purpose for which Tenant intends to use the same, Tenant shall not have any right to terminate this Lease, nor shall Tenant be entitled to any abatement of, or off-set against, Rental payable hereunder or any claim for damages or otherwise.

(b) Force Majeure. The provisions of this Paragraph 36(b) shall be applicable if there shall occur during or prior to the Term any: (i) strike, lockout, or labor dispute; (ii) inability to obtain labor or materials or reasonable substitutes therefor; or (iii) acts of God, governmental delays, restrictions, regulations or controls, enemy or hostile governmental action, civil commotion, insurrection, revolution, sabotage, or fire or other casualty; or (iv) any other conditions similar to those enumerated in the foregoing beyond the reasonable control of the party claiming such unavoidable delay. If the Landlord shall, as the result of any such event, fail to punctually perform any of its obligations under this Lease, then such obligation(s) shall be punctually performed as soon as practicable after such event shall abate, and Tenant shall not be entitled to any damages or abatement or diminution of payments of Rental on account of such delay. If Tenant shall, as the result of any such event, fail to punctually perform any of its obligations under this Lease other than the payment of Rental reserved herein, then such obligation(s) shall be punctually performed as soon as practicable after such event(s) abate, and Landlord shall not be entitled to any damages on account of such delay. If Landlord or Tenant, as the case may be, shall,

as the result of any such event, be unable to exercise any right or option within any time limit provided therefor in this Lease, such time limit shall be deemed extended for a period equal to the duration of such event Nothing in this Paragraph 36(b) shall be construed to extend, diminish or negate the Tenant's obligation to pay Rental hereunder, and the foregoing provisions of this Paragraph 36 shall not apply to a lack of funds.

(c) Benefit and Burden. Except as otherwise expressly set forth in this Lease, the terms and provisions of this Lease shall be binding upon, and inure to the benefit of, the parties hereto and their respective successors and assigns. All terms and agreements herein are also covenants.

(d) Governing Law. It is the intention of the parties hereto that this Lease and the terms and provisions hereof shall be construed and enforced in accordance with the laws of the Commonwealth of Virginia.

(e) Headings & Captions. The headings and captions of Paragraphs throughout this Lease are for convenience of reference only, and the words contained therein shall in no way be held or deemed to define, limit, describe, explain, modify, amplify or add to the interpretation, construction or meaning of any provision of this Lease, nor in any way affect the operation of this Lease.

(f) Normal Business Hours. The term "Normal Business Hours" as used herein is defined to mean 8:00 a.m. to 6:00 p.m., Monday through Friday, and 8:00 a.m. to 1:00 p.m. on Saturday, specifically excluding all Sundays and official federal government Holidays and Closings.

(g) Landlord's Consent. Whenever Landlord's consent or approval is required under the provisions of this Lease, unless otherwise expressly specified, such consent may be withheld, delayed or conditioned, with or without cause, at Landlord's discretion.

(h) Plurality and Gender. Wherever appropriate herein, the singular includes the plural and the plural includes the singular. All feminine, masculine and neuter terms contained herein are used interchangeably wherever appropriate.

(i) Counterparts. This Lease may be executed in several counterparts, in either original typed instruments or reproductions thereof, but all counterparts shall constitute one and the same instrument.

(j) Invalid or Unenforceable Provision. If any 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 provision to persons or circumstances other than those as to which it is invalid or unenforceable, shall not be affected thereby, and each provision of this Lease shall be valid and enforceable to the fullest extent permitted by law.

(k) Time is of the Essence. Landlord's and Tenant's responsibilities, obligations and liabilities under this Lease shall be construed in accordance with the principle that time is of the essence.

(l) No Brokers. The parties represent and warrant that no brokers or other third parties have been retained or have the authority to represent either party in connection with this Lease transaction and no broker's or finder's fees are owed to any third parties on account of this Lease. To the extent permitted by law, each party shall indemnify, defend and hold harmless the other from and against any claims for broker's or finder's fees arising by reason of a breach of the aforesaid representation and warranty.

IN WITNESS WHEREOF, the parties hereto, by their duly authorized representatives, have hereunto set their hands and seals the day and year first above written.

WITNESS:

LANDLORD:
Hoffman Family, L.L.C.

By: _____
Hubert N. Hoffman, III, President
Hoffman Development, Inc.
Its: Corporate Managing Member

WITNESS:

TENANT:
City of Alexandria

By: _____
Its: _____

LEASE EXHIBIT "B"
Tenant Improvements

Landlord and Tenant have, on a preliminary and tentative basis, reached an agreement on the scope and cost of certain demolition, work, improvements, alterations and/or additions to the Premises, to be substantially performed and completed prior to the Landlord's delivery of the Premises to Tenant (the "Tenant Improvements").

The preliminary rough outline of the scope and layout of the Tenant Improvements has been initially indicated on those certain architectural drawings for Alexandria Police Department, prepared by Camp Dresser & McKee, dated 24 January 2003, Sheets A-1, H-1, E-1 and E-2 (the "Preliminary Plans").

A preliminary budget for the Tenant Improvements, dated May 6, 2003, based upon the Preliminary Plans, and totaling \$1,797,032.14, is attached hereto (the "Preliminary Budget").

Following the execution of the Lease, Tenant shall work with Landlord and Landlord's design and engineering consultants at Eighth Day Design, at Tenant's cost, to have prepared more detailed architectural and construction drawings based upon the Preliminary Budget and the Preliminary Plans, to serve as the basis for the final negotiation and agreement on a Final Budget, and Scope of and Construction Drawings of the work constituting the Tenant Improvements, which shall, assuming the affirmative mutual agreement of the parties, supplement, control and supercede this Exhibit B, to the extent contrary to anything contained herein.

LEASE EXHIBIT "C"
OFFICE BUILDING RULES AND REGULATIONS

1. No part of the whole of the sidewalks, plaza areas, entrances, passages, courts, elevators, vestibules, stairways, corridors, or halls of the Office Building or the Facility shall be obstructed or encumbered by any tenant or used for any purpose other than ingress and egress to and from the space demised to such tenant. No part of the whole of the sidewalks, plaza areas, entrances, passages, courts, elevators, vestibules, stairways, corridors, or halls of the Office Building or the Facility shall be used by any tenant for the storage, placement or disposal (permanent or temporary) of furniture, goods, inventory, personal property or other materials of any kind.
2. No awnings or other projections shall be attached to the outside walls or windows of the Office Building or the Facility . No curtains, shades, or screens (other than those furnished by Landlord as part of the work required in Exhibit B) shall be attached to or hung in, or used in connection with, any window or door of the Premises or any other space demised to any tenant.
3. No show cases or other articles shall be put in front of or affixed to any part of the exterior of the Office Building or Facility, nor placed in the halls, corridors, vestibules, or other public parts of the Office Building or Facility.
4. The water and wash closets and other plumbing fixtures shall not be used for any purposes other than those for which they were constructed, and no sweepings, rubbish, rags, or other substances (including, without limitation, coffee grounds) shall be thrown therein. All damages resulting from misuse of the fixtures shall be borne by the Tenant who or whose servants, employees, agents, visitors or licensees, shall have caused the same.
5. No tenant shall bring or keep, or permit to be brought or kept, any flammable, combustible, or explosive fluid, material, chemical, or substance in or about the space demised to such tenant, except for small quantities of chemicals used in standard office equipment.
6. No tenant shall mark, paint, drill into, or in any way deface, any part of the Office Building, the Facility or the space demised to such tenant without first obtaining Landlord's written consent. No boring, cutting, or stringing of electrical wires or computer cabling shall be permitted, other than as previously approved by Landlord in writing.
7. No cooking other than microwave shall be done or permitted in the Office Building or Facility by any tenant. No tenant shall cause or permit any odors to emanate from the space demised to such tenant.
1. No automatic vending machines of any type shall be introduced to or brought into the Office Building, the Facility or the Premises by Tenant, its employees, officers, agents, customers, licensees, business invitees or any concessionaires. The Owner shall exclusively control the number, kind, and locations of all vending facilities and vending machines placed or located within the Office Building or Facility, and shall control and receive all income from all vending facilities and/or automatic vending machines.
9. Neither the whole nor any part of the space demised to any tenant shall be used for manufacturing, or for the sale of property offered for auction.
10. No tenant shall make, or permit to be made, any unseemly or disturbing noises or disturb or interfere with other tenants or occupants of the Office Building or Facility whether by the use of any musical instrument, radio, television set, or other audio device, unmusical noise, whistling, singing, or in any other way. Nothing shall be thrown out of any doors, windows, or skylights or down any passageways.
11. No additional locks or bolts of any kind shall be placed upon any of the doors or windows in the space demised to any tenant, nor shall any changes be made in locks or the mechanism thereof, without first obtaining Landlord's prior written consent and giving Landlord copies of all keys, passes, codes, etc., necessary to gain access to the Premises. Each tenant must, upon the termination of his tenancy, restore to Landlord all keys to offices and toilet rooms, either

furnished to, or otherwise procured by, such tenant, and in the event of the loss of any such keys, such tenant shall pay Landlord the reasonable cost of replacement keys.

12. The normal hours of operation of the Facility shall be 8:00 a.m. to 6:00 p.m. Monday to Friday and 8:00 a.m. to 1:00 p.m. on Saturday, excluding Sundays and all official federal government Holidays and Closings.
13. No tenant shall use or occupy or permit any portion of the space demised to such tenant to be used or occupied as an employment bureau or for the storage, manufacture, or sale of non-prescription narcotics. No tenant shall engage or pay any employees in the Office Building or Facility, except those actually working for such tenant in the Office Building, nor advertise for laborers giving an address at the Building.
14. Landlord shall have the right to prohibit advertising by any tenant which, in Landlord's reasonable opinion, tends to impair the reputation of the Office Building and/or the Facility or its desirability as a location for offices, warehouses, or use as an office building, and upon notice from Landlord, such Tenant shall refrain from or discontinue such advertising.
15. Subject to the terms of the Lease, Landlord reserves the right to control and operate the public portions of the Facility and Office Building and the public facilities, as well as facilities furnished for the common use of the tenants, in such manner as it deems best for the benefit of the tenants generally including, without limitation, the right to exclude from the floors of the Office Building, between the hours of 6 p.m. and 8 a.m. on business days and at all hours on Saturdays (except 8 a.m. to 1 p.m.), Sundays and all official federal government Holidays and Closings, all persons who do not possess an electronic security pass to the Office Building issued by Landlord. Landlord will furnish passes to any tenant's supervisory personnel for whom such tenant requests. Each tenant shall be responsible for all persons for whom it requests such passes and shall be liable to Landlord for all acts of such persons.
16. Each tenant, before closing and leaving the space demised to such tenant at any time, shall see that all entrance doors are locked, and use its best efforts to see that all lights and electrical appliances (save personal computers which need be left on) office equipment which is not mare turned off.
17. The improper disposal of rubbish on property, the willful destruction of or damage to property, the theft of property, the creation of any hazard on or in the Office Building or Facility to persons or things, the throwing of articles of any kind from or at the Office Building or Facility is prohibited.
18. Any loitering, disorderly conduct, or other conduct within the Office Building or on Facility property which creates loud or unusual noise or a nuisance which unreasonably obstructs the usual use of entrances, lobbies, corridors, offices, elevators, stairways, or parking lots is prohibited.
19. Soliciting alms, commercial or political soliciting and vending of all kinds (other than by Landlord), displaying or distributing commercial advertising, or collecting of private debts is prohibited.
20. Posting or affixing materials, such as pamphlets, handbills, or flyers is prohibited except on authorized bulletin boards within space demised to and controlled by Tenant.
21. Dogs and other animals, except seeing eye dogs, other guide dogs, and animals used to guide or assist handicapped persons, shall not be brought within the Office Building or upon Facility property.
22. Drivers of all vehicles entering or while on Facility property shall drive in a careful and safe manner at all times. The blocking of entrances, driveways, walks, loading platforms or fire hydrants on Facility property is prohibited. Parking without authority, parking in unauthorized locations or locations reserved for other tenants, or parking contrary to posted signs is prohibited. Vehicles parked in violation shall be subject to removal at the owners' risk and expense.
23. No person entering or while on property shall carry or possess explosives, or items intended to be used to fabricate an explosive or incendiary device, either openly or concealed. Carrying or possession of firearms or other dangerous weapons on property is prohibited except by authorized security personnel.

LEASE EXHIBIT "D"
Tenant's Parking Spaces

- A. Tenant, City of Alexandria, Virginia, shall be assigned one hundred thirty (130) parking spaces by Landlord, on the second and third level of the three-story garage, being those spaces numbered: _____.
The cost of each garage space throughout the Term shall be fixed at \$65.00 per month, payable in advance on the first day of every month as additional rent.
- B. Tenant may further use, in common with other tenants of the Facility, as part of and under the terms of the Common Areas of the Facility, such short-term (e.g. one hour or less) visitor parking spaces as Landlord may make available from time to time in close proximity to the front entrance of the Office Building.

EXHIBIT "E"
JANITORIAL SERVICES

Cleaning is to be performed before or after Normal Business Hours unless daytime cleaning is specified as a special requirement in this Lease.

The Landlord shall maintain the Premises, including outside areas in a clean condition and shall provide supplies and equipment. The following schedule describes the level of services to be provided.

Daily:

Empty trash receptacles, sweep entrances, lobbies and corridors. Spot sweep floors and spot vacuum carpets. Clean drinking fountains. Sweep and damp mop or scrub toilet rooms. Clean all toilet fixtures and replenish toilet supplies. Dispose of all trash and garbage generated in or about the Building. Police sidewalks, parking area and driveways. Sweep loading dock areas and platforms.

Weekly:

Damp mop and spray buff all resilient floors in toilets and health units.

Monthly:

Completely sweep and/or vacuum carpets. Sweep storage space. Spot clean all wall surfaces within 70" of the floor.

Every Two (2) Months:

Damp wipe toilet wastepaper receptacles, stall partitions, doors, window sills and frames.

Three (3) Times A Year:

Dust wall surfaces within 70" of the floor, vertical surfaces and under surfaces. Clean metal surfaces in lobbies.

Two (2) Times A Year:

Wash all interior and exterior windows and other glass surfaces. Strip and apply four (4) coats of finish to resilient floors in toilet rooms.

Annually:

Wash all venetian blinds and dust six months from washing. Vacuum or dust all surfaces in the Building within 70" of the floor, including light fixtures. Shampoo carpets in corridors and lobbies.

Every Two (2) Years:

Shampoo carpets in all offices and other non-public areas (excepting entrance carpets in Main Lobby of the Facility which shall be shampooed once every two months).

As Required:

Properly maintain plants and lawns. Remove snow and ice from entrances, exterior walks and parking lots of the Building. Provide initial supply, installation and replacement of light bulbs, tubes, ballasts and starters. Exterminate pests.

LEASE AGREEMENT

THIS LEASE AGREEMENT effective this _____th day of June 2003, by and between the Hoffman Family, L.L.C., a limited liability company organized under the laws of the Commonwealth of Virginia, having a business address of 2461 Eisenhower Avenue, Alexandria, Virginia 22331 ("Landlord") and the City of Alexandria, Virginia, a municipal corporation of the Commonwealth of Virginia ("Tenant").

NOW, THEREFORE, for and in consideration of the covenants and rental herein set forth, and for other good and valuable considerations the parties hereto covenant and agree as follows:

1. DEMISED PREMISES.

The Landlord does hereby demise and lease to Tenant, the hereinafter described Premises, and the Tenant hereby covenants and agrees to accept and rent from the Landlord for the Term, at the rental and upon the conditions, covenants and agreements hereinafter set forth, the premises shown on Exhibit "A" attached hereto and made a part hereof, as is, where is, which are comprised of approximately Eight Thousand (8,000) square feet of warehouse space at 309 Hooffs Run Drive, Alexandria, Virginia 22314 (the "Premises"). Landlord is leasing and Tenant is renting and accepting the Premises, as is, where is, with no improvements, modifications, or alterations. The Premises are part of a 63,659 square foot block of warehouse space located at 301-315 Hooffs Run Drive (the "Warehouse Building"). The Warehouse Building is situated on and is part of, a 13.26 acre, 260,000+ square foot, office/warehouse complex owned by the Landlord, located at the intersection of Eisenhower Avenue and Hooffs Run Drive, also identified by Alexandria Tax Assessment Map No. 79.00-01-01, (hereinafter the "Facility").

2. LEASE TERM.

(a) The Term of this Lease ("Term") shall be for a period of Five (5) years commencing on the date the Premises are delivered to Tenant and fully ending sixty (60) months thereafter. If the Premises are not delivered to Tenant by Landlord on or before September 1, 2003, this lease shall not be impaired or affected thereby, except that in such event the term of this lease shall be extended by the same number of days that shall elapse from the first day of September 2003, to and including the last day of the month in which delivery of the Premises and possession thereof is extended to the Tenant, and Landlord shall not be subject to any liability for the failure to give possession on such date.

(b) The date which Landlord delivers possession of the Premises to the Tenant shall be the Commencement Date and the same date each subsequent year shall be the Anniversary Date. The estimated Commencement Date is September 1, 2003.

(c) Provided that no Event of Default (as defined herein) has occurred or is occurring, Tenant shall have three (3) separate one (1) year Extension Options to extend the Term of this Lease for a period of one year each, from the scheduled date upon which this Lease would have expired but for the exercise of such Extension Option. Any Extension Option, in order to be valid and effective, must be exercised in the following specified manner only: (i) not less than six (6) months before the date upon which the Term would otherwise expire but for Extension Option Tenant seeks to exercise, Tenant shall give Landlord written notice indicating its intent to exercise an Extension Option ("Extension Notice") and (ii) following Landlord's timely receipt of Tenant's said Extension Notice, the parties will execute, acknowledge and deliver to the other an addendum to the Lease setting forth the new expiration date of the Lease; provided, however, that notwithstanding anything to the contrary contained herein or any Extension Option granted to Tenant herein above, in no event shall the Term of this Lease be extended or continue beyond August 31, 2011.

3. RENTAL.

(a) Base Rental. Base rent for the first year of the Term shall be Seven Dollars (\$7.00) per square foot, NNN, equaling Fifty-Six Thousand Dollars (\$56,000) per annum, exclusive of NNN costs. Base rent shall increase annually on the Anniversary Date by three and one-half percent (3.5%), e.g. an amount of increase equal to the sum obtained by multiplying 3.5% by the total amount of the previous lease years' adjusted base rent. Base rent for each year of the Lease Term is to be paid in equal monthly installments in advance on the first day of each and every month, except that the first month's base rental shall be due coincident with the execution of this Lease by Tenant.

(b) Additional Rental. In addition to the basic annual rental stipulated in Paragraph 3(a), the Tenant covenants to pay as additional rental: (i) in the same manner as base rent, throughout the Term of this Lease, monthly parking fees of \$35.00 per each surface parking space and \$65.00 per month per each garage parking space for all of the sixteen (16) parking spaces assigned to Tenant (see Paragraph 12 and Exhibit D); (ii) the cost of all utilities serving the Premises as hereinafter defined and in the manner provided in Paragraph 8 herein, and (iii) its proportionate or pro-rata share of all Real Estate Taxes, Insurance Fees and Common Area Maintenance Expenses

as hereinafter defined and the manner provided for subparagraphs 3(c),(d) and (e), respectively; and (iii) within fifteen (15) days of the issuance by Landlord of an Invoice - AIA G702 Certificate for Payment - certified by Landlord's architect and contractor, Tenant shall pay Landlord the amount set forth therein for all and/or any such part of the Tenant Improvements' work which has been substantially completed by Landlord, pursuant to an itemized, final, mutually-approved budget of up to _____

_____ Dollars (\$ _____), dated June __, 2003, which shall be appended to Exhibit "B" attached hereto, with a full set of mutually approved construction drawings. This payment obligation for Tenant Improvements shall not be subject to any limitation or approval of funding or appropriation of funds, including, but not limited to, the contingencies and limitations set forth in Paragraph 18; and

(c) Real Estate Taxes. The term "Real Estate Taxes" as used herein is defined as meaning all taxes, general and special, levied or assessed on the land and/or buildings which comprise the Facility by any authorized town, city, county, municipality or other governmental authority in which the Facility is situate in respect of any calendar year or fiscal tax year falling wholly within the term of this Lease and a portion of any such taxes so imposed in respect of any calendar year or fiscal tax year falling partly within and partly without the term hereof, equal to the proportion which the number of days of such calendar year or fiscal tax year falling within the term hereof bears to the total number of days of such calendar year or fiscal tax year. If the Real Estate Taxes for any lease year are reduced by virtue of legal or administrative appeal or otherwise, the Tenant's share thereof shall be proportionately reduced after the deduction of the expenses incurred in obtaining any such reduction. At the start of the first lease year and each year thereafter throughout the Term, the Landlord shall render to the Tenant a statement of the Tenant's proportionate share of the Real Estate Taxes for the Facility. Tenant agrees to pay as additional rent directly to Landlord, its proportionate share of such Real Estate Taxes as shown in such statements within ten days of the issuance of an invoice by the Landlord to the Tenant. Landlord and Tenant agree that Tenant's proportionate share of Real Estate Taxes shall be three and 08/100 percent (3.08%), calculated by determining the percentage the Premises bears to the leasable area of the Facility (8,000/260,000 square feet).

(d) Insurance Fees. The term "Insurance Fees" as used herein is defined as meaning any premiums for policies of comprehensive public liability, personal injury, contractual liability coverage, property, automobile, flood damage insurance incurred by the Landlord in insuring the Facility. Commencing at the start of the first lease year of the Term and at the beginning of each subsequent lease year thereafter, Landlord shall render to the Tenant an estimated statement of the Tenant's proportionate share of Insurance Fees. Tenant agrees to pay as additional rent to Landlord, in equal monthly installments and in the same manner as base rent, its proportionate share of such Insurance Fees as shown in such statements. Landlord and Tenant agree that Tenant's proportionate share of Insurance Fees shall be three and 08/100 percent (3.08%). The aforesaid percentage representing the Tenant's share of Insurance Fees is the percentage the Premises bears to the leasable area of the Facility (8,000/260,000 square feet).

(e) Common Area Maintenance Expenses. The term "Common Area Maintenance Expenses" as used herein shall be defined as meaning all costs and expenses incurred by the Landlord in connection with the servicing, operation, management, protection, landscaping, garbage removal, security, and maintenance, repair and/or replacement of the Common Areas of the Warehouse Building and/or Facility, including, but not limited to, security, snow removal, parking areas, accounting and legal fees, premiums for public liability insurance, and maintenance and service contracts. Starting upon the Commencement Date and continuing each subsequent lease year thereafter throughout the Term, Tenant shall pay Landlord its pro-rata or proportionate share of common area maintenance expenses incurred during every calendar year and/or any portion thereof falling within the Term. On a quarterly basis each year, Landlord shall render to the Tenant a statement of the Tenant's proportionate or pro-rata share of Common Area Maintenance Expenses for the preceding quarter. Tenant agrees to pay as additional rent to Landlord, its proportionate share of such Common Area Maintenance Expenses as shown in such statements within ten days of the issuance of an invoice by the Landlord to the Tenant. Landlord shall cause its accountant to provide to Tenant an itemized accounting of its actual costs for Common Area Maintenance Expenses for each quarter along with each invoice for Common Area Maintenance Expenses. Tenant's proportionate share of Common Area Maintenance Expenses attributable to the entire Facility as a whole shall be equal to the product obtained by multiplying such Common Area Maintenance Expenses by a fraction, the numerator of which shall be the total rentable square footage of the Premises as defined in Paragraph 1(a) and the denominator of which shall be the number equal to the total average amount of leased and occupied rentable floor area of the Facility during the same full calendar year or portion thereof, as appropriate. Tenant's proportionate share of Common Area Maintenance Expenses attributable to the solely the Warehouse Building shall be equal to the product obtained by multiplying such Common Area Maintenance Expenses by a fraction, the numerator of which shall be the total rentable square footage of the Premises as defined in Paragraph 1(a) and the denominator of which shall be the number equal to the total average amount of leased and occupied rentable floor area of the Warehouse Building during the same full calendar year or portion thereof, as appropriate.

(f) Audit. Tenant shall have the right to inspect Landlord's records of Real Estate Taxes, Insurance Fees and Common Area Maintenance Expenses for years in which it has been assessed a pro-rata charge thereof, at Landlord's offices during normal business hours, but not more than once each year, provided that at least ten (10) business days prior written notice has been given to Landlord. Furthermore, Tenant shall only be allowed to examine and inspect such records but not to make any photocopies, xerox or in any other way reproduce Landlord's or Hoffman Management's records relating to the Facility or communicate the same to any third parties, as such information and records shall be considered proprietary, confidential, and trade secrets of the Landlord and/or Hoffman Management. Any overpayment by Tenant of Rental for any year discovered as a result of any such audit shall be promptly refunded by the Landlord and any underpayment by Tenant shall be promptly remitted to Landlord. If Landlord or Tenant shall fail to dispute the amount of Tenant's pro-rata share of Real Estate Taxes, Insurance Fees or Common Area Maintenance Expenses for any lease year within 12 months of Tenant's receipt of the statement therefor, the amount of such statement shall conclusively be deemed to be correct and shall not be subject to further dispute or adjustment by Landlord or Tenant. If an audit by Tenant reveals that in fact the Landlord has overstated, in the aggregate, Tenant's pro-rata share of Real Estate Taxes, Common Area Maintenance Expenses and Insurance Fees by four percent (4%) or more, Landlord shall pay Tenant's reasonable out-of-pocket expenses incurred in performing such audit. If Landlord and Tenant shall fail to dispute the amount of Tenant's CAM Expenses, Real Estate Taxes or Insurance Fees for any lease year within 24 months of Tenant's receipt of the statement therefor, the amount of such statement shall conclusively be deemed to be correct and shall not be subject to further dispute or adjustment by Landlord or Tenant.

(g) The term "Rental" as used herein is defined as meaning all charges, payments, base rent, additional rent and/or other sums of money (including late fees) as may be due Landlord and/or payable by Tenant to Landlord under the terms and provisions of this Lease, including but not limited to, Paragraph 3(a) and(b) herein above. Tenant shall make all Rental payments payable to the order of "Hoffman Family, LLC," and at Tenant's sole risk, discretion and option, either send the same to Hoffman Management, Inc.'s mailing address of "P.O. Box 4626, Alexandria, Virginia 22303-0626" via the U.S. Mail or hand-deliver the same at "2461 Eisenhower Avenue, Alexandria, Virginia 22331-0100," or send the same via Federal Express® to Hoffman Management's business offices at "2461 Eisenhower Avenue, Alexandria, Virginia 22331-0100, Attn: Controller" in order to ensure their timely receipt by Landlord.

(h) If any payment of Rental due hereunder pursuant to Paragraph 3(a) or 3(b)(i) is received by Landlord after the fifth day of the month in which it is due or if any other payment of Rental (e.g. utilities, real estate taxes, Common Area Maintenance Expenses or otherwise) is received by the Landlord after the fifth day on which it is due, Tenant shall pay Landlord a late charge equal to ten percent (10%) of such amount as originally due and owing, and in addition all unpaid Rental due hereunder shall bear interest at the judgment rate beginning on the due date and continuing until paid. The first month's rent is due upon Lease execution.

4. COMMON AREAS.

(a) The term "Common Areas" as used herein is defined as meaning those portions of the Facility, whether owned or leased by Landlord, which may, from time to time, be made available by Landlord for common use by and/or for the common benefit of more than one (1) occupant of the Facility. To the extent aforesaid, the Common Areas shall include, but not be limited to, the parking lots, access and perimeter roads, landscaping, sidewalks and other public areas within the Facility or the Office Building. Any portions of the Facility so included within Common Areas shall be excluded therefrom when designated by Landlord for a non-common use, and any portion thereof not heretofore included within Common Areas shall be included when so designated by Landlord for common use. The exterior walls and those areas within the Facility which house mechanical, electrical, or other equipment or are otherwise determined by Landlord to be used in operating and maintaining the Facility shall, at Landlord's option, be reserved for Landlord's exclusive use and shall not be Common Areas.

(b) Landlord shall make available such Common Areas as Landlord shall, from time to time, deem to be appropriate for the Facility, and Landlord shall operate and maintain such Common Areas for their intended purposes. Subject to the provisions of this Lease, Tenant, its employees, agents, customers, and invitees shall have the nonexclusive right, during the Lease Term, to use the Common Areas for vehicular and pedestrian ingress, egress, HVAC maintenance, repair or replacement, and parking by assignment with Landlord and the other tenants of the Facility. Landlord shall have the right, at any time, to change the size, location, elevation and nature of the Common Areas, or any part thereof, including, without limitation, the right to locate and/or erect thereon kiosks, structures and other buildings and improvements of any type.

(c) Subject to any easements and restrictions of record granted or approved by Landlord from time to time, all Common Areas shall be subject to the exclusive control and management of Landlord, and Landlord shall have the right, at all times, to establish, modify, amend and enforce, all under the exercise of its

reasonable business judgement, rules and regulations with respect to the Common Areas and the use thereof, which, as of the execution date of this Lease, are attached hereto as Exhibit "C". Tenant agrees to abide by and conform with such rules and regulations, and to cause its permitted concessionaires, invitees and licensees and its and their employees to do the same.

(d) Landlord shall have the right: (i) to close all or any portion of the Common Areas to such extent as may, in the opinion of Landlord's counsel, be reasonably necessary to prevent a dedication thereof or the accrual of any rights of any person or of the public therein; (ii) to close temporarily all or any portion of the Common Areas or otherwise establish, amend and enforce rules and regulations to discourage non-tenant or non-customer use; (iii) to use portions of the Common Areas while engaged in making additional improvements or repairs or alterations to the Facility; (iv) to do and perform such other acts (whether similar or dissimilar to the foregoing) in, to and with respect to the Common Areas as Landlord shall determine to be appropriate for the Facility.

5. SECURITY DEPOSIT.

Intentionally Deleted.

6. SUITABILITY.

Tenant acknowledges that neither Landlord nor any agent of Landlord has made any representations or warranties with respect to the Premises or the Facility with respect to the suitability of the Premises or the Facility for the conduct of the Tenant's business operations, nor has the Landlord agreed to undertake any modification, alteration or improvement to the Premises or Facility. The Premises are being leased by the Tenant, "as is." The taking of possession of the Premises by Tenant shall exclusively establish that the Premises, Tenant Improvements and Facility were at such time in satisfactory condition for use by Tenant.

7. USE AND OPERATION.

(a) The Premises shall be for use by the Tenant solely for the warehousing and storage of: City of Alexandria Police Department tactical, assault, command and/or other special purpose vehicles; personal property, supplies and various equipment of the City of Alexandria Police Department; compressed air, tear gas and ammunition for weapons (provided that all such air, gas and ammunition are stored only and solely within a locked and secured armored vehicle). Volatile fuels, ammunition, explosives, weapons, firearms and/or any other materials which are inherently or potentially dangerous to the safety of the public, private tenants and/or business invitees of Hoffman Center, are strictly prohibited and are not permitted to be placed, stored or kept within or about the Premises, save only with respect to the interior of the afore mentioned locked and secured armored vehicle.

(b) In addition to the foregoing, Tenant shall not use the Premises in any manner or for any purpose which violates (i) any fire insurance provisions of Landlord's insurance coverage and the requirements of all insurance underwriters and mortgagees or lessors of the Facility, or which give rise to liability pursuant to (ii) any rule, regulation, law, ordinance, or requirement of any Laws or regulations governmental agency now in force or enacted subsequent to the execution of this Lease, including, without limitation, federal, state and/or local and regulations concerning the use and/or disposal of "hazardous waste(s)" and/or "toxic substances," all as such are defined in more particular detail herein below. Tenant further agrees that it will not suffer or permit the Premises to be used for any unlawful or immoral purpose and that it will not suffer or permit any article to be brought on or any act to be done on the Premises which shall render the Premises or the building of which they are a part uninsurable.

(c) Tenant agrees to observe all rules and regulations issued and/or modified by the Landlord from time to time for the Warehouse Building and Facility, which in the Landlord's reasonable business judgment are deemed to be needed for the general well being, safety, care, cleanliness, quiet enjoyment and operation of the Warehouse Building and/or the Facility of which they are a part; provided however, that any such rules and regulations shall be of general application to all other tenants and occupants of the Warehouse Building and/or Facility as reasonably appropriate.

8. UTILITIES.

(a) Starting upon the Commencement Date and continuing throughout the Term of this Lease, Tenant shall pay, as and when the same become due and payable and as hereinafter provided, all water rents, rates and charges (including, without limitation, water tap fees or other water-related charges imposed by the applicable governmental authorities or applicable utility company or provider), all sewer rents, and all charges

for electricity, gas, phone, cable and all other utilities, public or private, serving the Premises. All utilities shall be separately metered and accounts placed in Tenant's sole name, by Tenant at its expense.

(b) In no event shall the Landlord be liable to the Tenant for damages due to temporary lack of utilities, heat, or other services due to breakdown or other failure of the public utility lines, Facility equipment and/or machinery or other cause whatsoever.

9. COMPLIANCE WITH LICENSING AND CODES.

(a) Tenant shall, at Tenant's sole expense, throughout the Term: (i) obtain and maintain any and all permits, licenses or other like requirements required by applicable laws for Tenant's use and occupancy of the Premises and for the conduct of its operations and (ii) comply with all building codes, national industry codes and safety codes and other applicable regulations in the jurisdiction and state where the Premises are located or required by Landlord's insurance carrier to avoid cancellation of Landlord's insurance and/or an increase in Landlord's rate of insurance by reason of Tenant's use and occupancy of the Premises and the conduct of its operations.

10. IMPROVEMENTS & MODIFICATIONS.

Except for the obligations of the Tenant set forth in Paragraph 11 herein below, the Landlord or its designated contractor(s), shall be the only authorized party or person for the performance of any improvements, alterations, additions, renovations, modifications and/or any other type of work whatsoever to the Facility, the Premises, or any part thereof.

11. REPAIRS AND MAINTENANCE.

(a) In the ordinary course of operating and maintaining the Facility and/or Warehouse Building, the Landlord shall, upon reasonable notice from Tenant, make any necessary structural repairs to the exterior walls and shall keep in good order, condition and repair the exterior foundations, downspouts, and gutters of the Premises and the portion of the plumbing and sewage system located outside the Warehouse Building in which the Premises are located (it being understood and agreed Landlord's obligations exclude the foundations or floor of the Premises, plumbing, mechanical and/or electrical lines, systems and equipment, within, under, exterior and interior of all windows, doors, plate glass, storefronts and signs, and repairs required by any casualty, and further excluding any damage caused by any act, omission or negligence of Tenant, any subtenant or concessionaire of Tenant, or their respective employees, agents, invitees, licensees or contractors).

(b) Except for the repairs that Landlord is specifically obligated to directly undertake pursuant to sub-paragraph (a), Tenant, at its own expense, shall promptly make all repairs, perform all maintenance, perform all custodial services, and make all replacements in and to the Premises that are necessary in Landlord's sole discretion in order to keep the Premises in good order and repair and in a safe and tenantable condition, or that are required by law or governmental authority, any insurance carrier underwriting either the Landlord's insurance or the Tenant's insurance, or any Mortgagee. Without limiting the generality of the foregoing, Tenant, at its expense, is specifically required to make promptly all repairs, or promptly notify the respective utility company to make all repairs within its exclusive control, as the case may be, to (i) any pipes, water and waste lines, ducts, wires or conduits beneath or in the Premises or within the ceiling of the Premises; (ii) the glass windows and plate glass doors included within the Premises; (iii) any electrical, plumbing, and other systems, equipment, fixtures and other items installed in or servicing the Premises; (iv) the floors, ceilings, and walls of the Premises; (v) the heating, ventilating and air-conditioning system; and (vi) any portion of the Premises or the rest of the Warehouse Building or Facility damaged by any act, omission or negligence of Tenant, any of its subtenants or concessionaires, or any of its or their respective employees, agents, invitees, licensees or contractors, or by the use or occupancy of the Premises. Tenant shall also, promptly and at its own expense, keep any sidewalks and curbs adjacent to the Premises clean and free from snow, ice, dirt and rubbish.

(c) Except for maintenance, repairs, and replacements Tenant is obligated to perform under the terms of this Lease, Tenant shall not make any alterations, improvements or additions (collectively, "Tenant's Alterations") to the Premises or any part thereof without Landlord's prior written consent in each instance. Furthermore, if any particular repair, replacement, or Tenant's Alteration (whether or not Tenant is obligated to perform the same under any provision of this Lease) is reasonably expected to cost in excess of one thousand dollars (\$1,000.00), the same shall not be commenced until complete plans and specifications therefor (including working drawings) have been submitted to, and approved by, Landlord. Landlord shall, as a condition of granting its consent or approval hereunder, require Tenant's contractor(s) to post such payment and performance bonds as Landlord deems reasonable protecting Landlord, and Mortgagee, and the Premises. All repairs, replacements, and Tenant's Alterations made by Tenant shall be performed (i) in a good and workmanlike manner, (ii) in accordance with all applicable national building, safety, and/or industrial codes and specifications, insurance requirements, and

requirements of any Mortgagee, (iii) as to those instances in which such approval is required, in accordance with such plans and specifications as have been approved by Landlord, and (iv) only after receipt by Tenant and presentation to Landlord of all necessary permits and licenses. All repairs, replacements, and Tenant's Alterations made by Tenant shall be subject to Landlord's inspection and approval during and after completion to determine whether the same comply with the requirements set forth in this Lease. Tenant shall pay, when and as due, all costs of the maintenance, repairs, replacements, and Tenant's Alterations made by Tenant hereunder.

(d) Tenant shall, at its own expense, obtain and keep in effect during the Term, a full parts and labor maintenance contract on the HVAC equipment servicing the Premises, with a contractor licensed in the State of Virginia, such contractor and contract to be subject to Landlord's approval, which shall not be unreasonably withheld. The Tenant agrees to provide the Landlord with a copy of this contract within thirty (30) days from the Commencement Date, and thereafter, on each Anniversary Date or thirty days before any such contract shall expire, whichever date first occurs, but in any event, at least annually. If Tenant shall refuse or fail to make or complete with reasonable dispatch any repairs required to be made by it or shall fail to maintain such gas fired heating system service contract, all at Tenant's expense, and upon demand, Tenant shall pay the cost thereof to Landlord as Additional Rent.

(e) Landlord agrees that the heating, plumbing, and electrical systems, as well as the air conditioning, if any, will be in good working order and condition at the Commencement Date and/or that Landlord will promptly, and at Landlord's expense, place same in good working order and condition if, but only if, within thirty (30) days after the Lease Commencement Date, Tenant shall promptly give Landlord written notification of any defect in any such system which shall not have been caused by the fault or neglect of the Tenant. Upon tender by Landlord to Tenant of the above-mentioned equipment in good working order, Tenant shall thereafter be solely responsible for all maintenance, repairs and/or replacements required therefor during the term of this Lease, as provided in Subparagraph 11(d) above.

(f) Landlord reserves the right to correct, remove, and/or perform any maintenance, repairs, and replacements which Tenant fails, in Landlord's reasonable judgment, to properly perform under this Lease within five (5) calendar days after written notice is given to Tenant by Landlord or, in the event of an emergency, such earlier period of time as the exigencies of the situation may require. Landlord also reserves the right to correct and/or remove any alterations and additions made by Tenant which do not conform to the requirements of this paragraph. In any instance in which Landlord exercises its rights under this paragraph, Landlord may, at its option, reenter the Premises and proceed forthwith to have such correction, removal, maintenance, repairs, or replacements made and to pay the cost thereof for Tenant's account. No such action by Landlord shall be deemed to waive or release any default by Tenant hereunder. If Landlord performs any correction, removal, maintenance, repairs or replacements pursuant to this subparagraph (e), then, and in any such event, Tenant shall pay Landlord, promptly on demand, as Additional Rent, any and all expenses incurred by Landlord in performing the same, such expenses to be Landlord's actual out-of-pocket expenses, plus fifteen percent (15%) thereof for Landlord's overhead.

12. PARKING.

(a) Tenant agrees that it, and its employees, officers, agents, customers, licensees, business invitees and any concessionaires will park its or their respective automobiles, trucks and other vehicles only in the sixteen (16) parking spaces or places allotted to Tenant hereunder and as identified in Exhibit "D" attached hereto ("Tenant's Parking Spaces"). Tenant covenants that it shall, at Tenant's own cost and expense, through such reasonable measures as it may implement with the prior written approval of Landlord, be responsible for attempting to ensure that Tenant's employees, officers, agents, customers, licensees, business invitees and any concessionaires shall not utilize any other parking spaces at the Facility other than Tenant's Parking Spaces and shall abide by and hereto such rules and regulations and methods of parking controls and/or procedures as may be established by the Landlord from time to time to control and supervise vehicular parking at, in and upon the Facility. Any such parking rules, regulations, methods or controls established by the Landlord will in no way relieve Tenant of its responsibility to attempt to ensure that Tenant's employees, officers, agents, customers, licensees, business invitees and any concessionaires shall not utilize any other parking spaces at the Facility other than Tenant's Parking Spaces or its corresponding liability for failing to so ensure. Upon written notice from Landlord, Tenant shall furnish to Landlord, within five business days after receipt of such notice, a list of the state automobile license numbers assigned to the automobiles of Tenant and its employees and shall have the continuing obligation to notify the Landlord in a similar manner of any change, substitutions or additions thereto.

(b) In addition to any other remedies provided to Landlord herein or available by law, Tenant acknowledges that Landlord also reserves the right, in addition to assessing against Tenant any damages incurred as a proximate result of the breach of its aforesaid covenant(s) in Paragraph 12(a), to tow any vehicles of Tenant, its employees, officers, agents, customers, licensees, business invitees and any concessionaires parking

in any other spaces than those assigned to Tenant by Landlord as set out in Exhibit "D". Landlord shall in no way be liable to Tenant, its employees, officers, agents, customers, licensees, business invitees and/or any concessionaires for any damages or claims arising out of or related to: (i) the towing of any vehicles from the Facility or (ii) the use of the parking areas or roadways of the Facility. No provision of this Lease shall be construed as a demise to Tenant of parking or other Common Areas.

(c) Furthermore, Landlord reserves the right (as part of its Common Area maintenance), without assuming the obligation or relieving the liability of Tenant with respect to establishing and maintaining the Parking Protocol, to identify or mark Tenant's Parking Spaces through the use of pavement markings, free-standing movable signs or the like. No provision of this Lease shall be construed as a demise to Tenant of parking or other Common Areas.

13. COVENANT AGAINST LIENS.

If because of any act or omission (or alleged act or omission) of Tenant, any mechanic's or other lien, charge or order for the payment of money or any other encumbrance shall be filed against Landlord, any Mortgagee, the Premises, or any other portion of the Facility (whether or not such lien, charge, order or encumbrance is valid or enforceable as such), Tenant shall (at its own cost and expense) cause the same to be discharged of record or bonded within ten (10) days after notice to Tenant of the filing thereof. Tenant shall indemnify and save harmless Landlord and all Mortgagees against and from all liabilities, suits, penalties, claims, demands, costs and expenses (including, but not limited to, reasonable attorney's fees) resulting therefrom. If Tenant fails to comply with the foregoing provisions, Landlord shall, in addition to all its other rights and remedies under this Lease, have the option of discharging or bonding any such lien, charge, order or encumbrance without inquiring into the validity thereof, and Tenant agrees to reimburse Landlord, promptly upon demand, for all sums so advanced by Landlord, all costs and expenses (including, but not limited to, reasonable attorney's fees) incurred by Landlord in connection therewith, and interest, at the judgment rate, on all such amounts, as Additional Rent. All materialmen, contractors, artisans, mechanics, laborers and any other person(s) now or hereafter contracted with Tenant, or anyone acting by, through, or on behalf of, Tenant, for the furnishing of any labor, services, materials, supplies or equipment with respect to any portion of the Facility or Premises, at any time from the date hereof until the end of the Term, are hereby charged with notice that they must look exclusively to Tenant to obtain payment for same.

14. EMINENT DOMAIN.

If the Premises shall be taken or condemned by any competent authority for any public use or purpose, then the term of this Lease shall cease and terminate from the date of such taking. In such case, the current Rental amount shall be adjusted to the effective date of such taking, and the full amount of any award made as a result of the taking or condemnation shall belong to and be retained by the Landlord free of any claim or right therein of Tenant.

15. FIRE AND OTHER CASUALTY.

(a) In the event that the Premises and/or the Facility shall be partially or totally damaged or destroyed by any risk covered by any of Landlord's insurance, Landlord shall, within thirty (30) days after such damage or destruction or as soon thereafter as is reasonably practicable (unless Landlord terminates this Lease pursuant to section (b) of this paragraph), commence to repair, rebuild, reconstruct and restore or replace the Premises, and prosecute the same diligently to completion. Landlord's obligation to restore, as set forth in the preceding sentence, is subject to Landlord being able to obtain all necessary permits and approvals therefor, including, without limitation, permits and approvals required from any agency or body administering environmental laws, rules or regulations. It is understood and agreed that the building in which the Premises are located, if partially or totally damaged or destroyed, need not be restored to the same condition as existed prior to such damage or destruction, provided said building is restored to a condition architecturally harmonious and consistent with the Premises and the balance of the Facility. In any event, Landlord shall not be required to expend more for any repair, rebuilding, reconstruction, restoration, or replacement of the Premises and/or the Facility pursuant to this paragraph than the amount of insurance proceeds paid to Landlord in connection therewith.

(b) Landlord shall have the option to terminate this Lease upon giving written notice to Tenant of exercise thereof within sixty (60) days after the Premises or the Facility are damaged or destroyed if:

(i) such damage is the result of any risk not covered by the insurance agreements retained by Landlord, such as flood, earthquake, act of war, etc.; or

(ii) such damage or destruction occurs within the last twenty-four (24) months during the Term;

or

(iii) thirty-five percent (35%) or more of the gross leasable area in the Warehouse Building immediately prior to the damage or destruction is rendered untenable thereby.

(c) Whether or not this Lease is terminated by Landlord pursuant to section (b) of this paragraph after damage or destruction, if the Premises are rendered wholly or partially untenable by such damage or destruction, then the rent and other charges payable by Tenant under this Lease during the period in which the Premises are so untenable shall be proportionately abated. Tenant shall give immediate notice to Landlord in case of fire or accident in the Premises, fixtures, or equipment, or of any defect, damage or injury thereto or therein.

(d) Either party may terminate this Lease by written notice to the other party within thirty (30) days from the date of such damage if Landlord determines that the Premises cannot be substantially repaired within ninety (90) days after the date of such damage.

16. ASSIGNMENT & SUBLET

The Tenant shall not have the right at any time during the Term of this Lease to sublet or assign all or any portion of the Premises.

17. NON-LIABILITY OF LANDLORD.

(a) Landlord is not an insurer and shall not be responsible or liable to Tenant for any loss or damage to persons or property, or any interference or interruption of Tenant's use of the Premises, that may be occasioned by (i) the acts or omission of persons occupying any space adjacent to or adjoining the Premises or any other occupants of the Facility, their employees, agents, subtenants, licensees, concessionaires, visitors, or customers; (ii) water, gas, steam, wind, or the bursting, stoppage, or leaking of any pipes, sewer or water lines, or other conduits, fixtures, or equipment, or the interruption of any utility services to the Premises; (iii) any repairs, alterations, maintenance or additions to the Premises or any other portion of the Facility; or (iv) any other casualty, unless proximately caused by the gross negligence of Landlord or Landlord's employees while acting within the scope of their employment.

(b) No provision of this Lease shall be deemed to confer any rights unto any persons or entities other than the parties to this Lease, permitted successors and assigns and Mortgagees. Notwithstanding anything to the contrary provided in this Lease, it is specifically understood and agreed that there shall be absolutely no personal liability on the part of Landlord or any of its partners with respect to any of the terms, covenants and conditions of this Lease, and that Tenant shall look solely to the equity of Landlord in the Premises for the satisfaction of each and every remedy of Tenant in the event of any breach by Landlord of any of the terms, covenants and conditions of this Lease to be performed by Landlord, such exculpation of personal liability to be absolute and without any exception whatsoever.

18. TERMINATION DUE TO APPROPRIATIONS

(a) Except with respect to the payments and sums due Landlord under Paragraph 3(b)(i) relating to the Tenant Improvements and the Insurance and Indemnity obligations of Tenant set forth in Paragraph 20 herein, the obligation of Tenant to make any fixed or regularly scheduled rental payments under this Lease is contingent upon the appropriation for each fiscal year by the City Council of Alexandria of funds from which such payments can be made. The Tenant shall not be liable for any such fixed or regularly scheduled rental payments that may be payable pursuant to this Lease, unless and until such funds have been so appropriated for payment and then only to the extent thereof. It is understood and agreed by the parties hereto that nothing in this Lease shall be deemed to obligate the City Council of the City of Alexandria to appropriate any sums on account of any such fixed or regularly scheduled rental payments to be made by the Tenant hereunder. This Lease shall not constitute a pledge of the full faith and credit of the City of Alexandria or a bond or debt of the City of Alexandria in violation of the Constitution of the Commonwealth of Virginia or the Charter of the City of Alexandria.

(b) If the City Council of the City of Alexandria fails to appropriate sufficient funds from which such fixed or regularly scheduled rental payments can be made, the Term of this Lease, notwithstanding anything else to the contrary contained herein, shall effectively terminate upon depletion of the then currently appropriated funds and thereafter, provided that Tenant has promptly vacated the Premises in compliance with Paragraph 22, Tenant's only remaining liability under this Lease shall be for: (i) any damages due Landlord for any unpaid or un-reimbursed payments due Landlord from Tenant for the approved schedule of Tenant Improvements contemplated in Paragraph 3(b)(iii) hereof and (ii) any Rental, liability and/or obligation (whether unliquidated or then undetermined) of Tenant, on account of Tenant's Insurance and Indemnity obligations,

covenants and responsibilities set forth in Paragraph 20, arising out of or relating to any event, circumstance, action, causality or activity occurring on or before any such early effective termination date of this Lease.

19. LANDLORD NOT AN INSURER.

(a) Landlord is not an insurer and shall not be responsible or liable to Tenant for any loss or damage to persons or property, or any interference or interruption of Tenant's use of the Premises, that may be occasioned by (i) the acts or omission of persons occupying any space adjacent to or adjoining the Premises or any other occupants of the Facility, their employees, agents, subtenants, licensees, concessionaires, visitors, or customers or (ii) water, gas, steam, wind, or the bursting, stoppage, or leaking of any pipes, sewer or water lines, or other conduits, fixtures, or equipment, or the interruption of any utility services to the Premises, nor (iii) any repairs, alterations, maintenance or additions to the Premises or any other portion of the Facility.

(b) All employees, officers, agents, customers, licensees, business invitees and/or any concessionaires of Tenant present in, on or around the Facility and any personal property belonging to the Tenant located in or about the Premises or Facility shall be there at the sole risk of the Tenant and neither the Landlord, its members, employees and/or agents shall be liable for (i) the theft, abduction, kidnaping or misappropriation thereof; (ii) any damage or injury thereto whether to person or property, including but not limited to, damage or injury caused by fire, explosion, water, gas, electricity, leaks from the roof or other portions of the Facility, the bursting or leaking of pipes, plumbing, electrical wiring and equipment or fixtures of any kind, and loss of life; and (iii) any acts or neglect of other tenants or occupants of the Facility or Office Building.

(c) No provision of this Lease shall be deemed to confer any rights unto any persons or entities other than the parties to this Lease, permitted successors and assigns and Mortgagees. Notwithstanding anything to the contrary provided in this Lease, it is specifically understood and agreed that there shall be absolutely no personal liability on the part of Landlord or any of its members, employees, agents, officers or assigns in the event of any breach by Landlord of any of the terms, covenants and conditions of this Lease to be performed by Landlord, such exculpation of personal liability to be absolute and without any exception whatsoever.

20. INSURANCE AND INDEMNITY.

(a) Tenant shall not conduct any activity or place any item in or about the Facility which would or may increase the rate of any insurance (whether property, causality, liability or otherwise) on or for the Facility. If any increase in the rate of such insurance is due to any such activity or item, then (whether or not Landlord has consented to such activity or item) Tenant shall pay the amount of such increase. The statement of any insurance company or insurance rating organization that such an increase is due to any such activity or item shall be conclusive evidence thereof.

(b) Tenant shall maintain throughout the lease term with a company licensed to do business in the jurisdiction of the City of Alexandria, Virginia, and having an industry rating reasonably satisfactory to Landlord (i) broad form comprehensive general liability insurance (written on an occurrence basis and including contractual liability coverage insuring the obligations assumed by Tenant pursuant to Paragraph 20(d) and an endorsement for personal injury); (ii) all risk property insurance, and (iii) comprehensive automobile liability insurance covering automobiles owned by Tenant. Such liability insurance shall be in minimum amount typically carried by prudent tenants engaged in business and office operations similar to Tenant's, but in no event shall be in an amount less than Two Million Dollars (\$2,000,000.00) combined single limit per occurrence. Such property insurance shall be in an amount not less than that required to replace all fixtures, property and other contents located on the Premises. Such automobile liability insurance shall be in an amount not less than One Million Dollars (\$1,000,000.00) combined single limit per occurrence and Two Million Dollars (\$2,000,000.00) in the aggregate. Tenant may satisfy the forgoing prescribed insurance policy limits through a combination of broad form liability and umbrella policy coverage.

(c) All such insurance shall name Landlord, Hoffman Management, Inc. (the Landlord's agent), and the holder of any Mortgage as additional named insured, contain an endorsement that such insurance shall remain in full force and effect notwithstanding that the insured may have waived its claim against any person prior to the occurrence of a loss, provide that the insurer waives all right of recovery by way of subrogation against Landlord, its members, agents and employees, and contain an endorsement prohibiting cancellation, failure to renew, reduction in amount of insurance or change of coverage: (i) as to the interests of Landlord and the holder of any Mortgage by reason of any act or omission of Tenant, and (ii) without the insurer's giving Landlord thirty (30) days prior written notice of such action. Tenant shall deliver a certificate of such insurance and receipts evidencing payment of the premium for such insurance (and, upon request, copies of all required insurance policies, including endorsements and declarations) to Landlord on or before the Lease Commencement Date and at least annually thereafter.

(d) Tenant shall reimburse Landlord for, and shall indemnify and hold Landlord, its employees and agents (including any affiliates, commonly controlled entities, or subsidiaries of the same) harmless from and against any and all claims, demands, costs and expenses (including, but not limited to, reasonable attorney's fees) for, or in connection with, any accident, injury (including death) or damage whatsoever to any person or property, based on or arising out of, directly or indirectly: (i) Tenant's use or occupation of the Premises or the business conducted therein, (ii) any act or omission of Tenant or any invitee, and (iii) any breach of Tenant's obligations under this Lease, including failure to surrender the Premises upon the expiration or earlier termination of the lease term or any entry by Tenant or any invitee upon the Facility prior to the Lease Commencement Date.

21. RIGHT TO CURE DEFAULTS.

If Tenant shall fail to comply fully with any of its obligations under this Lease, then, in addition to Landlord's other rights and remedies under this Lease and at law and in equity, Landlord shall have the right, but not the duty, to cure such breach at Tenant's expense. Tenant agrees to reimburse Landlord, within thirty (30) calendar days after Landlord submits a statement of the amount due, as Additional Rent, for all costs and expenses incurred by Landlord as a result of any efforts made by Landlord to cure any such breach, plus fifteen percent (15%) thereof for Landlord's overhead.

22. SURRENDER OF PREMISES.

On the last day or sooner of the expiration of the Term, Tenant shall quit and surrender the Premises broom-clean, in good condition and repair (reasonable wear and tear excepted), together with all alterations, additions and improvements which may be in, on or to the Premises, except movable furniture or unattached movable trade fixtures put in at the sole expense of Tenant; provided, however, that Tenant shall ascertain from Landlord at least thirty (30) days before the end of the Term whether Landlord desires to have the Premises or any part thereof restored to the condition in which it was originally delivered to Tenant, and if Landlord shall so desire, then Tenant, at its own cost and expense, shall restore the same to the satisfaction of the Landlord before the end of the Term. Tenant shall, on or before the end of the Term, remove from the Premises all its property, together with any alterations, additions, and improvements, the removal of which is requested by Landlord, and any or all of such property not so removed shall, at Landlord's sole option, become the exclusive property of Landlord or be disposed of by Landlord, at Tenant's cost and expense, without further notice to, or demand upon, Tenant. If the Premises are not surrendered as and when aforesaid, Tenant shall indemnify Landlord against loss or liability resulting from the delay by Tenant in so surrendering the Premises, including, without limitation, any claims made by any succeeding occupant based on such delay. Tenant's obligations under this paragraph shall survive the expiration or earlier termination of the Term.

23. HOLDING OVER.

(a) Notwithstanding any term or provision contained herein, Landlord shall unequivocally, at the end of the Term of this Lease, be entitled to the immediate benefit and prompt application of all public, general, federal, state and local laws or ordinances relating to the recovery of the possession of lands and tenements held over by tenants, that now may be in force or may hereafter be enacted, and Landlord may proceed under such laws or ordinances, without notice to Tenant, all statutory notice requirements being hereby expressly waived by Tenant.

(b) If Tenant shall hold possession of the Premises after the end of the Term or other termination of this Lease, Tenant shall be liable for any and all damages and expenses that Landlord may sustain by virtue of Tenant's holding over, including, but not limited to, any amount for which Landlord may be liable under, or as a result of, any other lease entered into by Landlord for a term beginning at or after the expiration of the Term of this Lease, and in addition, Tenant shall be obligated to pay Landlord two times or twice the amount of Rental due during the last full calendar month of the Term, for each month and/or partial month Tenant continues to hold-over.

(c) Nothing contained in this Lease, shall be construed as a consent by Landlord to the occupancy or possession of the Premises by Tenant after the expiration of the Term of this Lease.

24. RELATIONSHIP OF PARTIES.

Nothing contained in this Lease shall be construed to create the relationship of principal and agent, partnership, joint venture or any other relationship between the parties hereto other than the relationship of Landlord and Tenant.

25. ACCESS TO PREMISES.

Landlord and its designees shall have the right to enter upon the Premises at all reasonable times upon forty-eight (48) hours prior notice (and in emergencies, at all times): (i) to inspect the same; (ii) to make repairs, additions or alterations to the Premises or the Facility or any property owned or controlled by Landlord; and (iii) for any lawful purpose. For a period commencing six (6) months prior to the end of the Term, Landlord may have reasonable access to the Premises for the purpose of exhibiting the same to prospective tenants and to post any "For Rent" or "For Lease" signs upon the Premises.

26. NOTICES.

All notices required under this Lease shall be given in writing and shall be deemed to be properly served if sent by certified or registered United States mail, postage prepaid, as follows:

If to Landlord: Hoffman Management, Inc.
Post Office Box 4626
Alexandria, Va. 22303-0626
Attn. Michael J. Perine, Esq.

If to Tenant: Dept. of General Services
City of Alexandria, Virginia
City Hall, Room 2200
P.O. Box 178
Alexandria, Virginia 22313
Attn: Director

or to such other address as either may have been designated from time to time by written notice to the other. The date of service of such notices shall be the date such notices are deposited in any United States Post Office.

27. WAIVER OF TRIAL BY JURY AND COUNTERCLAIMS.

The parties hereto shall, and they hereby do, waive 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 for injury or damage. Tenant also agrees to waive any and all counterclaims Tenant may have in any suit for possession by Landlord; it being understood that the subject of any such counterclaim may be asserted by Tenant but only in a separate action brought by Tenant against Landlord.

28. NON-WAIVER OF LANDLORD.

(a) No failure by Landlord to insist upon the strict performance of any term, covenant, agreement, provision, condition or limitation (collectively, "term" and/or "provision") of this Lease to be kept, observed, or performed by Tenant; no failure by Landlord to exercise any right or remedy consequent upon a breach of any such term or provision of this Lease; and no acceptance by Landlord of full or partial Rental during the continuance of any such breach by Tenant, shall constitute a waiver of any such breach or of any such term or provision. No term or provision of this Lease shall be deemed altered or modified, and no breach shall be deemed waived, except by a written instrument executed by Landlord and Tenant. No waiver of any breach shall affect or alter this Lease, but each and every term and provision of this Lease shall continue in full force and effect with respect to any other then existing or subsequent breach thereof. No employee or agent of Landlord shall have any authority to accept keys to the Premises prior to the termination of this Lease, except as otherwise stipulated elsewhere in this Lease. The delivery of any keys to any employee or agent of Landlord shall not operate as a termination of this Lease or a surrender by Tenant of the Premises.

(b) No payment by Tenant, or receipt by Landlord, of a lesser amount than the total amount of Rental due under the terms of this Lease shall be deemed to be other than a payment of a portion of the full Rental due under this Lease. No endorsement or statement on any check or any letter or other instrument accompanying any check or payment for Rental shall 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 the Rental due or pursue any other right or remedy in this Lease.

29. DEFAULT.

(a) Tenant shall be deemed to be in default hereunder, if: (i) Tenant shall fail to pay any installment of Rental or charge herein reserved or any other costs and expenses for which the Tenant shall be responsible for hereunder, within five (5) days after notice from Landlord specifying the item or items alleged to be due and unpaid, unless Tenant shall in good faith dispute its liability therefor or the propriety of the amount claimed (other than Rental). In that event, Tenant shall be deemed in default only if it fails to pay, within five (5) days after agreement or final adjudication, the amount which the Tenant is adjudged to owe on the disputed item, or the amount which Landlord and Tenant shall agree is owing thereon; (ii) Tenant shall fail or neglect to keep and perform each and every of the covenants, conditions and terms of this Lease herein contained within thirty (30) days after written notice from Landlord specifying the default, unless the curing of said default would take more than thirty (30) days, in which event, Tenant shall be deemed to be in default only if it does not commence the curing of said default within fifteen (15) days and carry it, in good faith, to prompt completion; (iii) Tenant is adjudicated a bankrupt, and neither the receiver, trustee, or debtor in possession in bankruptcy, or a then assignee of this Lease pays all rents currently to the Landlord and performs all the covenants of the Tenant hereunder; (iv) if the Premises shall be abandoned, deserted or vacated, or if this Lease shall be assigned or passed to or devolved upon one other than Tenant except as herein provided, or if a substantial portion of the Premises shall be abandoned or deserted or be occupied by someone other than Tenant; (v) if Tenant shall falsify any statement or representation that Tenant is required to make to Landlord under this Lease or (vi) if Tenant shall fail to move into or take possession of the Premises upon the Commencement Date, then and in any such of the forgoing enumerated events ("Event of Default"), this Lease and the Term hereof shall, upon the date specified by Landlord in a notice to Tenant, which date shall be not less than ten (10) days after the date of mailing of such notice by Landlord to Tenant, wholly cease and expire with the same force and effect as though the date so specified were the date herein above first set forth as the date of expiration of the Term.

(b) In the case of any such Event of Default, Tenant's right to possession shall immediately cease thereupon, and Landlord shall be entitled to the immediate possession of said Premises and to re-enter the same either by force or otherwise and have the possession of the same as of its former estate, and may, without demand for rent or possession, forthwith proceed to recover possession of said premises by process of law. Any notice to quit or reclaim possession required by law or statute from Landlord to Tenant or other notice is hereby expressly waived by Tenant. Furthermore, Landlord shall have an immediate claim against Tenant, and Tenant shall be obligated to pay Landlord (i) all costs incurred by Landlord in connection with the execution of this Lease, including, but not limited to, brokerage commissions, and (ii) all past and future Rental and other charges due under this Lease, less any sums obtained by the Landlord, exercising in its sole and absolute discretion, its right to re-let the Premises in whole or in part to others. Tenant shall pay all court costs and reasonable attorney's fees incurred by Landlord relating to such Event of Default or in the enforcement of any covenants contained herein, the collection of monies, Rental and charges owing hereunder, whether through the use of legal proceedings or otherwise, and whether or not such legal proceeding be prosecuted to a final judgment.

(c) In case of any such Event of Default, reentry, expiration and/or dispossession by summary proceedings or otherwise: (i) the Rental shall become due thereupon and payable by tenant up to the time of reentry, dispossession and/or expiration, together with such expenses as Landlord may incur for legal expenses, attorneys' fees, brokerage, storing Tenant's inventory and/or fixtures, putting the Premises in good order, or for preparing the same for re-Rental; (ii) Landlord may relet the Premises or any part or parts thereof, either in the name of the Landlord or otherwise, for a term or terms which may, at Landlord's option, be less than or exceed the period which would otherwise have constituted the balance of the Term and may grant concessions or free rent; and (iii) Tenant shall also pay Landlord, as damages for the failure of Tenant to observe and perform said Tenant's covenants herein contained, any deficiency between the Rental reserved and/or covenanted to be paid under the terms of this Lease, and the net amount, if any, of the rents collected on account of the lease or leases of the Premises for each month of the period which would otherwise have constituted the balance of the Term. Any suit or action brought to collect the amount of the deficiency for any month shall not prejudice in any way the rights of the Landlord to collect the deficiency for any subsequent month by a similar proceeding. No reletting of the Premises by Landlord, whether or not the term of such reletting extends beyond the Term of this Lease, shall (i) be deemed an acceptance by Landlord of an offered surrender of the Premises, or (ii) release Tenant from any of its obligations under this Lease.

(d) In case of any Event of Default, reentry, expiration and/or dispossession by summary proceedings or otherwise pursuant to this Paragraph 27, Landlord shall (notwithstanding any other provisions of the Lease) be entitled, at its option, in addition and without prejudice to any other rights and remedies it may have hereunder or at law or in equity, but in lieu of further liability under Paragraph 27(c) above, to recover from Tenant as damages, in addition to any unpaid Rental accrued to the date of such reentry, expiration and/or dispossession, an aggregate amount equal to the Rental reserved hereunder for what would otherwise have been the unexpired portion of the Term (had such reentry, expiration and/or dispossession not occurred), discounted at the rate of four percent (4%) per annum to a present worth sum. Landlord shall be entitled to recover and receive the full amount of such damages at whatever time after such reentry, expiration and/or dispossession it seeks to

recover the same. Landlord shall be entitled, in addition to the amount of such discounted, present value sum, to recover such expenses as Landlord may have incurred in connection with such reentry and/or dispossession and such reletting, such as legal expenses, attorneys' fees, brokerage, storing Tenant's equipment, furniture and/or fixtures, and the costs and expenses incurred in connection therewith, and in keeping the Premises in good order and in preparing the same for such reletting.

(e) Landlord, at Landlord's option, may make such alterations, repairs, replacements and/or decorations in the Premises as Landlord, in Landlord's sole judgment, considers advisable and necessary for the purposes of reletting the Premises; and the making of such alterations and/or decorations shall not operate or be construed to release Tenant from liability hereunder, as aforesaid. Landlord shall in no event be liable in any way whatever for failure to relet the Premises, or in the event that the Premises are relet, for failure to collect the rent thereof under such reletting.

(f) No receipt of Rental by Landlord from Tenant after the termination in any way of this Lease, or after giving notice, shall reinstate, continue or extend the Term, or affect any notice. No receipt of Rental after the commencement of suit, or after final judgment for possession of the Premises, shall reinstate, continue or extend the Term or affect said suit or judgment.

(g) Any and all unpaid Rental hereunder shall bear interest at the judgment rate from the due date until paid. In the addition to such interest, if Tenant shall fail to pay any Rental by the fifth (5th) day after such Rental is due, a late charge equal to ten percent (10%) of the Rental so due shall be assessed and due immediately to reimburse Landlord for expenses incurred in handling late payment.

(h) If, under the provisions of this Lease, any proceedings are taken by Landlord and a compromise settlement should be made, either before or after judgment, whereby Tenant shall be allowed to retain possession of said Premises, this Lease shall not merge into such judgment, if any, and such proceedings or agreement shall not operate to terminate this Lease or be held to constitute a waiver of any of the covenants, conditions and agreements herein contained.

30. SUBORDINATION AND ATTORNMENT.

(a) This Lease is subject and subordinate to the lien, operation and effect of all Mortgages of the Premises, whether recorded or unrecorded and whether existing prior or subsequent to the execution of this Lease. The foregoing provision shall be self-operative and no further instrument of subordination shall be required to effectuate such subordination. In confirmation of such subordination, however, Tenant shall, at the request of Landlord or any Mortgagee, promptly execute any requested or appropriate certificate or other document for the benefit of Landlord or any Mortgagee or anyone other third party. In the event that Tenant does not execute and return such certificate or document to Landlord or the Mortgagee, within ten (10) days after Landlord or the Mortgagee submits the same to Tenant, then such failure shall be deemed to be an event of default.

(b) Tenant agrees that, in the event any proceedings are brought for the foreclosure of any Mortgage, Tenant shall, if requested to do so by the purchaser at such foreclosure sale, attorn to such purchaser and recognize such purchaser as the Landlord under this Lease. Tenant waives the provisions of any statute or rule of law, now or hereafter in effect, which may give or purport to give Tenant any right to terminate or otherwise adversely affect this Lease or to abrogate or otherwise alter the obligations of Tenant under this Lease in the event that any foreclosure proceeding is prosecuted or completed.

31. ESTOPPEL CERTIFICATES.

Tenant or Landlord shall, without charge, at any time and from time to time thereafter, within ten (10) days after written request of the other party, certify by a written instrument duly executed and acknowledged to any Mortgagee or purchaser, or proposed Mortgagee or purchaser, or any other third party specified in such request: (i) as to whether this Lease has been supplemented or amended and, if so, the substance and manner of such supplement or amendment; (ii) as to the validity and force and effect of this Lease, in accordance with its terms as then constituted; (iii) as to the existence of any Event of Default; (iv) as to the existence of any offsets, counterclaims or defenses on the part of Tenant; (v) as to the Commencement Date and the expiration date of the Term of this Lease; (vi) as to the completion of the Landlord's Work; (vii) as to the existence of any defects in the Premises; (viii) as to the Rental(s) payable hereunder during the Term of this Lease; and (ix) as to any other matters as may reasonably be so requested. Any such certificate may be relied upon by Landlord and any other third party to whom the same may be exhibited or delivered; and the contents of such certificate shall be binding on Tenant.

32. RESERVED EASEMENTS.

Landlord shall retain the right at all times during the Term of this Lease, and Tenant shall permit Landlord or its designees at all times during the Term of this Lease, to install, use, maintain, repair, and replace pipes, cables, conduits, plumbing, vents, wires and other equipment or systems in, to, through and under the Premises, as and to the extent that Landlord may now or hereafter deem to be necessary or appropriate for the proper operation and maintenance of the building in which the Premises are located or any other present or future portion of the Facility. All such work shall be done, so far as practicable, in such manner as to avoid interference with Tenant's use of the Premises.

33. HAZARDOUS MATERIALS.

(a) Tenant, its agents, employees, contractors or invitees shall not (i) cause or permit any Hazardous Materials (hereinafter defined) to be brought upon, stored, used or disposed on, in or about the Premises and/or Facility, or (ii) permit the release, discharge, spill or emission of any substance considered to be a Hazardous Material from the Premises.

(b) Any materials not prohibited by subparagraph (a), and all containers therefore, shall be used, kept, stored and disposed of by Tenant in a manner that shall in all respects comply with all applicable federal, state and local laws, ordinances, regulations and standards.

(c) Tenant hereby agrees that it is and shall be fully responsible for all costs, expenses, damages or liabilities (including, but not limited to those incurred by Landlord and/or its mortgagee) which may occur from the use, storage, disposal, release, spill, discharge or emissions of Hazardous Materials by Tenant whether or not the same may be permitted by this Lease. Tenant shall defend, indemnify and hold harmless Landlord, its mortgagee and its agents from and against any claims, demands, administrative orders, judicial orders, penalties, fines, liabilities, settlements, damages, costs or expenses (including, without limitation, reasonable attorneys' and/or consultants' fees, court costs and litigation expenses) of whatever kind or nature, known or unknown, contingent or otherwise, arising out of or in any way related to the use, storage, disposal, release, discharge, spill or emission of any Hazardous Material by Tenant, its agents, employees, contractors or invitees. The provisions of this Section shall be in addition to any other obligations and liabilities Tenant may have to Landlord at law or in equity and shall survive the transactions contemplated herein or any termination of this Lease.

(d) As used in this Lease, the term "Hazardous Materials" shall include, without limitation: (i) those substances included within the definitions of "hazardous substances", "hazardous materials", "toxic substances", or "solid waste" in the Comprehensive Environmental Response Compensation and Liability Act of 1980 (42 U.S.C. §9601 et seq.) ("CERCLA"), as amended by Superfund Amendments and Reauthorization Act of 1986 ("SARA"), the Resource Conservation and Recovery Act of 1976 ("RCRA"), and the Hazardous Materials Transportation Act, and in the regulations promulgated pursuant to said laws, all as amended; (ii) those substances listed in the United States Department of Transportation Table (49 CFR 172.101 and amendments thereto) or by the Environmental Protection Agency (or any successor agency) as hazardous substances (40 CFR Part 302 and amendments thereto); (iii) any material, waste or substance which is (A) petroleum, (B) asbestos, (C) polychlorinated biphenyls, (D) designated as a "hazardous substance" pursuant to Section 311 of the Clean Water Act, 33 U.S.C. §1251 et seq. (33 U.S.C. §1321); (E) flammable explosives; or (F) radioactive materials; (iv) those substances regulated pursuant to or identified in the Virginia Pesticide Law; Air Pollution Control Board; Virginia Waste Management Act; Environmental Health Service; Transportation of Hazardous Radioactive Materials; Virginia Hazardous Materials Emergency Response Program; State Water Control Law; the Ground Act of 1973 and Miscellaneous Offenses; and the regulations promulgated pursuant to said laws, all as amended; and (v) such other substances, materials and wastes which are or become regulated as hazardous or toxic under applicable local, state or federal law, or the United States government, or which are classified as hazardous or toxic under federal, state, or local laws or regulations.

34. CORPORATE AUTHORITY.

Tenant represents and warrants that it is duly formed and in good standing, and has full corporate or partnership power and authority, as the case may be, to enter into this Lease and has taken all corporate or partnership action, as the case may be, necessary to carry out the transaction contemplated herein, so that when executed, this Lease constitutes a valid and binding obligation enforceable in accordance with its terms. If Tenant is a corporation, each individual executing this Lease on behalf of Tenant represents and warrants that he is duly authorized to execute and deliver this Lease on behalf of Tenant in accordance with a duly adopted resolution of the Board of Directors of said corporation and/or in accordance with the By-Laws of said corporation, and that this Lease is binding upon Tenant in accordance with its terms. Further, Tenant shall be obligated, at any time prior to or after execution of this Lease, upon demand of Landlord, to deliver to Landlord a certified copy of a resolution of its Board of Directors authorizing and ratifying the execution of this Lease by such executing

officer or other documentary proof in form acceptable to Landlord.

35. QUIET ENJOYMENT.

Landlord agrees that if the Tenant shall pay the rent as aforesaid and perform the covenants and agreements herein contained on its part to be paid and performed, the Tenant shall peaceably hold and enjoy the said Premises without hindrance or interruption by the Landlord or by any other person or persons.

36. MISCELLANEOUS PROVISIONS.

(a) Entire Agreement. This Lease contains the final and entire agreement between the parties hereto, and they shall not be bound by any terms, statement, conditions or representations, oral or written, express or implied, not herein contained. Any agreement hereafter made shall not operate to change, modify, waive, terminate, discharge or effect an abandonment of this Lease in whole or in part unless such agreement is in writing and signed by all parties hereto. Tenant agrees that it is not relying on any representations or agreements other than those contained in this Lease. Without limiting the generality of the foregoing, Tenant agrees that Landlord has not made any representation, express or implied, with respect to any federal, state, or municipal laws, ordinances, or regulations applicable to the Premises, and/or Facility, and/or any use or proposed use to be conducted therein (including, without limitation, laws or ordinances relating to zoning or fire walls). In the event the Premises cannot be used by the Tenant in whole or in part for any purpose for which Tenant intends to use the same, Tenant shall not have any right to terminate this Lease, nor shall Tenant be entitled to any abatement of, or off-set against, Rental payable hereunder or any claim for damages or otherwise.

(b) Force Majeure. The provisions of this Paragraph 36(b) shall be applicable if there shall occur during or prior to the Term any: (i) strike, lockout, or labor dispute; (ii) inability to obtain labor or materials or reasonable substitutes therefor; or (iii) acts of God, enemy or hostile governmental action, civil commotion, insurrection, revolution, sabotage, or fire or other casualty; or (iv) any other conditions similar to those enumerated in the foregoing beyond the reasonable control of the party claiming such unavoidable delay. If the Landlord shall, as the result of any such event, fail to punctually perform any of its obligations under this Lease, then such obligation(s) shall be punctually performed as soon as practicable after such event shall abate, and Tenant shall not be entitled to any damages or abatement or diminution of payments of Rental on account of such delay. If Tenant shall, as the result of any such event, fail to punctually perform any of its obligations under this Lease other than the payment of Rental reserved herein, then such obligation(s) shall be punctually performed as soon as practicable after such event(s) abate, and Landlord shall not be entitled to any damages on account of such delay. If Landlord or Tenant, as the case may be, shall, as the result of any such event, be unable to exercise any right or option within any time limit provided therefor in this Lease, such time limit shall be deemed extended for a period equal to the duration of such event. Nothing in this Paragraph 36(b) shall be construed to extend, diminish or negate the Tenant's obligation to pay Rental hereunder, and the foregoing provisions of this Paragraph 36 shall not apply to a lack of funds.

(c) Signs. Tenant shall not display, inscribe, print, paint, maintain or affix on any place in or about the Warehouse Building or Facility any sign, notice, legend, direction, figure or advertisement, except on the storefront or warehouse loading doors of the Premises, and then only such name(s) and matter(s), and in such color, size, place and materials, as shall first have been approved by Landlord in writing. Landlord reserves the exclusive right to install and maintain a sign or signs on the exterior walls, roof and Common Areas of the Facility, including, but not limited to, a building directory of tenants located in the main lobby of the Office Building.

(d) Benefit and Burden. Except as otherwise expressly set forth in this Lease, the terms and provisions of this Lease shall be binding upon, and inure to the benefit of, the parties hereto and their respective successors and assigns. All terms and agreements herein are also covenants.

(e) Governing Law. It is the intention of the parties hereto that this Lease and the terms and provisions hereof shall be construed and enforced in accordance with the laws of the Commonwealth of Virginia.

(f) Headings & Captions. The headings and captions of Paragraphs throughout this Lease are for convenience of reference only, and the words contained therein shall in no way be held or deemed to define, limit, describe, explain, modify, amplify or add to the interpretation, construction or meaning of any provision of this Lease, nor in any way affect the operation of this Lease.

(g) Landlord's Consent. Whenever Landlord's consent or approval is required under the provisions of this Lease, unless otherwise expressly specified, such consent may be withheld, delayed or

conditioned, with or without cause, at Landlord's discretion.

(h) Plurality and Gender. Wherever appropriate herein, the singular includes the plural and the plural includes the singular. All feminine, masculine and neuter terms contained herein are used interchangeably wherever appropriate.

(i) Counterparts. This Lease may be executed in several counterparts, in either original typed instruments or reproductions thereof, but all counterparts shall constitute one and the same instrument.

(j) Invalid or Unenforceable Provision. If any 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 provision to persons or circumstances other than those as to which it is invalid or unenforceable, shall not be affected thereby, and each provision of this Lease shall be valid and enforceable to the fullest extent permitted by law.

(k) Time is of the Essence. Landlord's and Tenant's responsibilities, obligations and liabilities under this Lease shall be construed in accordance with the principle that time is of the essence.

IN WITNESS WHEREOF, the parties hereto, by their duly authorized representatives, have hereunto set their hands and seals the day and year first above written.

WITNESS:

LANDLORD:
Hoffman Family, L.L.C.

By: _____
Hubert N. Hoffman, III, President
Hoffman Development, Inc.
Its: Corporate Managing Member

WITNESS:

TENANT:
City of Alexandria, Virginia

By: _____
Its: _____

BUILDING DATA

NUMBER OF BAYS - 8

BAY SIZE

Bay #1: 67 feet wide by average 118 feet deep
 Bay #2: 40 feet wide by average 178 feet deep
 Bays #3-#7: 40 feet wide by 200 feet deep
 Bay #8: 43 feet wide by average 200 feet deep

BAY AREA

Bay #1: 7,906 gross square feet
 Bay #2: 7,120 gross square feet
 Bays #3-#7: 8,000 gross square feet
 Bay #8: 8,633 gross square feet

TOTAL BUILDING AREA - 63,659 gross square feet

CEILING HEIGHT - 24 feet free and clear

SHELL BAY CUBAGE

(measured top of slab to bottom of joists, less masonry partitions)

Bay #1: 184,536 cubic feet
 Bay #2: 148,042 cubic feet
 Bay #3: 186,136 cubic feet
 Bay #4: 187,704 cubic feet
 Bays #5-#7: 190,090 cubic feet
 Bay #8: 201,128 cubic feet

TOTAL SHELL BAY CUBAGE - 1,497,786 cubic feet

CONSTRUCTION DATA

INSURANCE RATING: Protected masonry walls

FIRE PREVENTION: NFPA Standard for speculative warehousing, sprinklered for moderate to high hazard

ROOF: Built-up type

WALLS: Masonry brick veneer on block back-up

FLOORS: 5 inch thick-Reinforced Concrete

LOADING DOCK HEIGHT: 4 feet (unless otherwise indicated)

OVERHEAD DOOR SIZES:

Loading Docks: 10 feet wide by 10 feet high
 Drive-In: 12 feet wide by 12 feet high

INTERIOR COLUMN DIMENSIONS: 16 inches by 16 inches

HEATING: Natural Gas Heaters - blower type

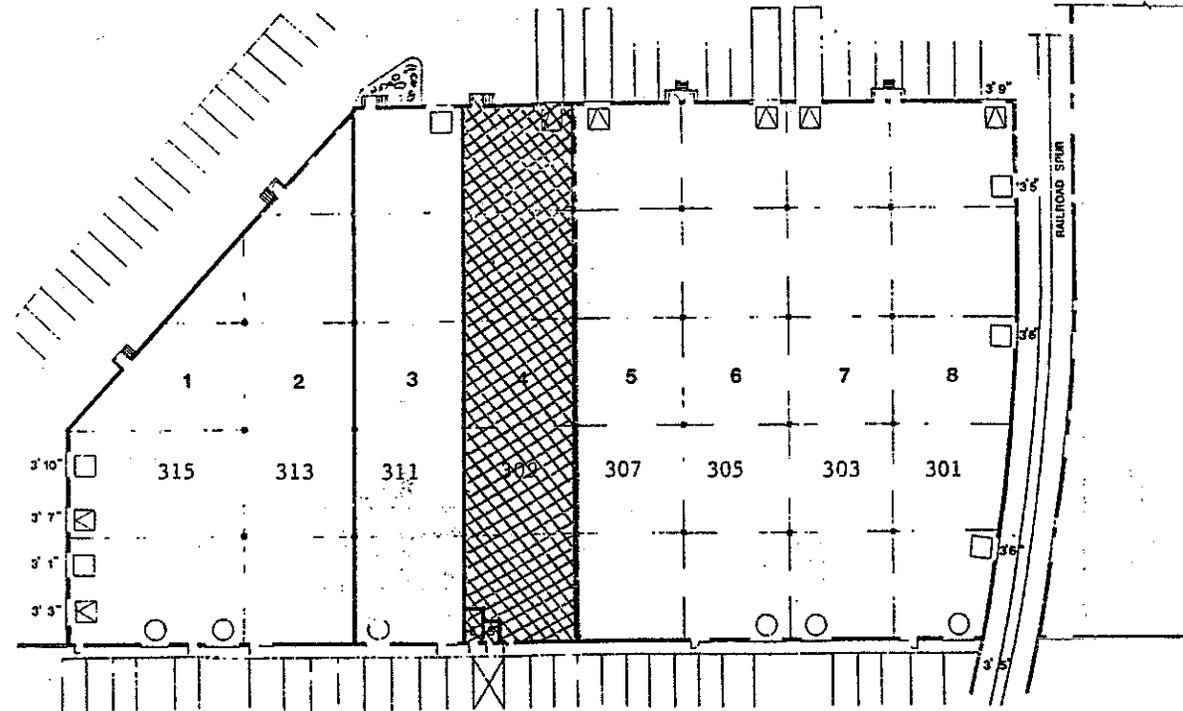
LIGHTING: Fluorescent - approximately 25 foot candles at floor level

UTILITIES

NATURAL GAS: Service from Washington Gas Light Company.

ELECTRICAL: 200 amps 277/220 volts (3 wire) standard per Bay from Veeco.

WATER & SEWER: One inch water tap with 5/8 inch meter per Bay. Water service from Virginia American Water Company. Sewer Service from City of Alexandria.



NORTH

0 30ft

KEY

- DRIVE-IN ENTRANCE
- ⊗ POTENTIAL DRIVE-IN
- LOADING DOCK
- ⊠ POTENTIAL LOADING DOCK
- ⊞ LOADING DOCK WITH LEVELER
- ⊟ SPRINKLER ROOM
- ⊠ ELECTRICAL ROOM
- ⊞ GASOLINE PUMP

HOOFF'S RUN DRIVE **GT METRO BUSINESS PARK BUILDING**

This drawing and the notations thereon are for general information purposes only. Conditions and provisions of any lease to which this drawing may be attached shall control any error herein or any conflicts between such conditions or provisions and this drawing's notations. Office improvements not structurally modifying shell building configuration are shown. Detailed bay layout drawings are available at the offices of owner's managing agent.

149

LEASE EXHIBIT "C"
OFFICE BUILDING RULES AND REGULATIONS

1. No part of the whole of the sidewalks, plaza areas, entrances, passages, courts, elevators, vestibules, stairways, corridors, or halls of the Office Building or the Facility shall be obstructed or encumbered by any tenant or used for any purpose other than ingress and egress to and from the space demised to such tenant. No part of the whole of the sidewalks, plaza areas, entrances, passages, courts, elevators, vestibules, stairways, corridors, or halls of the Office Building or the Facility shall be used by any tenant for the storage, placement or disposal (permanent or temporary) of furniture, goods, inventory, personal property or other materials of any kind.
2. No awnings or other projections shall be attached to the outside walls or windows of the Office Building or the Facility. No curtains, shades, or screens (other than those furnished by Landlord as part of the work required in Exhibit B) shall be attached to or hung in, or used in connection with, any window or door of the Premises or any other space demised to any tenant.
3. No show cases or other articles shall be put in front of or affixed to any part of the exterior of the Office Building or Facility, nor placed in the halls, corridors, vestibules, or other public parts of the Office Building or Facility.
4. The water and wash closets and other plumbing fixtures shall not be used for any purposes other than those for which they were constructed, and no sweepings, rubbish, rags, or other substances (including, without limitation, coffee grounds) shall be thrown therein. All damages resulting from misuse of the fixtures shall be borne by the Tenant who or whose servants, employees, agents, visitors or licensees, shall have caused the same.
5. No tenant shall bring or keep, or permit to be brought or kept, any flammable, combustible, or explosive fluid, material, chemical, or substance in or about the space demised to such tenant, except for small quantities of chemicals used in standard office equipment.
6. No tenant shall mark, paint, drill into, or in any way deface, any part of the Office Building, the Facility or the space demised to such tenant without first obtaining Landlord's written consent. No boring, cutting, or stringing of electrical wires or computer cabling shall be permitted, other than as previously approved by Landlord in writing.
7. No cooking other than microwave shall be done or permitted in the Office Building or Facility by any tenant. No tenant shall cause or permit any odors to emanate from the space demised to such tenant.
1. No automatic vending machines of any type shall be introduced to or brought into the Office Building, the Facility or the Premises by Tenant, its employees, officers, agents, customers, licensees, business invitees or any concessionaires. The Owner shall exclusively control the number, kind, and locations of all vending facilities and vending machines placed or located within the Office Building or Facility, and shall control and receive all income from all vending facilities and/or automatic vending machines.
9. Neither the whole nor any part of the space demised to any tenant shall be used for manufacturing, or for the sale of property offered for auction.
10. No tenant shall make, or permit to be made, any unseemly or disturbing noises or disturb or interfere with other tenants or occupants of the Office Building or Facility whether by the use of any musical instrument, radio, television set, or other audio device, unmusical noise, whistling, singing, or in any other way. Nothing shall be thrown out of any doors, windows, or skylights or down any passageways.
11. No additional locks or bolts of any kind shall be placed upon any of the doors or windows in the space demised to any tenant, nor shall any changes be made in locks or the mechanism thereof, without first obtaining Landlord's prior written consent and giving Landlord copies of all keys, passes, codes, etc., necessary to gain access to the Premises. Each tenant must, upon the termination of his tenancy, restore to Landlord all keys to offices and toilet rooms, either

furnished to, or otherwise procured by, such tenant, and in the event of the loss of any such keys, such tenant shall pay Landlord the reasonable cost of replacement keys.

12. The normal hours of operation of the Facility shall be 8:00 a.m. to 6:00 p.m. Monday to Friday and 8:00 a.m. to 1:00 p.m. on Saturday, excluding Sundays and all official federal government Holidays and Closings.
13. No tenant shall use or occupy or permit any portion of the space demised to such tenant to be used or occupied as an employment bureau or for the storage, manufacture, or sale of non-prescription narcotics. No tenant shall engage or pay any employees in the Office Building or Facility, except those actually working for such tenant in the Office Building, nor advertise for laborers giving an address at the Building.
14. Landlord shall have the right to prohibit advertising by any tenant which, in Landlord's reasonable opinion, tends to impair the reputation of the Office Building and/or the Facility or its desirability as a location for offices, warehouses, or use as an office building, and upon notice from Landlord, such Tenant shall refrain from or discontinue such advertising.
15. Subject to the terms of the Lease, Landlord reserves the right to control and operate the public portions of the Facility and Office Building and the public facilities, as well as facilities furnished for the common use of the tenants, in such manner as it deems best for the benefit of the tenants generally including, without limitation, the right to exclude from the floors of the Office Building, between the hours of 6 p.m. and 8 a.m. on business days and at all hours on Saturdays (except 8 a.m. to 1 p.m.), Sundays and all official federal government Holidays and Closings, all persons who do not possess an electronic security pass to the Office Building issued by Landlord. Landlord will furnish passes to any tenant's supervisory personnel for whom such tenant requests. Each tenant shall be responsible for all persons for whom it requests such passes and shall be liable to Landlord for all acts of such persons.
16. Each tenant, before closing and leaving the space demised to such tenant at any time, shall see that all entrance doors are locked, and use its best efforts to see that all lights and electrical appliances (save personal computers which need be left on) office equipment which is not mere turned off.
17. The improper disposal of rubbish on property, the willful destruction of or damage to property, the theft of property, the creation of any hazard on or in the Office Building or Facility to persons or things, the throwing of articles of any kind from or at the Office Building or Facility is prohibited.
18. Any loitering, disorderly conduct, or other conduct within the Office Building or on Facility property which creates loud or unusual noise or a nuisance which unreasonably obstructs the usual use of entrances, lobbies, corridors, offices, elevators, stairways, or parking lots is prohibited.
19. Soliciting aims, commercial or political soliciting and vending of all kinds (other than by Landlord), displaying or distributing commercial advertising, or collecting of private debts is prohibited.
20. Posting or affixing materials, such as pamphlets, handbills, or flyers is prohibited except on authorized bulletin boards within space demised to and controlled by Tenant.
21. Dogs and other animals, except seeing eye dogs, other guide dogs, and animals used to guide or assist handicapped persons, shall not be brought within the Office Building or upon Facility property.
22. Drivers of all vehicles entering or while on Facility property shall drive in a careful and safe manner at all times. The blocking of entrances, driveways, walks, loading platforms or fire hydrants on Facility property is prohibited. Parking without authority, parking in unauthorized locations or locations reserved for other tenants, or parking contrary to posted signs is prohibited. Vehicles parked in violation shall be subject to removal at the owners' risk and expense.
23. No person entering or while on property shall carry or possess explosives, or items intended to be used to fabricate an explosive or incendiary device, either openly or concealed. Carrying or possession of firearms or other dangerous weapons on property is prohibited except by authorized security personnel.